

RESOLUTION (EU) 2023/1966 OF THE EUROPEAN PARLIAMENT**of 10 May 2023****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Single European Sky ATM Research 3 Joint Undertaking (before 30 November 2021 the SESAR Joint Undertaking) for the financial year 2021**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the budget of the Single European Sky ATM Research 3 Joint Undertaking for the financial year 2021,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinion of the Committee on Transport and Tourism,
 - having regard to the report of the Committee on Budgetary Control (A9-0118/2023),
- A. whereas the Single European Sky Air Traffic Management Research (SESAR) Joint Undertaking was set up in February 2007 under the Seventh Research Framework Programme (FP7) for a period of eight years (SESAR 1); whereas in June 2014, the Council amended the founding Regulation and extended the lifetime of the Joint Undertaking under the Horizon 2020 programme for a period until 31 December 2024 (SESAR);
- B. whereas in November 2021, the Council adopted the Single Basic Act, setting up SESAR 3 to replace SESAR, under the Horizon Europe programme for the period ending on 31 December 2031 ⁽¹⁾;
- C. whereas the Single European Sky ATM Research 3 Joint Undertaking is a public-private partnership for the development of modernised air traffic management in Europe; whereas its founding members are the EU, represented by the Commission, the European Organisation for the Safety of Air Navigation (Eurocontrol), and more than 50 organisations covering the entire aviation value chain, from airports, airspace users of all categories, air navigation service providers, drone operators and service;
- D. whereas the Union financial contribution to the Single European Sky ATM Research 3 Joint Undertaking, including EEA appropriations, to cover administrative costs and operational costs shall be up to EUR 600 million, including up to EUR 30 million for administrative costs; whereas the private members of the Single European Sky ATM Research 3 Joint Undertaking shall make or arrange for their constituent or affiliated entities to make a total contribution of at least EUR 500 million, including up to EUR 25 million for administrative costs, over the 10-year period;
- E. whereas Eurocontrol is to make a total contribution of up to EUR 500 million, including up to EUR 25 million for administrative costs, over the 10-year period; whereas the contribution shall also consist of in-kind contributions to additional activities;
- F. whereas the Financial Regulation and high management standards need to be respected by all Union institutions;
- G. whereas one of the most important goals of the Joint Undertaking is to support a swift transition to greener aviation, in line with the European Green Deal.

General

1. Points out that Single European Sky ATM Research 3 Joint Undertaking, as a tripartite Joint Undertaking, implements – in addition to the Union budget and private members' contributions – contributions from Eurocontrol of around EUR 500 million for Horizon Europe activities and that as the Commission did not consider the Eurocontrol contributions in its productivity model, the resulting lower productivity ratio for the Joint Undertaking cannot be directly compared to the ratio of the other Joint Undertakings;

⁽¹⁾ Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014 (OJ L 427, 30.11.2021, p. 17).

2. Regrets that the Joint Undertaking (like others) reported that after the internal budget and resource planning process, their management was not included in the negotiation process between the parent DG and DG BUDG; further regrets that, according to the Joint Undertaking, they were insufficiently informed about the Commission's productivity model, used to determine the human resources for implementing their programmes under the new MFF, and about the basis for capping staff numbers, despite an increased budget to be implemented;
3. Salutes the smooth transition to the new legal entity SESAR 3 Joint Undertaking and notes that the Joint Undertaking developed several transversal coordination mechanisms, which allowed transparent and structured cooperation and relied on the individual expertise of each of the member of the organisation, in particular, a Transition Coordination Group was established in February 2021;
4. Acknowledges that Horizon Europe envisages ambitious goals for the Joint Undertaking, that can only be achieved if effective solutions that address the weaknesses in the internal control systems and prepare for the future challenges arising from increased responsibilities, e.g. in the area of human resources management and planning, are designed and implemented; points out, in this context, that particularly complicated and burdensome calculations and reporting requirements represent a significant risk of error and calls therefore, to explore the possibilities of simplifications wherever possible and compatible with the existing legal framework;
5. Stresses the importance of the Joint Undertaking in the completion of the Digital European Sky; highlights that the 2021-2027 proposals for the European Partnerships of SESAR and CEF are crucial for the future of digitalised and ecological aviation and need to be provided with appropriate financing;
6. Stresses the importance of Single European Sky 2+ and calls for its timely adoption and implementation; stresses that the use of satellites systems for navigation, communications and tracking, and the complete deployment of the Single European Sky Air Traffic Management Research (SESAR) will contribute to the completion of the European Digital Single Sky;
7. Recalls the strategic role of the Joint Undertaking regarding the decarbonisation of the aviation sector, many of their projects being focused on harnessing digital technology in order to support the transition towards a greener aviation sector;
8. Welcomes the overall R&I activities that the SESAR 3 Joint Undertaking will carry out from 2021 to 2031, referred to as the 'Digital European Sky programme', organised as part of the SESAR Innovation Pipeline; in addition, salutes other priorities set for SESAR 3 Joint Undertaking such as: leveraging synergies with other European partnerships and with national or regional ATM modernisation programmes; ensuring the engagement of institutional and industry stakeholders; securing cooperation with third countries and international organisations; promoting the SESAR 3 Joint Undertaking's activities and results through communication initiatives;
9. Notes that there is no harmonised definition of 'administrative costs' among the Joint Undertakings, a term which is the basis for calculating the financial contributions of its members and a precondition for the purpose of comparable figures; calls with this in mind for common guidelines for all Joint Undertakings so that they are able to take a harmonised approach for the classification of certain administrative cost expenditure categories, such as expenditure for consultations, studies, analysis, evaluations, and technical assistance;
10. Agrees with the Court of Auditor's (the 'Court') observation, that, as the Joint Undertakings are autonomous and responsible for the implementation of their work programmes, they could have been better included in the human resources planning process for the 2021-2027 MFF;

