



TEXTS ADOPTED

P9_TA(2024)0273

Discharge 2022: Circular Bio-based Europe Joint Undertaking

1. European Parliament decision of 11 April 2024 on discharge in respect of the implementation of the budget of the Circular Bio-based Europe Joint Undertaking for the financial year 2022 (2023/2174(DEC))

The European Parliament,

- having regard to the final annual accounts of the Circular Bio-based Europe Joint Undertaking for the financial year 2022,
- having regard to the Court of Auditors' annual report on the EU Joint Undertakings for the financial year 2022, together with the Joint Undertakings' replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2022, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 22 February 2024 on discharge to be given to the Joint Undertaking in respect of the implementation of the budget for the financial year 2022 (06182/2024 – C9-0112/2024),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No

¹ OJ C, C/2023/1025, 16.11.2023.

² OJ C, C/2023/112, 12.10.2023.

541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Article 71 thereof,

- having regard to 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 642/2014², and in particular Article 26 thereof,
 - having regard to Commission Delegated Regulation (EU) 2019/887 of 13 March 2019 on the model financial regulation for public-private partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council³,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Regional Development and the Committee on Industry, Research and Energy,
 - having regard to the report of the Committee on Budgetary Control (A9-0088/2024),
1. Grants the Executive Director of the Circular Bio-based Europe Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2022;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision and the resolution forming an integral part of it to the Executive Director of the Circular Bio-based Europe Joint Undertaking, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 427, 30.11.2021, p. 17.

³ OJ L 142, 29.5.2019, p. 16.

2. European Parliament decision of 11 April 2024 on the closure of the accounts of the Circular Bio-based Europe Joint Undertaking for the financial year 2022 (2023/2174(DEC))

The European Parliament,

- having regard to the final annual accounts of the Circular Bio-based Europe Joint Undertaking for the financial year 2022,
- having regard to the Court of Auditors' annual report on the EU Joint Undertakings for the financial year 2022, together with the Joint Undertakings' replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2022, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 22 February 2024 on discharge to be given to the Joint Undertaking in respect of the implementation of the budget for the financial year 2022 (06182/2024 - C9-0112/2024),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³, and in particular Article 71 thereof,
- having regard to 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 642/2014⁴, and in particular Article 26 thereof,
- having regard to Commission Delegated Regulation (EU) 2019/887 of 13 March 2019 on the model financial regulation for public-private

¹ OJ C, C/2023/1025, 16.11.2023.

² OJ C, C/2023/112, 12.10.2023.

³ OJ L 193, 30.7.2018, p. 1.

⁴ OJ L 427, 30.11.2021, p. 17.

partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council¹,

- having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A9-0088/2024),
1. Approves the closure of the accounts of the Circular Bio-based Europe Joint Undertaking for the financial year 2022;
 2. Instructs its President to forward this decision to the Executive Director of the Circular Bio-based Europe Joint Undertaking, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 142, 29.5.2019, p. 16.

3. European Parliament resolution of 11 April 2024 with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Circular Bio-based Europe Joint Undertaking for the financial year 2022 (2023/2174(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the Circular Bio-based Europe Joint Undertaking for the financial year 2022,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Regional Development and the Committee on Industry, Research and Energy,
 - having regard to the report of the Committee on Budgetary Control (A9-0088/2024),
- A. whereas the Circular Bio-based Europe Joint Undertaking (the ‘CBE JU’), located in Brussels, was set up in November 2021 under the Horizon Europe programme for the period ending on 31 December 2031¹; whereas the CBE JU replaced and succeeded the Bio-based Industries Joint Undertaking (the ‘BBI Joint Undertaking’) that was set up in May 2014 under the Horizon 2020 programme for a period until 31 December 2024²;
- B. whereas the CBE JU is a public-private partnership focusing on research and innovation for a sustainable and competitive circular bio-based industries sector; whereas its founding members are the Union, represented by the Commission, and industrial partners represented by the Bio-based Industries Consortium;
- C. whereas, to increase transparency, the CBE JU should disclose in its annual accounts, relevant information regarding members’ contributions at programme level; whereas, for each programme under which they operate, the CBE JU should present per member category up to the year-end, all relevant information including the legal contribution targets set for the relevant programme, the volume of contributions received, and the volume of legal

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 Council Regulation (EU) No 560/2014 of 6 May 2014 establishing the Bio-based Industries Joint Undertaking (OJ L 169, 7.6.2014, p. 130).

commitments; whereas the CBE JU should continue to improve transparency;

