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Proposal for a

COUNCIL REGULATION

on the Clean Sky 2 Joint Undertaking

(Text with EEA relevance)

{SWD(2013) 257 final}
{SWD(2013) 258 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

1.1. General context

The Europe 2020 strategy sets out the EU's commitment to reduce all greenhouse gas (GHG) emissions by 20% by 2020. The Transport White Paper 'Roadmap to a Single European Transport Area — Towards a competitive and resource efficient transport system' recognises that transport accounts for a large share of GHG emissions (~20%) and therefore proposes reducing transport GHG emissions by 60% between 1990 and 2050. Europe 2020 also calls for an 'Innovation Union' to tackle the societal challenges we face and the Horizon 2020 proposal includes the Smart, Green and Integrated Transport challenge aiming, among other things, to secure both resource-efficient transport that respects the environment and global leadership for the European transport industry. Finally, Europe 2020 also calls for action on sustainable growth and promotes a more resource-efficient, greener and competitive economy. At the same time, the current economic and financial crisis Europe is facing demands bold measures towards robust and sustainable growth.

One of the main aims of Horizon 2020, the Framework Programme for Research and Innovation covering the period 2014-2020, is to strengthen European industry through actions supporting research and innovation across a range of industrial sectors. In particular, it provides for the creation of public-private partnerships that will contribute to tackling some of the key challenges Europe is facing.

With reference to aeronautics and recognising the evolving challenges facing the sector, a High Level Group on Aviation Research produced in 2011 a new vision for the European aviation sector, 'Flightpath 2050', following the objectives of Europe 2020 and the Transport White Paper. It sets ambitious goals to reduce the environmental impact by 2050, through the implementation of a new Strategic Research and Innovation Agenda of the ACARE (Advisory Council for Aeronautics Research in Europe) Technology Platform, and aims to guide and support future actions in public and private funding programmes along a common roadmap across Europe.

Clean Sky contributes to this goal in Europe through advanced research and full-scale demonstration actions in green technology for air transport in line with the strategic research agenda identified, with the involvement of all public and private stakeholders and a time horizon that runs up to 2050.

This new proposal relates to a Joint Undertaking in the field of Aeronautics. It follows on from and partly builds up on the results obtained by the previous Clean Sky JTI in this area established in 2008 under the Seventh Framework Programme (FP7) and partly develops new technologies and research lines. This proposal is in line with the Commission Communication 'Public-private partnerships, in Horizon 2020: a powerful tool to deliver on innovation and growth in Europe'.

1.2. Reasons and objectives for a Joint Undertaking in the field of aeronautics

Today, the European aeronautics sector is one of the world leaders in terms of production, employment and exports, generating annual turnover in excess of €100 billion and providing employment for about 750 000 people. At the same time, air travel accounts for about 7% of all emissions produced by the transport sector and around 2% of total global CO₂ emissions.

The predicted traffic growth will lead to significant increases in emissions if no measures are taken and it is therefore urgent to drastically reduce air transport environmental impacts if Europe is to meet the targets of the climate and energy package.

Despite its current leadership, the European aeronautical industry is increasingly confronted with strong, publicly supported international competition from traditional or emerging competitors.

The future international competitiveness of the sector, and consequently its contribution to societal challenges in terms of service provision, economic performance and job creation, will depend on the environmental performance and fuel efficiency of its technologies. In order to maintain world leadership, the EU aeronautics industry should develop innovative fuel-efficient technologies and provide competitive and high-quality products, through a pan-European R&D programme that encompasses all actors in the supply and know-how chain.

Improving the environmental performance of aeronautics technologies is a very complex and expensive process and requires a long-term commitment of resources. Private companies have difficulties mobilising the human and financial resources necessary to develop radical and risky technological advances for future aircraft because of the costs and risks involved. Market failure and economic spill-overs call for public intervention to support the transition between pre-competitive R&D and result exploitation leading to marketable products.

The aeronautics sector is global in nature and the necessary technical competences are not available in individual countries. The technical and know-how supply chain is very scattered, with a continuous distribution of competences from major 'aeronautical states' to 'non-aeronautical states', where nonetheless technical excellence is found that is instrumental in stimulating the whole supply chain.

It is proposed that the new Clean Sky programme be implemented by continuing and building on the Clean Sky Joint Undertaking with the objective of improving the environmental impact of European aeronautical technologies and securing the future international competitiveness of the European aeronautical industry. The proposed initiative aims:

1. To contribute to the finalisation of research activities initiated under Regulation (EC) No 71/2008 and to the implementation of Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 establishing the Horizon 2020 Framework Programme, and in particular the Smart, Green and Integrated Transport Challenge under the Societal Challenges pillar... of Decision (EU) No .../2013/EU [of the Council of ... 2013 establishing the Horizon 2020 Specific Programme];
2. To contribute to the objectives of the Joint Technology Initiative on Clean Sky 2 , in particular to integrate, demonstrate and validate technologies capable of:
 - (a) increasing aircraft fuel efficiency thus reducing CO₂ emissions by 20 to 30 % compared to "state-of-the-art" aircraft entering into service as from 2014;
 - (b) reducing aircraft NO_x and noise emissions by 20 to 30 % compared to "state-of-the-art" aircraft entering into service as from 2014.

These objectives will be achieved for the benefit of Europe at large. Environmental benefits are transnational by nature and the economic spill-over of sector growth will affect the service community of the air transport sector (airlines, airports) as a whole.

1.3. Building on past experience

The current proposal builds on the achievements of the current JTI under FP7. The Clean Sky Joint Undertaking was established in 2007 in response to the need to curtail the environmental impact of growing air traffic and cut aircraft emissions. Its research programme focuses on these objectives with a delivery timeline of 2017.

Clean Sky has been successful in attracting extensive and wide-ranging participation by all key stakeholders, including a large number of SMEs. In the Clean Sky programme, 12 leaders (11 major industries and one research establishment), 74 associated members and more than 450 partners are working together in a number of technology domains to address the environmental objectives and to demonstrate and validate the required technological innovations in a commonly defined programme.

Since its establishment, the Clean Sky Joint Undertaking has successfully stimulated developments towards the strategic environmental targets, as confirmed by the Interim Evaluation of the programme. It has already begun its campaign for demonstrators testing the technological feasibility of the research results at sub-system level and the assessment of its early results show that its environmental targets will be met. The legal, financial and governance frameworks have shown, after the initial phase, their effectiveness and responsiveness to operational needs. The first Interim Evaluation carried out in 2010 recognised its merits and provided a number of recommendations on governance and technical issues that have been tackled, leading to the ‘improved JU’ infrastructure which is proposed.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

The proposed Regulation has been the subject of a Commission Impact Assessment which is attached to the proposal. The Impact Assessment has analysed the different implementation options for the public-private partnership taking into account the need for the new technologies to be ready for deployment at the time when the renewal of the air fleet kicks in, which will be dictated by global market conditions. The Impact Assessment concluded that the improved JU option, which takes on board the lessons learnt from the current Clean Sky JU operation, represents the best approach to reach the stated objectives of the R&D programme. It was complemented by a number of consultations carried out in parallel, the findings of which are appended to the Impact Assessment document.

A public consultation was launched in July 2012 and closed in October 2012, providing answers to a number of questions, in particular on the scope and most appropriate set-up in order to optimise fulfilment of the technical objectives: 95% of the answers considered it appropriate to set up a public-private partnership in aeronautics under Horizon 2020. Most of the participants (89%) agreed or strongly agreed that the PPP in aeronautics research should focus on large-scale demonstration of promising new technologies. In addition, the majority of the answers (41% favourable and 33% very favourable) supported setting up a dedicated legal structure with improved governance and a lighter regulatory framework.

The Clean Sky 2 proposal was presented to stakeholders in the aeronautical community at the Berlin Air Show in September 2012. The community at large had endorsed early on the approach to extending the Clean Sky initiative to address a new programme of work that would capitalise on the results of the current programme and address novel technology areas.

An independent Expert Group was established by the Commission in June 2012. It provided an expert opinion on the content and relevance of the new Clean Sky programme and assessed

the different scenarios for the way forward. Its opinion was very positive with regard to the improved JTI approach.

Specific requests were made to national governments and interest groups/associations to provide their position with respect to setting up Clean Sky 2 as a PPP. All position papers strongly supported the initiative and the improved JTI option.

3. LEGAL ELEMENTS OF THE PROPOSAL

- Summary of the proposed action

The proposal consists of a Council Regulation on Clean Sky 2 Joint Undertaking. The Clean Sky 2 Joint Undertaking was initially established by Council Regulation (EC) No 71/2008 of 20 December 2007, which is to be repealed with effect from 1 January 2014.

- Legal basis

The legal basis of the proposal is Article 187 of the Treaty on the Functioning of the European Union.

The Rules for Participation and Dissemination of Horizon 2020 will apply. However, given a specific operational need of this initiative, a derogation from these Rules is necessary. Nevertheless, this specific derogation is not included in the present proposal at this stage, in order not to prejudice the inter-institutional discussions concerning the appropriate legal basis/procedural modalities for their adoption, which are still pending in the context of the legislative works concerning the Commission proposal for a Regulation of the European Parliament and of the Council laying down the Rules for Participation and dissemination in Horizon 2020 (COM(2011) 0810 - 2011/0399 (COD)). The specific derogation will be introduced at a later stage in view of the outcome of the abovementioned discussions.

In order to attract SMEs, universities, as well as newcomers to European research programmes and to widen the supply and know-how chains while enabling close contacts and cooperation between small entities and large integrators, the derogation will set out that the minimum condition for participation to calls for proposals issued by the Clean Sky 2 Joint Undertaking will systematically be one legal entity established in a Member State or associated country.

- Subsidiarity and proportionality

The objectives of the proposal cannot be sufficiently achieved through national programmes because the scale of the challenge exceeds the capacity of any Member State to act alone. Significant differences exist among national programmes. Their fragmentation and occasional overlapping calls for more efficient action at European Union level. The pooling and coordination of research and development efforts at EU level stands a better chance of success, given the transnational nature of the infrastructure and technologies to be developed, and also the need to achieve a sufficient mass of resources. The involvement of the European Union will help to rationalise research programmes and ensure interoperability of the systems developed, not only through common pre-normative research to support the preparation of standards, but also through the *de facto* standardisation which will arise from the close research cooperation and the transnational demonstration projects. This standardisation will open a wider market and promote competition. The scope of the proposal should encourage individual states to pursue complementary initiatives at national level, in the spirit of reinforcing the European Research Area. Indeed, it is the intention of the JTI to leverage these national and regional programmes to make best use of the combined efforts.

In accordance with the principle of proportionality, the provisions of this Regulation do not go beyond what is necessary to achieve its objectives.

- Choice of instrument

Proposed instrument: Regulation.

Other means would not be appropriate for the following reason:

The creation of an undertaking in which the Union participates requires a Council Regulation.

4. BUDGETARY IMPLICATION

The Legislative Financial Statement presented with this regulation sets out the indicative budgetary implications. The maximum amount of EU contribution (including EFTA contribution) shall be EUR 1,8 billion¹ in current prices. This contribution will be made from the Smart, Green and Integrated Transport Challenge under the Societal Challenges pillar, DG Research & Innovation envelope, as part of the implementation of Horizon 2020 – The Framework Programme for Research and Innovation. The maximum amount of Union contribution foreseen for operational costs shall be EUR 1760 million. The maximum amount of Union contribution foreseen for running costs shall be EUR 40 million.

