

RESOLUTION OF THE EUROPEAN PARLIAMENT**of 3 April 2014****with observations forming an integral part of its Decision on discharge in respect of the implementation of the budget for the SESAR Joint Undertaking for the financial year 2012**

THE EUROPEAN PARLIAMENT,

- having regard to the final annual accounts of the SESAR Joint Undertaking for the financial year 2012,
 - having regard to the Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2012, together with the Joint Undertaking's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 18 February 2014 (05851/2014 – C7-0053/2014),
 - having regard to Article 319 of the Treaty on the Functioning of the European Union,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽²⁾, and in particular Article 185 thereof,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 ⁽³⁾, and in particular Article 208 thereof,
 - having regard to Council Regulation (EC) No 219/2007 of 27 February 2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR) ⁽⁴⁾, and in particular Article 4b thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework financial regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council ⁽⁶⁾, and in particular Article 108 thereof,
 - having regard to its previous discharge decisions and resolutions;
 - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Transport and Tourism (A7-0197/2014),
- A. whereas the SESAR Joint Undertaking ('the Joint Undertaking') was set up in February 2007 to run the Single European Sky Air Traffic Management Research (SESAR) programme that aims to modernise air traffic management in Europe,
- B. whereas the SESAR project is divided into a 'definition phase'(2004-2007) led by Eurocontrol, a first 'development phase'(2008-2016), funded by the 2008-2013 programming period managed by the Joint Undertaking and a 'deployment phase' (2014-2020) running in parallel to the 'development phase'; whereas the deployment phase is expected to be led by industry and stakeholders for the large-scale production and implementation of the new air traffic management infrastructure,
- C. whereas the Joint Undertaking started to work autonomously in 2007 and the 'deployment phase' is bound to start,
- D. whereas the Joint Undertaking was designed as a public-private partnership with the Union and Eurocontrol as founding members,

⁽¹⁾ OJ C 369, 17.12.2013, p. 49.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 298, 26.10.2012, p. 1.

⁽⁴⁾ OJ L 64, 2.3.2007, p. 1.

⁽⁵⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁶⁾ OJ L 328, 7.12.2013, p. 42.

- E. whereas the Joint Undertaking will own all the tangible and intangible assets which it creates or which are transferred to it for the development phase of the SESAR Programme in accordance with specific agreements with its members,
- F. whereas the Court of Auditors stated that it has obtained reasonable assurance that the annual accounts of the Joint Undertaking for the financial year 2012 are reliable and that the underlying transactions are, in all material respects, legal and regular,
- G. whereas in April 2010 the Court of Auditors delivered Opinion No 2/2010 on the SESAR Financial Rules,
- H. whereas the budget for the 2008-2016 development phase of the SESAR project is EUR 2 100 000 000,

Budget and Financial Management

1. Notes that the Joint Undertaking's final budget for the financial year 2012 included commitment appropriations of EUR 156 600 000 and payment appropriations of EUR 124 200 000; notes, furthermore, that the utilisation rates for commitment and payment appropriations were 95 % and 86 % respectively;
2. Takes note that the 2012 budget outturn account at year-end 2012 was EUR 12,4 million including revenues of EUR 107,5 million plus the 2011 budget surplus of EUR 15,6 million against payments of EUR 107,3 million;
3. Points out that at year-end, cash and cash equivalents amounted to EUR 15,7 million; notes that this is at odds with the budgetary principle of equilibrium; reminds the Joint Undertaking of the need to implement concrete measures to attain budget equilibrium;
4. Takes note that as of 31 December 2012, EUR 233,8 million had been paid to the members of the Joint Undertaking and that it is expected that EUR 361,2 million will be paid by 31 December 2016, totalling the EUR 595 million co-financing contributions to be paid to members by the Joint Undertaking with the cash resources made available mostly by the Union; calls on the Joint Undertaking to inform the discharge authority of the progress of the '2008-2016 'development phase', as well as to continue its efforts to ensure sound financial management and continued respect for budgetary principles;

In-kind contributions

5. Notes that during 2012, the Executive Director validated net in-kind contributions of EUR 139,2 million while the net in-kind contributions over the life of SESAR are estimated to be EUR 1 300 million, as stipulated by the Multilateral Framework Agreement; calls on the Joint Undertaking to inform the discharge authority of the total accumulated amount of validated net in-kind contributions at the end of 2013;

Internal control systems

6. Notes that in 2013, the Accounting Officer confirmed the validation of the underlying business processes in line with the Financial Rules of the Joint Undertaking and that no significant changes were made to the internal control system during the 2012 financial year;
7. Supports the improvements proposed by the Court of Auditors in the following *ex ante* control areas:
 - Improvements of the documentation of the controls performed by the Joint Undertaking on the monitoring of project deliverables, project performance analysis, subcontractor monitoring and cost claim certificates;
 - Follow up of the recommendation of the technical joint audit performed by the SESAR and Clean Sky Joint Undertakings, which recommended enhancing the exchange of data and results between the two Joint Undertakings, as well as coordination at management and expert levels and to the establishment of criteria for allocating projects between them;
8. Recalls that the Joint Undertaking was set up in February 2007; welcomes the fact that in 2012, the Commission's Internal Audit Service and the Joint Undertaking's internal auditing function started to implement the Coordinated Internal Audit Service (IAS) Strategic Audit Plan for the Joint Undertaking for the period 2012-2014; notes that the IAS carried out a programme/project audit and an IT risk assessment while the SESAR IAC examined three calls for tenders and audited the implementation of four internal control standards; expects that the IAS follows the budget expenditure closely, namely the assessment of in-kind contributions and the payments made to the Joint Undertaking's 15 members on programme activities involving more than 100 private and public entities and subcontractors;