General

1. Notes that, according to the report of the Court of Auditor's (the 'Court') on the annual accounts of the CBE JU for the financial year 2022 (the 'Court's report')¹, the annual accounts present fairly, in all material respects, the financial position of the CBE JU on 31 December 2022, 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; notes, furthermore, from the Court's report that the underlying transactions to the accounts are, in all material respects, legal and regular;
2. Welcomes the CBE JU's role in advancing competitive circular bio-based industries in the Union;
3. Notes that the changes in the size of the CBE JU's budget largely depend on the implementation phase of the multiannual research and innovation programmes, which it is implementing;
4. Notes that, in 2022, the CBE JU started with the implementation of the Horizon Europe programme and, as a consequence, the 2022 budget includes the commitment budget for the first Horizon Europe calls planned for 2021 and 2022;

Budgetary and financial management

5. Notes, from the CBE JU's Consolidated Annual Activity Report 2022², that the total available budget for 2022 was EUR 264,2 million in commitment appropriations and EUR 80,3 million in payment appropriations³; notes, as regards budget implementation/execution, that, for commitment appropriations, it was EUR 125 million (47 % execution)⁴ and for payment appropriations EUR 52 million (65 % execution)⁵;
6. Notes, that the Governing Board adopted the 2022 budget for the CBE JU in two stages - on 16 December 2021, the budget for the BBI

¹ European Court of Auditors - Annual report on EU Joint Undertakings for the financial year 2022 (p. 96).

² [Consolidated Annual Activity Report 2022 \(p. 8\)](#).

³ Total budget includes operational budget (used for funding selected projects) & administrative (used for funding Programme Office activities).

⁴ Title 1 - EUR 2,9 million (63 % execution), Title 2 - EUR 1,6 (million) (60 % execution), Title 2 - EUR 120,5 million (48 % execution).

⁵ Title 1 - EUR 2,8 million (55 % execution), Title 2 - EUR 1, 9 (68 % execution), Title 3 EUR 47,4 million (65 % execution).

JU legacy part was voted for a total of EUR 6 million in commitment appropriations (CA) and EUR 85,6 million in payment appropriations (PA)¹;

7. Notes, moreover, that no grants were signed under the mandate of the CBE JU and that 142 grants were signed under the mandate of BBI JU for a total value of EUR 822 million;
8. Notes that, on 31 May 2022, with a budgetary amendment to add the 2022 (fresh) budget for the CBE JU, comprising EUR 254,9 million in CA and EUR 1,7 million in PA; notes that the amendment also included a reduction of EUR 11,2 million to the BBI JU operational PA reactivations, deemed at that stage to be surplus to needs (so total CA budget amendment was -EUR 9,6 million (minus));
9. Notes that, on 28 November 2022, another amendment to the budget provided an extra EUR 1 million PA for the CBE JU expert evaluators under Title 3², and in order to reflect at accounting level the approach taken by the European Commission for the treatment of PA for expert evaluators in the calls;
10. Notes that the original BBI JU budget included a relatively large surplus of unused budget from prior years (2019, 2020 and 2021): on the administrative side, EUR 1,1 million in CA and EUR 1,6 million in PA and on the operational side EUR 40 million in PA;
11. Notes that these reactivated appropriations were consumed in line with CBE JU Financial Rules Article 6(5), and reached 69 % consumption on the admin CA side, 88 % on the admin PA side and 100 % on the operational PA side by year end; notes that the main reason for the lower execution in the administrative budget is that a large amount of appropriations were kept available on the Title 2³ communications budget lines until the very end of the year, in view of committing the contract for the Stakeholder Forum event taking place in 2023;
12. Notes, however, that, according to the CBE JU, it was not possible to manage this, and the contract was eventually signed in mid-January 2023 and the appropriations reactivated in the budgets of 2023 and 2024;

¹ [Consolidated Annual Activity Report 2022](#) (p.77).

² Title 3: Operational expenses (for the implementation of the activities and tasks assigned to CBE JU in accordance with its establishing Council Regulation).

³ Title 2: Administrative expenses (includes the general infrastructure and running costs such as building rental, IT costs, office furniture and equipment, communications and meetings, and other miscellaneous administrative costs).