¹ This amount is indicative and will depend on the final amount allocated to DG Research & Innovation under the mentioned challenge.

Proposal for a

COUNCIL REGULATION

on the Clean Sky 2 Joint Undertaking

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 187 and the first paragraph of Article 188 thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the Economic and Social Committee³,

Whereas:

- (1) Public-private partnerships in the form of Joint Technology Initiatives were initially provided for in Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)⁴.
- (2) Council Decision 2006/971/EC of 19 December 2006 concerning the Specific Programme 'Cooperation' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)⁵ identified specific public-private partnerships to be supported, including a public-private partnership in the specific area of the Clean Sky Joint Technology Initiative.
- (3) Europe 2020 Strategy⁶ underscores the need to develop favourable conditions for investment in knowledge and innovation so as to achieve smart, sustainable and inclusive growth in the Union. Both the European Parliament and the Council have endorsed this strategy.
- (4) Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)⁷ aims to achieve a greater impact on research and innovation by combining Horizon 2020 Framework Programme and private-sector funds in public-private partnerships in key areas where research and innovation can contribute to the Union's wider competitiveness goals and help tackle societal challenges. Union

² OJ ... [EP opinion]

³ OJ ... [ESC opinion]

⁴ OJ L 412 30.12.2006, p. 1.

⁵ OJ L 400 30.12.2006, p.86.

⁶ COM(2010)2020 final.

⁷ OJ ... [H2020 FP]

involvement in these partnerships can take the form of financial contributions to joint undertakings established on the basis of Article 187 of the Treaty under Decision No 1982/2006/EC.

- (5) In accordance with Decision (EU) No .../2013 of the Council of ... 2013 establishing the Specific Programme implementing Horizon 2020 (2014-2020)⁸ further support should be provided to joint undertakings established under Decision No 1982/2006/EC under the conditions specified in Decision (EU) No .../2013.
- (6) The Clean Sky Joint Undertaking set up by Regulation (EC) No 71/2008 of the Council of 20 December 2007 setting up the Clean Sky Joint Undertaking⁹ is fulfilling its objectives of stimulating new research within the framework of a public-private partnership which enables long-term cooperation to take place among European aeronautical stakeholders. Small and medium-sized enterprises (SMEs) have participated very extensively in Clean Sky, with approximately 40% of the budget for calls for proposals allocated to them. The interim evaluation¹⁰ of the Clean Sky Joint Undertaking has shown that the Joint Undertaking is successfully stimulating developments towards environmental targets. In addition, it has been highly successful in attracting extensive and wide-ranging participation by all Union key industries and a large number of SMEs. It has led to new collaborations and to the participation of new organisations. Its research area should therefore continue to be supported in order to achieve its objectives as set out in Article 2 of this Regulation.
- (7) Continued support for the Clean Sky research programme should also take into account the experience acquired from the operations of the Clean Sky Joint Undertaking including the results of its interim evaluation and the stakeholders' recommendations¹¹. It should be implemented using a more fit-for-purpose structure and rules in order to enhance efficiency and to ensure simplification. To this end, the Clean Sky 2 Joint Undertaking should adopt financial rules specific to its needs in accordance with Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union¹².
- (8) The private members of the Clean Sky Joint Undertaking have expressed in writing their agreement for the research activities in the area of the Clean Sky Joint Undertaking to be pursued with a structure better adapted to the nature of a public-private partnership. It is appropriate that the private members of the Clean Sky 2 Joint Undertaking accept the Statutes set out in Annex I to this Regulation by means of a letter of endorsement.
- (9) In order to achieve its objectives, the Clean Sky 2 Joint Undertaking should provide financial support, mainly in the form of grants to members and grants to participants following open and competitive calls for proposals.
- (10) Contributions from the private members should not only be limited to the administrative costs of the Clean Sky 2 Joint Undertaking and to the co-financing required to carry out research and innovation actions supported by the Clean Sky 2 Joint Undertaking.

⁸ OJ ... [H2020 SP]

⁹ OJ L 30 4.2.2008, p.1-20

¹⁰ SEC/2011/1072 final

¹¹ http://www.cleansky.eu/sites/default/files/news/csjuconsultationreview_final.pdf

¹² OJ L 298, 26.10.2012, p.1.

- (11) Their contributions should also relate to additional activities to be undertaken by the private members as specified in an additional activities plan; in order to get a proper overview of the leverage effect, those additional activities should represent contributions to the broader Clean Sky Joint Technology Initiative.
- (12) Participation in indirect actions funded by the Clean Sky 2 Joint Undertaking should comply with Regulation (EU) No ... /2013 of the European Parliament and of the Council of ... 2013 laying down the rules for the participation and dissemination in Horizon 2020 the Framework Programme for Research and Innovation (2014-2020)¹³.
- (13) The Union financial contribution should be managed in accordance with the principle of sound financial management and with the rules on indirect management set out in Regulation (EU, Euratom) No 966/2012 and Commission delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012¹⁴.
- (14) Audits of recipients of Union funds under this Regulation should be carried out in such a manner that the administrative burden is reduced, in compliance with Regulation (EU) No .../2013 [the Horizon 2020 Framework Programme].
- (15) The financial interests of the Union and of the other members of the Clean Sky 2 Joint Undertaking should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties in accordance with Regulation (EU, Euratom) No 966/2012.
- (16) The Commission's internal auditor should exercise the same powers over the Clean Sky 2 Joint Undertaking as those exercised in respect of the Commission.
- (17) In accordance with Article 287(1) of the Treaty, the constituent instrument of bodies, offices or agencies set up by the Union may preclude the examination of the accounts of all revenue and expenditure of those bodies, offices or agencies by the Court of Auditors. In accordance with Article 60(5) of Regulation (EU, Euratom) No 966/2012, the accounts of the bodies set up under Article 209 of Regulation (EU, Euratom) No 966/2012 are to be examined by an independent audit body which is to give an opinion *inter alia* on the reliability of the accounts and the legality and regularity of the underlying transactions. Avoidance of duplication of the examination of the accounts justifies that the accounts of the Clean Sky 2 Joint Undertaking should not be subject to examination by the Court of Auditors.
- (18) To implement the Union financial support for large-scale actions phased over several years, it is advisable to provide for the possibility to split multiannual budgetary commitments by the Union and the Clean Sky 2 Joint Undertaking into annual instalments. Commitments binding on the Union and the Clean Sky 2 Joint Undertaking over the long term should make it possible to reduce the uncertainties connected with the completion of such large-scale actions.
- (19) In accordance with the principles of subsidiarity and proportionality as set out in Article 5 of the Treaty on the European Union, the objectives of the Clean Sky 2 Joint Undertaking in strengthening industrial research and innovation across the Union cannot be sufficiently achieved by the Member States and can therefore, by reason of

¹³ OJ ... [H2020 RfP]

¹⁴ OJ L 362 31.12.2012, p.1

avoiding duplication, retaining critical mass and ensuring that public financing is used in an optimal way, be better achieved by the Union; this Regulation confines itself to the minimum required in order to achieve those objectives and does not go beyond what is necessary for that purpose.

- (20) The Clean Sky Joint Undertaking was set up for a period up to 31 December 2017. The Clean Sky 2 Joint Undertaking should provide continued support to the Clean Sky research programme by enlarging the scope of the activities under a modified set of rules. The transition from the Clean Sky Joint Undertaking to the Clean Sky 2 Joint Undertaking should be aligned and synchronized with the transition from the Seventh Framework Programme to the Horizon 2020 Framework Programme to ensure optimal use of the funding available for research. In the interest of legal certainty and clarity, Council Regulation (EC) No 71/2008 should therefore be repealed and transitional provisions should be set out.

HAS ADOPTED THIS REGULATION:

Article 1 *Establishment*

1. For the implementation of the Joint Technology Initiative in aeronautics, a joint undertaking within the meaning of Article 187 of the Treaty (hereinafter 'Clean Sky 2 Joint Undertaking'), is established for a period from 1 January 2014 until 31 December 2024.
2. The Clean Sky 2 Joint Undertaking shall replace and succeed the Clean Sky Joint Undertaking as established by Council Regulation (EC) No 71/2008.
3. The Clean Sky 2 Joint Undertaking shall constitute a body entrusted with the implementation of a public-private partnership referred to in Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and the Council¹⁵.
4. The Clean Sky 2 Joint Undertaking shall have legal personality. In each of the Member States, it shall enjoy the most extensive legal capacity granted to legal persons under the laws of those States. It may acquire or dispose of movable and immovable property and may be party to legal proceedings.
5. The seat of the Clean Sky 2 Joint Undertaking shall be located in Brussels, Belgium.
6. The Statutes of the Clean Sky 2 Joint Undertaking are set out in Annex I.

Article 2 *Objectives*

The Clean Sky 2 Joint Undertaking shall have the following objectives:

1. To contribute to the finalisation of research activities initiated under Regulation (EC) No 71/2008 and to the implementation of Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 establishing the Horizon 2020 Framework Programme, and in particular the Smart, Green and Integrated Transport Challenge under the Societal Challenges pillar... of Decision (EU) No .../2013/EU [of the Council of ... 2013 establishing the Horizon 2020 Specific Programme];

¹⁵ OJ L 298, 26.10.2012, p. 1.

2. To contribute to the objectives of the Joint Technology Initiative on Clean Sky 2 , in particular to integrate, demonstrate and validate technologies capable of:
 - (a) increasing aircraft fuel efficiency thus reducing CO₂ emissions by 20 to 30 % compared to "state-of-the-art" aircraft entering into service as from 2014;
 - (b) reducing aircraft NO_x and noise emissions by 20 to 30 % compared to "state-of-the-art" aircraft entering into service as from 2014.

Article 3

Union financial contribution

1. The maximum Union contribution, including EFTA appropriations, to the Clean Sky 2 Joint Undertaking, to cover administrative costs and operational costs, shall be EUR 1,8 billion. The contribution shall be paid from the appropriations in the general budget of the Union allocated to the Horizon 2020 Specific Programme implementing the Horizon 2020 Framework Programme in accordance with Article 58(1)(c)(iv), Article 60 and Article 61 of Regulation (EU, Euratom) No 966/2012 for bodies referred to in Article 209 of that Regulation.
2. The arrangements for the Union financial contribution shall be set out in a delegation agreement and annual transfer of funds agreements to be concluded between the Commission, on behalf of the Union, and the Clean Sky 2 Joint Undertaking.
3. The delegation agreement referred to in paragraph 2 shall cover the aspects set out in Article 58(3), Article 60 and Article 61 of Regulation (EU, Euratom) No 966/2012 and in Article 40 of Commission delegated Regulation (EU) No 1268/2012, as well as *inter alia* the following:
 - (a) the requirements for the Clean Sky 2 Joint Undertaking's contribution regarding the relevant performance indicators referred to in Annex II to Decision No .../EU [the Specific Programme implementing the Horizon 2020 Framework Programme];
 - (b) the requirements for the Clean Sky 2 Joint Undertaking's contribution in view of the monitoring referred to in Annex III to Decision No .../EU [the Specific Programme implementing the Horizon 2020 Framework Programme];
 - (c) the specific performance indicators related to the functioning of the Clean Sky 2 Joint Undertaking;
 - (d) the arrangements regarding the provision of data necessary to ensure that the Commission is able to meet its dissemination and reporting obligations;
 - (e) the use of and changes to human resources, in particular recruitment by function group, grade and category, the reclassification exercise and any changes to the number of staff members.

