



## Press Release

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### Joint Undertakings: auditors give the EU's public-private partnerships good marks

The European Court of Auditors (ECA) has signed off the 2020 accounts and the underlying transactions of all the EU's Joint Undertakings (JUs) – the EU's public-private partnerships with industry and research groups. In the seventh of their ten-year life span, most JUs have already implemented approximately 2/3 of their activities within Horizon 2020, the EU's framework programme funding research and technological development. The auditors also note that the JUs have exploited synergies to maintain business continuity during the COVID-19 pandemic and to mitigate its possible impact on their service delivery.

To carry out research and innovation activities in their specific fields, the eight Joint Undertakings of the EU operating under Horizon 2020 manage a total of €19.7 billion of financial resources. These come from cash funds provided by the European Commission through its Research and Innovation programmes, and from in-kind contributions and other financial contributions by private partners, participating states and intergovernmental organisations. These JUs mainly use calls for proposals to select the best projects for funding. Fusion for Energy, the Joint Undertaking under Euratom, has an estimated budget of around €15 billion to finance the European part of the implementation of the ITER nuclear fusion project in France. This budget includes the cost of running the nuclear operation from 2028 to 2035. In February 2021, the EU Council approved about €5.6 billion as Euratom's contribution to Fusion for Energy for the 2021-2027 budget cycle.

As every year, the auditors examined the financial situation of all JUs in 2020. They found that their accounts were reliable according to international accounting rules, and that there were no material faults in the underlying payment and revenue transactions.

*“Although several aspects could be improved further, our audit for 2020 confirms that the financial and compliance management of the Joint Undertakings is healthy”, said Ildikó Gáll-Pelcz, the member of the European Court of Auditors responsible for the audit. “We note positively that JUs have adapted their businesses to the constraints imposed by the pandemic without any great impact on activities and deliverables, thanks to synergies among them.”*

However, the auditors observed various matters needing improvement: for instance, while internal controls were generally effective, they found weaknesses in the annual planning of payments and

*The purpose of this press release is to convey the main messages of the European Court of Auditors' annual report on the EU's Joint Undertakings. The full report is available at [www.eca.europa.eu](http://www.eca.europa.eu).*

## ECA Press

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in local IT systems. Audit results for grant payments also indicated that personnel costs are the main source of error, and suggest that the corresponding rules and procedures for the latter should be further streamlined as a condition for future research framework programmes. Furthermore, in some cases, there is a risk that insufficiencies in human resources could negatively affect the JUs' overall performance; causing, for example, the poor retention of key competences, unclear accountability channels, and lower staff efficiency.

The auditors checked the implementation rate of the JUs' activities and estimated that, at the end of 2020, they had already signed 88 % of the planned Horizon 2020 grant agreements and implemented approximately 62 % of their members' contribution targets for H2020 activities. However, there are considerable differences in JUs' level of achievement, depending on the nature of the research area, the varying duration of projects and their operability. The activities established in the 2007-2013 MFF and falling within the Seventh Framework Programme for Research and Technological Development and the Trans-European Transport Network programme had been almost fully implemented.

Finally, the auditors noted positively that all JUs had taken corrective actions to address previous years' audit observations. In particular, they noted that Fusion for Energy had considerably improved the quality of the information they gave in the 2020 annual accounts, especially in providing the estimate of the total costs in euros of completing its delivery obligations for the ITER nuclear fusion project (€18 billion). However, they also drew attention to the fact that any changes in key assumptions concerning the estimate and the risk exposure could lead to significant cost increases and further delays in the implementation of the ITER project.

The summary document "*2020 audit of EU Joint Undertakings in brief*" and the full details on each JU are available on the [ECA website](#).

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