



Plenary sitting

A9-0093/2024

12.3.2024

REPORT

on discharge in respect of the implementation of the budget of the Innovative Health Initiative Joint Undertaking for the financial year 2022
(2023/2179(DEC))

Committee on Budgetary Control

Rapporteur: Michal Wiezik

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Innovative Health Initiative Joint Undertaking for the financial year 2022 (2023/2179(DEC))

The European Parliament,

- having regard to the final annual accounts of the Innovative Health Initiative 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 (00000/2024 – C9-0000/2024),
- 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 partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁵,

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.

⁵ OJ L 142, 29.5.2019, p. 16.

- 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 (A9-0093/2024),
1. Grants the Executive Director of the Innovative Health Initiative 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 Innovative Health Initiative 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).

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the Innovative Health Initiative Joint Undertaking for the financial year 2022 (2023/2179(DEC))

The European Parliament,

- having regard to the final annual accounts of the Innovative Health Initiative 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 (00000/2024 – C9-0000/2024),
- 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 partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁵,

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.

⁵ OJ L 142, 29.5.2019, p. 16.

- 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 (A9-0093/2024),
1. Approves the closure of the accounts of the Innovative Health Initiative Joint Undertaking for the financial year 2022;
 2. Instructs its President to forward this decision to the Executive Director of the Innovative Health Initiative 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).

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Innovative Health Initiative Joint Undertaking for the financial year 2022 (2023/2179(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the Innovative Health Initiative 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 report of the Committee on Budgetary Control (A9-0093/2024),
- A. whereas the Innovative Health Initiative Joint Undertaking (IHI 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 IHI JU replaced and succeeded the Innovative Medicines Initiative Joint Undertaking, which was set up in December 2007 under the Seventh Research Framework Programme (FP7) for a period of ten years² (IMI 1) and extended in May 2014 under the Horizon 2020 programme for a period until 31 December 2024³ (IMI 2);
- B. whereas the IHI JU is a public-private partnership focusing on interdisciplinary, sustainable, and patient-centric health research and innovation; whereas its founding members are the Union, represented by the Commission, and the European industry associations COCIR, European Federation of Pharmaceutical Industries and Associations, including Vaccines Europe, EuropaBio, and MedTech Europe;
- C. whereas, to increase transparency, the Joint Undertaking should disclose in its annual accounts, relevant information regarding members' contributions at programme level; whereas, for each programme under which they operate, the Joint Undertaking should present per member category up to the year-end, all relevant information including the legal contribution targets set for the respective programme, the volume of contributions received, and the volume of legal commitments; whereas the Joint Undertaking should continue to improve transparency;

Budgetary and financial management

1. Notes that, according to the report of the Court of Auditors (the 'Court's report'), the accounts of the IHI JU for the year ended in 31 December 2022 present fairly, in all material respects, the financial position of the IHI JU at 31 December 2022, the results of its operations, its cash flows, and the changes in its net assets for the year that ended, in accordance with its Financial Regulation and with accounting rules adopted by the

¹ Council Regulation (EU) 2021/2085 establishing the Joint Undertakings under Horizon Europe.

² Council Regulation (EC) No 73/2008 setting up the JU for the implementation of the Joint Technology Initiative on Innovative Medicines.

³ Council Regulation (EU) No 557/2014 establishing the Innovative Medicines Initiative 2 JU.

Commission's accounting officer; highlights, moreover, the fact that, according to the Court's report, the transactions underlying the accounts are legal and regular in all material respects;

2. Welcomes the role of the IHI JU in transforming health research and innovation into tangible benefits for Union citizens;
3. Notes that the IHI JU available budget for 2022⁴ was EUR 272,4 million in commitment appropriations (EUR 11,0 million in 2021) and EUR 174,8 million in payment appropriations (EUR 210,4 in 2021);
4. Notes that the budget execution of the commitment appropriations and the payment appropriations reached 96,60% (75,91% in 2021) and 86,25% (95,39% in 2021) respectively;
5. Notes that the changes in the size of the IHI JU's budget largely depend on the implementation phase of the multiannual research and innovation programmes; notes that in 2022 the IHI JU began the implementation of the Horizon Europe programme, and, therefore, the 2022 budget includes the commitment budget for the first Horizon Europe calls planned for 2022;
6. Notes that in the IHI JU 2022 annual accounts the amounts of contributions recognised per member category (Union and private members) differ significantly from each other; notes that this is because Union cash contributions are validated and recognised when paid to the IHI 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; calls on the IHI JU to further 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 IHI JU members' legal commitments at year end, in terms of signed grant agreements and contracts;
7. Notes that the IHI JU has not yet completed the implementation of the FP7⁵ programme;
8. Notes, in this regard, that at the end of 2022, the IHI JU had fully committed the maximum Union operational contributions of EUR 966 million for signed grant agreements under the programme; notes, ten years after the end of the FP7 programme, around EUR 44,9 million (or 5 %) still remains to be paid for projects yet to be completed; notes that this gap corresponds to 5 projects carrying out research on antimicrobial resistance (AMR); notes, furthermore, that 2 of those projects completed their activities by the end of 2022; acknowledges that AMR is a challenging field of research and appreciates the scientific and societal value of funding the development of novel approaches to fight antibiotic resistance;
9. Notes, moreover, that the private members had legally committed to provide in-kind contributions of EUR 914,2 million or 94,6 % of the minimum operational target of EUR 966 million and that, of that committed amount, they reported EUR 831,9 million