Budgetary and financial management

11. Welcomes the fact that the report of the Court on the Joint Undertaking's annual accounts finds that the 2021 annual accounts present fairly, in all material respects, the financial position of the Joint Undertaking at 31 December 2021, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer and that the underlying transactions to the accounts are legal and regular in all material respects;
12. Notes that, in 2021, the total available budget (including re-entered unused appropriations of previous years, assigned revenues and reallocations to the next year was EUR 34,8 million (EUR 163,2 million in 2020) in commitment appropriations and EUR 69,9 million (EUR 179,2 million in 2020) in payment appropriations;
13. Notes that, as regards the current level of the Joint Undertakings members' operational obligations, at the end of 2021, the Joint Undertaking had fully committed EUR 555,8 million of the maximum Union contribution for signed grant agreements and contracts under the Horizon 2020 programme, of which, around EUR 92,5 million (or 16,6 %) remains to be paid in the coming years for projects and contracts yet to be completed; notes, in addition, that the private members had legally committed to provide the entire in-kind contributions of EUR 280 million, defined in the industry membership agreement, and Eurocontrol to provide contributions of EUR 433,4 million or 91 % of the target of EUR 475 million of operational contributions defined in the bilateral agreement;
14. Highlights that the implementation rate for the Joint Undertaking's 2021 payment budget available for Horizon 2020 projects was 93 % and that the Joint Undertaking had almost no 2021 operational commitment appropriations as it had finished its last call for proposals by the end of 2020;
15. Recognises the ongoing effects of the COVID-19 crisis on the sector; notes that the Joint Undertaking implemented a number of measures, including extending the duration of grants where necessary, to allow projects to conclude their validation activities and deliver the technical outcomes in accordance with the timelines of the European Air Traffic Management (ATM) Master Plan; notes that the Joint Undertaking's members and partners were successful in advancing new technologies and procedures through the SESAR innovation pipeline release process, in accordance with the timeline set by the European ATM Master Plan – Europe's roadmap for the digital transformation of ATM;
16. Notes that the budget result in 2021 amounted to a deficit of EUR 17,55 million (of which a deficit of EUR 292 513 for SESAR 1 following the final reimbursement of SESAR 1 excess financial contributions and a deficit of EUR 17,26 million for the SESAR 2020) and that the remaining cumulative surplus amounts to EUR 592 241;

Performance

17. Welcomes the fact that the Joint Undertaking met all of its key policy and operational objectives in 2021 as outlined in the Single Programming Document for 2021 to 2023 (2021–2023 SPD);
18. Appreciates that the Joint Undertaking, in the context of COVID-19 crisis and its financial impact on the Joint Undertaking's Members, has put in place a series of budgetary measures that aim to provide the Members and the aviation sector with immediate cash-flow support;
19. Salutes the organisation of the 1st edition of the SESAR Innovation Days and all the projects dedicated to young scientists;

