

Build on Lessons Learnt on IK Contributions

5th Work Package 3 Workshop

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- *Lessons Learnt
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In-Kind Contributions”*



Lesson Learnt #1

ENSURE AN APPROPRIATE DELIVERY AND ACCEPTANCE PROCESS IS ADOPTED, COMMUNICATED AND AGREED EARLY IN THE PROJECT

- When an In-Kind model is implemented for the realization of a new Research Infrastructure, as well as for the update/enlargement of an existing one, the overall process to deliver, receive, accept, and accredit In-Kind Contributions is a key success factor that needs to be considered from the outset.
- This process has implications in many different areas, like logistics, engineering and technology, quality control and quality assurance, administration and finance, legal and fiscal.
- In order to have a univocal and smooth way of working, all aspects of this process should be clarified with a thorough analysis and mapping of the process itself and the definition of appropriate procedures, guidelines, templates and other applicable documents.
- Also, strong support by the top management has to be sought, in order for all Work Packages of the project to put in place any relevant procedure, guideline, template, and to act accordingly to how the process has been planned.



Lesson Learnt #2

DEVELOPMENTS OF INDUSTRY CAPABILITY AND CAPACITY FOR SUPPLYING BIG SCIENCE PROJECTS

- Working in close collaboration with both industry and Industrial Liaison Offices, with frequent exchange of information by phone, mail, meetings, workshops and other events, can lead to an industry capacitation that ensures a high level of returns on investment to politically justify the country participation in international big science projects.
- Analyzing the case of the European Spallation Source ERIC, the coordination at the national level between the In-Kind Field Coordinators and the ILO Representatives has resulted in a high participation of national industry in both In-Kind Contributions, as well as in direct procurement contracts.
- Furthermore, developments of industry capability and capacity for supplying Big Science Projects was demonstrated as a powerful tool to open new opportunities for innovation, and access to a wider market.



Lesson Learnt #3

CHANGES OF REQUIREMENTS

AFTER SIGNATURE OF TECHNICAL ANNEXES

- It is important to precisely define the characteristics and requirements of an In-Kind Contributions since its initial conception and report the relevant detailed information in a contractual document, that in the case of ESS is called a Technical Annex (TA).
- As in any case, for many different reasons, during the realization of the said contribution, there can be the need to update/change/detail the Technical Annex. It is important to establish, since the early stages of the Project, a precise and reliable change process, with relevant supporting documents (procedures, guidelines, templates, etc.). This in order to support in a planned and ordered way the definition, approval/authorization of the amended contractual document, and the relevant implementations.



Lesson Learnt #4

PARTICIPATION/INVOLVEMENT OF IN-KIND MANAGEMENT REPRESENTATIVES IN THE SUB-PROJECT ACTIVITIES AND SPECIFICALLY IN TECHNICAL MEETINGS

- Management of In-Kind Contributions is demonstrated to be a multidisciplinary activity, with operative implications which change and assume different importance in the different phases of a project for the realization of a new Research Infrastructure, as well as in a project for the major update of an existing one.
- In order to exploit all the benefits of In-Kind Management, the actions of relevant officers must not be limited to one single area of activities (e.g. contractual). Rather they must be given responsibility and authority to deal with matters that span the project from as early a phase as is practicable. These activities include the schedule of IK contributions delivery, impact of quality control and quality assurance aspects, in-kind associated risks, logistics, administrative and legal aspects, taxes and VAT and secondment of in-kind personnel.
- All this, of course, being involved but not interfering with the core activities of the competent organizational technical functions, and supporting the communications and interactions between them and the IK Partner Institutions.



Lesson Learnt #5

COLLECTION OF INFORMATION FROM IN-KIND PARTNERS ON THE REAL SCHEDULE OF IK CONTRIBUTIONS

- With an In-Kind Contribution model, especially when IK Partners are from Member States strictly connected in an ERIC legal entity, like in the case of the European Spallation Source, the Partners Institutions, far from solely being suppliers, are intimately part of the overall organization.
- If the complexity of Contributions, often at the leading edge of current technology, is further considered, it is straightforward to realize that IK Contributions assume a sort of “stochastic” characteristic, with uncertainties and possible adjustments along their realization.
- For all these reasons a continuous and rigorous connection must be maintained between the central site of the Project and the IK Partners, in order to keep under control any possible variation in the real schedule of each contribution and the consequences on the overall schedule of the Project. A continual acquisition of information from the IK Partner should be a regular activity of the Project Office, in order to have a realistic and holistic view of the current situation and future evolution.



Lesson Learnt #6

ESTABLISHMENT OF PROJECT AND PROGRAMME MANAGEMENT OFFICES FOR THE COORDINATION OF IN-KIND CONTRIBUTIONS TO ESS

- Project management in a Pan-European project to realize a cutting-edge technology research facility with a large amount of In-Kind Contributions (IKC) is orders of magnitude more challenging than project management in a usual R&D environment.
- Countries participating with In-Kind Contributions to the projects should maximize, also at the national level, the return of the investment.
- In order to coordinate, supervise and control the appropriateness and coordination of the IKC from the different national IK Partners, the establishment of dedicated Boards and Project/Programme Offices, better if operative since the early stages of the Project, has demonstrated to be a very efficient and effective way to keep under control the quality, costs and schedule of IK Contributions.



