



European Aviation Safety Agency

2004 ACTIVITY REPORT

1) Introduction	2
2) Executive Directorate	6
3) Certification Directorate	11
4) Rulemaking Directorate.....	15
5) Quality and Standardisation Directorate	18
6) Administrative Directorate.....	20
7) Conclusion	23

1) Introduction

The European Aviation Safety Agency has been created by the Regulation 1592/2002 (the Basic Regulation) in order to promote the highest common standards of safety and environmental protection in civil aviation and to be the centrepiece of a new, cost-efficient regulatory system in Europe and a reliable partner for counterpart civil aviation authorities throughout the world. It is an independent European Community body with a legal personality and autonomy which shall act independently in its field of competence. Its primary tasks are:

- To assist the European Commission in preparing legislation, and support to Member States and to industry in putting the legislation into effect;
- Adoption of European certification specifications and guidance material, and to issue certificates as well as to lead technical inspections where centralised action is more efficient;
- To assist the European Commission in monitoring the application of European Community legislation;
- Assistance to the European Commission in the negotiation of international agreements.

The Agency is planned to be the major player in the European Aviation Safety System, acting as a real Aviation Authority, in close co-operation with the European Commission and Member States' competent authorities. Its role will be widened in the coming years to other aspects of safety: operations, licensing, airports and air traffic management.

The initial start of operation of the European Aviation Safety Agency took place on 28 September 2003, with the entry into force of the Basic Regulation, when the Agency became responsible for all tasks related to the design approval of aeronautical products and their continuing airworthiness.

These tasks, together with the prospect of widened scope of competencies in the future, made proper management of both the core activities and the strengthening of the structures of the Agency crucial in 2004. The Agency procedures and recruitment, drawn up on the basis of 2003 plans, are meant to support the growth of the Agency in the next years, and to allow for a well-functioning organisation at each stage, as well as for a functioning with an enlarged scope of competencies. In that sense, 2004 has been both a founding year and a full year of operational exercise.

Combining the dual tasks of setting up the necessary structures and fulfilling the current operational missions of the Agency has been the main challenge for each directorate of the Agency.

All directorates started their activity from scratch on 1st January 2004 on the basis of the guidelines defined by the Management Board and the Executive Director.

In order to assess 2004, it is necessary to recall the content of the work programme of the Agency, as adopted by the Management Board, and to compare it with the year's achievements, bearing in mind that when the work programme was written, the seat of the Agency was not yet known and that the

move to Cologne impacted substantially the organisation and execution of the tasks set out in the work programme.

Milestones in 2004 for the European Aviation Safety Agency

January

- Certification Director and Rulemaking Director take up duties
- Conclusion of working arrangements with the Canadian national aviation authority

February

- Administrative Director takes up duties
- First visit of the Directors to the FAA (Federal Aviation Administration) in Washington
- Conclusion of working arrangements with the Brazilian national aviation authority
- First meetings of the Agency's rulemaking consultative bodies: the Safety Standards Consultative Committee (SSCC) and Advisory Group of National Authorities (AGNA)

March

- Extension of the delegation letter from the Executive Director to national aviation authorities (NAAs)
- Adoption of the 2004 rulemaking programme

April

- Second industry meeting gathering more than 200 persons in Brussels

May

- Signature of the Administrative agreement with the German authorities opening the way for the move of the Agency to Cologne
- Signature of the lease on the Agency's Cologne headquarters
- Second SSCC meeting

June

- The Agency takes part in the US-Europe Conference in Philadelphia
- Second AGNA meeting
- Staff of the Agency based for the first time in Cologne and the Agency starts operation on two different sites

July

- Quality and Standardisation Director takes up duties
- Conclusion of working arrangements with the Interstate Aviation Committee of the Commonwealth of Independent States
- Part 145 Workshop (maintenance organisations)

September

- Third SSCC and AGNA meetings
- Participation in International Civil Aviation Organisation (ICAO) General Assembly meeting in Montreal

October

- Executive Director takes part in hearing held by the Committee on Transport and Tourism of the European Parliament
- Conclusion of working arrangements with the Chinese national aviation authority

November

- Relocation of remaining Brussels-based Agency staff to Cologne
- Third industry meeting gathering more than 200 persons in Cologne

- First round of official negotiations on the future EU/US bilateral aviation safety agreement

December

- Opening ceremony of the Agency
- Agency audited by the European Court of Auditors
- Adoption of the Agency's Opinion on the regulation of Air Operations, Pilot Licensing and Third Country Aircraft

2) Executive Directorate

The Executive Director, being the only temporary agent of the Agency to be in post before 2004, took an active part in the setting up of all functions of the Agency, designing with each director the shape of their respective directorate. He was responsible for the overall strategy with respect to the activities undertaken and delegated, on numerous occasions, some of his own staff to support the start up phase of the directorates.