13. Notes that, at the end of 2022, there was a total surplus of BBI JU unused appropriations of EUR 1,1 million in administrative CA and EUR 1,5 million in administrative PA and that in operational PA there was EUR 25,2 million;
14. Notes that on the CBE JU side there were no significant reactivated appropriations as no budget had been requested for prior 2021; notes, however, that a budget originally foreseen for the CBE JU on the side of the Commission (including a 2021 call which never took place) had been committed by DG RTD, the CBE JU had to assume in its 2022 administrative and operational budget the foreseen CBE JU CA and PA for both years 2021 and 2022;
15. Notes, moreover, that, on the administrative side, the execution of the BBI JU legacy budget will be prioritised until end of 2024, as almost none of the CBE JU admin budget was executed in 2022; notes that this reduces the overall budget execution, but for this exercise the implementation rates of the BBI JU - only admin budget will also be given for a realistic comparison;
16. Notes, from the Court's report, that in the JU's 2022 annual accounts, the amounts of contributions recognised per member category (the Union and private members) differ significantly from each other; understands that this is because Union cash contributions are validated and recognised when paid to the CBE JU at the beginning of the project implementation, but members' in-kind contributions are only recognised after validation of the costs incurred and declared for project implementation;
17. Calls on the CBE JU to address the gap between the recognised amount of cash contributions on the one hand and in-kind contributions on the other hand by providing information on the JU members' legal commitments at year end, in terms of signed grant agreements and contracts; welcomes the commitment of the CBE JU to address the issue in the following year's annual accounts;
18. Notes that the validated private members' in-kind contributions for operational activities remained low at EUR 65,9 million because the CBE JU only certifies the contributions when the final payments for the Horizon 2020 projects are made, and the certificates of financial statement are due;
19. Notes with concern that for Horizon 2020 private members will not achieve their indicative contribution target for operational activities at the end of the programme implementation;
20. Notes the risks in relation to programme implementation for the CBE JU in the event that private members will not achieve the minimum contributions targets by the end of the Horizon 2020 programme;

21. Notes that, regarding the CBE JU's achievements for the Horizon 2020, the CBE JU, at the end of 2022, had fully committed the maximum Union operational contribution of EUR 815,8 million for signed grant agreements under Horizon 2020 programme; notes, in addition, that, of this committed amount, around EUR 94 million (or 11,5 %) remains to be paid in the coming years for projects yet to be completed;
22. Notes, furthermore, at the end of 2022, the private members had legally committed to provide in-kind and financial contributions to the CBE JU's operational activities of EUR 258,4 million or 54 % of the indicative target of EUR 475,3 million set in the JU's adopted annual working programmes; notes that, of this committed amount, the CBE JU reported EUR 154,7 million (or 32,5 % of the target) at the end of 2022;
23. Notes, moreover, that, in 2022, the JU had to cancel around EUR 8,2 million of signed projects due to the unforeseen termination of a Horizon 2020 flagship project and suspension of several other projects and, as all Horizon 2020 calls were closed at the end of 2020, the CBE JU will not achieve the indicative target for private members' contributions to the JU's operational activities by the end of the programme period;
24. Welcomes the fact that the CBE JU stated that it achieved the operational objectives for its Horizon 2020 calls; notes, nevertheless that the Court considers that this significant reduction in private members' contributions presents a risk to the overall achievement of the CBE JU's Horizon 2020 programme;
25. Notes that to ensure the achievement of the private members' overall contribution target of EUR 2 730 million set in the CBE JU's Founding Regulation by the end of the programme period, the JU revised upwards to EUR 2 235,5 million, its target for private members' in-kind contribution to additional activities; notes that at the end of 2022, the private members reported total in-kind contributions to additional activities of EUR 1 797,9 million or 73,8 % of the new target, but for EUR 658 million or 37 % of the reported amount, the certification process was not concluded;
26. Welcomes the fact that in order to mitigate the CBE JU's risk of not achieving the new target for in-kind contributions to additional activities by the end of the programme, the Bio-based Industries Consortium proposed to the CBE JU's Governing Board in November 2022, to approve further private members' investment of EUR 416 million for additional activities in 2023;
27. Notes with concern that the Court considers that the implementation of the 2022 budget payments for Horizon 2020 activities worsened;

acknowledges that this was due to the fact that beneficiaries faced rising costs and delivery problems;

28. Notes that for Horizon 2020 activities, the CBE JU received no new operational commitment appropriations, as the CBE JU had finished its last call for proposals by the end of 2020; notes that the implementation rate for the operational payment appropriations fell to 65 % (2021: 85 %), which, according to the CBE JU, was due to the rising costs and delivery problems faced by beneficiaries arising from the COVID-19 crisis and the war in Ukraine, therefore, the duration of most Horizon 2020 projects had to be prolonged and final payments postponed to 2023;
29. Agrees with the Court that the CBE JU should establish a time-scheduled action plan for finalising the implementation of projects approved under previous Multiannual Financial Frameworks (MFFs);
30. Agrees with the Court that to ensure the achievement of their private members' contribution targets for the 2021- 2027 MFF, the CBE JU should, based on a strategic programme implementation plan, monitor the private members' individual contribution achievements on an annual basis;
31. Notes that, in 2022, the JU implemented only 47 % of its commitment budget for projects under the first significant Horizon Europe call of EUR 120 million, it had launched earlier in the year;
32. Notes that, in 2022, the Commission and private members made cash contributions of EUR 0,8 million each to the administrative costs of the CBE JU; notes that the CBE JU did not request cash contributions for its Horizon Europe activities, as it only expected to finish the first Horizon Europe call it had launched early in 2022, in the first half of 2023;
33. Notes that, at the end of 2022, the implementation rate regarding the CBE JU's salary payment budget (Title 1) was low at 55 % and that, according to the CBE JU, this was due to the delayed start of employment contracts of staff newly recruited in 2022;