Article 4

Contributions of members other than the Union

1. The members of the Clean Sky 2 Joint Undertaking other than the Union shall make or arrange for their affiliated entities to make a total contribution of at least EUR 2,25 billion over the period defined in Article 1.
2. The contribution referred to in paragraph 1 shall consist of the following:

- (a) contributions to the Clean Sky 2 Joint Undertaking as laid down in clause 15(2) and clause 15(3)(b) of the Statutes set out in Annex I.
- (b) in-kind contributions of at least EUR 990 million over the period defined in Article 1 by the members other than the Union or their affiliated entities, consisting of the costs incurred by them in implementing additional activities outside the work plan of the Clean Sky 2 Joint Undertaking contributing to the objectives of the Clean Sky Joint Technology Initiative. Other Union funding programmes may support those costs in compliance with the applicable rules and procedures. In such cases, Union financing shall not substitute for the in-kind contributions from the Members other than the Union or their affiliated entities.

The costs referred to in point (b) shall not be eligible for financial support by the Clean Sky 2 Joint Undertaking. The corresponding activities shall be set out in an additional activities plan that shall indicate the estimated value of those contributions.

- 3. The members of the Clean Sky 2 Joint Undertaking other than the Union shall report each year by 31 January to the Governing Board of the Clean Sky 2 Joint Undertaking on the value of the contributions referred to in paragraph 2 made in each of the previous financial years.
- 4. For the purpose of valuing the contributions referred to in point (b) of paragraph 2 and clause 15(3)(b) of the Statutes set out in Annex I, the costs shall be determined according to the usual cost accounting practices of the entities concerned, to the applicable accounting standards of the country where each entity is established, and to the applicable International Accounting Standards / International Financial Reporting Standards. The costs shall be certified by an independent external auditor appointed by the entity concerned. The valuation of the contributions shall be verified by the Clean Sky 2 Joint Undertaking. In case of remaining uncertainties, it may be audited by the Clean Sky 2 Joint Undertaking.
- 5. The Commission may terminate, proportionally reduce or suspend the Union financial contribution to the Clean Sky 2 Joint Undertaking or trigger the winding up procedure referred to in clause 24(2) of the Statutes set out in Annex I if those members or their affiliated entities do not contribute, contribute only partially or contribute late with regard to the contributions referred to in paragraph 2.

Article 5 *Financial rules*

The Clean Sky 2 Joint Undertaking shall adopt its specific financial rules in accordance with Article 209 of Regulation (EU, Euratom) No 966/2012 and Regulation (EU) No ... [Delegated Regulation on the model Financial Regulation for PPPs].

Article 6 *Staff*

- 1. The Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union as laid down by Council Regulation (EEC, Euratom, ECSC) No 259/68¹⁶ and the rules adopted by agreement between the institutions of

¹⁶ OJ 56, 4.3.1968, p.1

the Union for giving effect to those Staff Regulations and those Conditions of Employment of Other Servants shall apply to the staff employed by the Clean Sky 2 Joint Undertaking.

2. The Governing Board shall exercise, with respect to the staff of the Clean Sky 2 Joint Undertaking, the powers conferred by the Staff Regulations on the Appointing Authority and by the Conditions of Employment of Other Servants on the Authority Empowered to Conclude Contracts of Employment (hereinafter 'the appointing authority powers').

The Governing Board shall adopt, in accordance with Article 110 of the Staff Regulations, a decision based on Article 2(1) of the Staff Regulations and Article 6 of the Conditions of Employment of Other Servants delegating the relevant appointing authority powers to the Executive Director and defining the conditions under which this delegation of powers can be suspended. The Executive Director is authorised to sub-delegate those powers.

Where exceptional circumstances so require, the Governing Board may by way of a decision temporarily suspend the delegation of the appointing authority powers to the Executive Director and those sub-delegated by the latter and exercise them itself or delegate them to one of its members or to a staff member of the Joint Undertaking other than the Executive Director.

3. The Governing Board shall adopt implementing rules to the Staff Regulations and the Conditions of Employment of Other Servants in accordance with Article 110 of the Staff Regulations.
4. The staff resources shall be determined by the staff establishment plan of the Clean Sky 2 Joint Undertaking indicating the number of temporary posts by function group and by grade and the number of contract staff expressed in full-time equivalents, in line with its annual budget.
5. The staff of the Clean Sky 2 Joint Undertaking shall consist of temporary staff and contract staff.
6. All costs related to staff shall be borne by the Clean Sky 2 Joint Undertaking.

Article 7

Seconded national experts and trainees

1. The Clean Sky 2 Joint Undertaking may make use of seconded national experts and trainees not employed by the Joint Undertaking. The number of seconded national experts expressed in full-time equivalents shall be added to information on staff as referred to in Article 6(4) of this Regulation in line with the annual budget.
2. The Governing Board shall adopt a decision laying down rules on the secondment of national experts to the Clean Sky 2 Joint Undertaking and on the use of trainees.

Article 8

Privileges and immunities

The Protocol on the Privileges and Immunities of the Union shall apply to the Clean Sky 2 Joint Undertaking and its staff.

Article 9
Liability of the Clean Sky 2 Joint Undertaking

1. The contractual liability of the Clean Sky 2 Joint Undertaking shall be governed by the contractual provisions and by the law applicable to the agreement, decision or contract in question.
2. In the event of non-contractual liability, the Clean Sky 2 Joint Undertaking shall make good any damage caused by its staff in the performance of their duties, in accordance with the general principles common to the laws of the Member States.
3. Any payment by the Clean Sky 2 Joint Undertaking in respect of the liability referred to in paragraphs 1 and 2 and the costs and expenses incurred in that connection shall be considered as expenditure of the Clean Sky 2 Joint Undertaking and shall be covered by the resources of the Clean Sky 2 Joint Undertaking.
4. The Clean Sky 2 Joint Undertaking shall be solely responsible for meeting its obligations.

Article 10
Jurisdiction of the Court of Justice and applicable law

1. The Court of Justice shall have jurisdiction under the conditions laid down in the Treaty as well as in the following cases:
 - (a) in any dispute between the members which relates to the subject matter of this Regulation;
 - (b) pursuant to any arbitration clause contained in agreements, decisions or contracts concluded by the Clean Sky 2 Joint Undertaking;
 - (c) in disputes relating to compensation for damage caused by the staff of the Clean Sky 2 Joint Undertaking in the performance of their duties;
 - (d) in any dispute between the Clean Sky 2 Joint Undertaking and its staff within the limits and under the conditions laid down in the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union.
2. Regarding any matter not covered by this Regulation or by other acts of Union law, the law of the State where the seat of the Clean Sky 2 Joint Undertaking is located shall apply.

Article 11
Evaluation

1. By 31 December 2017 the Commission shall conduct an interim evaluation of the Clean Sky 2 Joint Undertaking. The Commission shall send the conclusions of the evaluation, and its observations, to the European Parliament and to the Council by 30 June 2018.
2. On the basis of the conclusions of the interim evaluation referred to in paragraph 1, the Commission may act in accordance with Article 4(5) or take any other appropriate actions.
3. Within six months of the winding up of the Clean Sky 2 Joint Undertaking, but no later than two years after the triggering of the winding-up procedure referred to in

clause 24 of the Statutes set out in Annex I, the Commission shall conduct a final evaluation of the Clean Sky 2 Joint Undertaking. The results of that final evaluation shall be sent to the European Parliament and to the Council.

Article 12

Discharge

1. The discharge of the budget implementation with regard to the Union contribution to the Clean Sky 2 Joint Undertaking shall be part of the discharge given by the European Parliament, upon recommendation of the Council, to the Commission in accordance with the procedure provided for in Article 319 of the Treaty.
2. The Clean Sky 2 Joint Undertaking shall fully cooperate with the institutions involved in the discharge procedure and provide, as appropriate, any necessary additional information. In this context, it may be requested to be represented in meetings with the institutions or bodies and assist the Commission authorising officer by delegation.

Article 13

Ex-post audits

1. Ex-post audits of expenditure on indirect actions shall be carried out by the Clean Sky 2 Joint Undertaking in accordance with Article 23 of Regulation (EU) No ... [the Horizon 2020 Framework Programme] as part of the Horizon 2020 Framework Programme indirect actions.
2. To ensure consistency, the Commission may decide to carry out the audits referred to in paragraph 1.

Article 14

Protection of the financial interests of the members

1. Without prejudice to clause 20(4) of the Statutes set out in Annex I, the Clean Sky 2 Joint Undertaking shall grant Commission staff and other persons authorised by it, as well as the Court of Auditors, access to its sites and premises and to all the information, including information in electronic format, needed in order to conduct their audits.
2. The European Anti-fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)¹⁷ and Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities¹⁸ with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with an agreement or decision or a contract funded under this Regulation.

¹⁷ OJ L 136, 31.05.1999, p. 1

¹⁸ OJ L 292, 15.11.1996, p. 2-5.

3. Without prejudice to paragraphs 1 and 2, contracts, agreements and decisions, resulting from the implementation of this Regulation shall contain provisions expressly empowering the Commission, the Clean Sky 2 Joint Undertaking, the Court of Auditors and OLAF to conduct such audits and investigations, according to their respective competences.
4. The Clean Sky 2 Joint Undertaking shall ensure that the financial interests of its members are adequately protected by carrying out or commissioning appropriate internal and external controls.
5. The Clean Sky 2 Joint Undertaking shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by OLAF¹⁹. The Clean Sky 2 Joint Undertaking shall adopt the necessary measures needed to facilitate internal investigations conducted by OLAF.

Article 15 *Confidentiality*

Without prejudice to Article 16, the Clean Sky 2 Joint Undertaking shall ensure the protection of sensitive information whose disclosure could damage the interests of its members or of participants in the activities of the Clean Sky 2 Joint Undertaking.

Article 16 *Transparency*

1. Regulation (EC) No 1049/2001 of the European Parliament and of the Council regarding public access to European Parliament, Council and Commission documents²⁰ shall apply to documents held by the Clean Sky 2 Joint Undertaking.
2. The Governing Board may adopt practical arrangements for implementing Regulation (EC) No 1049/2001.
3. Without prejudice to Article 10, decisions taken by the Clean Sky 2 Joint Undertaking pursuant to Article 8 of Regulation (EC) No 1049/2001 may form the subject of a complaint to the Ombudsman under the conditions laid down in Article 228 of the Treaty.
4. The Clean Sky 2 Joint Undertaking shall adopt practical arrangements for implementing Regulation (EC) No 1367/2006 of the European Parliament and of the Council of 6 September 2006 on the application of the provisions of the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters to Community institutions and bodies²¹.

Article 17 *Rules for participation and dissemination*

Regulation (EU) No ... [Rules for the participation and dissemination in Horizon 2020] shall apply to the actions funded by the Clean Sky 2 Joint Undertaking. In accordance with that Regulation, the Clean Sky 2 Joint Undertaking shall be considered a funding body and shall

¹⁹ OJ L 136, 31.5.1999, p. 15.