The involvement of the Executive Director and his staff consequently went far beyond the activities foreseen in the 2004 work programme: monitoring of the Agency, and transversal operational activities. It encompassed a significant part of support to other directorates in terms of man-hours and a more predictable role in co-ordinating some activities where several directorates were involved.

2.1 General monitoring and strategic horizontal activities

Original objective: general monitoring

The monitoring of the Agency's activities was done at different levels all through the year in order to adapt to the Agency's growth. It comprised a usual mode of monitoring via the production of a work programme, activity report, the organisation of team meetings.

Monitoring documents and general monitoring of the Agency

Firstly, and as provided for in the Basic Regulation, the Agency produced an activity report for 2003 and a work programme for 2005. On that occasion, it can be noted that the various regulations the Agency is subject to (Basic regulation – Financial Regulation – General Financial regulation) outline a calendar of drafting and adoption of documents which is barely compatible with sound and coordinated drafting of documents, especially in a start up phase. For instance, the drafting of the work programme and of the preliminary draft budget ought to be started at year-2 in order to allow for the consultation of interested parties. This also means that the work programme is written at a moment when the Agency does not have any certainty as regards its future budget. This was especially true in 2004, when the level of the EC budget contribution could have been questioned by the European Parliament, and when the exact level of income from fees and charges was unknown. Learning from the experience of drafting the 2005 preliminary budget and work programme, it was agreed to set up for the following years working groups involving the Agency, Management Board representatives and representatives of the Interested parties to early reflect on those documents. These groups first met early in 2005, in order to elaborate the respective documents for 2006.

The Executive Director committed himself to following the Agency's activities very closely, both at managerial level and at operational levels. Weekly and monthly reports, as well as regular (more than quarterly) reports to the Management Board were produced. Meetings of all Directors were also held on a weekly basis, and all outcomes widely communicated inside the Agency. All-staff meetings were

organised firstly monthly and at the end as often as the size of the Agency allowed. These meetings play a key role in instilling an Agency culture.

2.2 Horizontal activities linked to the outsourcing arrangements and to the adoption of the fees and charges regulation

The directorate was also closely involved in some major transversal activities which were not always foreseen in the 2004 work programme, but which appeared necessary in the course of the year.

Original objective: Signature of outsourcing contracts with NAAs by the end of 1st quarter

The 2004 work programme had assigned the objective of having outsourcing contracts concluded with all National Aviation Authorities by the end of the first quarter. The negotiations and preparatory visits for this were started in 2003, and continued in 2004. Still, it appeared rapidly that the on-going tasking system of delegation of powers established by a letter of the Executive Director in 2003 was proving to be a more satisfactory arrangement to most national authorities as an interim solution pending the adoption of the fees and charges Regulation and the possibility to reimburse NAAs' costs when working for the Agency.

Consequently, the Executive Director sent a letter to all national authorities in order to entitle them to continue carrying on certification activities (Article 15 Activities) under the strict responsibility and supervision of the Agency. Still, outsourcing contracts were signed with Sweden and Germany, without any financial provisions and were applied all through the year.

These developments highlighted the need for the fees and charges Regulation to be adopted as promptly as possible. A member of staff was then delegated to ensure the coordination of the Agency's input to the drafting of the Regulation by the European Commission. This included the gathering of information from the different sectors (e.g. manufacturers, operators, maintenance providers), the handling of reactions to successive drafts from industry at all levels (large manufacturers and small enterprises) as well as the launch of a consultation of interested parties on the subject and the handling of NAAs' reactions. The variety of situations within industry and the impacts to be assessed were so important that the final text of the Regulation could not be adopted before the first quarter of 2005².

In order to further prepare the outsourcing arrangements two meetings were organised with NAAs with the aim of obtaining data on their experts and the work they were performing, these meeting giving poor results.

Original objective: monitoring of the service contract with the Central JAA (Joint Aviation Authorities)

A service contract had been signed in 2003 with the Joint Aviation Authorities, and was renewed in 2004. This contract was meant to help the transition between

¹² Commission Regulation (EC) No 488/2005 of 21 March 2005 on the fees and charges levied by the European Aviation Safety Agency published on 30 March 2005 in the Official Journal

the former system, and the new Agency system, and to ensure the continuity of certification activities. The JAA were ensuring the co-ordination of major certification programmes in Europe, for which the Agency had become responsible. Still, the Agency was not adequately staffed at the beginning of operations, and could not delegate directly its own staff for these activities. The service contract allowed direct supervision of activities. It was handled at the Executive Directorate level, as it was an activity requiring transversal coordination between all the directorates.

In that perspective, it must be noted that the team of the Executive Director brought substantial support to certification activities during the first quarter of the year, and pending the arrival in post of their own staff : processing the approvals delivered by the Agency, coordinating the allocation of tasks to National Aviation Authorities.

