



**2023/2170(DEC)**

24.1.2024

## **DRAFT REPORT**

on discharge in respect of the implementation of the budget of the European Union Agency for the Space Programme for the financial year 2022  
(2023/2170(DEC))

Committee on Budgetary Control

Rapporteur: Petri Sarvamaa

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on discharge in respect of the implementation of the budget of the European Union Agency for the Space Programme for the financial year 2022 (2023/2170(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Union Agency for the Space Programme for the financial year 2022,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2022, together with the agencies' replies<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 ... February 2024 on discharge to be given to the Agency 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 966/2012<sup>3</sup>, and in particular Article 70 thereof,
- having regard to Regulation (EU) 2021/696 of the European Parliament and of the Council of 28 April 2021 establishing the Union Space Programme and the European Union Agency for the Space Programme and repealing Regulations (EU) No 912/2010, (EU) No 1285/2013 and (EU) No 377/2014 and Decision No 541/2014/EU<sup>4</sup>, and in particular Articles 85 and 86 thereof,
- having regard to Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>5</sup>, and in particular Article 105 thereof,

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<sup>1</sup> OJ C, C/2023/594, 27.10.2023.

<sup>2</sup> OJ C, C/2023/112, 12.10.2023.

<sup>3</sup> OJ L 193, 30.7.2018, p. 1.

<sup>4</sup> OJ L 170, 12.5.2021, p. 69.

<sup>5</sup> OJ L 122, 10.5.2019, p. 1.

- 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 (A9-0000/2024),
1. Grants the Executive Director of the European Union Agency for the Space Programme discharge in respect of the implementation of the Agency's budget for the financial year 2022 / Postpones its decision on granting the Executive Director of the European Union Agency for the Space Programme discharge in respect of the implementation of the Agency'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 European Union Agency for the Space Programme, 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 European Union Agency for the Space Programme for the financial year 2022 (2023/2170(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the European Union Agency for the Space Programme for the financial year 2022,
- having regard to the Court of Auditors' annual report on EU agencies for the financial year 2022, together with the agencies' replies<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> 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 ... February 2024 on discharge to be given to the Agency 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 966/2012<sup>3</sup>, and in particular Article 70 thereof,
- having regard to Regulation (EU) 2021/696 of the European Parliament and of the Council of 28 April 2021 establishing the Union Space Programme and the European Union Agency for the Space Programme and repealing Regulations (EU) No 912/2010, (EU) No 1285/2013 and (EU) No 377/2014 and Decision No 541/2014/EU<sup>4</sup>, and in particular Articles 85 and 86 thereof,
- having regard to Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>5</sup>, and in particular Article 105 thereof,

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<sup>1</sup> OJ C, C/2023/594, 27.10.2023.

<sup>2</sup> OJ C, C/2023/112, 12.10.2023.

<sup>3</sup> OJ L 193, 30.7.2018, p. 1.

<sup>4</sup> OJ L 170, 12.5.2021, p. 69.

<sup>5</sup> OJ L 122, 10.5.2019, p. 1.

- 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 (A9-0000/2024),
1. Approves the closure of the accounts of the European Union Agency for the Space Programme for the financial year 2022 / Postpones the closure of the accounts of the European Union Agency for the Space Programme for the financial year 2022;
  2. Instructs its President to forward this decision to the Executive Director of the European Union Agency for the Space Programme, 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 European Union Agency for the Space Programme for the financial year 2022  
(2023/2170(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the budget of the European Union Agency for the Space Programme 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 (A9-0000/2024),
- A. whereas, according to its statement of revenue and expenditure<sup>1</sup>, the final budget of the European Union Agency for the Space Programme (the ‘Agency’) for the financial year 2022 was EUR 70 032 491,77, representing an increase of 22,58 % compared to 2021; whereas the actual revenue of the Agency amounted to EUR 1,2 billion being the difference with the above mentioned budget, explained by operational activities that are financed through assigned revenue which are included in the approved budget as a token entry;
- B. whereas the Court of Auditors (the ‘Court’), in its report on the Agency’s annual accounts for the financial year 2022 (the ‘Court’s report’), states that the Court obtained reasonable assurance that the Agency’s annual accounts are reliable and that the underlying transactions are legal and regular; whereas the Court presents an “emphasis of matter” paragraph in relation to the impact of the Russian war of aggression against Ukraine in the Agency’s operations;
- C. whereas with regard to the Agency’s internal control systems, no issues requiring corrective actions were reported for 2022, nor are there ongoing or outstanding corrective actions from previous years’ audits and assessments;