Procurement and staff

34. Notes that, in 2022, the CBE JU continued exploiting as much as possible the existing framework contracts at the level of the European Commission; notes that when these contracts were not available to the CBE JU or they had expired, it was necessary to launch specific tender procedures, most of them for low-value contracts¹;

¹ Several contracts were concluded for less than EUR 15,000 each.

35. Notes that the CBE JU also signed specific contracts under the framework contract jointly managed with the other JUs namely for common IT services; notes, in addition, that throughout 2022, the CBE JU used Service Level Agreements (SLAs) in force with the Commission;
36. Notes from the Consolidated Annual Activity Report that 2022 was a transition year from BBI JU to the CBE JU; notes that, by the end of 2022, the CBE JU Programme Office comprised 26 members of staff (compared to 22 in 2021), almost reaching its full staff establishment plan¹ under its new mandate; welcomes the fact that eight new colleagues have joined under the new mandate of the CBE JU;
37. Notes that, in 2022, the CBE JU confirmed gender balance in management positions with 50 % female representation;
38. Notes that the CBE JU staff managed an increasing number of ongoing projects for multiple MFF programmes simultaneously; draws attention to the fact that such a trend must not weaken the effectiveness of the CBE JU's internal controls and their management of these funds and delay the implementation of the new programmes;

Management and control systems

39. Notes from the Court's observations on the management and control systems that for Horizon 2020 and Horizon Europe expenditure that the Common Audit Service of the Commission's DG RTD is responsible for the *ex post* audits;
40. Notes that for Horizon 2020 expenditure (clearings and final payments), the JU reported a representative error rate of 1,9 % and a residual error rate of 1,2 %;
41. Notes that for the Horizon Europe programme, *ex post* audits have yet to be carried out, as the first interim payments are only expected in 2024;
42. Notes that to assess the operational payment controls of the CBE JU, the Court audited randomly sampled Horizon 2020 payments made in 2022, at the level of the final beneficiaries²; notes that, for one case, the Court found and quantified a serious error resulting from over claimed personnel cost because the beneficiary changed the

¹ The full Staff Establishment Plan is 29 people for the organisation, which CBE should reach in early 2024 following the appointment of the new executive director.

² Regarding the grant payment transactions tested at the beneficiaries, the reporting threshold for quantifiable errors is 1 % of the audited costs.

calculation method for the hourly rate within the financial year and included ineligible pension costs and bonuses in the costs declared;

43. Appreciates that the CBE JU developed a risk-based approach to *ex post* audit with the aim to reduce its error rate by better targeted sample to detect the most error-prone beneficiaries and thus, strengthening the cleaning effect of their *ex post* audits; this is an important positive change in *ex post* audit approach as the Commission internal control framework for Horizon Europe grants does not allow for establishing CBE JU specific representative samples and consequently, to calculate specific representative and residual error rates for joint undertakings;
44. Notes that the Court found that joint undertakings with a well-developed risk-based *ex post* audit approach have a residual error rate below the average of the joint undertakings without such an approach due to the systematic identification and audit of the riskiest beneficiaries;

Follow-up of previous year's observations

45. Notes that “observations” in the CBE JU specific annual reports are in fact “not timed recommendations” by the Court; notes that ECA annually follows-up on those observations by assessing their status as “open” or “closed”;
46. Notes that the Court issued 3 observations (2020/2021) of which 2 remain open - relating to the contributions of the CBE JU’s industry and private members;
47. Notes that the CBE JU acknowledges the low level of private members’ in-kind contributions to its operational activities and that it considers that this situation can be partly explained by the openness of the CBE JU’s calls, where also non-members of BIC¹ may apply for BBI grants without any obligation to support the CBE JU initiative with in-kind contributions; understands that the number of successful applicants from BIC decreased to its minimum for the last three calls, causing a significant decrease in in-kind contributions.

¹ <https://ebn.eu/about-ebn/>