Unfortunately, the JAA could not give to the Agency all the expected support due to an evident lack of resources many staff of the JAA being in the meantime recruited by the Agency.

2.3 Transversal activities linked to the set up of the Agency

Administrative activities and move to Cologne (not in 2004 work programme)

The 2004 work programme had been drafted at a moment when the definitive headquarters of the Agency was unknown. It was written in the assumption that the Agency would be functioning under normal circumstances. Still, the definitive headquarters of the Agency having been determined on 10th December 2003, it was necessary to re-think this set up under the perspective of an imminent move. The Administrative Directorate therefore needed to focus setting up its procedures and structures and on designing and managing the move to Cologne, which represented a subsequent additional workload.

The Executive Director therefore decided that his team could provide some concrete, and temporary, support for administrative activities, pending the beefing up of the Administrative directorate.

These were diverse and occupied up to three agents: carrying some procurement procedures linked to title 2, organisation and distribution of mail, express mail. The team also supported the organisation of the move to Cologne (procurement procedures and organisation of the physical move), and took part to several working groups on the subject, with the German authorities and the Administrative directorate in order to solve logistical issues, social issues related to the relocation of Agency staff and other practical issues.

Organisation of the Opening ceremony of the Agency (not in 2004 work programme)

It was decided to organise an opening ceremony shortly after the move to Cologne. The event gathered some 600 guests, including two European Commissioners, high level European policy decision makers, representatives of world-wide national aviation authorities and industry leaders.

Original objective: Assess the need for Agency publications other than those required by the Basic Regulation and fully implement European Community requirements on public access to documents.

The necessary Management Board Decision implementing EC Regulation 1049/2001 was researched, drafted and presented to the Management Board early in 2004, which adopted it at its first meeting of the year. Work continues on some of the necessary accompanying measures to this Decision, such as the register of documents.

Original objective: Set up a working system of official publications

The Agency's website is the official publication of the Agency. Some actions were taken in the course of the year in order to make it compliant with the publication obligations (modification of the disclaimer, publication of airworthiness directives...). The necessity of creating another type of official publication is still being examined, under the auspice of the legal service of the Agency.

2.4 Dialogue with industry and international conference

Industry meetings (not in 2004 work programme)

The team of the Executive Director organised general meetings with industry stakeholders: these meetings are intended as widely opened events, providing stakeholders, at all levels of their respective organisations, with the opportunity to meet the Agency's management and to directly question them on issues related to the Agency's development. More than 200 persons attended each meeting, demonstrating the demand for information and direct contact.

Participation in US Europe Conference (not in 2004 work programme)

The Agency replacing the JAA in a number of tasks linked to certification activities for EU member States, it took an active part to the US-Europe Conference organised by the FAA in June 2004. The participation was coordinated amongst the directorates.

2.5 Communication

A communication plan was adopted as an internal working document, establishing the guidelines of the actions led in 2004. It contained a variety of actions, dealing with internal communication and external communication.

General Communication

Original objective: Setting up a fully-functioning media service as part of the communication function

The necessary procurement was carried out in order to provide the Agency's staff with the basic information tools (press) necessary to update their knowledge and awareness of aviation news. From the middle of the year, extensive press reviews were put in place, while, in parallel all tools were being put in place in order to also create a web news-based information system (collecting automatically news of interest for the Agency from the web).

Original objective: Implementing a procedure for the handling of all ad hoc queries

Due to staffing problems, many queries to the Agency (most by e-mail) were initially left unanswered. Intermediate solutions were sought to ameliorate the situation. A list of frequently asked questions was created, placed on the Agency's

website and regularly updated. Experts from the operational directorates helped to answer specialist questions.

Original objective: Examine the case for a series of conferences and road shows

The Communication unit is prepared to organise road shows and conferences and advises all directorates of the Agency on the opportunities to attend external conferences and road shows in order to promote the image of the Agency.

Website – internet and intranet

Original objectives: set up a powerful website in the first quarter 2004. The necessary electronic tools for external stakeholders shall be available during the first half of 2004 - Set up a sophisticated new website to facilitate access to documents and information on the Agency's activities- Set up a powerful Agency intranet

The new and highly popular website was put on line in November. The structure of the website has been considerably strengthened, and a number of new functions have been added. The update processes are being put in place, and analysis of the needs was done in order to make further improvements in 2005.

Concerning the intranet, preparatory work was undertaken and an initial version of the intranet was tested in early 2005.

Internal communication and creation of an Agency's culture

An internal newsletter, notably transmitting all information related to the move to Cologne, and informing staff of practical aspects was elaborated and distributed on a regular basis.

The communication team also dedicated a significant amount of time to the organisation of internal events on the occasion of the arrival in Cologne.

2.6 Safety Analysis and Research

The Head of the Safety Analysis and Research team has been recruited only in December allowing him to prepare for his tasks in 2005. No objective was linked to this matter in the 2004 work programme.