20. Welcomes the fact that the Joint Undertaking continued to manage and monitor 71 projects across its three strands of research in 2021 (exploratory research, industrial research and validation, and very large-scale demonstrations), with 300 different beneficiaries of which nearly 20 % are SMEs, 17 % are higher education organisations or universities and 9 % are research organisations and recommends measures to increase the number of SMEs in the general number of projects managed by the Joint Undertaking;

Procurement and staff

21. Notes that, owing to its focus on the transition process, the Joint Undertaking limited its maximum number of procurement procedures and dealt with 10 procurement procedures, including six very low-value procurements; notes, in addition, that the Joint Undertaking signed six interinstitutional framework service contracts, two direct service contracts, eight specific contracts implementing Joint Undertaking framework contracts / interinstitutional agreements and one prize;
22. Notes that the Joint Undertaking signed ninety amendments to its contracts, specific contracts, memoranda of understanding and service-level agreements, mainly as a consequence of the transition towards SESAR 3;
23. Welcomes the fact that all procedures were carried out in compliance with the SESAR Joint Undertaking's financial rules to ensure respect for transparency, fair competition among suppliers and the most efficient use of the Joint Undertaking's funds;
24. Highlights that in 2021, the adoption by the Joint Undertaking of e-tendering and e-submission and that in order to manage and ensure the timely implementation of procurement activities to support its objectives, the SESAR Joint Undertaking continued to use a contract action planning tool to record all of the procurement / contract activities; notes, moreover, that this file is updated on a weekly basis in coordination with operational initiating agents and the corporate management team;
25. Notes that the Joint undertaking approved 2021 staff establishment plan allows for 38 temporary or contract agents and two seconded national experts, as set out in the annual general budget of the European Union for the European Commission;
26. Notes from the Annual Activity Report 2021, in terms of gender balance, that no significant increase of female participation, of female project coordinators in Horizon 2020 projects and of female members in advisory groups, expert groups, evaluation panels, individual experts, etc. was achieved compared to the previous year; notes with regret that the share of women participants in Horizon 2020 projects has actually decreased compared to the previous year from 30 % to 29 % in 2021; Notes with regret that according to the Joint Undertaking's Annual Report for 2021, the gender balance on the Administrative Board (1 woman, 27 men) is in great need of improvement; is disappointed by these figures and calls for increased efforts in terms of gender balance;
27. Notes with concern that during the period from 2018 to 2021 the average annual rate of interim staff for all Joint Undertakings remained high at around 11 % of statutory staff; recalls that the high level of contractual staff tends to increase significantly the Joint Undertakings's staff turnover rate and further destabilises the staffing situation; emphasises, moreover, that the use of interim staff should remain a temporary solution or it could negatively affect the Joint Undertakings's overall performance, such as the retention of key competences, unclear accountability channels, possible judicial disputes and lower staff efficiency;
28. Notes that, in 2021, work continued on a number of initiatives in the SESAR Joint Undertaking's premises in Brussels to maintain the productivity, safety and efficiency of the working environment and facilities offered to its staff;
29. Points out that the effective allocation of staff resources also remained a priority for the SESAR Joint Undertaking during 2021 and that efforts were focused on the professional and career development of its staff, in addition to ensuring that allocated staff resources were used in the most economic, efficient and effective way;

30. Notes that, in 2021, the Joint Undertaking conducted its appraisal exercise in accordance to the its implementing rules, and was able to conduct the reclassification exercise, as a result of which eight temporary agents were reclassified;
31. notes that the part of the employers' contributions for the staff of the Joint Undertakings corresponding to the ratio of their non-EU subsidised revenues to their total revenues, has not been paid by the Joint Undertakings to the Union pension scheme since 2016, as the Commission has neither foreseen this expenditure in the budget of the Joint Undertakings nor formally requested the payments; calls for the Commission to take steps to avoid similar issues in the future.

