

Meeting ADB(M)019

Minutes ADB(M)019- MoM

Date of the Meeting: 17 November 2011
 Time: 10:00-14:00
 Place: SJU, av. de Cortenbergh, 100 - 1040 Brussels

Board members and other participants

SJU Members	Representative	
European Commission (EC)	Mr Matthias Ruete	Chair
	Mr Matthew Baldwin	Excused
	Mr Maurizio Castelleti	Observer
	Mr Marco De Sciscio	Observer
EUROCONTROL (ECTL)	Mr Bo Redeborn	Excused
	Mr Bernard Miaillier	Alternate
AENA	Ms Mariluz de Mateo	Alternate
Airbus	Mr Pierre Bachelier	Alternate
ALENIA Aeronautica (Alenia)	Mr Maurizio Fornaiolo	Alternate
DFS	Mr Georg Dickhaut	Alternate
DSNA	Mr Philippe Merlo	Alternate
ENAV	Mr Iacopo Prissinotti	
Frequentis	Mr Johannes Prinz	Alternate
Honeywell	Mr Jean-Luc Derouineau	
INDRA	Mr Ramon Tarrech Masdeu	Alternate
NATMIG	Mr Aage Thunem	
NATS	Mr Andy Dobson	Observer
NORACON	Mr Niclas Gustavsson	Alternate
SEAC	Mr Roland Krieg	Alternate
SELEX S.I. (SELEX)	Mr Stefano Porfiri	Alternate
Thales	Mr Luc Lallouette	Alternate

Stakeholder representatives	Representative	
Military (MIL)	Gp Capt. John Clark	
Civil users of airspace (CUA)	Mr Vincent De Vroey	
	Mr Pedro Vicente Azua	Alternate
Air Navigation Service Providers (ANSP)	Mr Bernard Martens	Alternate
Equipment manufacturers (EM)	Mr Patrick de Prévaux	Alternate
Airports (APT)	Mr José Tomás Baganha	Alternate
	Mr Loïc Michel	
Staff in the ATM sector (STAFF)	Mr Joël Cariou	Alternate
Scientific community (SC)	Prof. Peter Hecker	

Other participants		
SJU Executive Director	Mr Patrick Ky	
SJU Director Admin & Finance	Mr Carlo M. Borghini	
SJU Internal audit	Mr Ross Walton	
Secretary of the Board	Mrs Servane Woff-Lhuissier	

Distributed meeting documents

SJU-AB-019-11-DOC-01	Coordinated IAS-IAC Strategic Audit Plan 2012-2014	Item 3
SJU-AB-019-11-DOC-02	Cancelled	Item 6

Item 1 Introduction

The Chairman welcomed the representatives of SJU members and stakeholders. He then reminded the Military and Scientific Community representatives of their obligation to appoint alternate members to the SJU Administrative Board.

Verification of the voting quorum

- ▷ The Chair noted that the meeting had the required voting quorum.

Adoption of the agenda

The Chair presented the agenda and proposed deferring the decision on the appointment of the Board's Vice-Chairman to the December meeting as Mr Redeborn could not attend the meeting (Agenda item 2). The Chair requested the Board members to present any other suggestions for changes. Mr Borghini asked to postpone also to the December meeting the decision on the Charter of the SJU Accounting Officer as the document was not yet finalised (Agenda item 6a). No additional changes were proposed.

The Chair suggested starting the meeting with the Agenda item on SESAR deployment in order to give time to Mrs Kazmierczak from the Internal Audit Service of the European Commission to join the meeting.

- ▷ The Board adopted the modified agenda.

Disclosure of conflicts of interests

The Chair reminded the participants of their obligation to declare any real or potential conflict of interest on any agenda items. Board members and participants were required to fill in and sign the relevant declaration in accordance with Article 2.4 of the Board's decision on conflict of interest ADB(D)-10-2008. The new representatives present at the meeting were also required to sign the declaration of commitment and confidentiality in accordance with Article 2.2 of the same decision.

- ▷ The Chair noted that no participants had declared a conflict of interest on any agenda item and that all participants had completed the declarations on independence, confidentiality, where applicable, and of conflict of interest.

Item 3 SESAR Deployment

- The Chair informed the Board members that the European Commission adopted on 19 October a regulatory proposal to create a European infrastructure fund, the "Connecting Europe Facility". This proposal was presented jointly with Guidelines on trans-European networks whose objective is to create a core network by 2030, which would rely on the smarter use of large parts of existing infrastructures.