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

1. Notes with appreciation that the budget monitoring efforts during the financial year 2022 resulted in a budget implementation rate of current year commitment appropriations of 100 %, representing the same rate as in the previous two years; regrets however that the execution rate of the current year payment appropriations was 72,86 %, representing a decrease of 1,92 % compared to 2021;
2. Notes that the Agency’s Administrative Board approved three budget amendments in 2022, first in January increasing the overall appropriations by EUR 1 687 363,77, with the second budget amendment the Agency’s Administrative Board approved reallocation of overall amount of EUR 2 659 300, mostly from the operational budget to

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<sup>1</sup> OJ C 453/11, 29.11.2022, p. 56.

the data processing line, and the third amending budget decreased payment appropriations by EUR 4 640 000, bringing the overall amount of payment appropriations to the EUR 65 392 491,77;

3. Notes that in addition to its core budget, the Agency continued to manage a large amount of delegated budget (earmarked appropriations), and a total of EUR 574,5 million was committed under delegated budget in 2022 and EUR 1,26 billion made in payments;

### ***Performance***

4. Welcomes that the Agency uses key performance indicators (KPIs) to evaluate the outcomes related to its objectives, which include, among others, operate effective administration of the Security Accreditation Board (SAB) so as to support timely decision making, Galileo Threat and Risk analysis, managing and reporting on the Agency budget, efficiently handling all legal arrangements, ensuring the operational capability of Agency premises, and fulfilling statutory audit and control obligations; notes that most objectives have been achieved, however recommends to address the Key Performance Indicators (KPIs) that remain unfulfilled or are progressing slower than expected;
5. Takes note that the Agency has disclosed potential impacts from the war in Ukraine, including the interruption in using Soyuz launchers for Galileo satellites due to the unilateral withdrawal of the Russian Soyuz launcher team; notes that the Agency does not envisage any direct, immediate impact on its financial performance but recognises that intensive work is required to minimize delays in the launch of new satellites, which could then lead to delays in expense recognition and the clearing of receivable assets paid in the form of pre-financing; notes with concern that this amount cannot be reliably estimated at this point;
6. Notes furthermore that the work on EGNOS ground stations in Ukraine has halted due to the conflict, but this has no direct impact on EGNOS system functionality; highlights that the Agency has taken all the steps that it could to protect the equipment already installed as far as possible, but its exact condition is not currently known; notes that there is a force majeure raised by the Hosting Entity and that, as soon as removed, the contract in place is expected to be re-activated;
7. Observes that the Agency has implemented measures to monitor ties with Russian and Belarusian institutions, and market condition changes from sanctions are not expected to materially affect the Agency's operations;
8. Notes that in 2022 a set of important accreditation decisions for Galileo and European Geostationary Navigation Overlay Service (EGNOS) were achieved and regarding EGNOS highlights include the signing of the next EGNOS Service Provision contract and a new Search and Rescue service contract, the maintenance contract for EGNOS V2, and the launch of the EGNOS GEO4 payload, notably, a Common Mode Failure in EGNOS was identified and resolved; notes with appreciation that the global impact of Galileo is emphasized with over 3,5 billion enabled devices worldwide; observes that two new Galileo satellites entered into force; notes with appreciation that Galileo Services, including security monitoring and Public Regulated Service (PRS)



demonstrated outstanding performances despite the challenges of COVID-19;