²⁰ OJ L 145, 31.5.2001, p. 43.

²¹ OJ L 264, 25.9.2006, p. 13-19.

provide financial support to indirect actions as set out in clause 2 of the Statutes set out in Annex I.

Article 18
Support from the host State

An administrative agreement may be concluded between the Clean Sky 2 Joint Undertaking and the State where its seat is located concerning privileges and immunities and other support to be provided by that State to the Clean Sky 2 Joint Undertaking.

Article 19
Repeal and transitional provisions

1. Regulation (EC) No 71/2008 is repealed with effect from 1 January 2014
2. Without prejudice to paragraph 1, actions initiated under Regulation (EC) No 71/2008, and financial obligations related to those actions shall continue to be governed by that Regulation until their completion.

Actions arising from calls for proposals provided for in Annual Implementation Plans adopted under Regulation (EC) No 71/2008 shall also be regarded as actions initiated under that Regulation.

The interim evaluation referred to in Article 11(1) shall include a final evaluation of the Clean Sky Joint Undertaking operations under Regulation (EC) No 71/2008.

3. This Regulation shall not affect the rights and obligations of staff engaged under Regulation (EC) No 71/2008.

The employment contracts of staff referred to in the first subparagraph may be renewed under this Regulation in accordance with the Staff Regulations.

In particular, the Executive Director appointed under Regulation (EC) No 71/2008 shall, for the remaining period of term of office, be assigned to the functions of Executive Director as provided for in this Regulation with effect from 1 January 2014. The other conditions of contract shall remain unchanged.

4. Unless otherwise agreed between members pursuant to Regulation (EC) No 71/2008, all rights and obligations including assets, debts or liabilities of the members pursuant to that Regulation are transferred to the members pursuant to this Regulation.
5. Any unused appropriations under Regulation (EC) No 71/2008 shall be transferred to the Clean Sky 2 Joint Undertaking.

Article 20
Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council
The President*

ANNEX 1 - STATUTES OF THE CLEAN SKY 2 JOINT UNDERTAKING

1- Definitions

- (a) 'Associate' means a legal entity that has been selected under Regulation (EC) No 71/2008 and has accepted the present Statutes by signing a letter of endorsement and whose membership shall be terminated as soon as the actions initiated under Regulation (EC) No 71/2008 in which it is involved end, and at the latest on 31 December 2017;
- (b) 'Core Partner' means a legal entity participating in an ITD or IADP or in Transverse Activities that has been selected following a call as set out in clause 4(2) and has accepted the present Statutes by signing a letter of endorsement;
- (c) 'IADP' means one of the Innovative Aircraft Demonstration Platforms identified in Clause 11;
- (d) 'ITD' means an Integrated Technology Demonstrator identified in Clause 11;
- (e) 'Leader' means a co-leader of one of the ITDs or IADPs or Transverse Activities;
- (f) 'Participating affiliate' means an affiliated entity as defined in Article 2(1) of Regulation ... [the Horizon 2020 Rules for Participation] performing activities of the relevant ITD Leader, Associate or Core Partner in accordance with the terms and conditions set out in the relevant grant agreements or decisions;
- (g) 'Transverse Activities' (TAs) means actions with relevance across several ITDs and/or IADPs and requiring coordination and management across the ITDs and/or IADPs for the optimal delivery of the overall objectives of Clean Sky;
- (h) 'TE' means Technology Evaluator.

2 - Tasks

The Clean Sky 2 Joint Undertaking shall carry out the following tasks:

- (a) supporting financially research and innovation indirect actions mainly in the form of grants;
- (b) bringing together a range of ITDs and IADPs supported by Transverse Activities, with the emphasis on innovative technologies and development of full-scale demonstrators;
- (c) focusing efforts within ITDs, IADPs and Transverse Activities on key deliverables that can help meet the Union's environmental and competitiveness goals;
- (d) enhancing the technology verification process in order to identify and remove obstacles to future market penetration;
- (e) pooling user requirements to guide investment in research and development towards operational and marketable solutions;
- (f) ensuring the provision of procurement contracts, where appropriate, through calls for tender;
- (g) mobilising the public and private-sector funds needed;
- (h) liaising with national and international activities in the Clean Sky 2 Joint Undertaking technical domain, in particular with the SESAR Joint Undertaking²²;
- (i) stimulating the involvement of SMEs in its activities, in line with the objectives of the Seventh Framework Programme and of Horizon 2020;

²² OJ L 64, 2.3.2007, p. 1.

- (j) developing close cooperation and ensuring coordination with related European (in particular under the Framework Programmes), national and transnational activities;
- (k) information, communication, exploitation and dissemination activities by applying *mutatis mutandis* the provisions of Article 22 of Regulation (EU) No .../2013 [the Horizon 2020 Framework Programme].
- (l) any other task needed to achieve the objectives set out in Article 2 of this Regulation.

3 - Members

1. The members of the Clean Sky 2 Joint Undertaking shall be the following:
 - (a) the Union, represented by the Commission,
 - (b) upon acceptance of these Statutes by means of a letter of endorsement, the Leaders and the Associates as listed in Annex II to this Regulation, and the Core Partners to be selected in accordance with clause 4(2).
2. The members other than the Union shall be referred to as the 'private members' of the Clean Sky 2 Joint Undertaking.

4 - Changes to membership

1. Provided that it contributes to the funding referred to in clause 15 to achieve the objectives of the Clean Sky 2 Joint Undertaking set out in Article 2 of this Regulation and accepts the Statutes of the Clean Sky 2 Joint Undertaking, any legal entity established in a Member State or in a country associated to the Horizon 2020 Framework Programme may apply to become a Core Partner of the Clean Sky 2 Joint Undertaking in accordance with paragraph 2.
2. The Core Partners of the Clean Sky 2 Joint Undertaking and their relevant affiliates shall be selected through an open, non-discriminatory and competitive call and subject to an independent evaluation. Calls shall be driven by the need for key capabilities to implement the programme. They shall be published on the Clean Sky website and communicated through the States Representatives Group and other channels in order to ensure the widest possible participation.
3. Any member may terminate its membership to the Clean Sky 2 Joint Undertaking. The termination shall become effective and irrevocable six months after notification to the other members. As of then, the former member shall be discharged from any obligations other than those approved or incurred by the Clean Sky 2 Joint Undertaking prior to terminating the membership.
4. Membership of the Clean Sky 2 Joint Undertaking may not be transferred to a third party without prior agreement of the Governing Board.
5. The Clean Sky 2 Joint Undertaking shall publish on its website immediately upon any change to membership pursuant to this clause, an updated list of members of the Clean Sky 2 Joint Undertaking together with the date when such change takes effect.
6. The membership of Associates shall be automatically terminated as soon as the actions initiated under Regulation (EC) No 71/2008 in which they are involved end and at the latest on 31 December 2017.

5 - Organisation of the Clean Sky 2 Joint Undertaking

1. The bodies of the Clean Sky 2 Joint Undertaking shall be:
 - (a) the Governing Board;

- (b) the Executive Director;
 - (c) the Steering Committees;
 - (d) the Scientific Committee;
 - (e) the States Representatives Group.
2. The Scientific Committee and the States Representatives Group shall be advisory bodies to the Clean Sky 2 Joint Undertaking.

6 – Composition of the Governing Board

The Governing Board shall be composed of the following:

- (a) one representative of the Commission;
- (b) one representative of each Leader;
- (c) one representative of Associates or Core Partners per ITD;
- (d) one representative of Core Partners per IADP.

7 – Functioning of the Governing Board

1. The Commission representative shall hold 50 % of the voting rights. The vote of the Commission shall be indivisible. Each other representative shall hold an equal number of votes. The representatives shall use their best endeavours to achieve consensus. Failing consensus, the Governing Board shall take decisions by a majority of at least 75% of all votes, including the votes of those who are not in attendance.
2. The Governing Board shall elect its chairperson for a period of two years.
3. The Governing Board shall hold its ordinary meetings at least twice a year. It may hold extraordinary meetings at the request of the Commission or of a majority of the representatives of the private members, or at the request of the chairperson. Meetings of the Governing Board shall be convened by its chairperson and shall usually take place at the seat of the Clean Sky 2 Joint Undertaking.

The Executive Director shall have the right to take part in the deliberations, but shall have no voting rights.

The chairperson of the States Representatives Group shall have the right to attend meetings of the Governing Board as an observer.

The Governing Board may invite other persons to attend its meetings as observers, in particular representatives of regional authorities of the Union.

The representatives of the members shall not be personally liable for actions they have taken in their capacity as representatives on the Governing Board.

The Governing Board shall adopt its own rules of procedure.

The Governing Board shall adopt transitional measures as appropriate.

8 – Tasks of the Governing Board

1. The Governing Board shall have overall responsibility for the strategic orientation and the operations of the Clean Sky 2 Joint Undertaking and shall supervise the implementation of its activities.
2. The Governing Board shall in particular carry out the following tasks:
 - (a) assess, accept or reject applications for new membership in accordance with clause 4;

- (b) decide on the termination of the membership in the Clean Sky 2 Joint Undertaking of any member that does not fulfil its obligations;
- (c) adopt the financial rules of the Clean Sky 2 Joint Undertaking in accordance with Article 5 of this Regulation;
- (d) adopt the annual budget of the Clean Sky 2 Joint Undertaking, including the staff establishment plan indicating the number of temporary posts by function group and by grade and the number of contract staff and seconded national experts expressed in full-time equivalents;
- (e) exercise the appointing authority powers with respect to the staff, in accordance with Article 6(2) of this Regulation;
- (f) appoint, dismiss, extend the term of office of, provide guidance to and monitor the performance of the Executive Director;
- (g) approve the organisational structure of the Programme Office referred to in clause 10(5), based on a recommendation by the Executive Director;
- (h) adopt the work plan and the corresponding expenditure estimates, as proposed by the Executive Director after having consulted the Scientific Committee and the States Representatives Group;
- (i) approve the additional activities plan referred to in Article 4(2)(b) of this Regulation on the basis of a proposal from the private members and after having consulted, where appropriate, an ad hoc advisory group;
- (j) approve the annual accounts;
- (k) approve the annual activity report, including the corresponding expenditure;
- (l) arrange, as appropriate, for the establishment of an internal audit capability of the Clean Sky 2 Joint Undertaking;
- (m) approve the calls as well as, where appropriate, the related rules for submission, evaluation, selection, award and review procedures;
- (n) approve the list of proposals and tenders selected for funding;
- (o) establish the Clean Sky 2 Joint Undertaking's communications policy upon recommendation by the Executive Director;
- (p) where appropriate, establish implementing rules in line with Article 6(3) of this Regulation;
- (q) where appropriate, establish rules on the secondment of national experts to the Clean Sky 2 Joint Undertaking and on the use of trainees in line with Article 7 of this Regulation;
- (r) where appropriate, set up advisory groups in addition to the bodies of the Clean Sky 2 Joint Undertaking;
- (s) where appropriate, submit to the Commission any request to amend this Regulation proposed by any member of the Clean Sky 2 Joint Undertaking.
- (t) be responsible for any task that is not specifically allocated to one of the bodies of the Clean Sky 2 Joint Undertaking which it may assign to one of those bodies.