Both proposals mention the need to use EU funds for SESAR deployment. The overall budget of the European infrastructure fund would be EUR 50 billion with EUR 9 billion for telecommunications, EUR 9 billion for energy and EUR 32 billion for transport. The Chair emphasised that this proposal was the most innovative part of the overall financial framework. It was also the most fragile as the sector could be considered by Finance Ministers as less reactive to potential cuts to the proposed budget. The European Parliament was quite supportive of the proposal.

The Chair indicated that the next Framework Programme for Research and Innovation with the Horizon 2020 was to be adopted in the coming days. A sizeable part of this programme should be dedicated to Transport Research and Innovation. The College of Commissioners' discussions are not yet closed but it is expected that transport should increase its absolute and relative-size. This evolution would be logical if we consider the positioning of European Research and Innovation in Transport in relationship to our major competitors in North America and in Asia. Transport is one of the only remaining sectors where Europe still has a leadership and it will be a tough battle to maintain that position. He also mentioned the positive expectation on the extension of the SJU to deal, in particular with the next research phase and playing a pivotal role in the deployment of the ongoing SESAR Programme innovative results.

- With regard to SESAR deployment, the Chair informed the Board members that the European Commission will issue a Communication by the end of the year. The legal framework for SESAR deployment is the Single European Sky (SES) and SESAR deployment should be driven by the SES performance objectives. Synchronisation and coordination are also essential for an effective deployment of SESAR and this should be identified and described in greater details in the EU ATM Master Plan. It is agreed that stakeholders should play a primary role in SESAR deployment governance. The role of the European Commission should be to ensure the coherence with the SES and the availability of appropriate incentives in order to encourage stakeholders to invest early. The limited amount of EU funds, which will be available, should be concentrated on making sure that the European ATM Master Plan is implemented in a coordinated and synchronised way.

Three different levels in terms of governance have been identified: the first level will consist of a strong political control exercised by the EU and in particular through the European Commission. The two other levels will include effective deployment management and project management in which the role of stakeholders will be essential. In the Communication, the EC will describe the path on how to prepare the deployment and the instruments needed. The EC thinks of using Article 15a "Common Projects" of the SES service provision regulation 550/2004 as the legal basis for the establishment of the three governance levels. In this case, there would be no need to go through another legislative process. The Chair emphasised the need to put in place an iterative process between deployment and development in terms of investments and ATM research. The Chair finally recognised that the time was right to define where to go with SESAR deployment as he felt stakeholders were now expecting the EC to take decisions.

The Chair then invited Mr Castelletti, Head of the SES Unit in the EC, to provide further information on the next steps to be taken with regard to SESAR deployment. Mr Castelletti indicated that after the adoption of the Communication in December, the European Commission would start working on guidance material for Common Projects to describe in detail the roles and functions associated with the different levels of governance. The guidance material will respect the principles defined in the Communication.

- The Airspace Users' Representative stated that the airspace users should be in the driving seat of any decisions related to SESAR investments. IP1 or the ADS-B regulation are examples of situations where the airspace users were neither adequately involved nor their views taken into account. Repeating such situations should be avoided. The airspace users want to be in the driving seat of SESAR deployment, which does not mean that they want to run all the aspects of SESAR deployment.

The airspace users strongly believe that a consortium contracted to become the Deployment Manager is not the right approach. Creating such a new layer would be

inefficient and there might also be problems of conflict of interest. The focus should be on a solution for governance where airspace users can really play a role, in particular regarding decisions on investments.