9. Takes note that other achievements of the Agency in 2022 include the organisation of the EU Space Week 2022 in Prague, in cooperation with the Commission and with the support of the Czech Presidency of the EU Council, the creation of the Agency's network of 1 000 start-ups and 28 investors and the first CASSINI Space Entrepreneurship day, the entry into service of 2 new Galileo satellites, and the first market report covering both Earth Observation and GNSS was published;

### ***Efficiency and gains***

10. Notes that the Agency dedicated significant effort to further streamline and automate the human resources management processes to achieve efficiency gains; observes that in this context, the Agency continued on the deployment of various Sysper modules (e.g. TIM, FLEX, TELEWORK), and interconnecting them with the existing in-house supporting applications (e.g. Intranet-based working time recording tool; notes that the HR department has introduced an e-ticketing system to streamline processing of various requests from its staff; invites the Agency to find more internal procedures that could be streamlined via new IT tools;
11. Notes that, under the Financial Framework Partnership Agreement (FFPA), the Agency is obliged to collaborate with the Commission and the European Space Agency (ESA) to jointly define modalities to reach the European Union climate objectives, and to cooperate on activities contributing to these targets; notes further that, under Art. 30 FFPA, the Agency is obliged to implement the Eco-Management and Audit Scheme (EMAS) by the end of 2023;
12. Notes that, in regard to the Green Public Procurement (GPP), in 2022 there has been some progress in the identification of cases of tender procedures with “green” aspects and the consideration of application of green criteria; notes further that in 2023 the Agency gradually develops a more robust approach in order to actually implement GPP on a permanent basis, train its staff and gradually introduce green criteria in its public procurement in line with its environmental policy and the ongoing EMAS certification;
13. Commends the Agency for the commitment to the process of reducing its environmental impacts, optimising resource consumption and decreasing its carbon footprint and for the first step in this direction, the adoption and publication of its environmental policy on 16 December 2022;

### ***Staff policy***

14. Commends the Agency for the fact that on 31 December 2022 the establishment plan was 100 % implemented, with 231 temporary agents appointed out of 231 temporary agents authorised under the Union budget (compared to 191 authorised posts in 2021); notes that, in addition, 46 contract agents and 9 seconded national experts worked for the Agency in 2022, bringing the total number of staff to 286;
15. Notes the lack of gender balance within the Agency’s senior and middle management, with 3 out of 3 being men; regrets the lack gender balance within the Agency’s administrative board members, with 22 out of 28 being men; further notes the gender

balance within the Agency's overall staff, with 153 out of 232 being men; notes with satisfaction from the Agency's report with regard to the follow-up measures taken in light of the discharge in respect of the implementation of the budget of the Agency for the financial year 2021 (hereinafter The 'Agency's follow-up report') that the Agency has adopted a Diversity and Inclusion Strategy in 2023, accompanied by an action plan including concrete measures how to contribute to diversity and inclusion, including gender perspective;

16. Recalls the Court's observation from 2021 concerning the procedural deficiencies in two audited recruitment procedures, that the Agency implemented further changes in its selection processes, and templates and instructions provided to the selection board members have been modified, and more guidance is being provided to selection board members when setting the criteria for a vacancy notice; notes further that the Court has found these improvements satisfactory, therefore the observation is closed;
17. Recalls that, the Agency continues to implement the gradual and progressive reduction in the total number of Contract Agent posts to be in line with the overall resourcing provided to the Agency; notes that at the same time, the Agency continues to further focus its remaining Contract Agent posts on security and Galileo Security Monitoring Centre (GSMC) operations functions; highlights that in this regard the Agency continues to note that there are risks associated with the reduction of Contract Agent posts and that this indeed requires additional outsourcing which induces increased financial costs and results in the development of competency and know-how outside of the public sector;
18. Recalls from the Court's report the 2021 observation regarding the restrictions imposed by the Agency to a senior member of the staff taking a new job elsewhere, but without providing justification for these restrictions; notes further that this observation is closed, the Agency has revised its procedures to address the identified shortcoming and in 2022 no similar cases were observed;
19. Welcomes that, in 2022, the Agency has fully on boarded the TIM module including Teleworking and Flexitime and has signed an additional service level agreement for the HR reporting and analytics module, to be deployed in 2023; notes that the Agency has adopted the Commission decision on Working Time and Hybrid Working C(2022) 1778 and is closely monitoring the results of this decision, which is expected to improve the staff's wellbeing at work and facilitate work-life balance;