Internal control

32. Notes that, for Horizon 2020 payments, the Common Audit Service of the Commission's DG RTD is responsible for the *ex post* audits, notes that based on the *ex post* audit results available at the end of 2021, the Joint Undertaking reported a representative error rate of 0,7 % (3,46 % in 2020) and a residual error rate of 0,6 % (1 % in 2020) for Horizon 2020 projects (clearings and final payments); notes from the legislative financial statement accompanying the Commission's proposal for Horizon 2020 that the ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, corrections and recovery measures will have been taken into account is to achieve a level as close as possible to 2 %;
33. Acknowledges that the decrease in the error rates in 2021 could be due, among other reasons, to the beneficiaries' increased knowledge of the eligibility rules and the inherent learning curve, as well as to the results of the communication campaigns, targeted webinars and training, addressed in particular to newcomers and SMEs; stresses that the error rates should be treated with caution, as they may change subject to the availability of additional data from audit results;
34. Notes that, to assess the operational payment controls of the Joint Undertaking, the Court audited randomly sampled Horizon 2020 payments made in 2021, at the level of the final beneficiaries, to corroborate the *ex post* audit error rates; notes that Court found and quantified an error in one case where the beneficiary declared direct personnel costs, which should have been declared as sub-contracting costs; notes, however, since the grant agreement did not foresee such expenditure for the beneficiary, that those costs incurred were not eligible;
35. Emphasises that the Court's finding confirmed persistent systemic errors for declared personnel costs and that, in particular, SMEs and new beneficiaries are more error-prone than other beneficiaries; highlights that these errors are also regularly reported in Court's previous annual reports since 2017; emphasises therefore that streamlining of the Horizon 2020 rules for the declaration of personnel costs and wider use of simplified cost options is a precondition to stabilise error rates at below materiality level; emphasises that the Joint Undertaking should strengthen its internal control systems to address the increased risk regarding SMEs and new beneficiaries and strongly encourage the use of the Personnel Costs Wizard by certain categories of beneficiaries that are more prone to errors, such as SMEs and new beneficiaries; welcomes the fact that in 2022 all Joint Undertakings have started implementing actions for error rate reductions in line with the action proposed by the Court including exploring the options of simplified forms of costs such as unit costs, lump sums and flat rates.
36. Notes, from its Annual Activity Report, that the Joint Undertaking met all of its objectives related to effective financial, administrative and corporate management in this domain, as set out in the 2021–2023 single programming document (SPD); notes that this includes the monitoring the efficiency and effectiveness of the Joint Undertaking's project audit activities, monitoring the efficiency and effectiveness of the Joint Undertaking's corporate and management activities, monitoring the exception and non-compliance events register (target within 1 %);

37. Notes that the Joint Undertaking recorded one non-compliance event resulting of the non-activation of the Horizon 2020 Guarantee Fund or issue a Recovery Order due to the bankruptcy of a beneficiary (H2020 project 763702 (PercEvite)) and one exception linked to the extension of duration of the contract governing the monitoring and maintenance of the Joint Undertaking premises' alarm system (CTR SJU/LC/327-CTR);

Conflicts of interest, fraud prevention and detection

38. Highlights that an anti-fraud implementation report for 2021 was submitted to the Executive Director in the first quarter of 2022, providing an overview of the anti-fraud activities that were carried out by the Joint Undertaking in 2021 and that it notably describes specific training sessions that were set up in the field of ethics and anti-fraud in the fourth quarter of 2021, covering fraud definitions, red flags, reporting of serious irregularities, conflicts of interest, outside activities, gifts and favours, the Early Detection and Exclusion System database, double funding, and plagiarism;
39. Notes, in addition, that in terms of conflicts of interest, in December 2021, the SESAR 3 Joint Undertaking Governing Board adopted new rules on confidentiality, prevention, avoidance and the management of conflicts of interest of the Joint Undertaking, replacing the previous set of rules that had been applicable since 2008 and that, in addition, in December 2021, a code of conduct for the Governing Board was also adopted;

Internal audit

40. Notes that over the course of 2021, the Internal Audit Service (IAS) performed an audit on HR management and ethics in the Joint Undertaking; notes that the fieldwork took place remotely and the final report was issued on 9 November 2021;
41. Notes that the auditors concluded that the Joint Undertaking's management and control systems that were put in place for HR management and the promotion of the ethical environment are overall adequately designed, efficient and effectively implemented and support the Joint Undertaking in achieving its business objectives;
42. Notes, however, that while the audit did not result in the identification of any critical or very important issues, the IAS considers that there are a few weaknesses and there is some room for further improvement in certain areas, such as workload management, the recruitment process and annual declarations of interest, individual objective setting, and communication on HR matters;
43. Welcomes the fact that, in order to address the Court's recommendations and the underlying risks, the SESAR Joint Undertaking set up a detailed action plan; further welcomes the fact that the IAS confirmed the suitability of that detailed action plan and that the Joint Undertaking expects to implement all actions by the end of 2022.
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