3) Certification Directorate

The first staff of the Certification Directorate, the Director, took over his responsibilities in January 2004. His main immediate task was to design the structure of the directorate and to recruit his managerial team, while coordinating and managing the implementation of Article 15, *i.e.* the delivery of certificates by the Agency and the related continuing airworthiness and surveillance functions. The initial start up team of the Agency helped him in the first months, while the first staff were being recruited.

Once the initial staff was recruited, another significant challenge to be faced during this start-up phase was the split of the directorate between two sites in the second half of 2004, pending the move of the entire Agency from Brussels to Cologne.

All the activities and achievements related to the work programme of the Agency for 2004 have to be seen in this context.

3.1 The continuous processing and delivery of certificates in order to ensure the continuity of aviation activities in Europe

Continuation of ongoing projects

The Agency being responsible for all certification activities since 28 September 2003, it was primordial to ensure a continuous and high safety level between the previous system and the new Agency system.

Original objective: Continuation of all ongoing projects without any disruption and maintaining the continuity of aviation safety

With the full support of NAAs, the continuation of existing certification projects have been ensured without any disruption. This concerns large projects like the certification of the A380, as well as smaller projects related to general aviation, equipment approvals and approval of foreign organisations.

In addition NAAs supported the successful start-up of the certification directorate by continuation of surveillance functions for products and organisations certified before 28 September 2003 but then transferred to the responsibility of the Agency.

The system encountered no disruption in 2004, in spite of all difficulties.

Issuing of certificates and approvals

Original objective: Delivery of certificates and approvals in all fields of competence on time

As with ongoing projects the vast majority of new applications were assigned to NAAs under the management of the responsible unit manager within the Agency.

Still, if the technical investigations were carried out by the NAAS, it must be noted that according to the Basic Regulation, all certificates have been issued directly by the Agency under its own responsibility. Based on this work the following certificates and approvals have been issued in 2004:

Type Certificates	35
Supplemental Type Certificates	576
Major Changes and Repairs	1698
Minor Changes and Repairs	7724
ETSO-Authorisations	257
Design Organisation Approvals	84
Foreign Organisation Approvals	<u>1700</u>
TOTAL	12074

For products under the Agency's responsibility 442 Airworthiness Directives (ADs) have been issued. These ADs are mandatory instructions to be followed by the Certificate holder in order to correct potential unsafe conditions on his product.

One major challenge was the issuing of 1391 Maintenance organisation approvals in the United States and Canada and of more than 200 additional worldwide before November 2004 as required by the transitional measures of the implementing rule on the continuing airworthiness (Commission Regulation (EC) No 2042/2003)³.

This work, including the related continuing airworthiness and surveillance activities, constitutes the core of activities of the certification directorate and consumed the vast majority of available staff resources all through the year.

3.2 Taking over all co-ordination functions from Central-JAA in the fields of product certification and organisation approvals

Original objective: ensuring a smooth transition from Central JAA

The Agency took over successfully all the functions related to type design approval and approval of foreign organisations from the Central JAA. This was facilitated by the arrival in post of a number of experienced JAA staff recruited by the Agency.

Original objective: transferring certification databases from the Central JAA

The Central JAA databases were transferred to the Agency in the course of the year. The transfer of these databases was essential, as it allows the Agency to have the complete picture with respect to the certificates for which it is responsible. These databases encompass all products and organisation approvals for which the Agency became responsible, and for which the Agency has to ensure continued surveillance.

³ Commission Regulation (EC) No 2042/2003 of 20 November 2003 on the continuing airworthiness of aircraft and aeronautical products, parts and appliances, and on the approval of organisations and personnel involved in these tasks

In addition to the existing databases some interim solutions were developed to cover immediate needs: for instance, the Agency developed its own applications database as well as a database of Airworthiness Directives, in order to be able to publish them rapidly.

3.3 Setting up certification procedures

Original objective: Implementing procedures for certification to be elaborated during the first semester of 2004

Based on certification principles decided by the Management Board a complete set of internal working procedures was drafted during the course of the year. 11 procedures were discussed, and ready for adoption at the beginning of 2005.

3.4 Managing outsourcing arrangements

Original objective: Finalising appropriate outsourcing arrangements with NAAs

In order to allow NAAs to perform certification tasks for the Agency and to continue surveillance functions for products and organisations assigned to them, the Executive Director authorised Member States NAAs to carry out certification tasks as described in Article 15 of the Basic regulation via a letter of authorisation, valid until January 2004. This letter was intended to cover the period until the appropriate detailed outsourcing arrangements were in place, in the form of outsourcing contracts between the Agency and the NAAs.