### ***Procurement***

20. Notes from the Court's report that in September 2021, the Agency launched a negotiated procedure without prior publication of a contract notice with a national public entity for the provision of various services in relation to search and rescue activities; highlights that the tenderer had already been providing similar services to the Agency since 2016 and the Agency intended to conclude a new framework contract with an expiry date set on 31 December 2032 and a maximum budget of EUR 120 million; notes that the final framework contract was signed on 1 December 2022, including the involvement of several subcontractors; observes that Court noted that there were some discrepancies between the tender specification requirements and the evaluation committee's

assessment; notes that, for example, the requirement to declare absence of conflict of interest for the contractors in the evaluation phase was either waived or not properly analysed, another example is that the offer received, instead of using 2021 as reference year for setting the prices, as per the technical specifications, used 2022 as the reference year; takes note of the Agency's considerations that the discrepancies were justified by the status of the main contractor which is a national public entity and by the checks performed by the latter and that, in regards to the reference year used for setting the price in the offer, the Agency accepted the deviation because of the length of the procedure which led to the conclusion of the contract at end of 2022;

21. Highlights that the objective of public procurement rules is to enable procuring entities to obtain the goods and services they need at best price, while ensuring fair competition between tenderers and compliance with the principles of transparency, proportionality, equal treatment and non-discrimination; calls on the Agency to further improve its public procurement procedures, ensuring full compliance with the applicable rules, so that they achieve the best possible value for money;

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

22. Notes that the Agency executed a broad assessment of the implementation of its Anti-Fraud Strategy (AFS) in 2020 and, consequently, in 2022, the Agency released its new AFS, which has been adopted by the Agency's Administrative Board; observes that the Agency is now starting to implement it with major/broad measures affecting in particular its staff; notes with satisfaction that declarations of interests and CVs of the Administrative Board members and senior management are published on the Agency's website;
23. Notes that the Agency had one whistleblowing case during 2022 that caused several investigations, some of which are still ongoing in 2023; calls on the Agency to report to the discharge authority on the developments in that regard; notes from the 2021 Agency's follow up report that, concerning the whistleblowing case from 2021, the Agency has cooperated as required with OLAF providing all information available as required; notes that no cases of conflict of interest have been investigated or concluded in 2022;
24. Takes note that an internal register is kept for senior management meetings with industry but it is not published on the Agency's webpage; emphasizes the importance of transparency and calls on the Agency to publish them without delay;
25. Insists on the need to continue working on transparency, incompatibilities, conflict of interests, illegal lobbying and revolving doors;

#### ***Other comments***

26. Commends the Agency for continuing to be active on the biggest social media platforms, for opening accounts in the privacy-aware European social media channels Mastodon and Peertube, for publishing 107 news stories on its website and 13 press releases (majority in all official EU languages), aiming to reach all the member states; notes further that the Agency organized events as EU Space Week (3k visitors onsite/online), EUSPA Open Days, CASSINI Hackathons, Horizon Europe info

sessions, and numerous webinars on public procurement opportunities;

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27. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of ...<sup>2</sup> on the performance, financial management and control of the agencies.

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<sup>2</sup> Texts adopted, P9\_TA(2024)0000.