⁴ Available budget includes unused appropriations of previous years, which the JU re-entered in the budget of the current year, assigned revenues and reallocations to the next year.

⁵ Seventh Framework Programme for Research and Technological Development (2007-2013).

(or 86 % of the target) at the end of 2022;

10. Notes, as regards Horizon 2020, that Members' legal commitments are at the level of their contribution targets;
11. Notes, in this regard, that at the end of 2022, the IHI JU had committed EUR 1 452,1 million (or 91 %) of the maximum Union operational contribution of EUR 1 595,4 million for signed grant agreements under the Horizon 2020 programme; notes, in addition, that of that committed amount, around EUR 484,8 million (or 33,4 %) remains to be paid in the coming years for projects yet to be completed; notes, furthermore, that private members and associated partners had legally committed to provide in-kind contributions of EUR 1 499,4 million (or 94 %) of the minimum target of EUR 1 595,4 million and that, of that committed amount, they reported EUR 1 078,9 million (or 67,6 % of the target) at the end of 2022;
12. Notes that, according to the IHI JU, the lower achievement rates are partly explained by the long project duration required by the nature of the IHI JU-specific research area and the large scale of global consortia implementing projects;
13. Notes that, for Horizon 2020 activities, the IHI JU received no new operational commitment appropriations, as it had finished its last call for proposals by the end of 2020; notes that the implementation rate for the operational payment appropriations was at the level of 87% (96% in 2021);
14. Agrees with the Court that the IHI JU should establish a time-scheduled action plan for finalising the implementation of projects approved under previous Multiannual Financial Frameworks;
15. Notes, as regards implementation of the Horizon Europe programme that, in 2022, the Commission only made cash contributions of EUR 1,4 million to the administrative costs of the IHI JU; notes that the IHI JU did not request cash contributions for its Horizon Europe activities, as the two first calls launched in 2022 under Horizon Europe will only be finished in 2023;
16. Notes, from the 2022 Corporate Annual Activity Report, that the IHI JU has performed well against the majority of the IMI2 key performance indicators (KPIs), often exceeding the established targets; welcomes, in particular, the fact that the IHI JU's projects funded under IMI2 have completed 24 regulatory procedures, including two regulatory letters of support, ten regulatory qualified opinions, two submissions for a qualification opinion and the inclusion in six regulatory guidelines;
17. Notes with satisfaction that a share of 58,3% (above the 50% target) of the IHI JU's projects funded under IMI2 have made their resources and outputs accessible beyond the consortia partners; highlights examples such as the library of chemical compounds, the European Compound Collection, established by the ESCulab project, the open source RADAR-base data platform developed by RADAR-CNS, the European federated data network, established by the EHDEN project, or the self-sustaining pluripotent stem cells biobank delivered by EBiSC2;
18. Welcomes the fact that about 67% of papers produced by the projects funded by the Joint Undertaking have co-authors from different sectors, demonstrating the cross-

disciplinary nature of the research and the collaborative approach of its projects;

Procurement and staff

19. Notes that the majority of IHI JU's contractual commitments in 2022 were concluded on the basis of existing multiannual framework contracts (FWCs); notes, in addition, that, in terms of volume, the FWCs used most were in the field of IT, human resources, and audit services; welcomes the fact that several of the framework contracts in question are interinstitutional, thus minimising the administrative burden and ensuring economies of scale;
20. Notes from the Consolidated annual activity report 2022⁶ that IHI JU launched two tender procedures⁷ in 2022 outside existing FWCs, with a value exceeding EUR 15 000;
21. Welcomes the fact that all procedures were administered in compliance with the IHI JU Financial Rules and the Financial Regulation to ensure fair competition amongst economic operators, and the most sound and efficient use of IHI JU funds;
22. Notes that the staff establishment plan (SEP) allows for 39 temporary agents, 15 contract agents and 1 seconded national expert (SNE), in total 55 members of staff; notes that, on 31 December 2022, there were 49 positions occupied: 36 out of 39 temporary agents (92,30%), 11 out of 15 contract agents (73,30%) and 0 out of 1 seconded national experts (0%);
23. Notes, as regards gender balance and geographical balance, that around 65% of staff are women and around 35% are male, coming from 15 different nationalities in IHI JU in 31 December 2022;