- The Chair indicated that a governance solution with a strong involvement of the airlines could be envisaged if the CEOs of the airlines came out and really took ownership of SESAR. He added that in his opinion, this had not been the case so far. He encouraged the airspace users to take action and drive SESAR deployment.
- ENAV agreed with the Chair that this was the right time to propose a solution for the governance of SESAR deployment. The SES set up a political strategy with the definition of a performance framework. The industry is now committed to achieve the associated performance objectives. The EC also created a set of tools put in place progressively: the consolidation of research and development (R&D) and planning with the SJU, the definition of a deployment model, the improvement of cooperation between FABs. In terms of deployment model, what has already been done should be looked at. It took a lot of time and efforts to put in place an industry partnership such as the SJU to consolidate R&D and planning. An easy approach would be to use the existing frameworks or let others drive the deployment process, but that would be a way for the ANSPs to discharge their responsibility. It is the responsibility of the ANSPs as an industry to invest. Guidelines should be drafted to define how an industry-based model for SESAR deployment could work. Defining such guidelines as well as the three different levels for the governance of SESAR deployment is a difficult task that requires technical expertise. The SJU Administrative Board could help the EC with this task.
- AENA welcomed the proposal of the EC in which the deployment manager (level 2) would be led by those who invest: the ANSPs, the airspace users and the airports. AENA offered to the EC its support for the elaboration of the related guidelines. With the adoption of the new terms of reference of the Interim Deployment Steering Group, there will be a unique opportunity for the industry to show that it has the capability to steer SESAR deployment. Regarding R&D, 2016 is the official deadline for the closure of the SJU. The experience of the SJU as a PPP is very valuable for the management of the future ATM R&D. It is understood that the EC plans to make a proposal by 2013 on the possible extension of the mandate of the SJU. AENA would very much welcome such an initiative to continue the coordination of the R&D activity under the responsibility of the SJU.
- SELEX highlighted that the most important thing was to have a model in which all stakeholders were involved, including the ground industry. A PPP such as the SJU is a winning model.
- DSNM supported the proposal of the EC to set up a consortium composed of the main airlines, manufacturers and ANSPs.
- The CANSO representative underlined that the involvement of the airspace users would be essential to the success of the consortium. By working together in the 2nd layer, the airspace users and the ANSPs could ensure a timely and synchronised deployment.
- Airbus stressed that for the airborne manufacturing industry, due to certification processes, in some cases there would still be costs and some time needed between the end of the development phase and the start of the deployment phase. The first to invest to be ready for deployment will be the manufacturing industry. A governance model is thus also needed for the synchronisation of decisions taken by the ground and the airborne manufacturing industry together with the ANSPs.
- The Airspace Users' Representative reiterated that both CEOs and experts from the airlines were strongly concerned with the way decisions on investments are made. The example of the difficult implementation of the Data Link Implementing Rule was given.
- The Chair replied that there was a need for more dialogue and commitment at the top level of the airlines, in order for them to be able to tell more clearly to the EC what is needed in terms of investments.

The Chair expressed his impression that the airlines were currently backing off and were willing to keep existing structures. However, in the end, it would be the airlines that would be suffering from it. The Chair thus reemphasised that the airlines should take ownership of the SESAR programme.

- SEAC supported the paper of the ICB (Industry Consultation Body) on SESAR Deployment in which the three-layer approach was welcomed. SEAC laid emphasis on the principle, that any conflict of interest by mixing activities in the deployment management and business interest as industry solution provider should be avoided.
- INDRA suggested building upon the lessons learned during the development phase with the establishment of the SJU and translating them into the deployment stage. By working together, a lot was learned for instance with regard to the management of conflict of interest. A very close link should be established between what is done in the SJU and the deployment phase. Ensuring this coherence will be very important.
- Mr Ky underlined that the SJU learned how to take into account concerns as different as the ones expressed by the airspace users, the ANSPs or the manufacturing industry. He also stressed that the complexity of putting everything together should not be underestimated. The management of conflict of interest should be considered as well as the relationship between the different governance levels. He offered the help and experience of the SJU to the EC to help it decide what could be feasible and what could make sense with regard to SESAR deployment.
- The Chair recognised that the relationship between the consultative functions and decision making functions would need to be defined with the support of each stakeholder. The level 2 should be organised in a way to avoid creating difficult conflict of interest.
- ECTL commented that the deployment phase of SESAR would impact an even wider number of actors than the ones represented today in the SJU Administrative Board.
- The Military representative was pleased to note that the military would be engaged in the three governance levels.



Conclusions on item 3

- The Board took note of the information provided by the European Commission on the funding and governance of SESAR deployment.

Item 2 Coordinated IAS-IAC Strategic Audit Plan 2012-2014

- The Chair welcomed Mrs Kazmierczak, Director Horizontal Affairs in the Internal Audit Service (IAS) of the Commission, and invited her to present the Coordinated IAS-IAC Strategic Audit Plan 2012-2014.
- Mrs Kazmierczak reminded the Board members that the IAS was now the internal auditor of the SJU, while the SJU has established also an Internal Audit Capability (IAC). The IAS, in its role as SJU Internal Auditor reports to the SJU Administrative Board only.
 In order to establish the audit plan 2012-2014, the IAS jointly with the IAC carried out a risk assessment. The results of this analysis were presented by Mrs Kazmierczak highlighting those areas where the risks are the most important such as risk mitigation in closing grants, document management and business continuity and assurance on the efficiency of management processes.
 Mrs Kazmierczak then presented to the Board a second table with the proposed topics for audits in 2012 and 2013/2014:
 - In 2012, the IAS would like to audit the most significant process for the SJU: programme/project management and grant implementation. The IAS already found out that there was a very strong control in place and it expects it will give a positive opinion or maybe provide some

