

**RESOLUTION (EU, Euratom) 2019/1549 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 for the European Joint Undertaking for ITER and the Development  
of Fusion Energy 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 European Joint Undertaking for ITER and the Development of Fusion Energy 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 (A8-0126/2019),
- A. whereas the European Joint Undertaking for ITER and the Development of Fusion Energy (the 'Joint Undertaking') was established in March 2007 for a period of 35 years by Council Decision 2007/198/Euratom <sup>(1)</sup>;
- B. whereas the members of the Joint Undertaking are Euratom, represented by the Commission, the member states of Euratom, and third countries which have concluded a cooperation agreement with Euratom in the field of controlled nuclear fusion;
- C. whereas the objectives of the Joint Undertaking are to provide the Union's contribution to the ITER international fusion energy project, to implement the broader approach agreement between Euratom and Japan, and to prepare for the construction of a demonstration fusion reactor;
- D. whereas the Joint Undertaking started to work autonomously in March 2008;

**General**

1. 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 annual accounts to be presented fairly, in all material respects, its financial position as at 31 December 2017 and the results of its operations, its cash flows and the changes in its net assets for the year then ended, to be in compliance with its financial regulation and the accounting rules adopted by the Commission's accounting officer;
2. Acknowledges that the transactions underlying the annual accounts of the Joint Undertaking for the financial year 2017 are, in all material respects, legal and regular;
3. Highlights the fact that the Joint Undertaking is responsible for the management of the Union's contribution to the ITER project and that the budget cap of EUR 6 600 000 000 until 2020 must be maintained; notes that that figure does not include the EUR 663 000 000 proposed by the Commission in 2010 to cover potential contingencies;
4. Notes that in November 2016, the Council of ITER Organisation (the 'ITER Council') approved a new ITER project baseline for the scope, schedule and the costs of the project; notes, moreover, that the overall project schedule for operations 'First Plasma' and 'Deuterium-Tritium' was approved; notes the fact that following the approval of the new ITER project baseline, the Joint Undertaking set the new timetable and recalculated the related cost at completion of the Joint Undertaking's contribution to the project construction phase;
5. Expresses ongoing concern that the estimated completion date for the whole construction phase is currently planned with a delay of about 15 years compared to the original baseline; acknowledges the fact that the ITER Project reported completing 50 percent of the 'total construction work scope through First Plasma' at the end of 2017; notes that the new schedule endorsed by the ITER Council set out a four-stage approach, making December 2025 the deadline for achieving the first strategic milestone of the project construction phase ('First Plasma') and December 2035 the estimated completion date for the whole construction phase; acknowledges the fact that the aim of the new staged approach is to better align the project implementation with the priorities and constraints of all members of the ITER Organisation;

<sup>(1)</sup> Council Decision No 2007/198/Euratom of 27 March 2007 establishing a Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it (OJ L 90, 30.3.2007, p. 58).

6. Notes that the Court's report found that the results, which were presented to the Joint Undertaking's Governing Board in December 2016, indicated an expected additional funding requirement of EUR 5 400 000 000 (in 2008 values) to that already committed for the construction phase after 2020, which represents an increase of 82 % in relation to the approved EUR 6 600 000 000 (in 2008 values) budget; reiterates the fact that the amount of EUR 6 600 000 000 adopted by the Council in 2010 serves as a ceiling for the Joint Undertaking's spending up to 2020; recognises that the additional funding required to complete the ITER project must involve future Multiannual Financial Framework commitments;
7. Highlights the fact that in addition to the construction phase, the Joint Undertaking will have to contribute to the ITER operational phase and to the subsequent ITER deactivation and decommissioning phases; takes note that the contribution to the deactivation and the decommissioning phases were estimated at EUR 95 540 000 (in 2001 values) and EUR 180 200 000 (in 2001 values); is concerned that the contribution for the operational phase after 2035 has not yet been estimated in financial terms; calls on the Joint Undertaking to estimate the cost of the operational phase after 2035 as soon as possible;
8. Stresses that on 14 June 2017, the Commission issued a communication entitled 'EU contribution to a reformed ITER project', in which it suggested that a contingency of up to 24 months in terms of schedule and 10 to 20 % in terms of budget would be appropriate; notes in addition that the measures taken to respect the EUR 6 600 000 000 capped budget included postponing the procurement and installation of all components not essential to First Plasma; **is very concerned** that while positive steps have been taken to improve the management and control of the ITER project construction phase, there remains an ongoing risk of further cost increases and delays in project implementation compared to the new proposed baseline; calls on the Joint Undertaking and indeed all parties of the project to take appropriate action to identify and analyse all potential risks and set up an Action Plan that will also include a further analysis on the impact of Brexit;