9. Regrets that the CVs of the members of the Management Board and the Executive Director are not publicly available; calls on the Joint Undertaking to remedy the situation as a matter of urgency; acknowledges that the Joint Undertaking has updated its Code of Conduct in 2012 that sets clear rules regarding the prevention and management of conflicts of interests;
10. Believes that a high level of transparency is a key element in order to mitigate the risks of conflicts of interests; calls, therefore, on the Joint Undertaking to make its policy and/or arrangements on the prevention and management of conflicts of interests and its implementing rules as well as the list of the members of the management boards and CVs available on its website;
11. Invites the Court of Auditors to monitor the Joint Undertaking's policies as regards the management and prevention of conflicts of interests by drafting a Special Report on the matter by the next discharge procedure;

Payment of membership contributions

12. Wishes to be informed, in all transparency, if the deadline for the payment of cash contributions to the Joint Undertaking from its members was respected in 2012; recalls that the payment of the cash contributions to the Joint Undertaking by its members represent 10 % of their global contributions to the project;

SESAR programme objectives

13. Reiterates its call on the Joint Undertaking to continue to inform the discharge authority about the stage of implementation of more than 310 research and development and management projects under the SESAR programme and to present the results achieved;
14. Underlines that the budget for the development phase of the SESAR project is EUR 2,1 billion, to be provided in equal parts by the EU, Eurocontrol and the participating public and private partners.
15. Points out to the risks correlated for the public partners with a project designed as a public-private partnership; emphasises that the deployment phase (2014-2020) is to be led by industry and stakeholders for the large-scale production and implementation of the new air traffic management infrastructure;
16. Reiterates that the Joint Undertaking should use all the financial resources made available to it to complete the development of the technology and operational improvements necessary for the deployment of SESAR on time; notes its previous recommendation that any potential conflicts of interest should not be dismissed but addressed properly;
17. Highlights the SESAR Joint Undertaking's vital role in coordinating and implementing research by the SESAR project, which is a pillar project of the Single European Sky; notes also that the SESAR project will soon enter its deployment phase, which should be monitored carefully by the Commission and Member States to ensure that it is completed on schedule;
18. Points out that the Joint Undertaking's success in the implementation of the SESAR programme is key to developing a modernised air traffic management system for Europe; reiterates that the Single European Sky depends on that success;

European Research Joint Undertakings horizontal aspects

19. Takes note that the audit approach taken by the Court of Auditors comprises analytical audit procedures, assessment of key controls of the supervisory and control systems and testing of transactions at the level of the Joint Undertaking but not at the level of the members or final beneficiaries of the Joint Undertaking;
20. Notes that audit testing at the level of the members or final beneficiaries is carried out either by the Joint Undertaking or by external audit firms contracted and monitored by the Joint Undertaking;
21. Welcomes the Court of Auditors' Special Report 2/2013: 'Has the Commission ensured efficient implementation of the Seventh Framework Programme for Research?' where the Court of Auditors examined whether the Commission has ensured efficient implementation of the Seventh framework programme for research and technological development (FP7);
22. Takes note that the audit also covered the setting-up of the Joint Technology Initiatives (JTIs);

23. Agrees with the Court of Auditors' conclusion that the JTIs have been set up to support long-term industrial investment in particular research areas however, it has taken on average two years to grant financial autonomy to a JTI with the Commission usually remaining responsible for one third of the expected operational lifetime of the JTIs;
 24. Notes, moreover, that according to the Court of Auditors, some JTIs have been particularly successful in getting small and medium-sized enterprises (SMEs) involved in their projects and nearly 21 % of funding provided by the JTIs has gone to SMEs;
 25. Draws attention to the fact that the total indicative resources deemed necessary for the seven European Research Joint Undertakings that have so far been established by the Commission under Article 187 of the Treaty on the Functioning of the European Union — with the notable exception of the Galileo Joint Undertaking — for their period of existence amounts to EUR 21 793 000 000;
 26. Notes that the Joint Undertakings' total 2012 forecasted budgeted income amounted to some EUR 2,5 billion or about 1,8 % of the 2012 Union general budget while approximately EUR 618 million came from the Union general budget (cash contribution from the Commission) and approximately EUR 134 million came from the industrial partners and members of the Joint Undertakings;
 27. Notes that the Joint Undertakings employ 409 permanent and temporary staff or less than 1 % of total Union officials authorised under the Union general budget (staff establishment plan);
 28. Recalls that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11 489 000 000;
 29. Invites the Court of Auditors to comprehensively analyse the JTIs and the other joint undertakings in a separate report in light of the substantial amounts involved and the risks- notably reputational — presented; recalls that Parliament has previously requested that the Court of Auditors draw up a special report on the capacity of the joint undertakings, together with their private partners, to ensure added value and efficient execution of Union research, technological development and demonstration programmes; notes that the joint undertakings are deemed to ensure funding for long-term industrial investments and to foster private investments in research.
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