9 – Appointment, dismissal or extension of the term of office of the Executive Director

1. The Executive Director shall be appointed by the Governing Board from a list of candidates proposed by the Commission following an open and transparent selection

procedure. The Commission shall associate the representation from the other members of the Clean Sky 2 Joint Undertaking in the selection procedure as appropriate.

In particular, an appropriate representation from the other members of the Clean Sky 2 Joint Undertaking shall be ensured at the pre-selection stage of the selection procedure. For that purpose, the private members shall appoint by common accord a representative as well as an observer on behalf of the Governing Board.

2. The Executive Director is a member of staff and shall be employed as a temporary agent of the Clean Sky 2 Joint Undertaking under point (a) of Article 2 of the Conditions of Employment of Other Servants of the Union.

For the purpose of concluding the contract with the Executive Director, the Clean Sky 2 Joint Undertaking shall be represented by the chairperson of the Governing Board.

3. The term of office of the Executive Director shall be three years. By the end of that period, the Commission associating the private members as appropriate shall undertake an assessment of the performance of the Executive Director and the Clean Sky 2 Joint Undertaking's future tasks and challenges.
4. The Governing Board, acting on a proposal from the Commission which takes into account the assessment referred to in paragraph 3, may extend the term of office of the Executive Director once, for no more than five years.
5. An Executive Director whose term of office has been extended may not participate in another selection procedure for the same post at the end of the overall period.
6. The Executive Director may be dismissed only upon a decision of the Governing Board acting on a proposal from the Commission associating the private members as appropriate.

10 – Tasks of the Executive Director

1. The Executive Director shall be the chief executive responsible for the day-to-day management of the Clean Sky 2 Joint Undertaking in accordance with the decisions of the Governing Board.
2. The Executive Director shall be the legal representative of the Clean Sky 2 Joint Undertaking. He/she shall be accountable to the Governing Board.
3. The Executive Director shall implement the budget of the Clean Sky 2 Joint Undertaking.
4. The Executive Director shall in particular carry out the following tasks in an independent manner:
 - (a) prepare and submit for adoption to the Governing Board the draft annual budget, including the corresponding staff establishment plan indicating the number of temporary posts in each grade and function group and the number of contract staff and seconded national experts expressed in full-time equivalents;
 - (b) prepare and submit for adoption to the Governing Board the work plan and the corresponding expenditure estimates;
 - (c) submit for approval to the Governing Board the annual accounts;
 - (d) prepare and submit for approval to the Governing Board the annual activity report, including the corresponding expenditure;
 - (e) handle second-instance settlement of disputes within ITDs or IADPs;
 - (f) handle first-instance settlement of disputes across ITDs or IADPs;
 - (g) oversee the calls for proposals based on the content and topics proposed by the relevant ITD/IADP Steering Committee and in line with the programme objectives

and submit for approval to the Governing Board the list of actions selected for funding;

- (h) sign individual agreements or decisions;
- (i) sign procurement contracts;
- (j) implement the Clean Sky 2 Joint Undertaking's communications policy;
- (k) organise, direct and supervise the operations and the staff of the Clean Sky 2 Joint Undertaking within the constraints of the delegation by the Governing Board as provided for in Article 6(2) of this Regulation;
- (l) establish and ensure the functioning of an effective and efficient internal control system and report any significant change to it to the Governing Board;
- (m) ensure that risk assessment and risk management are performed;
- (n) take any other measures needed to assess the progress made by the Clean Sky 2 Joint Undertaking towards achieving its objectives;
- (o) perform any other tasks entrusted or delegated to the Executive Director by the Governing Board;
- (p) ensure the coordination between the different ITDs, IADPs and TAs and take appropriate action to manage interfaces, avoid undue overlaps between projects and favour synergies across ITD, IADP and TAs;
- (q) propose to the Governing Board adaptations of the technical content and budget allocations between ITDs, IADPs and TAs;
- (r) ensure effective communication between the Technology Evaluator, IADPs and ITDs and ensure that deadlines are met for the transmission of necessary data to the Technology Evaluator;
- (s) chair the governing body of the Technology Evaluator and ensure that all appropriate measures are taken to enable the Technology Evaluator to perform its tasks as described in clause 12;
- (t) ensure that the planned objectives and the schedules are met, coordinate and follow-up the ITD and IADP activities and propose any appropriate evolution of the objectives and related schedule;
- (u) monitor the progress made by the ITDs and IADPs towards achieving the objectives, based in particular on the assessments of the Technology Evaluator;
- (v) approve any budget transfers below 10% of the annual budget allocations between and within ITDs/IADPs.

5. The Executive Director shall set up a Programme Office for the execution, under his/her responsibility, of all support tasks arising from this Regulation. The Programme Office shall be composed of the staff of the Clean Sky 2 Joint Undertaking and shall, in particular, carry out the following tasks:

- (a) provide support in establishing and managing an appropriate accounting system in accordance with the financial rules of the Clean Sky 2 Joint Undertaking;
- (b) manage the calls as provided for in the work plan and administer the agreements or decisions, including their coordination;
- (c) provide the members and the other bodies of the Clean Sky 2 Joint Undertaking all information and support needed for them to perform their duties and responding to their specific requests;

- (d) act as the secretariat of the bodies of the Clean Sky 2 Joint Undertaking and provide support to any advisory group set up by the Governing Board.

11 - Steering Committees

1. Steering Committees shall be established for the following ITDs and IADPs:

- (a) Large Passenger Aircraft IADP,
- (b) Regional Aircraft IADP,
- (c) Rotorcraft IADP,
- (d) Airframe ITD,
- (e) Engines ITD,
- (f) Systems ITD.

The Steering Committees for the following ITDs of the Clean Sky Joint Undertaking shall continue to exist and function under their existing rules (as regards their composition, meetings, tasks and rules of procedure) as defined under Regulation (EC) No 71/2008 until actions arising under Regulation (EC) No 71/2008 come to an end:

- (g) Smart Fixed-Wing Aircraft ITD,
- (h) Green Regional Aircraft ITD,
- (i) Green Rotorcraft ITD,
- (j) Systems for Green Operations ITD,
- (k) Sustainable and Green Engines ITD,
- (l) Eco-Design ITD.

2. Composition:

Each Steering Committee shall be composed of:

- (a) a chairperson — a senior representative of the ITD or IADP Leader(s);
- (b) a representative of each Core Partner of the ITD or IADP;
- (c) one or more representatives of the programme office, as designated by the Executive Director;

3. Meetings

Each Steering Committee shall meet at least every three months. Extraordinary meetings shall be convened at the request of the chairperson or of the Executive Director.

A representative of the Commission may participate, as an observer.

Other members with an interest in the results of the ITD or IADP may be invited to attend.

4. Tasks:

Each Steering Committee shall be responsible for:

- (a) guiding and monitoring the technical functions of its ITD or IADP and taking decisions on behalf of the Clean Sky 2 Joint Undertaking on technical matters specific to the relevant ITD or IADP in line with the grant agreements or decisions;
- (b) reporting to the Executive Director on the basis of reporting indicators to be defined by the Clean Sky 2 Joint Undertaking;

- (c) providing all necessary data to the Technology Evaluator in a format that shall be agreed with the Technology Evaluator on the basis of the terms and conditions of the mandate given by the Governing Board to the Technology Evaluator for its assessment;
- (d) establishing the detailed annual implementation plans for the ITD/IADP in line with the work plan;
- (e) proposing the contents of the calls for proposals;
- (f) advising on the contents of the calls for tenders to be launched by the Joint Undertaking in conjunction and cooperation with the members concerned;
- (g) establishing the order of rotation of Core Partners' representatives in the Governing Board. The decisions on this matter shall be taken by the representatives of the Core Partners only. The representatives of the Leaders shall not have the right to vote;
- (h) handling disputes within the ITD/IADP;
- (i) proposing to the Executive Director changes of the budget allocation within its ITD/IADP.

5. Rules:

Each Steering Committee shall adopt its rules of procedure, based on a model common to all Steering Committees.

12 - Technology Evaluator

1. An independent Technology Evaluator, as a Transverse Activity, shall exist for the entire duration of the Clean Sky 2 Joint Undertaking.

The Technology Evaluator shall have the following tasks:

- (a) monitoring and assessing the environmental and societal impact of the technological results arising from individual ITDs and IADPs across all Clean Sky activities, specifically quantifying the expected improvements on the overall noise, greenhouse gas and air pollutants emissions from the aviation sector in future scenarios in comparison to baseline scenarios;
- (b) providing feedback to ITDs and IADPs in order to enable the optimisation of their performance against their respective goals and objectives;
- (c) providing input, through the Executive Director to the Governing Board on environmental and societal impacts across Clean Sky activities to enable the Governing Board to take all actions necessary to optimise benefits across all Clean Sky programmes, against the respective programmes' high-level goals and objectives;
- (d) providing regular information, through the members, the Executive Director and other bodies of the Joint Undertaking, on the impact of the technological results of the ITDs and IADPs.

2. The governing body of the Technology Evaluator shall be chaired by the Executive Director. Its composition and rules of procedure shall be adopted by the Governing Board, based on a proposal from the Executive Director.

13 - Scientific Committee

1. The Scientific Committee shall consist of no more than 12 members. It shall elect a chairperson from amongst its members.

2. The members shall reflect a balanced representation of world-wide recognised experts from academia, industry and regulatory bodies. Collectively, the Scientific Committee members shall have the necessary scientific competencies and expertise covering the technical domain needed to make science-based recommendations to the Clean Sky 2 Joint Undertaking.
3. The Governing Board shall set the criteria and selection process for the composition of the Scientific Committee and appoint its members. The Governing Board shall take into consideration the potential candidates proposed by States Representatives Group.
4. The Scientific Committee shall carry out the following tasks:
 - (a) advise on the scientific priorities to be addressed in the work plans;
 - (b) advise on the scientific achievements described in the annual activity report.
5. The Scientific Committee shall meet at least once a year. The meetings shall be convened by its chairperson.
6. The Scientific Committee may, with the agreement of the chairperson, invite other persons to attend its meetings.
7. The Scientific Committee shall adopt its own rules of procedure.

14 - States Representatives Group

1. The States Representatives Group shall consist of one representative of each Member State and of each country associated to the Horizon 2020 Framework Programme. It shall elect a chairperson among its members.
2. The States Representatives Group shall meet at least once a year. The meetings shall be convened by its chairperson. The Executive Director and the chairperson of the Governing Board or their representatives shall attend the meetings.

The chairperson of the States Representatives Group may invite other persons to attend its meetings as observers, in particular representatives of regional authorities of the Union and representatives of SME associations.
3. The States Representatives Group shall in particular review information and provide opinions on the following matters:
 - (a) progress made in the programme of the Clean Sky 2 Joint Undertaking and towards achievement of its targets;
 - (b) updates of strategic orientation;
 - (c) links to the Horizon 2020 Framework Programme;
 - (d) work plans;
 - (e) involvement of SMEs.
4. The States Representatives Group shall also provide information to and act as an interface with the Clean Sky 2 Joint Undertaking on the following matters:
 - (a) the status of relevant national or regional research and innovation programmes and identification of potential areas of cooperation, including deployment of aeronautical technologies;
 - (b) specific measures taken at national or regional level with regard to dissemination events, dedicated technical workshops and communication activities.