Only two of these contracts could be concluded in 2004, because NAAs generally preferred to await the adoption of the fees and charges Regulation before concluding contracts with the Agency. Therefore the Executive Director extended the validity of the letter of authorisation to cover the period until the outsourcing contracts were concluded.

Original objective: Phasing out the interim outsourcing period

The core management team was operational end 2004. Certification Director and majority of his unit managers were in place by November, for the move of the Agency to Cologne

In addition first Project Certification Managers (PCMs) and certification experts joined the team during the second half of 2004. This enabled the Agency to internalise the first technical investigation tasks and also to manage in house some foreign aircraft projects like Embraer 145, 170 , Tupolev 204 or Cessna Business Jets. This process is on going and ought to be furthered in the next years.

However it has been recognised during the year 2004 that some NAAs have refused to continue certain tasks, primarily due to employee turnover, earlier than expected and also on very short notices. This caused the Agency to take over projects faster than originally planned and has to be considered as a challenge for the next years.

3.5 Recruitment of qualified staff

Original objective: 32 staff in post

The objective to have 32 staff members working for the certification directorate by the end of 2004 could not be fully achieved (28) but the Director and his senior management team were in place, all of them coming from a strong managerial and certification background.

3.6 Additional certification-related tasks undertaken during the year

Evaluation of the impact of Regulation 1702/2003 on certification by 1st May

The evaluation of the impact of Regulation 1702/2003 on certification was undertaken by the Rulemaking directorate (see infra).

Participation to the work flow management study

The Agency commissioned during the course of the year a workflow management study, under the coordination of the Administrative directorate. Certification activities, and deliveries of approvals requiring a large amount of workflow processes, this directorate took an active part to this study. The results have greatly helped in setting up the interim procedures currently used within the directorate.

Support to other directorates

The Certification directorate provided extensive support to all other directorates in all matters affecting certification activities (e.g. standardisation and rulemaking groups)

Fees and charges Regulation

Support was brought to the European Commission in the elaboration of the fees and charges Regulation. The drafting of the scheme of charges, providing calculations, simulation of potential income and co-ordinating comments from stakeholders was a major activity in the second half of the year.

Build up relationship with stakeholders

Despite its limited resources the Certification Directorate tried to satisfy communication needs with all stakeholders. Amongst other things certification staff actively supported conferences, work shops and all kinds of more informal meetings with Member State NAAs, FAA and Transport Canada and industry representatives. A road show throughout North America was organised in order to keep US maintenance industry informed about the changes affecting them. However, it has been recognised that not all need could be satisfied and that particularly training on internal working procedures shall be offered very soon.

4) Rulemaking Directorate

4.1 Safety Standards Consultative Committee (SSCC) and Advisory Group of National Authorities (AGNA)

Original objective: establishment of the SSCC of the and AGNA

These two advisory bodies, which assist the Agency in its rulemaking activities, had to be established urgently. At the beginning of the year members of the SSCC were appointed by the SSCC, whilst Member States nominated their representatives on the AGNA.

Subsequently, the Agency provided administrative and logistical support to 3 AGNA and 4 SSCC meetings. Work of these committees is assisted by two specialised restricted web sites (CIRCA) established in co-operation with the European Commission.

4.2 Elaboration of rulemaking procedures

Original objective: Elaboration of the necessary rulemaking procedures, including approach to regulatory impact assessment and standard procedures for drafting groups. The full set of procedures is expected to be in place by the end of the year

The Agency elaborated and adopted:

- procedures for the determination of the membership of rulemaking groups
- the methodology for conducting regulatory impact assessments
- standard rules of procedure for rulemaking groups

The Agency provided support in the drafting of the operating procedures for AGNA, which were adopted at its June meeting. It also participated in the work launched by the SSCC to discuss its terms of reference and rules of procedures. These however could only be adopted at the beginning of 2005.

While the minimum set of procedures required for the immediate functioning of the rulemaking process has been put in place, it is recognised that a comprehensive Rulemaking Manual must be established. The Agency initiated work to do so in co-operation with its advisory bodies.

4.3. Implementation of the 2004 rulemaking work programme

Having regard to the comments made by SSCC and AGNA in their meetings respectively held on 26 and 23 February, the Agency adopted in April its 2004 rulemaking programme, as required by the rulemaking procedure. It contained a number of objectives:

Original objective: Extension of the Basic Regulation to air operations, flight crew licensing and the oversight of third country aircraft operated by third country operators

Taking into account the 1600 comments received to its consultation, the Agency adopted on 16 December an Opinion describing the policy it suggests regulating at Community level the licensing of pilots, air operations and third country aircraft. It also provided together with this opinion a draft amended Basic Regulation to help figure out the way this would affect this legal act.

Original objective: Revision of the implementing rules on certification and continuing airworthiness, including a regulatory impact assessment on Part M

Two opinions were produced for the revision of the implementing rules.