#### **Budget and financial management**

9. Notes that the final 2017 budget available for implementation included commitment appropriations of EUR 588 916 058 and payment appropriations of EUR 864 914 263; notes that the utilisation rates for commitment and payment appropriations were 99,9 % and 96,3 % respectively (99,8 % and 98,1 % in 2016);
10. Regrets that, due to serious shortcomings in the budget planning process coupled with the acceleration of some contracts, the Joint Undertaking finally needed EUR 832 600 000 in payment appropriations for 2017, while the initial amount approved in February 2017 amounted to EUR 548 600 000; notes with regret that the Joint Undertaking has estimated a lack of payment appropriations of about EUR 150 000 000 for the 2018 budget; notes from the Joint Undertaking's reply that the Euratom provided additional payment appropriations and that the payment forecasting system has been totally redesigned and integrated;
11. Notes that out of EUR 588 916 058 available for commitment appropriations, 96,5 % was implemented through direct individual commitments (99,7 % in 2016);
12. Acknowledges almost full implementation of the 2017 budget and the automatic carry-overs;
13. Notes that, in 2017, the balance of the budget outturn amounted to EUR 17 236 192 (EUR 5 880 000 in 2016);

#### **Performance**

14. Observes that the Joint Undertaking uses sets of technical and non-technical objectives and key performance indicators to measure its performance; welcomes that the Joint Undertaking delivered seven of the nine planned ITER Council milestones in 2017; notes with appreciation that at the overall ITER Project level, 30 out of 32 ITER Council milestones were achieved;
15. Notes that the content, structure and therefore the reliability and effectiveness of the schedules has been improved during the last years;

**Prevention and management of conflicts of interest and transparency**

16. Notes that in 2017, the Joint Undertaking's governing board continued implementing the public procurement part of the anti-fraud strategy; notes that the Joint Undertaking adopted a checklist based in its own set of procurement fraud risk indicators, i.e., red flags, considered a prerequisite to the development of the Anti-fraud IT tool, having developed them internally; acknowledges that the use of the checklist is now being introduced in the internal processes of the Joint Undertaking together with other procurement changes; notes that the Ethics and Integrity sessions were given to newcomers;

**Personal selection and recruitment**

17. Notes with regret that significant shortcomings were found by the Court in relation to the recruitment of key management staff; calls on the Joint Undertaking to report to the discharge authority any improvement made in that regard;

**Internal control**

18. Notes that the Joint Undertaking has not consistently followed on the declarations of interests from senior management; calls on the Joint Undertaking to report to the discharge authority any improvement made in this regard;
19. Observes that in 2018 the General Court of the Court of Justice of the European Union annulled two 2015 employment decisions due to irregularities in the recruitment process; notes from the Joint Undertaking's reply that it appealed against those annulments and that the European Ombudsman had ruled in favour of the Joint Undertaking in those cases;
20. Notes with regret that significant shortcomings in the internal communication strategies did not ensure the dissemination of appropriate information on the estimated costs of the decommissioning phase within the organisation and, therefore, the Joint Undertaking disclosed no provision for such liability in the accounts of the previous years; notes that the amount of the accounting provision up to 31 December 2017 has been estimated at EUR 85 200 000;

**Operational procurement and grants**

21. Notes that during 2017, 83 operational procurement procedures were launched, and 69 operational procurement contracts were signed.
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