5. The States Representatives Group may issue, on its own initiative, recommendations to the Clean Sky 2 Joint Undertaking on technical, managerial and financial matters, in particular when those matters affect national or regional interests.

The Clean Sky 2 Joint Undertaking shall inform the States Representatives Group of any follow-up it has given to such recommendations.
6. The States Representatives Group shall adopt its own rules of procedure.

15 - Sources of financing

1. The Clean Sky 2 Joint Undertaking shall be jointly funded by the Union and the private members and their affiliated entities through financial contributions paid in instalments and contributions consisting of the costs incurred by them in implementing indirect actions that are not reimbursed by the Clean Sky 2 Joint Undertaking.
2. The administrative costs of the Clean Sky 2 Joint Undertaking shall not exceed EUR 80 million and shall be covered through financial contributions divided equally on an annual basis between the Union and the private members of the Clean Sky 2 Joint Undertaking. If part of the contribution for administrative costs is not used, it may be made available to cover the operational costs of the Clean Sky 2 Joint Undertaking.
3. The operational costs of the Clean Sky 2 Joint Undertaking shall be covered through:
 - (a) a financial contribution by the Union;
 - (b) in-kind contributions by the members other than the Union and their affiliated entities consisting of the costs incurred by them in implementing indirect actions less the contribution of the Clean Sky 2 Joint Undertaking and any other Union contribution to those costs.
4. The resources of the Clean Sky 2 Joint Undertaking entered to its budget shall be composed of the following contributions:
 - (a) members' financial contributions to the administrative costs;
 - (b) Union financial contribution to the operational costs;
 - (c) any revenue generated by the Clean Sky 2 Joint Undertaking;
 - (d) any other financial contributions, resources and revenues.

Any interest yielded by the contributions paid to the Clean Sky 2 Joint Undertaking by its members shall be considered to be its revenue.
5. All resources of the Clean Sky 2 Joint Undertaking and its activities shall be devoted to the objectives set out in Article 2 of this Regulation.
6. The Clean Sky 2 Joint Undertaking shall own all assets generated by it or transferred to it for the fulfilment of its objectives set out in Article 2 of this Regulation.
7. Except when the Clean Sky 2 Joint Undertaking is wound up pursuant to clause 24, any excess revenue over expenditure shall not be paid to the members of the Clean Sky 2 Joint Undertaking.

16 - Allocation of the Union contribution

1. The Union contribution dedicated to operational costs shall be allocated as follows:
 - (a) up to 40% of the total Union funding, shall be allocated to Leaders and their participating affiliates.

- (b) up to 30% of the total Union funding, shall be allocated to Core Partners and their participating affiliates.
 - (c) at least 30% of the total Union funding, shall be allocated by way of competitive calls for proposals and calls for tenders. Particular attention shall be paid to ensuring adequate participation of SMEs.
2. Funding under paragraph 1 shall be allocated following evaluation of proposals by independent experts.
 3. An indicative breakdown of the allocation of the Union contribution to the ITDs/IADPs/TAs is provided in Annex III to this Regulation.

17 - Financial commitments

1. Financial commitments of the Clean Sky 2 Joint Undertaking shall not exceed the amount of financial resources available or committed to its budget by its members.
2. Budgetary commitments may be divided into annual instalments. Each year the Commission and the Clean Sky 2 Joint Undertaking shall commit the annual instalments taking into account the progress of the actions receiving financial support, the estimated needs and the budget available.

The indicative timetable for the commitment of the individual annual instalments shall be communicated to the concerned recipients of Union funds.

18 - Financial year

The financial year shall run from 1 January to 31 December.

19 - Operational and financial planning

1. The Executive Director shall submit for adoption to the Governing Board a draft multiannual or annual work plan which shall include a detailed plan of the research and innovation activities, the administrative activities and the corresponding expenditure estimates. The draft work plan shall also include the estimated value of the contributions to be made in accordance with clause 15(3)(b).
2. The work plan shall be adopted by the end of the year prior to its implementation. The work plan shall be made publicly available.
3. The Executive Director shall prepare the draft annual budget for the following year and submit it to the Governing Board for adoption.
4. The annual budget for a particular year shall be adopted by the Governing Board by the end of the previous year.
5. The annual budget shall be adapted in order to take into account the amount of the Union contribution as set out in the Union budget.

20 - Operational and financial reporting

1. The Executive Director shall report annually to the Governing Board on the performance of his/her duties in accordance with the financial rules of the Clean Sky 2 Joint Undertaking.

By 15 February each year, the Executive Director shall submit to the Governing Board for approval an annual activity report on the progress made by the Clean Sky 2 Joint

Undertaking in the previous calendar year, in particular in relation to the work plan. That report shall include inter alia information on the following matters:

- (a) research, innovation and other actions carried out and the corresponding expenditure;
 - (b) the actions submitted, including a breakdown by participant type, including SMEs, and by country;
 - (c) the actions selected for funding, including a breakdown by participant type, including SMEs, and by country and indicating the contribution of the Clean Sky 2 Joint Undertaking to the individual participants and actions.
2. Once approved by the Governing Board, the annual activity report shall be made publicly available.
 3. The Clean Sky 2 Joint Undertaking shall report annually to the Commission in accordance with Article 60(5) of Regulation (EU, Euratom) No 966/2012.
 4. The accounts of Clean Sky 2 Joint Undertaking shall be examined by an independent audit body as laid down in Article 60(5) of Regulation (EU, Euratom) No 966/2012.
The accounts of Clean Sky 2 Joint Undertaking shall not be subject to examination by the Court of Auditors.

21 - Internal audit

The Commission's internal auditor shall exercise the same powers over the Clean Sky 2 Joint Undertaking as those exercised in respect of the Commission.

22 - Liability of members and insurance

1. The financial liability of the members for the debts of the Clean Sky 2 Joint Undertaking shall be limited to their contribution already made for the administrative costs.
2. The Clean Sky 2 Joint Undertaking shall take out and maintain appropriate insurance.

23 - Conflict of interest

1. The Clean Sky 2 Joint Undertaking, its bodies and staff shall avoid any conflict of interest in implementing their activities.
2. The Governing Board may adopt rules to prevent and manage conflicts of interest applicable to its members, bodies and staff. In those rules, provision shall be made to avoid a conflict of interest for the representatives of the members serving in the Governing Board.

24 - Winding up

1. The Clean Sky 2 Joint Undertaking shall be wound up at the end of the period defined in Article 1 of this Regulation.
2. The winding up procedure shall be automatically triggered if the Commission or all private members withdraw from the Clean Sky 2 Joint Undertaking.
3. For the purpose of conducting the proceedings to wind up the Clean Sky 2 Joint Undertaking, the Governing Board shall appoint one or more liquidators, who shall comply with the decisions of the Governing Board.
4. When the Clean Sky 2 Joint Undertaking is being wound up, its assets shall be used to cover its liabilities and the expenditure relating to its winding up. Any surplus shall be distributed among the members at the time of the winding up in proportion to their

financial contribution to the Clean Sky 2 Joint Undertaking. Any such surplus distributed to the Union shall be returned to the Union budget.

5. An ad hoc procedure shall be set up to ensure the appropriate management of any agreement concluded or decision adopted by the Clean Sky 2 Joint Undertaking as well as any procurement contract with a longer duration than the Clean Sky 2 Joint Undertaking.

ANNEX II

Private members of the Clean Sky 2 Joint Undertaking

1. LEADERS:

1. AgustaWestland SpA and AgustaWestland Limited
2. Airbus SAS
3. Alenia Aermacchi SpA
4. Dassault Aviation SA
5. Deutsches Zentrum für Luft- und Raumfahrt (DLR) e.V.
6. EADS-CASA
7. Eurocopter SAS
8. Evektor
9. Fraunhofer Gesellschaft zur Förderung der angewandten Forschung e.V
10. Liebherr-Aerospace Lindenberg GmbH
11. MTU Aero Engines AG
12. Piaggio Aero Industries
13. Rolls-Royce Plc.
14. SAAB AB
15. Safran SA
16. Thales Avionics SAS

2. ASSOCIATES

List of Associates of the Clean Sky Joint Undertaking under Regulation (EC) No 71/2008 that shall also be members of the Clean Sky 2 Joint Undertaking under this Regulation until completion of their actions initiated under Regulation (EC) 71/2008²³.

1. Fiber Optic Sensors and Sensing Syst. (FOS&S)
2. LMS International NV
3. Micromega Dynamics
4. EPFL Ecole Polytechnique Lausanne
5. ETH Zurich
6. Huntsman Advanced Materials
7. RUAG Schweiz AG
8. University of Applied Sciences NW Switzerland (FHNW)
9. ATG Akustik Technologie Goettingen
10. DIEHL Aerospace

²³ This list is based on Annex II of Regulation (EC) No 71/2008, updated on the basis of the existing grant agreements signed by the Clean Sky Joint Undertaking.

11. DLR
12. EADS Deutschland GmbH
13. HADEG Recycling GmbH
14. MTU Aero Engines
15. Aeronova Aerospace SAU
16. Aeronova Engineering Solutions
17. Aeronova Manufacturing Engineering
18. ITP
19. EADS France
20. ONERA
21. Zodiac ECE
22. Zodiac Intertechnique
23. Zodiac Aerazur
24. HAI
25. IAI
26. Aerosoft
27. Avio
28. CIRA
29. CSM
30. DEMA
31. FOX BIT
32. IMAST
33. Piaggio Aero Industries
34. Politecnico di Torino
35. Università degli Studi Di Napoli “Federico II” Polo delle Scienze e della Tecnologia
36. Selex ES
37. SICAMB SPA
38. Università di Bologna
39. Università degli Studi di Pisa
40. ATR
41. ELSIS
42. University of Malta
43. Aeronamic
44. Airborne Technology Centre
45. KIN Machinebouw B.V.
46. Eurocarbon

47. Fokker Aerostructures B.V.²⁴
48. Fokker Elmo
49. Green Systems for Aircraft Foundation (GSAF)
50. Igor Stichting IGOR
51. Microflow Technologies
52. NLR
53. Stichting NL Cluster for ED
54. Stichting NL Cluster for SFWA
55. Sergem Engineering
56. GKN Aerospace Norway²⁵
57. TU Delft
58. Universiteit Twente
59. PZL - Swidn
60. Avioane Craiova
61. INCAS
62. Romaero
63. Straero
64. GKN Aerospace Sweden AB²⁶
65. CYTEC²⁷
66. Cranfield University
67. QinetiQ
68. University of Nottingham

²⁴ Previously Stork Aerospace

²⁵ Previously Volvo Aero Norge AS

²⁶ Previously Volvo Aero Corporation

²⁷ Previously UMECO Structural Materials (DERBY) Limited; Previously Advanced Composites Group (ACG)

ANNEX III

Indicative allocation of the Union contribution to ITDs/IADPs/TAs

	100%
IADPs	
Large passenger aircraft	32%
Regional aircraft	6%
Rotorcraft	12%
ITDs	
Airframes	19%
Engines	17%
Systems	14%
Transverse activities	
Technology Evaluator	1% of the above IADP/ITD values
Eco-DESIGN Transverse Activity	2% of the above IADP/ITD values
Small Air Transport Transverse Activity	3% of the above IADP/ITD values

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objectives
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on Clean Sky 2 Joint Undertaking's appropriations*
 - 3.2.3. *Estimated impact on Clean Sky 2 Joint Undertaking's human resources*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Council Regulation on the Clean Sky 2 Joint Undertaking.