The Agency adopted in April a decision laying down a system of reference numbers for organisation approvals and organised a meeting with the industry and Member States officials to facilitate its smooth implementation.

The Agency also published during the first quarter of the year a call for tender for the establishment of the regulatory impact assessment of Annex I (Part M) to Regulation (EC) N° 2042/2003⁴. The service contract was signed in September and work started immediately thereafter. The result will only be available in 2005 as requested by the regulation.

Original objective: Development of standard certificates, including noise certificates & development of certification specifications and guidance material

The 2004 Rulemaking Programme contained 51 tasks, 17 of them being executed by 10 rulemaking groups, aiming mainly at the continuation of tasks initiated by the JAA. Despite efforts made, only 46 Terms of Reference, 16 Notices of Proposed Amendments and 3 Comment Response Documents were delivered, representing roughly 25% of the envisaged work. This was due both to the heavy recruitment process and the over-ambitious volume of the programme. In order to better adapt its resources to its deliverables, the Directorate launched in October 2004 a call for expression of interest to contract external experts able to provide assistance to drafting groups and to support the Agency in its rulemaking activities. This initiative will bear fruits in 2005.

Additionally, the Agency adopted two opinions with regard to the flexibility provision of the Basic Regulation (article 10): NL/01/2004 on Part 145; LV/01//2004 on various provisions of Regulation 2042/2003.

4.4 Adoption of the 2005 rulemaking work programme

Original Objective : adoption of the work programme

⁴ Commission Regulation (EC) No 2042/2003 of 20 November 2003 on the continuing airworthiness of aircraft and aeronautical products, parts and appliances, and on the approval of organisations and personnel involved in these tasks (Text with EEA relevance) *Official Journal L 315*, 28/11/2003 P. 0001 - 0165

Taking into account the comments of the SSCC and AGNA in their meetings respectively held on 1 and 2 September 2004, the Agency adopted in September its 2005 Rulemaking Programme, which contains 35 tasks.

4.5. International cooperation activities

Original Objective:

International co-operation activities concentrated on maintaining *status quo* with third countries for the certification of aeronautical products and the provision of maintenance services. To reach this objective the Agency:

- Concluded bilateral working arrangements with national civil aviation authorities (Canada, Brazil, Community of Independent States, Israel and China).
- Initiated contacts with Japan, Australia and New Zealand in the perspective of concluding similar arrangements.
- Provided support to the Commission in its negotiations for the conclusion of bilateral agreements with Canada and the United States.
- Developed principles for rulemaking co-operation with the FAA.

In parallel contacts were initiated with the International Civil Aviation Organisation to discuss, in particular, practical arrangements for the involvement of the Agency in ICAO standards-setting activities and the co-ordination of answers to State letters.

Due to poor resources little could be done with regard to assistance to third countries and activity has been limited to the participation in a meeting on technical cooperation programme in South Asia (COSCAP).

4.6 Staffing the Rulemaking Directorate

Original objective: Recruitment of 17 staff members

Despite efforts made by all to handle the recruitment process, total staff available at the end of the year was only 14 persons.

4.7. Information and co-operation with stakeholders

On 5 July the Agency organised a workshop with the industry and Member States officials involved in the implementation of Part 145. The meeting was largely attended with over 150 participants from the industry and National Aviation Authorities at the level of those in charge of the daily implementation of maintenance rules.

The Agency's rulemaking web site section was progressively developed to present all the rulemaking deliverables. It also contains the opt-outs notified by Member States to the Commission's Implementing Regulations. This site is very popular and the most frequently visited part of the Agency's web site.

5) Quality and Standardisation Directorate

Due to the decision of one of the appointed Directors not to take up his position at the end of 2003, the recruitment procedure for the Quality and Standardisation Director had to be relaunched and the successful Director joined the Agency only in July. This explains that the major part of the work programme related to Quality and Standardisation is delayed or incomplete.

5.1 Inspections and standardisation procedures

Original objective: Adoption of procedures on inspection and standardisation by first quarter 2004, on the basis of the Commission Regulation

Meetings and discussions were held with all existing partners in order to present a synthesised explanation of challenges and practices, and to feed the Commission reflection for the drafting and adoption of such a regulation early in 2005. The related work for the definition of inspection procedures was initiated in parallel and full co-ordination was ensured with the existing practices within the JAA: a Working Arrangement was signed with this organisation to define and organise standardisation until the above Commission Regulation is adopted. Accreditation was launched for several NAAs

5.2 Inspections and standardisation inspection programme

Original objective: Definition of a programme of inspection of undertakings and Member states, first inspections in 2004

The Agency's policy and programme of inspections were defined and presented to the NAAs in December 2004. First notifications of visits to NAAs in December followed by inspections at the immediate beginning of 2005 without any disruption to the JAA process which existed before. Given the late start of operation of the Directorate, this can be considered as a major achievement.

