

RESOLUTION (EU) 2019/1534 OF THE EUROPEAN PARLIAMENT**of 26 March 2019****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Bio-based Industries Joint Undertaking for the financial year 2017**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the budget of the Bio-based Industries Joint Undertaking for the financial year 2017,
 - 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 (A8-0103/2019),
- A. whereas the Bio-based Industries Joint Undertaking (the 'Joint Undertaking') was established as a public-private partnership by the Council Regulation (EU) No 560/2014 for a period of 10 years with the aim of bringing together all relevant stakeholders and contributing to establishing the Union as a key player in research, demonstration and deployment of advanced bio-based products and biofuels;
- B. whereas pursuant Articles 38 and 43 of the Joint Undertaking's financial rules, adopted by the decision of its governing board on 14 October 2014, the Joint Undertaking is required to prepare and adopt its own annual accounts prepared by its accounting officer who is appointed by the governing board;
- C. whereas the founding members of the Joint Undertaking are the Union, represented by the Commission, and industrial partners, represented by the Bio-based Industries Consortium (the 'BIC');

General

1. Notes that the maximum Union contribution to the activities of the Joint Undertaking is EUR 975 000 000, to be paid from Horizon 2020; notes that the industry members of the Joint Undertaking are to contribute resources of at least EUR 2 730 000 000 over the period of the Joint Undertaking, consisting of at least EUR 975 000 000 of in-kind and cash contributions to the Joint Undertaking's operational activities and at least EUR 1 755 000 000 of in-kind contributions to implement additional activities outside the work plan of the Joint Undertaking;
2. Notes that 17 out of 82 retained proposals from the 2017 call for proposals were at the grant agreement preparation stage by the end of 2017; notes, moreover, that by early 2017, the Joint Undertaking programme will have a portfolio of 82 ongoing projects with a total of 932 participants from 30 countries with a total grant value of EUR 414 000 000;
3. Notes that the objectives of the Joint Undertaking could not be addressed with traditional Union instruments; observes that the Joint Undertaking has provided a structuring effect, bringing together the sectors and actors towards deployment of new value chains, and it has mobilised increasing investments on developing innovations for the bio-based industries;

Budget and financial management

4. Notes that the report of the Court of Auditors' (the 'Court') on the Joint Undertaking's annual accounts for the financial year 2017 (the 'Court's report') finds the 2017 annual accounts of the Joint Undertaking to present fairly, in all material respects, its financial position on 31 December 2017 and the results of its operations and cash flows for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer;
5. Notes that the Joint Undertaking's annual accounts provide that the final 2017 budget is to be available for implementation and include commitment appropriations of EUR 92 900 000 and payment appropriations of EUR 91 600 000, the utilisation rates for commitment and payment appropriations of which were 97 % and 95 %, respectively;
6. Observes that the payment appropriations were used mainly for the pre-financing of grant agreements resulting from the 2016 calls for proposals;

7. Notes that out of the EUR 1 186 750 000 of Horizon 2020 funds allocated to the Joint Undertaking, including EUR 975 000 000 of operational and administrative costs and industry members' cash contributions to the administrative (EUR 29 250 000) and operational costs (EUR 182 500 000), by the end of 2017, the Joint Undertaking made commitments of EUR 509 800 000 (42,96 %) and payments of EUR 172 200 000 (representing 14,51 % of the allocated funds) for the implementation of its first wave of projects;
8. Expresses concern about the fact that out of the EUR 975 000 000 of contributions to be made by the industry members to the operational activities and administrative costs of the Joint Undertaking, industry members had reported in-kind contributions of only EUR 26 000 000 for operational activities, and the governing board had validated cash contributions by the members to the Joint Undertaking's administrative costs of EUR 5 800 000; calls on the Joint Undertaking to inform the discharge authority on the development of in-kind contributions and payments made;
9. Regrets that out of the minimum EUR 182 500 000 of cash contributions to be made by the industry members to the Joint Undertaking's operational cost, only EUR 800 000 were paid by the end of 2017, having suspended the Commission EUR 50 000 000 of its cash contributions as a consequence; observes that there is a high risk that the minimum will not be achieved by the end of the Joint Undertaking's programme; notes that the Commission proceeded to a reduction in the Union contribution to the Joint Undertaking by EUR 140 000 000, that should still allow for a consistent calls for proposals in 2020 in order to achieve the Joint Undertaking's strategic objectives in 2024; welcomes that in January 2018, amendments to Regulation (EU) No 560/2014 were adopted which allow the private sector to contribute financially at a project level on top of programme level; emphasizes that a positive trend has been observed in the sphere of in-kind contributions to operational activities that are expected to increase by 61 % (EUR 72 500 000 instead of estimated EUR 45 000 000) in 2018 calls for proposals;