1.2. Policy area(s) concerned in the ABM/ABB structure²⁸

Policy Area: 08 Research and Innovation

Activity: Horizon 2020

1.3. Nature of the proposal/initiative

☐ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**²⁹

☒ The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objective(s)

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The main rationale is to enhance the competitiveness and environmental performance of European aeronautics technologies in line with the objectives of Europe 2020, the Transport White Paper and Horizon 2020 Transport challenge.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objectives

The Clean Sky 2 Joint Undertaking shall have the following objectives:

1. To contribute to the finalisation of research activities initiated under Regulation (EC) No 71/2008 and to the implementation of Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013 establishing the Horizon 2020 Framework Programme, and in particular the Smart, Green and Integrated Transport Challenge under the Societal Challenges pillar... of Decision (EU) No .../2013/EU [of the Council of ... 2013 establishing the Horizon 2020 Specific Programme];

2. To contribute to the objectives of the Joint Technology Initiative on Clean Sky 2 , in particular to integrate, demonstrate and validate technologies capable of:

(a) increasing aircraft fuel efficiency thus reducing CO₂ emissions by 20 to 30 % compared to "state-of-the-art" aircraft entering into service as from 2014;

(b) reducing aircraft NO_x and noise emissions by 20 to 30 % compared to "state-of-the-art" aircraft entering into service as from 2014.

These should be achieved by 2024.

ABM/ABB activity(ies) concerned

Title: 08 Research and Innovation

²⁸

ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

²⁹

As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The aviation stakeholders will be able to work together, triggering positive impact on the environment and enhancing market development.

The aeronautical industry will increase its competitiveness. The initiative will create the proper dynamics for a stable growth in terms of societal benefits and economic growth. It will provide continuity to the Clean Sky 1 programme that should end in 2017.

The foreseen Clean Sky 2 (CS2) budget will be complemented by higher private investment in research and will act as the catalyst for substantial investment in new generations of green aircraft, engines and systems.

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

The monitoring and evaluation of the Clean Sky 2 Joint Undertaking progress will be carried out both by external and internal bodies.

The internal progress monitoring will be first executed by the Joint Undertaking programme office. As a second layer, technical reviews will be carried out by the JU together with independent external experts on an annual basis. In addition, the Scientific Committee will analyse the review results and will give its opinion.

The monitoring of the progress will be executed using a well-defined set of key performance indicators related to technical, managerial and financial matters such as for instance budget execution, number of redress cases, time-to-pay and time-to-grant etc.

As for the current Clean Sky programme, an important instrument for impact measurement will be the Technology Evaluator.

The external evaluation for the whole programme will be organized by the European Commission and carried out by independent experts.

1.5. **Grounds for the proposal/initiative**

1.5.1. *Requirement(s) to be met in the short or long term*

The full commitment of all parties is needed. The private members behind the CS2 proposal have already signed a letter of intent.

1.5.2. *Added value of EU involvement*

Technological capabilities in aeronautics are highly specialised, complementary and distributed geographically across Europe. Therefore, the scale and scope of the research agenda for greening of aircraft goes beyond the borders and the capacity of individual National States, both in terms of financial commitment and of research capacities involved.

National programmes are not able to address in full the major technological challenges because of the pan-European nature of the aeronautics industry. Only a large scale programme with a well-structured and focused research agenda is able to stimulate the necessary technological breakthroughs.

1.5.3. *Lessons learned from similar experiences in the past*

The Clean Sky Joint Undertaking was established by the Council in 2007 in response to the need of curtailing the environmental impact of growing air traffic. A clear need was identified of cutting aircraft emissions. The research programme of Clean Sky 1 is focusing on these objectives with a timeline of 2017. To date, the technological improvements indicate a reduction of 20 % of CO₂ emissions.

The Clean Sky Joint Undertaking has been successful in attracting a high level and wide participation from all key stakeholders, including a large number of SMEs. Since its establishment, the Clean Sky Joint Undertaking is successfully stimulating developments towards the strategic environmental targets.

1.5.4. *Compatibility and possible synergy with other appropriate instruments*

In terms of coherence with Member State programmes, Clean Sky 2 permits a stable participation because of its long-term character, strong industry commitment and because the Member States are directly involved through the States Representative Group that serves as a relay for exchange of information. In addition, the participation of industrial, national and regional representatives in the definition of the programme assures a maximum level of synergy through the feedback they will provide to their national and regional authorities. The leverage role which is expected from CS2 should result in awareness, if not partial re-orientation of supporting programmes at national and EU level.

1.6. **Duration and financial impact**

☒ Proposal/initiative of **limited duration**

- ☒ Proposal/initiative in effect from 01/01/2014 to 31/12/2024
- ☒ Financial impact from 2014 to 2020 for commitment appropriations
- ☒ Financial impact from 2014 to 2024 for payment appropriations

☐ Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. **Management mode(s) envisaged³⁰**

☐ **Direct management** by the Commission through:

- ☐ executive agencies
- ☐ **Shared management** with Member States:
- ☒ **Indirect management** by entrusting budget implementation tasks to:
 - ☐ international organisations and their agencies (please specify);
 - ☐ the EIB and the European Investment Bank;
 - ☒ bodies referred to in Article 209 FR;
 - ☐ public law bodies;
 - ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
 - ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
 - ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU and identified in the relevant basic act.

Comments

NA

³⁰

Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The Clean Sky 2 JU will be monitored through intermediary contacts and as provided in clauses 6 and 20 of the Statutes.

As an EU PPP body under Article 209 FR, the Clean Sky 2 JU functions under strict monitoring rules.

Monitoring is performed through:

- the supervision of the Governing Board;
- mid-term and final evaluations by external experts (every 3 years and at the end of the programme, under the supervision of the Commission);

2.2. - JU's Work Plan and its Annual Activity Report. Management and control system

2.2.1. Internal control framework

The Commission through the Authorising Officer by Delegation will ensure that the rules applicable to the Clean Sky 2 JU fully comply with the requirements of Article 60 and Article 61 of the Financial Regulation. Monitoring arrangements, including membership of the Governing Board, of the Clean Sky 2 JU and reporting arrangements will ensure that the Commission services can meet the accountability requirements both to the College and to the Budgetary Authority.

The internal control framework for the Clean Sky 2 JU is built on:

- the implementation of the Internal Control Standards offering at least equivalent guarantees to those of the Commission;
- procedures for selecting the best projects through independent evaluation, and for translating them into legal instruments;
- project and contract management throughout the lifetime of every project;
- ex-ante checks on 100% of claims, including receipt of audit certificates and ex-ante certification of cost methodologies;
- ex post audits on a sample of claims as part of the Horizon 2020 ex-post audits;
- scientific evaluation of project results.

Various measures have been established to mitigate the inherent risk of conflict of interest within the Clean Sky 2 JU, especially equal votes for the Commission and for industrial partners in the Governing Board, selection of the Director by the Governing Board based on a proposal by the Commission, independence of staff, evaluations by independent experts based on published selection criteria together with appeal mechanisms and full declarations of any interests. The establishment of ethical and organisational values will be one of the key roles of the JU, and will be monitored by the Commission.

2.2.2 Costs and benefits of controls

The Commission's internal auditor shall exercise the same powers over the Joint Undertaking as those exercised in respect of the Commission. Moreover, the Governing Board may arrange, as appropriate, for the establishment of an internal audit capability of the Joint Undertaking.

The Executive Director of the Clean Sky 2 JU, as Authorising Officer, will be required to introduce a cost-effective system of internal control and management. He/she will be required to report to the Commission on the internal control framework adopted.

The Commission will monitor the risk of non-compliance through the reporting system that it will develop, as well as by following the results of ex post audits on the recipients of EU funds from the Clean Sky 2 JU, as part of ex post audits covering the whole of the Horizon 2020.

The control system established will need to take account of the strong feeling, amongst the recipients of EU funds as well as amongst the legislative authority, that the control burden required to attain an error limit of 2% has become too great. This runs the risk of lowering the attractiveness of the Union's Research programme, and so negatively affecting Union research and innovation.

The European Council of February 4th 2011 concluded that 'it is crucial that EU instruments aimed at fostering R&D&I be simplified in order to facilitate their take-up by the best scientists and the most innovative companies, in particular by agreeing between the relevant institutions a new balance between trust and control and between risk taking and risk avoidance' (see EUCO 2/1/11 REV1, Brussels 8 March 2011).

The European Parliament, in its Resolution of 11 November 2010 (P7_TA(2010)0401) on simplifying the implementation of the Research Framework Programmes explicitly supports a higher risk of errors for research funding and "expresses its concern that the current system and the practice of FP7 management are excessively control-oriented, thus leading to waste of resources, lower participation and less attractive research landscapes; notes with concern that the current management system of 'zero risk tolerance' seems to avoid, rather than to manage, risks".

There is therefore an acceptance among stakeholders and Institutions that the whole range of objectives and interests, especially the success of the Research policy, international competitiveness and scientific excellence, should be considered, along with the error rate. At the same time, there is a clear need to manage the budget in an efficient and effective manner, and to prevent fraud and waste.

As stated above, the Commission will monitor the risk of non-compliance through the reporting system that it will establish, as well as by following the results of ex post audits on the recipients of EU funds from the Clean Sky 2 JU, as part of the ex post audits covering the whole of the Horizon 2020.

2.2.3. *Expected level of risk of non-compliance*

As the Commission reported in the Legislative Financial Statement for Horizon 2020, it remains the ultimate objective to achieve a residual error rate of less than 2% of total expenditure over the lifetime of the programme, and to that end, it has introduced a number of simplification measures. However, the other objectives set out above as well as the costs of controls need to be considered.

As the rules of participation in the Clean Sky 2 JU are basically the same as those that the Commission will use, and with a population of beneficiaries with a similar risk profile to those of the Commission, it can be expected that the level of error will be similar to that established by the Commission for Horizon 2020, i.e. to give reasonable assurance that the risk of error over the course of the multiannual expenditure period is, on an annual basis, within a range of 2-5 %, with the ultimate aim to achieve a residual level of error as close as possible to 2 % at the closure of the multi-annual programmes, once the financial impact of all audits, correction and recovery measures have been taken into account.

See the Legislative Financial Statement for Horizon 2020 for full details of the error rate expected with respect to participants.

2.3. Measures to prevent fraud and irregularities

The Commission will ensure that procedures to fight against fraud at all stages of the management process are applied by the Clean Sky 2 JU. The proposals for Horizon 2020 have been subject to fraud proofing and an assessment of their impact. Overall the measures proposed should have a positive impact on the fight against fraud, especially the greater emphasis on risk based audit and reinforced scientific evaluation and control.

The Commission will ensure that appropriate measures are in place to ensure that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.

The current Clean Sky 2 JU already cooperate with the Commission services in matters relating to fraud and irregularity, the Commission will ensure that this will continue and be strengthened.

The Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds under the Programme.

The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96 with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract concerning Union funding.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading of the multiannual financial framework and expenditure budget line affected

- New budget lines requested : **Yes**

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number Heading 1A - Competitiveness for growth and jobs	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
1A	08.020734 (mother line: 08.020304)	Diff.	YES	YES	YES	YES

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of Multiannual Financial Framework:	Number	Heading: 1A Competitiveness for Growth and Jobs
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Clean Sky2 Joint Undertaking			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Years 2021- 2024	TOTAL
Title 1 : Staff Expenditure	Commitments	(1)	0,702	0,991	1,011	1,032	2,140	2,183	10,587	p.m	18,646
	Payments	(2)	0,702	0,991	1,011	1,032	2,140	2,183	2,226	8,361	18,646
Title 2 : Infrastructure and operating expenditure	Commitments	(1a)	1,136	1,106	1,149	2,016	2,444	2,566	10,937	p.m	21,354
	Payments	(2a)	1,136	1,106	1,149	2,016	2,444	2,566	2,566	8,370	21,354
Title 3 : Operational Expenditure	Commitments	(3a)	100,000	350,000	250,000	200,000	350,000	300,000	210,000	p.m	1760,000
	Payments	(3b)	13,000	108,000	181,583	218,333	227,083	256,000	275,542	480,458	1760,000
TOTAL appropriations for the Clean Sky 2 Joint Undertaking	Commitments	=1+1a +3a	101,838	352,097	252,160	203,048	354,584	304,749	231,524	p.m	1800,000
	Payments	=2+2a +3b	14,838	110,097	183,743	221,381	231,667	260,749	280,335	497,189	1800,000

Heading of Multiannual Financial Framework:	1A	‘Administrative expenditure’
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		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Years 2021 and later	TOTAL
DG: RTD										
• Human resources		0,594	0,606	0,618	0,630	0,642	0,655	0,669	p.m	4,414
• Other administrative expenditure		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL DG RTD		0,594	0,606	0,618	0,630	0,642	0,655	0,669	p.m	4,414

TOTAL appropriations under HEADING 1A of the Multiannual Financial Framework	(Total commitments = Total payments)	0,594	0,606	0,618	0,630	0,642	0,655	0,669	p.m	4,414
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EUR million (to three decimal places)

		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Years 2021 and later	TOTAL
TOTAL appropriations under HEADINGS 1 to 5	Commitments	102,432	352,703	252,778	203,678	355,226	305,404	232,193		1804,414
	Payments	15,432	110,703	184,361	222,011	232,309	261,404	281,004	497,189	1804,414

of the Multiannual Financial Framework										
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3.2.2. Estimated impact on JU's appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as described below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓			Year 2014		Year 2015		Year 2016		Year 2017		Year 2018		Year 2019		Years 2020 and later		TOTAL	
	OUTPUTS																	
	Type ³¹	Average cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Total number	Total cost
Perform the Clean Sky Annual Work Programme ³² ...																		
- Grants	Signed grants	3,432	7	100,00	80	350,000	70	250,000	60	200,000	120	350,000	100	300,000	77	210,000	514	1760,000

³¹

Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

³²

As described in point 1.4.2. 'Specific objective(s)...

TOTAL COST	7	100	80	350,000	70	250,000	60	200,000	120	350,000	100	300,000	77	210,000	514	1760,000
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3.2.3. Estimated impact on human resources

3.2.3.1. Summary of the Clean Sky 2 Joint Undertaking

- ☒ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as described below:

Staffing numbers (in headcounts / FTE)³³

	Year 2014 ³⁴	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
Officials (AD Grades)											
Officials (AST Grades)											
Contract agents	6	6	6	6	6	6	6	5	4	3	2
Temporary agents (AD Grades)	27	32	32	32	30	30	30	27	27	27	24
Temporary agents (AST Grades)	4	4	4	4	4	4	4	4	3	2	2
Seconded National Experts											

TOTAL	37	42	42	42	40	40	40	36	34	32	28
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³³ In the case of EU PPP bodies under Article 209 FR, this table is included for information purposes.

³⁴ Year N is the year in which implementation of the proposal/initiative starts.

EUR million (to three decimal places)

	Year 2014 ³⁵	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
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Officials (AD Grades)											
Officials (AST Grades)											
Contract agents	0,282 ³⁶	0,288	0,293	0,299	0,305	0,311	0,318	0,270	0,220	0,169	0,115
Temporary agents (AD Grades)	2,916 ³⁷	3,525	3,596	3,66	3,507	3,577	3,648	3,350	3,417	3,485	3,160
Temporary agents (AST Grades)	0,432	0,441	0,449	0,458	0,468	0,477	0,486	0,496	0,380	0,258	0,263
Seconded National Experts											
TOTAL	3,630	4,254	4,338	4,425	4,280	4,366	4,453	4,116	4,016	3,912	3,538

³⁵ Year N is the year in which implementation of the proposal/initiative starts.

³⁶ Use of standard costs: 47.000 euros annual +2% average yearly increase

³⁷ Use of standard costs: 108.000 euros annual +2% average yearly increase

3.2.3.2. Estimated requirements of human resources for the parent DG

- ☐ The proposal/initiative does not require the use of human resources.
- ☒ The proposal/initiative requires the use of human resources, as described below:

Estimate to be expressed in numbers

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020*
• Establishment plan posts (officials and temporary staff)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)							
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)	4	4	4	4	4	4	4
10 01 05 01 (Direct research)							
*Staff numbers after 2020 will be decided at a later stage.							
• External staff (in Full Time Equivalent: FTE)³⁸							
XX 01 02 01 (CA, SNE, INT from the 'global envelope')							
XX 01 02 02 (CA, LA, SNE, INT and JED in the delegations)							
XX 01 04 yy³⁹	- at Headquarters ⁴⁰						
	- in delegations						
XX 01 05 02 (CA, SNE, INT - Indirect research)	1	1	1	1	1	1	1
10 01 05 02 (CA, SNE, INT- Direct research)							
Other budget lines (specify)							
TOTAL	5	5	5	5	5	5	5

³⁸ CA= Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT= agency staff ('Intérimaire').

³⁹ Sub-ceiling for external staff covered by operational appropriations (former "BA" lines).

⁴⁰ Mainly for the Structural Funds, the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF).

08 is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Temporary staff	• Technical follow-up of progress within JTI operations • Liaison with National States Representative Group, ACARE and Transport Programme Committee • Observation of Calls for Proposal, Calls for Tender and admission of new Members • Definition of Commission's position in the Governing Board (vote / veto right) • Participation in meetings, representation of Commission at Governing Board level • Organisation of mid-term and final evaluation • Perform spot checks/audits • Report on progress of JTI
External staff	• Administrative support and advisory role to official agents

Description of the calculation of cost for FTE equivalent should be included in the Annex, section 3.

Estimated requirements of human resources for the Clean Sky 2 Joint Undertaking⁴¹

- ☐ The proposal/initiative does not require the use of human resources.
- ☒ The proposal/initiative requires the use of human resources, as described below:
 - a. Estimated requirements of human resources to be financed from appropriations under 2014-2020 Multiannual Financial Framework

Estimate to be expressed in numbers (or at most to one decimal place)

	Year 2014 ⁴²	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Years 2020 and later
• Establishment plan posts (temporary staff)							
Clean Sky 2 Joint Undertaking (PPP body)							
Temporary agents (AD grades)	10	15	15	15	30	30	30
Temporary agents (AST grades)	3	3	3	3	4	4	4
total	13	18	18	18	34	34	34
* Equivalent to the average of staff per year.							
• External staff (in Full Time Equivalent: FTE)⁴³							
Clean Sky 2 Joint Undertaking (PPP body)							
CA GFIV	0	0	0	0	3	3	3
CA GF III	0	0	0	0	3	3	3
CA GF II	0	0	0	0	0	0	0
CA GFI	0	0	0	0	0	0	0
Total CA	0	0	0	0	6	6	6
TOTAL	13	18	18	18	40	40	40

Description of tasks to be carried out:

Temporary staff	The tasks to be carried out are outlined in the description of posts of the Multi-annual Staff Policy Plan of Clean Sky 2 Joint Undertaking (latest version 2013-2015)
External staff	• Support and assistance (administrative, financial, technical) to the temporary staff.

⁴¹ In the case of EU PPP bodies under Article 209 FR, this section is included for information purposes.

⁴² From 2014 to 2017, staff will be paid with FP7 appropriations, on the basis of Regulation 71/2008.

⁴³ CA = Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT = agency staff ('Intérimaire').

Description of the calculation of cost for FTE equivalent should be included in the Annex, section 3.

b. Human resources financed from appropriations under **2007-2013 Multiannual Financial Framework**⁴⁴

Estimate to be expressed in numbers

	Year 2014	Year 2015	Year 2016	Year 2017
• Establishment plan posts (officials and temporary staff)				
Clean Sky 2 Joint Undertaking (PPP body)				
Temporary agents (AD grades)	17	17	17	17
Temporary agents (AST grades)	1	1	1	1
• External staff (in Full Time Equivalent: FTE)⁴⁵				
Clean Sky 2 Joint Undertaking (PPP body)				
TA				
CA	6	6	6	6
SNE				
INT				
TOTAL	24	24	24	24

c. Contribution to the running costs for the phasing out of the PPP body under the Multiannual Financial Framework 2007-2013

(in EUR)

	Year 2014	Year 2015	Year 2016	Year 2017	Total⁴⁶
Contribution in cash from the EU	2.408.093	2.408.093	3.373.054	3.373.054	11.562.294
Contribution in cash from third parties	2.408.093	2.408.093	3.373.054	3.373.054	11.562.294
TOTAL	4.816.186	4.816.186	6.746.108	6.746.108	23.124.588

⁴⁴ In the case of EU PPP bodies under Article 209 FR, this table is included for information purposes.

⁴⁵ CA = Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT = agency staff ('Intérimaire').

⁴⁶ The total for the EU cash contribution should equal the amount front-loaded in the 2013 budget for the completion of the 2007-2013 activities of the body.

3.2.4. Compatibility with the current multiannual financial framework

- ☒ Proposal/initiative is compatible the current multiannual financial framework.
- ☐ Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

NA

- ☐ Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework⁴⁷.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

NA

3.2.5. Third-party contributions

- The proposal/initiative does not provide for co-financing by third parties.
- ☒ The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020+	Total
<i>Clean Sky private members – contribution in cash to the administrative costs</i>	1,838	2,097	2,160	3,048	4,584	4,749	21,524	40,000
<i>Clean Sky private members – contribution in cash to the operational costs*</i>	0	0	0	0	0	0	0	0
TOTAL appropriations cofinanced	1,838	2,097	2,160	3,048	4,584	4,749	21,524	40,000

The total contribution from members other than the Union are laid down by Article 4 of the Council Regulation of the Clean Sky 2 Joint Undertaking

⁴⁷ See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- ☒ Proposal/initiative has no financial impact on revenue.
- ☐ Proposal/initiative has the following financial impact:
 - ☐ on own resources
 - ☐ on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ⁴⁸					
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)	
Article							

For miscellaneous ‘assigned’ revenue, specify the budget expenditure line(s) affected.
Specify the method for calculating the impact on revenue.

⁴⁸ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.