5.3 Dissemination of Agency's standards

Original objective: The Agency will organise seminars or lectures related to brand new regulations early in 2004.

Some seminars have been organised within the framework of the service contract with the JAA and under the supervision of the Agency.

5.4 Training

Original objective: The Agency will set up its very first internal training on technical issues during the first semester of 2004. The Agency will set up training programmes for external stakeholders during the second semester 2004

The Director started by defining the general training strategy and had contacts with several potential providers in order to assess the various possibilities. Some work was initiated on the technical library of the Agency in order to support the main processes of the entire Agency. The late arrival in post of the manager in charge of this task delayed the first effective seminar of external training until the beginning of 2005.

5.5 Quality system

Original objective: Drafting a quality system for the Agency

Initial reflection on the quality policy of the Agency was initiated. The work undertaken on this occasion, shall allow completion of the objective by the end of 2005

5.6 FAA confidence building

Even if this was not an objective identified in the original work programme of the Agency, the Quality and Standardisation Directorate took the responsibility of the coordination of the forthcoming FAA confidence building assessment which took place, successfully, at the end of January 2005. The preparation of this visit required 2 persons full time until 31 December.

5.7. Other activities

In spite of the shortage of staff within the directorate, one staff member was delegated for some weeks to support the certification directorate pending the arrival in post of the manager in the quality and standardisation department.

6) Administrative Directorate

6.1. Setting up internal rules and procedures

Original objective: The relevant procedures on human resources management, travel policy, finance and communication will be adopted by the Executive Director by mid-year 2004 at the latest

The adoption of standard operating procedures and the rapid increase in Agency staffing led to a steep rise in the number of transactions handled by the Administrative Directorate.

In the human resources management area the priorities have been to establish procedures for recruitment and grading, the management of salary payments and the management of the growing volume of duty missions. Therefore the focus has been on guaranteeing a functioning administration, and this inevitably has meant that development in the areas of human resources planning and development, including training, has been postponed till the arrival of further staff.

The Agency adopted procedures on the advertisement of vacancies, the screening and selection of candidates, grading and the secondment of national experts. To facilitate the arrival of new employees there was a welcome pack, regular monthly induction courses covering the Agency, staff rights and obligations and financial management, and guidance on applying for identity cards and the reimbursement of schools fees. It also concluded contracts with a relocation agency and a language school, and put in place a service level agreement under which the Agency can benefit from specific administrative support from the Commission.

The Agency adopted a mission guide and operating procedures for the reimbursement of external experts, and concluded well functioning contracts for travel related services.

The Agency prepared a first draft of the package of Implementing Rules for the Financial Regulation; completion has been deferred until the provisions of the Regulation on Fees & Charges became clear in 2005. The newly appointed accountant validated budgetary accounting and general ledger systems.

6.2 Recruitment for all directorates

Original objective: the objective was to have at least 60 staff members by 1 July 2004 and all the personnel forecast in the 2004 establishment plan in place by the end of the year"

The staffing situation in 2004 was:

1st July 2004: 34 temporary agents; 15 auxiliary agents

31st December 2004: 84 temporary agents; 9 auxiliary agents

The European Union Institutions and agencies adopted a new Staff Regulation which came into force on 1.5.2004. This brought about a very complicated

situation for recruitment to the posts that had been advertised while the old regulation was in force but filled largely after the new regulation entered into force. Among other things this meant that an extensive re-grading of staff had to be carried out. In addition the Agency had to start the gradual adoption of some 80 implementing rules related to the new regulation, in cooperation with the Commission's DG Administration.

The relocation of the Agency to Cologne led firstly to a slow down of the recruitment process in order to recruit directly at the final location and then to the resignation of some existing staff members, thereby reducing total staffing to below the 95 temporary agents permitted by the establishment plan.

6.3. Finance

Original objective: "In order to meet the requirements of the new Community financial regulation, including activity-based budgeting, the Agency financial system were to be further developed to support this type of management analysis"

When planning for 2005 the Agency revised the structure of its budget to better reflect the cost centres for expenditure on missions, training, meetings, translations and database development. This allows a certain degree of budget analysis by activity which is essential when the Agency begins to charge fees. It also began planning the decentralisation of financial transactions to give each Directorate more control over its own budget. Both of these developments will be pushed further in 2005 towards a full activity-based management system.

The configuration of the budget management system and the design of the associated reports will give the directorates a clearer picture of the execution of the budget. In early 2005 the budget management system and the general ledger will be linked in order to help the accounting officer support the new Community accounting standards.

The low staffing level in the operational directorates prevented the adoption before the end of the year of a decentralised financial management model that would be more in line with the Agency's Financial Regulation. To compensate the Finance Department, itself still understaffed, had to take on the whole financial workflow, which led to a very heavy workload and consequent delays in making some payments.