- recommendations.
- For 2013-2014, the IAS would like to audit general risk management, external and internal communication, closing grant management and towards the end of the SJU, performance appraisal and career development. The IAS experience with another agency being closed has shown that it was not an easy process to keep qualified staff until the end.
 - In 2012, an IT risk assessment should also be performed by a dedicated IT audit team and might result in a proposal for an IT audit.
 - Annually, the IAS will ask for information on changes in the SJU environment in order to update the risk assessment and propose accordingly audit topics for the following year.
- AENA suggested adding in the list of risks identified in relation to programme/project management and grant implementation (page 7 of the Audit Plan) the risk of not taking into account properly the interdependencies between the different projects of the SJU. AENA also underlined that regarding risk management (page 11 of the Audit Plan) risks which are not under the control of the SJU should not be considered residual and should be dealt with in the Audit Plan.
 - Mrs Kazmierczak took note of AENA's comments and indicated that the IAS would take into account the risk related to interdependencies when doing a more in-depth risk assessment before the start of the audits. Regarding the risks which are not under the control of the SJU, the only thing an auditor can do is to check that the tools available to mitigate these risks are used.
 - Mr Ky clarified that a number of risks were indeed normally under the SJU responsibility and owned by the PPP, but the SJU was never given the mandate to manage them. For instance, the IP1 implementation is identified as a main risk for the SESAR programme, but the Board never gave any mandate to the SJU to manage this risk. The assessment of risks should lead to such type of discussion and to the appropriate decisions.



Conclusions on item 2

- The Board thanked Mrs Kazmierczak for her participation and took note of her presentation.
- The Chair concluded from the discussions the need to look at the role of the SJU in relationship to the EU ATM Master Plan in the general context of the deployment strategy. He also stressed that already the analysis made by the IAS had shown in an impressive way another part of the success story of the SJU supporting its extension.
- The Board adopted the decision ADB(D)-06-2011 on the Coordinated IAS-IAC Strategic Audit Plan 2012-2014.

Item 4 Report on the progress of the Programme

- Mr Guillermet, SJU Chief Programme Officer, offered the Board a presentation on the latest progress of the Programme.
- With regard to the main achievements of the Programme in the last period: Significant improvements have been made with regard to trajectory management. A consolidated view of how the Trajectory Operation should run is now available for the first phase of SESAR development (Step 1), allowing high level requirements to stabilise.
With the delivery of the integrated roadmap, a link has been established between the development plan of the European ATM Master Plan and what is actually happening in the different projects of the Programme. This is a first step towards the full consolidation of the top-down approach in the Programme.

Release 1 is on-going and 7 validation exercises out of 29 have already been completed, with very positive results for two of them in the area of exchange of information. 4 exercises are being delayed to Release 2 mainly due to lack of resources. No further delay should be expected on other Release 1 activities. Beginning of 2012, all the Release 1 results will be analysed in order to assess the maturity level achieved. The full picture of Release 1 results will be presented in a report in March/April 2012.

The Release 2 definition is well on track. It will have an extended scope compared to Release 1, with elements concerning airport aspects, controller tools and controller working positions. The content of the release will be finalised in the coming weeks and will be presented to the Programme Committee and the Administrative Board in December for final endorsement.

The technical kick-off of Work Package 11.1 (Flight and Wing operation centres) took place in September. The SJU is now receiving reports of the initiation phase and expects the projects to be moving quickly to the execution phase. The Master Plan update was launched in October with a challenging agenda. The SJU is monitoring the progress of the work closely. Finally, a stabilised plan for the contribution of the Airspace Users to the Programme in 2012 was finalised.

- Update on the Programme in terms of schedule: If we compare the current schedule with the plan, it is important to note a slowdown of deliverables submission during the summer break, which resulted in about 60% of the deliverables delivered on time. The SJU has started an analysis of the root causes of this situation with the different members in order to take corrective actions no later than January 2012. Overall Release 1 is protected from this drift thanks to the commitment of all the members.
- In terms of quality, the SJU assesses directly about 40% of the deliverables. The remaining 60% is assessed within the programme through the quality control in place at project and work package levels. In the last period, a lot of effort was done to improve the control of the quality of the programme at project level. The graph presenting the control gates outcomes clearly shows the improvement of the situation. The SJU is about to enter a busy period with 120 gates foreseen in the upcoming period.
- In terms of resources, the comparison between the actual resource consumption in terms of full time equivalent and the planned one shows that the programme is under-consuming efforts in an estimated value of 20%. In order to adequately manage the possible risks, the SJU launched a reallocation resource exercise, to ensure that the Member efforts were adequately allocated and to obtain the confirmation of the Members to their specific commitment to the different Projects.
- In terms of risks, the mitigating actions on SWIM risks are not progressing as quickly as the SJU would like. One explanation of this situation is that at the start of the programme, projects were focussing on their own area of work more than on the interactions with the different SWIM elements.
The slowdown of the delivery rate is also a concern that could have a ripple effect in 2012. The SJU is already strictly monitoring the preparation of the validation exercises for 2013 and 2014. There is a risk that too many exercises are planned. Some of them should be consolidated in order to avoid redundancies. Finally, the challenging timeframe for the update of the Master Plan has to be mentioned. The contribution of the different Members to this update has to be closely monitored.
- With regard to the upcoming period: There will be an intense time with significant validation exercises which will take place in the last quarter 2011. The International Validation Team is in place and will start to be engaged in some validation activities of Release 1 as of December. It will allow collecting the views of the social partners and staff associations in the validation exercises. Associate Partners will start to be engaged through a complement to the CONOPS in terms of UAV-UAS activities. This activity should be fully in place as of January. The second part of WP11 concerning MET activities should be launched in January or February. The SJU is finalising the implementation of the reallocation of BAFO 1 and 2

contributions. Once approved by the Administrative Board, this will lead to the realignment of the plans to the resources available.

- The Airspace Users' Representative took note of the Programme situation and asked the SJU to put sufficient pressure on the different Members and stakeholders to maintain the commitment. He also requested updated information on the concept of operations (CONOPS), as the Airspace Users had the feeling that the problem with this Work Package was not completely fixed and the deliverables were still late and of poor quality. It is was not understood how an update of the EU ATM Master Plan could be made without having a CONOPS, the heart of the programme, fully up and running.
- Mr Guillermet indicated that a lot of progress had been made but recognised that the cruise level had not yet been reached. There was an intensive work between the SJU, DFS and all the members engaged in order to meet the airspace users' expectations.
Mr Ky commented that he did not share the Airspace Users' concern on this subject. The SESAR concept of operations is quite clear in terms of trajectory based operation, use of the 4D trajectory, SWIM, etc. Difficulties are encountered when trying to define the precise details of all these elements. Progress are made maybe not as fast as the Airspace Users or the SJU would like but this issue is closely monitored and managed, in particular in relationship with DFS who leads this activity.
- The CANSO representative noted the 25% under-consumption in terms of effort contribution and asked whether the SJU planned to change the initial contribution of the members.
- The Chair indicated that the EC was also worried about the current situation and the Chair urged all the Members to maintain the level of commitment while thanking the SJU for the clear and transparent presentation. The SJU cannot only rely on the EU Funds.
- Mr Ky assured that the SJU is closely monitoring the situation. Taking into account the reallocation results, there was a 2-3% difference between what was planned and the actual and projected effort consumption. The SJU organised bilateral discussions with each partner to look at their individual resource planning to be reassured that the requirements can be met, that the SJU can deliver and that all the money available, which is already completely committed, will be used. Mitigation and management actions are in place to look precisely at the situation. The SJU already warned the Programme Committee members that if the money was not used, the EC would be more than happy to take it back.
- ENAV commented that contrarily to what was said by previous speakers the graph being discussed on the effort consumption clearly shows that the programme is well functioning. An adequate balance should be found between an efficient 7 year R&D programme and the need for a yearly budget for the EC. All members are involved in the efforts made to reduce the gap between what was planned and the actual consumption. The EC should support the best use of the resources for the best results. It should also be underlined that the most important part of the validation exercises will take place between 2013 and 2016.
- The Chair noted from all the interventions that the SJU members were not artificially inflating their consumption just in order to come to the planned expenditure. He also noted the commitment of the members to maintain their level of spending in the next years and a suggestion to improve the way the level of resource consumption was measured.
- Mr Borghini briefed the Board Members on the Programme resources reallocation. He first clarified that the graph presented by Mr Guillermet offered a snapshot of the resource consumption in the Programme.
As indicated previously by Mr Ky, the SJU decided to launch a reallocation exercise when it identified a 20% under-consumption in terms of effort. A reallocation process was put in place and consisted in asking each member to check its contribution and assess whether there was margin for the release of resources

from some projects to be reinvested in other projects without changing the current structure of the Programme. The SJU defined the criteria under which this reallocation process was to be performed and the members assessed their contribution during the summer. The results of this exercise are now available in a table, which was presented by Mr Borghini. He highlighted the fact that the members confirmed their commitment to engage their resources in the Programme as expected. In terms of in-kind contribution, only a difference of EUR 2 million remains and is now available for other activities.

The SJU also finalised, with ECTL, the ECTL overall contribution, including the broader support to the Programme. This took into account the in-kind contribution from ECTL on specific Work Packages which were not part of IBAFO 1 and 2, such as WP 11, WP E, the early projects, the PSO activities and the administration of contracts on behalf of the SJU. This brought the in-kind contribution from ECTL to a total of EUR 497 million.

The SJU also engaged the Programme Committee in another activity in order to ensure the introduction of a top-down vision in the future Releases. This exercise should be performed during 2012 and could bring further assessment of the Members contributions by the end of 2012.

Mr Borghini stressed that all the resources of the SJU were committed until the end of 2016. The cash contributions will come from the European Commission (EUR 700 million), ECTL (EUR 165 million) and the rest of the SJU members (EUR 30 million).

As indicated in the last table presented by Mr Borghini, the cash contributions will be used for:

- the running costs of the SJU (EUR 100 million, already below 5% threshold)
- IBAFO 1 and 2 (EUR 594 million)
- WP 11 and WP E (EUR 43 million)
- the ECTL early projects (EUR 7 million)
- the involvement of the Airspace Users, NSAs, Staff association and the Military (EUR 28 million)
- Industrial Support (EUR 60 million)
- Demonstration Activities (EUR 30 million) and
- Other activities (EUR 33 million).

To conclude, Mr Borghini mentioned that by the end of 2012 EUR 640 million of the European Commission's contribution should be entirely available. He clarified that independently of any decision on the future of the SJU, these resources will need to be used by 31 December 2016.

- The Chair reemphasised the last point of Mr Borghini's presentation and reminded all Board members that even if an extension of the SJU was decided, that would not mean that the money available until the end of 2016 could be spent in the following period.
- In reply to a question of Thales, Mr Borghini reiterated that in accordance with Council Regulation No 219/2007, the SJU is finishing on 31 December 2016. There could still be some winding-up activities at the beginning of 2017 with some final payments.
- ECTL suggested that it could be useful for the SESAR Programme to have an assessment of its content and check how far the objectives in terms of performance could be reached.
- Mr Ky stressed that there was an evaluation process under the responsibility of the EC and the next evaluation was planned in 2013. He however welcomed and supported the idea of an evaluation process which would consider not only the financial and administrative aspects but also the content aspects of the Programme.
- The Chair added that any proposal for the extension of the SJU should have an ex-ante evaluation and added that the planned evaluation could already be anticipated.

- Mr Dlugi, the Chair of the SESAR Performance Partnership (SPP) made a presentation to the Board members on the “Best Efficiency Best Served” (BEBS) Policy adopted by the SPP.

The idea of a “BEBS” Policy was derived from the “Best Equipped Best Served” used across the North Atlantic. The initial problem statement submitted to the SPP was that the airlines often defer their retrofit in order to reduce the associated risks and maximise the return on investments. This is what is called the last mover advantage. To overcome this practice with the early SESAR equipage, it is necessary to incentivise the airspace users in order to reach the right capability levels.

Without incentives to the airspace users to equip, there will be a substantial risk to the execution of the European ATM Master Plan deployment. The principle of “First Come First Served” (FCFS) applied today is not able to guarantee an efficient and effective handling of mixed capabilities. Therefore it is proposed to establish a BEBS policy to create a first mover advantage.

BEBS means that the airspace users that have reached higher capability levels would benefit from a more efficient operational environment. BEBS should be seen as an operational incentive principle and should complement the FCFS principle. It took the SPP a year to agree on the BEBS policy paper, because after creating a knowledge base with the analysis of more technical elements, it decided to focus on a high-level paper. The SJU should now be able to use this policy at ICAO level and will have the possibility later on to further develop it.

All the industrial stakeholders with the exception of manufacturing industry are represented in the SPP. This buy-in gives the BEBS policy a considerable value. It is suggested that the Board uses this paper for further developments of the SESAR work and for the preparation of the Air Navigation Conference in 2012.

- The Airspace Users’ Representative supported the BEBS principle and commented that it was already applied today in some places, for instance with CAT III operations. He underlined that BEBS should only be one element of the incentives to encourage the Airspace Users to deploy. Public funding will also be necessary. Finally, BEBS will depend on the availability of technical solutions certified by EASA.
- ENAV thanked the SPP for its work and indicated its interest in seeing how BEBS concept would be integrated in the overall process of stimulating the synchronisation and performance improvement of the ATM system.
- The Staff Representative expressed his difficulty to understand the changes brought by the “Best Efficiency Best Served” principle compared to what is already the situation today, especially if the CAT III example is taken. Everybody agrees that the objective is to be better equipped and to have a better link between the ground and the air to ensure that all the requests of the users are taken into consideration by the ground for a better service. It is however not clear how the policy paper will help the implementation of SESAR.
- Mr Dlugi explained that “Best Equipped Best Served” was changed to “Best Efficiency Best Served” because the notion of efficiency was wider. It would cover not only the technical enablers on the aircrafts but also the operational capabilities, such as the qualifications of the crew or the procedures that would have to be certified by the regulators. He took the example of the optimum cruising level of the flights crossing the Atlantic, which allows fuel savings and a reduction of CO₂ emissions. BEBS can drive the efficiency of the system. In reply to a comment of the Staff Representative, Mr Dlugi added that transatlantic flights can indeed be impacted by the FCFS as far as the cruising level is concerned.
- ECTL welcomed the timely discussion on this topic. The Air Navigation Conference in 2012 will indeed be a unique opportunity for the EU to take the leadership in the discussion on BEBS. This subject is indeed also present in the discussions in the US for the NextGen Programme. This was highlighted in the Industry Symposium in September.

- The Military representative suggested adding in the Policy document the definition of BEBS provided on the slides in order to improve the clarity of the paper. He also asked clarifications on how BEBS would fit in the SESAR concept and how it would affect the non commercial activities such as Business aviation, General aviation or the Military.
- Mr Dlugi explained that there was an extensive discussion with business aviation when drafting the policy, because for them, the difficulty is that the manufacturing industry is focussing the production line on the bigger airlines. Their owner would be ready to equip to benefit from BEBS, but the equipage would not be available on the market. BEBS will have no impact on general aviation as they do not operate in congested airports.
- The Chair thanked the SPP Chair for the work done and the presentation. He indicated that it would be useful to have a more explanatory paper with some examples and potential costing. In view of next year's Air Navigation Conference, it would be useful as well to see how the concept can be defined, have more substance in the document taking into account the comments made by the other colleagues and maybe get a harmonised approach with the US on the topic.
- Mr Ky suggested that, to move forward in order to table a contribution for the ICAO Air Navigation Conference, the SPP could work further on the document, by providing examples and further explanations - indicating however, that being a policy, costing elements would be more difficult to define - submit a revised paper to the Chair. If there are no major issues, it could be sent and presented to the Single Sky Committee.
- The Chair noted that the Board agreed with the approach proposed by Mr Ky.



Conclusions on item 4

- The Board thanked Mr Guillermet for his valuable report and took note of the extensive presentation. The Board took also note of the information provided by Mr Borghini regarding the Programme resources reallocation.
- The Board welcomed the presentation made by Mr Dlugi on the BEBS Policy and mandated the SPP to further develop the document in view of the Air Navigation Conference in 2012. The SJU was also authorised to launch the process in order to be able to provide a document on BEBS in the ICAO Air Navigation Conference.

Item 5 General Administrative and budget issues

Item 5a Interim Financial Statements 2010: status

- Mr Borghini explained that cost statements, the Interim Financial Statements, have to be submitted by the 1st of April. This year, the process for submission took much longer than expected as a number of Members submitted their Interim Financial Statements only in August or later. Any delay has an impact on the chain of payments and that is the reason why today 6 payments still remain to be done. The objective of the SJU is to pay the around EUR 30 million of co-financing by year end. However, due to the delayed process there is still a risk that the SJU will have to postpone some payments. Mr Borghini stressed that it will be important next year to keep the submission within the deadline of 30th of April. He reminded the Board members that this type of situation can create an issue for the SJU and mentioned in particular a comment recently made by the European Court of Auditors on the need to respect the deadline for the submission of the Interim Financial Statements.
- Mr Borghini also presented two tables with the situation of the signature of the contracts for the Associate Partners of the SJU Members. With regard to the first call, there are still 2 cases that need to be completed. With regard to the second

call, contracts have not yet been submitted. The SJU is aware that progresses are made in the discussions between the Members and their Associate Partners, but it would be necessary to speed up the process.

For the Associate Partners of the SJU almost all the contracts have been signed. The SJU still waits for the signature of two of the partners. As already mentioned by Mr Guillermet, the first work order was launched on 10 November with regard to lot 6 on UAS-UAVs. For this work order and for the other contracts, work should start in 2012. All the Associate Partners authorised the SJU to make available their offers to all the SJU Members. This will give the SJU Members the opportunity to look at the content of their skill, proposal, etc. and benefit from it when this is considered valuable.

- The Chair stressed the need to accelerate the payment processes as much as possible to avoid that the Commission is in a difficult position when asking for payment credits for the SJU if there are signs of significant underspending.
- In reply to a question of Thales, Mr Borghini confirmed that the payments for Thales should be done by the end of the year.
- Thales also asked whether after the Summit in Russia the EC was able to give an indication of a date at which an agreement could be reached enabling Gosnias to be approved as Associate Partner. The Chair indicated that things were moving with Russia and proposed to provide further information in the next Administrative Board.



Conclusions on item 5a

- The Board took note of the information provided by Mr Borghini with regard to the Interim Financial Statements 2010.

Item 5b Presentation of documents in view of their adoption in the next Administrative Board

- Mr Borghini made a short presentation of the Draft Annual Work Programme and the draft Budget 2012 as well as the third amendment of the MFA in view of their adoption in the next Administrative Board on 15 December.
 - Draft Annual Work Programme 2012: Based on a proposal of the SJU Management, the Board had approved a vision and objectives for the period 2010-2012. The SJU assessed the gap between what was done until 2011 and what has to be done in 2012 in order to complete the objectives. The Mid-term objectives and vision up to 2014 will also be presented in the Annual Work Programme. The core of the document will present the main activities which will take place during 2012, in particular the Release 2 validation exercises, the update of the European ATM Master Plan, the Demonstration Activity calls and the discussion about the possible launch of an IBAFO III process. The document will thus present where the resources of the SJU will be committed in 2012.
 - Draft Budget 2012: presents all the figures which are available for all the different type of activities. The figures are in line with what was submitted in 2011.

Mr Borghini asked all the Board Members to provide their written comments on those 2 documents by 2nd December. The SJU would then be able to include those in the documents presented for approval in the Administrative Board on 15 December. The revised documents should be ready by 8 December.
- Third amendment of the MFA: The draft was submitted to the legal services of all the Members. This third amendment considers 3 key aspects:

- § First of all, there is a clarification of the payment process. Today, there is a limit to pay a maximum of 85% per projects. The 15% remaining would stay in standby until the end of the Programme. The SJU suggests putting this limit of 85% at member level. All the projects closing could be paid and the ones remaining open would be paid at the end of 2016.
- § The second change would allow SJU members to use the full average cost methodology as is happening in FP7. This was already applied on an interim basis with a decision of the Executive Director subject to the approval of the Board.
- § Finally, an amendment to Schedule 14 is proposed, which includes the figures presented during the discussion on resources reallocation. This amendment takes into account the initiation phase, the change requests and the reallocation process. This will become the new basis for the work in the Programme as of 1st January 2012.
The amendment should be submitted for signature to the different members in the first months of 2012.

▷ **Conclusions on item 5b**

- The Board took note of the information provided by Mr Borghini regarding the draft Annual Work Programme 2012, the draft Budget 2012 and the third amendment of the MFA and noted as well the deadline of 2nd of December to submit their written comments on those documents.

Item 6 AOB

Mr Borghini informed the Board that the SJU answered to the Turkish request for Membership and had provided exactly the decision taken by the Board.

Following the discussions in the ADB on 1st July, Mr Borghini also confirmed that the SJU was now member of RTCA.

Closing of the meeting

The Chair reminded the Board members that the next ADB meeting would take place on 15 December.

The Chair also presented the tentative planning for the 2012 ordinary meetings of the Administrative Board:

1. 29 March
2. 20 June
3. 11 October
4. 19 December

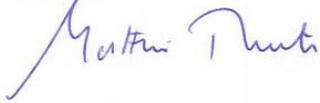
Finally the Chair thanked the Board members and the other participants for their active participation and their contribution to the meeting.

Annexes

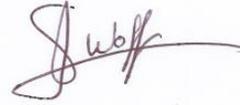
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| Annex 1 | Board members attendance list |
| Annex 2 | Declarations on conflicts of interest |

Done in Brussels, 23/11/2011

Chairman

Handwritten signature in blue ink, appearing to read "Martin Prunt".

Secretary

Handwritten signature in blue ink, appearing to read "J. Wolf".

Annex 1
Attendance list

Annex 2
Declarations on conflicts of interest