Performance

10. Welcomes that the absence of established key performance indicators is no longer an issue under Horizon 2020; notes with appreciation that available Joint Undertaking specific key performance indicators were found to be on track; welcomes the fact that 2020 target values of 7 out of 8 key performance indicators were exceeded in 2017;
11. Observes that the management cost ratio (administrative and operational budget) remains below 5 %, thus pointing to rather lean and efficient organisational structure of the Joint Undertaking;
12. Notes with concern the value of leverage effect of 2,077 at the end of 2017, that is below expectation; calls the Joint Undertaking to take steps to meet the target leverage effect of 2,80 over the whole period from 2014 to 2020;
13. Notes with appreciation that Joint Undertaking's calls for proposals are fully open to the participation of any stakeholder; welcomes the Joint Undertaking's great efforts in communicating its objectives and results as well as its calls to the stakeholders in the Union through its events, meetings and website;
14. Takes note of the fact that experts confirm that the Joint Undertaking has attracted a satisfactory level of participation of the best Union players in the areas of the selected value chains;
15. Welcomes the fact that all calls for proposals were published and closed according to the respective work plans and that the results regarding 'time-to-grant' and 'time-to-pay' remained well below the defined targets;

Procurement and recruitment procedures

16. Notes that by the end of 2017, the Joint Undertaking's staff was almost complete, with 20 posts filled out of a total of 22 posts allocated to the Joint Undertaking by the staff establishment plan; takes note that the Joint Undertaking recruited 2 temporary agents and 2 contract agents during 2017; notes, moreover, that in order to address additional workload, the Commission authorised the Joint Undertaking to split one position in the establishment plan into one temporary agent with a lower grade and one additional contract agent; takes note that that measure is still pending on the approval of the governing board;

Internal audit

17. Notes that in November 2017, the Internal Auditing Service performed the audit field work for the audit 'Limited review of the implementation of the Internal Control Standards (ICSs) in the BBI JU'; calls on the Joint Undertaking to report to the discharge authority of the results of this audit;
18. Observes that the Programme Office performed a self-assessment of its ICSs to assess the current level of implementation of the ICSs and to explore the conditions necessary to move the Internal Control Framework of the organisation to a higher degree of maturity; notes that the conclusion is that the Joint Undertaking enjoys a good maturity level for the implementation of the ICSs and that an action plan for these has been updated;
19. Notes with concern from the Court's Report that there are still some ICS that are pending to be implemented, such as ICSs 8 (Processes and procedures), 10 (Business continuity) and 11 (Document management);
20. Takes note of the fact that in 2017, the Joint Undertaking, together with the Common Audit Service of Commission's Directorate-General Research and Innovation launched the first *ex-post* audit of a random sample of Horizon 2020 interim cost claims; calls on the Joint Undertaking to report to the discharge authority on the results of this audit;
21. Notes with appreciation that the residual error rate is below materiality, amounting to 1,44 % for Horizon 2020;
22. Notes that the Commission's Interim Evaluation on the Joint Undertaking's activities from 2014 to 2016 was carried out, an Action Plan was prepared to address the recommendations raised, e.g. the promotion of new value chains with the involvement of new actors, encouragement of further national and regional bio economy strategies in the Member States, better coordination with the Commission to avoid double financing, increasing to the maximum level the possible industry's financial and in-kind contributions, etc.; notes that several actions have already been undertaken;

Legal framework

23. Notes with appreciation that in 2017, the human resources unit continued to strengthen the legal framework paying particular attention to the application of the implementing rules of the Commission to the Joint Undertaking; welcomes the fact that, in that respect, seven new implementing rules have been adopted by the governing board in 2017;

Prevention and management of conflicts of interests and transparency

24. Welcomes the fact that the Joint Undertaking, together with six other joint undertakings, launched a common joint-undertaking call for expression of interest to select up to seven confidential counsellors that will set up a network of confidential counsellors.
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