Original objective: Setting up the fees system will include the following:

- Invoicing system to support the system of fees and charges
- Set-up of associated accountancy functions
- Development and implementation of financial risk management systems
- Treasury functions associated with invoicing

Work began on designing a system that would allow the Agency to manage income from applicants and make payments to national authorities for work done under contract, while adhering to the Agency's Financial Regulation. This work continued into 2005 as the effective date for the Fees & Charges Regulation was postponed to 1st June 2005.

The Agency commissioned a study on workflow management systems from the JAA, concentrating on certification and rulemaking procedures. The Administrative Directorate played an active role in coordinating the study between the various

directorates of the Agency, and the visits to Eurocontrol, the European Medicines Agency, and the Technical University Eindhoven. This study was meant to provide advice and assistance in building up the Agency's own processes, and notably all interim procedures used. As additional staff members joined the Agency, the Quality & Standardisation Directorate took over the further development of these workflows.

6.4. Information Technology

Original objective: Agency fully independent of the Commission's IT services with regard to day to day office applications by the middle of the year 2004 & with a fully functioning, independent e-mail system in place by the middle of the year

This objective was assigned in 2004 work programme which had been elaborated when the location of the definitive headquarter was still unknown. The Agency's premises in Cologne have an independent network, email system and office applications. The objective was hence totally met, but with a slight delay, as the move took place only in November. The successful move in a brand new building with all IT infrastructure in place the first day is a great achievement.

Original objective: transferred the necessary external databases or developed functioning interfaces with external databases by the end of the year. Bespoke databases for internal procedures, such as communications management and documentation, in place by the middle of the year

The Agency took over some operational databases used by staff at the Joint Aviation Authorities. The challenge for 2005 will be to migrate these databases to a common platform and develop bespoke databases to complement them.

The relocation of the Agency to Cologne in 2004 with just 6 months to prepare the premises was a challenge not anticipated in the work programme. The biggest difficulty was supervising construction of the premises in Germany while responding to the operational and development needs in Brussels. The lack of space in the Brussels office led to the Agency operating on two sites (Brussels and Cologne) from July onwards. This proved to be a real challenge for the IT, legal and human resource management teams, and forced the deprioritisation of some development work. Negotiations with the German government on the seat agreement were initiated but carried over into 2005.

The development of new databases and workflow management systems for the core business areas was not possible due to the lack of resources both on the operational and administrative sides. This work was launched in 2004 and is expected to continue during 2005 and 2006. The work plan objective was not realistic as development of such systems normally takes from 24 to 36 months.

7) Conclusion

A difficult context despite which most objectives were achieved...

2004 has been an extremely busy year for the Agency, with a huge growth in its staff, the Agency being fully responsible for all its tasks without having always at its disposal all necessary resources, and having, additionally to move to a new location in Cologne. Most of the objectives assigned have been met, at least partially and in spite of the difficulties of operating in such a context, no interruption of activities was encountered at any moment of the year.

... thanks to a cooperative culture inside the Agency and with key stakeholders.

If the year was fruitful, the difficulties, and the delays sometimes encountered in leading all actions must not be underestimated, and several lessons were learnt out of this first year of activity. One of the key learnings is certainly the necessity for the Agency to keep on developing its internal cooperative culture. It can be seen from this report that on most occasions, the actions were led jointly by several directorates and that the fulfilment of activities would have not been possible without it. The assistance provided by national aviation authorities was also a key factor in the successful development of the Agency's capacities.

The Agency keeps evolving...

It must be noted that being in a start up phase the Agency was also in a learning period. This means that the difficulties encountered have helped to set up working procedures more in line with the needs in order to reconcile procedural requirements with the practical work of the Agency's staff. For instance, faced with timing difficulties in the elaboration of planning documents, the Agency created a cooperative working structure with interested parties and the Management Board. One other example could be that the difficulty of processing all incoming recruitment application forms during the recruitment of experts, led the Agency to set up, in accordance with the rules and the staff Regulations, an extremely structured processing of all applications. It has been a clear guideline for all actions of the Agency that it should not create unjustified additional layers of bureaucracy, and that the working procedures should be there only to create the necessary link between the regulatory requirements and the operations of the Agency. The procedures hence put in place up to now will no doubt evolve and the Agency is dedicated to improving them in order to help achieve its objectives of increasing safety levels and improving cost efficiency in the regulatory process.

... and is learning how to adapt to new challenges.

The non disruption of activities for all tasks related to the issuance of certificates is remarkable, and the setting up of a highly cooperative system with the NAAs has to be underlined. The leading approach was to use the existing expertise and know-how of NAAs in order to ensure a smooth transition to the new system. In 2004, the Agency's ability to coordinate the work of all NAAs proved its capacity to ensure the transition from nationally-based safety systems towards a European aviation safety system. The following years shall allow for further strengthening of the system coupled with internalisation of all certification programmes.