Management and control systems

24. Notes that, for FP7 expenditure, the IHI JU performed ex-post audits, whilst for Horizon 2020 and Horizon Europe expenditure, the Common Audit Service of the Commission's DG RTD was responsible for the ex-post audits;
25. Notes that the IHI JU reported a representative error rate of 2,1 % and a residual error rate of 0,8 % for its FP7 expenditure, and a representative error rate of 2,7 % and a residual error rate of 0,9 % for its Horizon 2020 expenditure (clearings and final payments)⁸;
26. 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;
27. Notes that to assess the operational payment controls of the IHI JU, the Court audited randomly sampled Horizon 2020 payments made in 2022, at the level of the final beneficiaries⁹; notes that the Court found no errors or control weaknesses regarding the

⁶ https://www.ihj.europa.eu/sites/default/files/uploads/Documents/About/Reports/IHI_CAAR_2022.pdf

⁷ Office furniture - EUR 24 453.65 and Communication strategy - EUR 15 950.00.

⁸ IHI JU 2022 Consolidated Annual Activity Report, chapter 4.1.1.

⁹ For grant payment transactions tested at the beneficiaries, the reporting threshold for quantifiable errors is 1 % of the audited costs.

IHI JU beneficiaries sampled;

28. Welcomes the fact that, at the end of 2022, IHI JU had developed and implemented a complete risk-based approach to ex-ante controls in line with the Common Implementation Centre (CIC) guidance, considering the IHI JU-specific risk circumstances; notes, to this end, that the IHI JU identified the most relevant risk criteria and designed, based on them, a risk-based monitoring approach; notes that such an approach allowed the IHI JU to assess the risk level of each project and beneficiary during the main phases of project implementation, such as grant agreement preparation, grant agreement amendment, reporting, and payment;
29. Notes, in this respect, that the IHI JU also drew up internal guidelines on its risk-based approach and trained and guided its staff on applying it properly and consistently;
30. Notes with satisfaction that IHI JU developed a risk-based approach to ex-post audits with the aim of reducing its error rate by using better targeted samples to detect the most error-prone beneficiaries, thus, strengthening the cleaning effect of its ex-post audits. This is an important positive change in the ex-post audit approach as the Commission internal control framework for Horizon Europe grants does not allow for joint undertaking specific representative samples to be established and, consequently, specific representative and residual error rates cannot be calculated for joint undertakings;
31. 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 years' observations

32. Notes that “observations” in the IHI JU’s 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”;
33. Welcomes the fact that the IHI JU has taken corrective action to address the 2021 Court’s observation related to part of the employer’s contributions to the Union pension scheme;

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that he has received input from the following entities or persons in the preparation of the report, until the adoption thereof in committee:

Entity and/or person
European Court of Auditors (ECA)

The list above is drawn up under the exclusive responsibility of the rapporteur.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	22.2.2024
Result of final vote	+: 18 -: 3 0: 0
Members present for the final vote	Gilles Boyer, Olivier Chastel, Caterina Chinnici, Carlos Coelho, Luke Ming Flanagan, Daniel Freund, Isabel García Muñoz, Monika Hohlmeier, Joachim Kuhs, Petri Sarvamaa, Eleni Stavrou, Angelika Winzig, Lara Wolters
Substitutes present for the final vote	Corina Crețu, Jozef Mihál, Andrey Novakov, Mikuláš Peksa, Sabrina Pignedoli, Michal Wiezik
Substitutes under Rule 209(7) present for the final vote	Ljudmila Novak, Mick Wallace

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

18	+
NI	Sabrina Pignedoli
PPE	Caterina Chinnici, Carlos Coelho, Monika Hohlmeier, Ljudmila Novak, Andrey Novakov, Petri Sarvamaa, Eleni Stavrou, Angelika Winzig
Renew	Gilles Boyer, Olivier Chastel, Jozef Mihál, Michal Wiezik
S&D	Corina Crețu, Isabel García Muñoz, Lara Wolters
Verts/ALE	Daniel Freund, Mikuláš Peksa

3	-
ID	Joachim Kuhs
The Left	Luke Ming Flanagan, Mick Wallace

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention