Written Procedure 2023–12

Decision of the Governing Board

approving the phasing-out plan of Clean Aviation Joint Undertaking

21 November 2023

The Executive Director of Clean Aviation Joint Undertaking hereby launches the written procedure. The deadline for this written procedure is 19 December 2023. Reply form to be filled in and sent to Governing-Board@cleanaviation.eu

The Undersigned

(Name of the representative)

Rosalinde van der Vlies
European Commission

<table>
<thead>
<tr>
<th>Accept</th>
<th>Does not accept</th>
<th>Observation/Abstains</th>
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<tbody>
<tr>
<td>Decision of the Governing Board approving the phasing-out plan of Clean Aviation Joint Undertaking</td>
<td>X</td>
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</tr>
</tbody>
</table>

(1) Indicate here the reason
(2) In case of a potential conflict of interest please state: “Abstention due to COI”.

Date
15/12/2023

Signature

E-signed
Decision of the Governing Board

approving the phasing-out plan of Clean Aviation Joint Undertaking

THE GOVERNING BOARD OF THE CLEAN AVIATION JOINT UNDERTAKING

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 2085/2021 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe (hereinafter “Single Basic Act” or “SBA”) establishing the Clean Aviation Joint Undertaking (hereinafter CAJU) and in particular Article 17.2 (a1);


Having regard to the CAJU Governing Board Rules of Procedure, and in particular Article 11;

Whereas:

(1) The joint undertakings are set up as Union bodies for a period ending on 31 December 2031 and financed under the EU multiannual financial framework 2021-2027.

(2) According to Article 10 of the Parliament and Council Regulation (EU) 2021/695, the European partnerships should have a clear life-cycle approach, be limited in time and include conditions for phasing-out the Programme funding;

(3) According to Annex III of the European Parliament and Council Regulation (EU) 2021/695, the European Partnerships should define a common strategic vision, including in particular exit-strategies and measures for phasing-out of the programme. It means the process leading to independence from Programme funding and the end of the Union’s participation;

(4) Given the fact that the Joint Undertakings should annually report on this phasing-out plan in the Consolidated Annual Activity Report;

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1 OJ L 42717, 30.11.2021
(5) In order to ensure a lean and pragmatic approach, the Executive Director should submit to the Governing Board a preliminary version of the plan focused on the administrative and operational adaptations needed in the case of a ‘winding-up procedure’ at the end of the lifetime of the JU and as governed under Article 45 of the Single Basic Act, and the necessary steps, including procedural and process aspects, to complete the other elements of the phasing-out plan.

(6) The other elements of the phasing-out plan related to the JU’s short and long-terms targets, programme implementation in line with the SRIA and its possible update, and the future possible continuation and evolution of the JU under the next EU MFF and 10th framework programme should be further analysed and be complemented during 2024. The revised plan, after consultation of the relevant advisory bodies, including SRG, should be submitted to the Governing Board for adoption by the end of 2024.

(7) For the sake of certainty, it should be highlighted that the adoption of this preliminary plan should not have an impact on the Clean Aviation programme implementation and the mutual long-term commitment taken by the EU and the Members other than the Union under the lifetime of the CAJU and should not prejudge any possible decision on the renewal of the JU under the next 10th framework programme.

HAS ADOPTED THIS DECISION:

Article 1

The Governing Board of CAJU hereby approves the preliminary version of the phasing-out plan enclosed in Annex to this Decision.

Article 2

This decision shall enter into force on the day of its adoption.

Done at Brussels

e-signed
Rosalinde van der Vlies
Chair of the Governing Board

Annex: Phasing out plan of the Clean Aviation Joint Undertaking
Phasing-out plan of the Clean Aviation Joint Undertaking
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1. Executive Summary and Introduction

The Clean Aviation Joint Undertaking (CAJU) has prepared this first phasing-out plan as required by Council Regulation (EU) No 2021/2085, in particular Article 17(2)(a1) tasking the Governing Board to “adopt by the end of 2023 a plan for the phasing-out of the joint undertaking from Horizon Europe funding upon recommendation of the executive director”.

Following the guidance provided by the European Commission, in this first step of this exercise the CAJU should draw up only a preliminary version of the phasing out plan should only highlight the possible option of a phasing-out of Horizon Europe funding by end of 2031, thus focusing only on Chapter 1 and 5 elements. Over 2024, CAJU will investigate and develop several options based on the scenario of a possible continuation of CAJU under the next EU MFF and 10th Framework Programme.

On the basis of the preliminary phasing-out plan, the CAJU will establish over 2024 a more detailed document which will address also Chapters 2, 3 and 4.

1.1. A brief history of the JU including its predecessors

The Clean Aviation Joint Undertaking (CAJU), established under Council Regulation (EU) No. 2021/2085 of 19 November 2021, is a public-private partnership between the European Commission and the European aeronautics stakeholders from industry including SMEs, research centres and academia, and was launched in 2021 as part of Horizon Europe - the EU research & innovation framework programme for 2021-2027. It has a budget of €4.1 billion divided into €1.7 billion in EU funding and no less than €2.4 billion in private funding. The programme’s disruptive clean aviation technologies will help reduce the emission footprint of short-medium range aircraft by no less than 30% and -50% for regional aircraft compared to 2020 state-of-the-art aircraft. Clean Aviation builds on the knowledge and expertise of the Clean Sky and Clean Sky 2 programmes.

The Clean Sky programme was established in 2008 under Council Regulation (EC) No 71/2008 of 20 December 2007 and launched under the EU Framework Package 7 Research and Innovation Programme. The programme ran until 2018. The total budget was €1.6 billion (50% from the European Commission, 50% from aeronautics stakeholders). Clean Sky had become the EU’s flagship public-private partnership for developing sustainable aviation technologies.

The successor to Clean Sky, the Clean Sky 2 programme, was launched in 2014 under Council Regulation (EU) No 558/2014 of 6 May 2014 as part of the European Commission’s Horizon 2020 Research and Innovation Programme and will end in 2024. With a total budget of €4 billion over 7 years (€1.755 billion of EU funding), it was the largest research programme for aviation ever launched in Europe at that time.

Both Clean Sky programmes were coordinated by the Clean Sky/Clean Sky 2 Joint Undertaking (CSJU/CS2JU), the predecessors of the Clean Aviation Joint Undertaking.
1.2. A brief outline of the policy context of the focus area of the JU

Europe needs to accelerate and enhance its efforts to achieve the ambitious goals set out in the Paris Agreement. The European Green Deal is a cornerstone policy of the European Union; and it sets out the path to achieving Europe’s leading contribution. It includes the first European Climate Law, enshrining the 2050 climate neutrality objective in legislation. At the same time, the Industrial Strategy for Europe lays out in clear terms the importance of industrial leadership in making the transformation to a green and digital Europe fit for the future.

The European aviation sector will need to contribute to these priorities. This will involve transformational change to aircraft entering into operation, including their propulsion, on-board systems and structures, and potentially the fuel or energy source used. Disruptive innovation to enable this transformation will need to be coupled with appropriate measures and policies that allow for the timely introduction of infrastructures, the required ramp-up in availability of renewable energy and the production of hydrogen and ‘sustainable aviation fuels’. The common challenge is to lead the way toward a climate neutral aviation system and set new global standards for safe, reliable, affordable and clean air transport.

The journey to a climate-neutral aviation system is well beyond the capability and investment capacity of the private sector alone. Equally, no single country in Europe has the financial, technological and industrial capability to affect the transformation. The European additionality is evident. An institutionalised European Partnership for Clean Aviation under Horizon Europe constitutes the only approach that can pull together the required resources and commitments, and adequately reduce the industrial risk for transformative research and innovation [R&I]. This approach will secure the long-term industrial commitments needed for long innovation cycles. It will ensure that research activities of industry are aligned with the Union’s policy priorities. It will build Europe’s leadership in innovation and technology, support European competitiveness and deliver jobs and economic growth throughout the transition to a climate neutral Europe by 2050. It can offer future generations the promise of continued, affordable and equal access to air travel, with all of its social and economic benefits, and contribute to the UN’s Sustainable Development Goals.

As set out in the impact assessment of the legislative proposal of CAJU, the Institutionalized European Public Private Partnership and the Joint Undertaking are the best suited model and legal instrument for the implementation of the Aviation Partnership.

Under the recent 2023 mid-term review of the list of Institutionalized Partnerships as set in the Horizon Europe Regulation, the list of the existing Institutionalized Partnerships, including CAJU, has been confirmed by the legislators as being relevant. Internal preparation has started within the European Commission in relation to the next 10th Framework Programme.

1.3. An outline of the JU’s objectives and contribution to broader strategic EU priorities.

The mission of the Clean Aviation Partnership is to develop disruptive new aircraft technology to pave the way towards the EU’s ambition of climate neutrality by 2050. The JU will develop and demonstrate technologies that deliver net greenhouse gas (GHG) reductions of no less than 30%, compared to 2020 state-of-the-art technology. The technological and industrial readiness
achieved will allow the entry into (commercial) service of new aircraft capable of these reductions by no later than 2035, enabling 75% of the world’s civil aviation fleet to be replaced by 2050.

When combined with the effect of sustainable low- or zero-carbon fuels the aircraft developed as a consequence of the CAJU research and innovation will enable net CO₂ reductions of 86-90%. The Clean Aviation Joint Undertaking will as such contribute significantly towards the ambitious environmental impact mitigation goals of the European Green Deal and Regulation (EU) 2021/1119 of the European Parliament and of the Council (‘European Climate Law’), that is to say a 55% emissions reduction by 2030 compared to 1990 levels, and climate neutrality at the latest by 2050 in line with the Paris Agreement adopted under the United Nations Framework Convention on Climate Change².

The following specific high-level objectives are defined in the Council Regulation 2021/2085 as adopted by the European Council on November 19, 2021:

- (a) to integrate and demonstrate disruptive aircraft technological innovations able to decrease net emissions of greenhouse gases by no less than 30% by 2030, compared to 2020 state-of-the-art technology, while paving the ground towards climate-neutral aviation by 2050;
- (b) to ensure that the technological and the potential industrial readiness of innovations can support the launch of disruptive new products and services by 2035, with the aim of replacing 75% of the operating fleet by 2050 and developing an innovative, reliable, safe and cost-effective European aviation system that is able to meet the objective of climate neutrality at the latest by 2050;
- (c) to expand and foster integration of the climate-neutral aviation research and innovation value chains, including academia, research organisations, industry and SMEs, also by benefiting from exploiting synergies with other national and European related programmes and by supporting the uptake of industry-related skills across the value chain.

The Strategic Research and Innovation Agenda [SRIA] was adopted in December 2021. It sets out the way to achieve these specific objectives and the overall vision, in terms of timescales and magnitude of impact. The partnership will also build upon the important technological progress that was made under the Clean Sky and Clean Sky 2 programmes to achieve these objectives and secure the targeted impact.

The Clean Aviation trajectory towards climate neutrality by 2050 defines two clear horizons:

- 2030: demonstrating and introducing low-emissions aircraft concepts exploiting the research results of Clean Aviation, making accelerated use of sustainable fuels and optimised ‘green’ operations, so these innovations can be offered to airlines and operators by 2030 for an entry into service [EIS] in the 2030-2035 timeframe;
- 2050: climate-neutral aviation, by exploiting future technologies matured beyond the Clean Aviation phase coupled with full deployment of sustainable aviation fuels and alternative energy carriers such as hydrogen.

Three key “thrusts” for the R&I efforts have been identified that will drive the energy efficiency and the emissions reductions of future aircraft:

- Hybrid electric and full electric architectures – driving research into novel (hybrid) electrical power architectures and their integration; and maturing technologies towards the demonstration of novel configurations, on-board energy concepts and flight control.
- Ultra-efficient aircraft architectures – to address the short, medium and long-range needs with innovative aircraft architectures making use of highly integrated, ultra-efficient thermal propulsion systems and providing disruptive improvements in fuel efficiency. This will be essential for the transition to low/zero emission energy sources (synthetic fuels, non-drop-in fuels such as hydrogen), which will be more energy intensive to produce, more expensive, and only available in limited quantities.
- Disruptive technologies to enable hydrogen-powered aircraft – to enable aircraft and engines to exploit the potential of hydrogen as a non-drop-in alternative zero carbon fuel, in particular liquid hydrogen.

2. Short and long-term targets

This chapter of the phasing-out strategy will be finalised in 2024.

3. Strategic alignment

This chapter of the phasing-out strategy will be finalised in 2024.

4. Financial sustainability

This chapter of the phasing-out strategy will be finalised in 2024.

4.1. Funding sources:

4.2. Revenue streams:

4.3. Long-term commitment of the members other than the Union:

4.4. Surplus assets following procedure for winding-up:
5. Administrative and operational adaptations

5.1. Legal status

The possible renewal of the CAJU is dependent on the EU decision expected in 2027 regarding the agreement on the next EU Multiannual Financial Framework priorities and possible continued financial support for R&I funding dedicated to aviation. In case such decision was to be taken favourably, the Clean Aviation Partnership is expected to continue its mission as a legal entity established under Article 187 of the Treaty on the Functioning of the European Union (TFEU).

5.2. Staffing

The workload analysis is essential to assess the tasks to be achieved by the CAJU Programme Office when the decision about the future of the JU will be taken. This analysis will help in identifying the tasks and work that will still need to be completed by the JU before the end of its current mandate – 31 December 2031 – and the effort required to achieve the programme objectives and expected impacts. This should therefore be the basis for the establishment of the phasing out plan.

From 2026 onwards (the expected time of the decision on the possible renewal of the mandate) to the closure of the programme, the following tasks will need to be managed:

- **Call management**: the last two calls for proposals of the programme “phase-2” – estimated at >€200 million - will be prepared, launched, promoted and evaluated during 2027;
- **The Grant Agreement Process (GAP)** of the last calls will have to be finalised by end of 2027 to ensure the start of the projects in 2028 (at the latest) and the delivery of results until the end of 2030;
- **Project management of the CAJU grants** under implementation (both phase 1 and phase 2 projects) will be the main part of workload during the period 2026-2031 (from estimated 53 projects in 2026 to 45 projects in 2029 and 20 projects in 2030). For information, a Clean Aviation project can range from 5 to €60 million total grant value, encompassing collaboration of between 5 to 50 participants and affiliated entities. In addition, the projects are connected via an overarching multi-stakeholders cooperation agreement which is part of the legal framework of the grants.
- **Monitor the impact of the programme according to the specific impact monitoring framework implemented within the CAJU on the yearly basis and provide regular reporting to the Governing Board on the performance from the project outcomes and consolidated at aircraft level against the main objectives of the regulation.**
- **Monitor and provide yearly reporting on the KPIs in the Annual Activity Report(s) against the set targets in the Work-Programme(s) and Budget, including the in-kind contributions levels and implement the continuous risk monitoring and mitigation of the activities.**
- **Ensure the secretariat of Governing Board and supporting the performance of its decision making tasks in accordance with the SBA provisions.**
- **Ensure the secretariat of the Technical Committee and the involvement of members to propose adjustments to the Strategic Research and Innovation Agenda (SRIA) and Work Programme(s) where needed and any actions required to deliver and maximise the delivery of impact and expected results.**
- Ensure the regular liaison and ensure the secretariat of the advisory bodies (Scientific Advisory Body and States Representative Group) define all regular consultation and necessary actions required as defined in the SBA to maximise the benefits and the impact of the programme.
- Monitor project contribution alignment with the other EU, national and regional funded programme and align their contribution through regular technical/roadmapping coordination meetings with the different funding bodies until the delivery of the projects results.

Workload (nb projects ongoing)

<table>
<thead>
<tr>
<th>Year</th>
<th>Year 2024</th>
<th>Year 2025</th>
<th>Year 2026</th>
<th>Year 2027</th>
<th>Year 2028</th>
<th>Year 2029</th>
<th>Year 2030</th>
<th>Year 2031</th>
<th>Post 2031</th>
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<tr>
<td>Call 3</td>
<td>call launch + GAP 25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>closure</td>
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<td>10</td>
<td>closure</td>
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<td>TOTAL</td>
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<td>28</td>
<td>53</td>
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<td>20</td>
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Therefore, it is essential to retain most of the JU staff until the very last years of the programme in order to ensure the continued monitoring of the projects, the programme reporting to the Governing Board and the full closure of projects from a technical, administrative and financial aspect. It is to be noted, that the number of projects does not represent the sole element to consider for the estimated workload for the Programme Office, as the Clean Aviation programme has been designed with large Projects that would be capable to target an Impact at aircraft concept level by reducing the number of projects and increasing their respective size in terms of consortium composition, financial values and also complexity. Administratively those projects have an increased number of tasks, deliverables, results, KPIs and dissemination activities to be monitored, supervised and assessed by the JU. In addition, in line with the regulatory framework, a dedicated impact monitoring mechanism has been designed in terms of framework which will be based on the continued assessment of the outputs and results emerging from the projects.

The assumptions below take into account a possible closure of technical activities by end of 2030 (final reporting) and a full projects’ financial closure until Q3 2031. During Q4 2031, the JU will be functioning with a minimum of staff (closure team) to finalise the last financial operations linked to the winding up.
Legislative Financial Statement (LFS) staffing numbers:

<table>
<thead>
<tr>
<th>Staffing numbers (in headcounts / FTE)</th>
<th>Year 2021</th>
<th>Year 2022</th>
<th>Year 2023</th>
<th>Year 2024</th>
<th>Year 2025</th>
<th>Year 2026</th>
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<td>Officials (AD Grades)</td>
<td>32</td>
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<td>32</td>
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<td>Seconded National Experts</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>44</strong></td>
<td><strong>44</strong></td>
<td><strong>41</strong></td>
<td><strong>41</strong></td>
<td><strong>41</strong></td>
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<td><strong>41</strong></td>
<td><strong>41</strong></td>
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</table>

In case of phasing out of the current JU the likelihood of an early departure of staff is considered high (inter-agency mobility, recruitment from other EU executive agencies with more permanent/long term career opportunities, etc). This scenario will impact the closure of the programme, with the difficult challenge of recruiting qualified staff to support the phase out of the programme. Should that be confirmed, an annual assessment of available human resources will be needed from 2026 onwards to estimate the needs and possibly adjust the current estimations and phasing-out plan activities.

Finally, the CAJU together with the EC services should endeavour any possibilities to transfer the JU staff to other EU agencies (under the same contract legal basis) entrusted with activities inherited from the JU programme or similar to it.

5.3. Accounting and Cashflow

As foreseen in the Legislative Financial Statement (LFS), the JU will receive in 2027 the frontloaded EC commitments until the end of the programme (€23.4 million EC contribution to the administrative costs equally shared with CA members) which will be fully used considering that no new programme will start.

<table>
<thead>
<tr>
<th>Source: LFS (in M€)</th>
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<tbody>
<tr>
<td>The administrative expenditures will have to include several provisions to cover in particular:</td>
</tr>
<tr>
<td>- the salaries of staff with indefinite contracts until the programme end;</td>
</tr>
<tr>
<td>- any refurbishment of offices (*remise en état) as foreseen in the renting contract in case of termination;</td>
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<tr>
<td>- any other charges linked to termination of other supply contracts if applicable.</td>
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<tr>
<td>A review of the provisions needed will be carried out on annual basis from 2026 onwards.</td>
</tr>
</tbody>
</table>
The accounting and budget management would be done by the JU Programme Office with the available staff in accordance with the previous section.

CAJU will keep its financial and reporting obligations, in accordance with the SBA and CAJU’s Financial Rules. The Programme Office will therefore continue to prepare the JU’s annual accounts, monitoring the financial contributions from partners and the assets of the organisation until 31 December 2031. The final accounts of CAJU – due by June 2032 together with the 2031 Annual Activity Report will have to be prepared in the context of the legacy management. Post 2031, in case of phasing-out of the current JU without a renewal of a new programme all the remaining obligations will be transferred to the relevant EC Services.

Final calculation of the amount due back to the CAJU members (in case of remaining unused funds after all liabilities are paid and provisions for future liabilities are created). After the final accounts for the year 2031 are prepared, in case of unused member contributions, the amount should be refunded to the CAJU members:

- Private member remaining administrative cost should be transferred back to the private members (proportionally to their contribution).
- Remaining operational funds and 50% of the remaining administrative funds to be transferred back to the EC.

5.4. Procurement, Logistics and IT

During the period 2028-2031, regarding logistics, the most important aspects are related to the management of the building where the CAJU is located, the office furniture and consumables, the IT infrastructure and materials.

The Joint Undertakings located in the White Atrium building have a rental contract of its current office facilities until 31 December 2031 in line with its current lifetime. By that date a removal will have to be budgeted and organised in order to vacate all occupied premises.

For what concerns the IT infrastructure, the framework contract with the IT service providers will be maintained until that date in order to ensure business continuity.

Regarding the JU physical assets (mainly IT equipment, but also furniture), the Programme Office will have to consider which assets could be scraped or transferred to any other entity / organisation (e.g., as part of interagency cooperation or donation).

All other services and supply contracts, as well as the numerous Service Level Agreements (SLAs) which the JU has with the EC services remaining in force and covering individual needs of the CAJU will have to be amended and terminated in accordance with their terms and conditions.

In addition, if the CAJU’s mandate is not extended, the public procurement planning will have to be adjusted accordingly.

Regarding the long term inter-institutional framework contracts (FWC) awarded and signed under the Back Office Arrangements (BOA), a case-by-case analysis will have to be performed by the BOA
Procurement Coordinator to apply a legally sound but at the same time the most pragmatic approach securing business continuity of the Joint Undertaking (contracting authorities under these FWCs) not affected by a liquidation. For this purpose, an inventory of all on-going inter-institutional contracts will have to be updated in 2026 and followed by a preparation of the “phasing-out” inter-institutional contracts strategy (amendments and/or terminations).

5.5. Follow up of grant agreement obligations after the end of projects

Regarding the JU’s legal obligations, the Programme Office will monitor from 2027 onwards the duration of contracts, framework contracts and SLAs taking into account the date of the winding up of the JUs. Progressively over the years, the JU should conclude a lower number of contracts and none of them shall go beyond the 31 December 2031. A strong effort will be done in 2030 to ensure the respect of the deadline, with the object to prevent any payments to be concluded beyond.

An inventory of legal commitments in the form of procurement contracts and grant agreement will be established between 2028 until 2031, establishing the list of obligations such as record keeping, archiving, result delivery, data protection elements and document management retention period that are expected for each legal commitment. Thus, allowing the new legal structure to monitor any legal requirements, in particular relevant in case of audits.

The list of obligations will be established, in greater details, considering the following elements:

- For grant beneficiaries:

  Record-keeping will be made in accordance with the HE Grant Agreement Article 20: “The beneficiaries must - at least until the time-limit set out in the Data Sheet (see Point 6) - keep records and other supporting documents to prove the proper implementation of the action in line with the accepted standards in the respective field (if any).”

  In general, for at least five years after the balance is paid (three years for low value grants up to €60 000) or longer if there are on-going procedures (audits, investigations, litigations, etc.). In this case, the evidence must be kept until on-going procedures end.

  As far as procurement records are concerned (including calls for operational tenders) the CAJU must keep a full file of all items relating to each procurement procedure at least five years following the discharge for the budget year in question. In case there is no continuation of the Joint Undertaking by its legal and universal successor, all the procurement records (on paper and digital) will have to be handed over to the EC services for archiving.

  For CAJU (as contracting and granting authority), the JU should apply the rules on retention of documents relating to budget implementation (art. 20.5 of CAJU Financial Rules). Such documents shall be kept for at least five years from the date of the decision on which the European Parliament grants discharge for the financial year to which the documents relate.
5.6. Conclusion

The table below shows the list of actions that would be considered following the adoption of the phasing out plan.

### CAJU phase-out plan

<table>
<thead>
<tr>
<th>Task</th>
<th>Lead</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
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<tr>
<td>Decision on CAJU phasing-out</td>
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<td>Workload analysis</td>
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All tasks indicated above will be detailed in the specific CAJU work plans.

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