Lesson Learnt #7

CENTRAL SUPPORT TO PARTNERS FOR TAX AND TARIFF MANAGEMENT (SPECIFICALLY FOR VAT)

- The management of VAT issues is of paramount importance in any project for realizing/updating a Research Infrastructure.
- If not resolved a priori at the European or international level for the particular kind of organization the project refers to and its relevant legal status, it is mandatory that a full understanding of the VAT situation is reached at a very early stage, before budgets and funding are set and agreements are entered into force.
- Where a central site of the Research Organization is present, the most obvious and efficient way to clarify the implication of VAT with respect to the Host Country, is that the central organization will deal with this matter, as far as legal practicalities allow, on behalf of all the Partners of the Project, in a unique, definite, and holistic way. If Partners are unable to get complete clarity on VAT liability at the outset, they need to budget significant resources, including some at senior level, to devote to this issue.



Lesson Learnt #8

CENTRAL HOST ORGANIZATION MANAGEMENT AND SUPPORT FOR HOST COUNTRY SPECIFIC MATTERS, REGULATIONS AND INTERPRETATIONS

- The greenfield projects do not have the luxury of relying on the accumulated experiences, common practices, or sets of documents developed by the facilities preceding them. As a result, many of these need to be developed from scratch, utilizing valuable resources in the process. One way to circumvent this problem is to involve the Partners in this process, gathering valuable feedback on what works and what can still be improved.
- From the outset the host organization should be funded and resourced to deal with host country specific subjects on behalf of Partners, coordinating with the relevant host country body/authorities, managing any actions directly where possible or advising Partners in cases where Partners are required to take action themselves.
- On top of this, it is of paramount importance to ascertain all possible Host Country specific matters, at a very early stage of a project, and not as the different problems arise later on, in order to be prepared to deal with them in a definite and effective manner. To this end defining the relevant processes and developing the appropriate supporting documents (procedures, guidelines, templates, etc.) is an activity that must be addressed in the conception phase of the project.

Lesson Learnt #9

EARLY DEFINITION AND CONFIRMATION OF APPROPRIATE INSTALLATION PLANS AND SITE ACCESS PLANS

- When in a complex system of In-Kind Contributions to the project of construction of a large Research Infrastructure it is necessary to consider work on site, all the relevant aspects should be identified and appropriately planned at an early stage as possible.
- Adopting a proactive approach will avoid major difficulties at a later stage of the project, when the actual work of installation and commissioning is well on its way and access to the site is necessary.
- A careful planning of on-site activities will avoid the necessity of reactive solutions case by case for difficulties that can arise both from the point of view of the schedule and the budget, as well as from the point of view of personnel management.



Lesson Learnt #10

IN-KIND STAKEHOLDERS MANAGEMENT

- Stakeholders identification and management is a topic of paramount importance in today's organizations, both at the industrial and at the academic/research levels.
- For a green field project, like the European Spallation Source ERIC, this matter is vital, above all when referred to Member States and Partners Institutions contributing In-Kind equipment and service to the project.
- It is then wise, if not mandatory, to set-up since the very early stages of a project a system to collect, retain and maintain appropriate information on each single Stakeholder identified. A structured register or database could well aid this purpose.
- For projects relying on In-Kind Contributions for their realization, a thorough and updated information on each of the relevant stakeholders is key to achieving the results expected in the schedule planned.



Lesson Learnt #11

LEGAL AND FISCAL IMPLICATIONS ON SECONDMENT OF IN-KIND PERSONNEL

- Personnel secondment from In-Kind Partners is a strategic issue in a project for realizing/updating a Research Infrastructure. It can bring great benefits to both the Central Organization (ESS in the specific case), the IK Partner Institution, and the secondee.
- However, secondment is subjected to a complex legislation that must be completely clarified before any IK contract is finalized, as not fully understood requirements and, worse than this, requirements that change in the course of the contract can alter the boundary conditions of the contract with a negative impact on costs and secondary effects on contribution schedule.
- For these reasons it is of paramount importance that the Central Organization takes full responsibility of comprehension of the legal framework and assists the IK Partners for any relevant issue with personal taxation in the Host Country. Also, when negotiating an IK contract for secondment, it is mandatory to figure out which implications could have possible future variations in the legal framework.



Lesson Learnt #12

INVOLVEMENT OF THE IN-KIND MANAGEMENT FUNCTION IN THE SUPERVISION OF THE IK CONTRIBUTION SUPPLY CHAIN

- Any Research Institution wishing to adopt an In-Kind Contribution model, whichever will be the actual form of its implementation, it is of paramount importance to establish a central function for In-Kind Management, defining appropriately its responsibilities and authorities.
- Given that the IK Central Function (IKCF) shall not interfere in any technical or project management decision, it is important, as effective for the whole project, not to limit the field of action of the IKCF in terms of support of any aspect relevant to IK Contributions.
- Hence the IKCF should have competencies and resources appropriate to grant an adequate support to issues like administration and legal, contracts, logistics, quality assurance and quality control, delivery and acceptance, and, for the sake of the topic of this section, IK Supply Chain.



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Thank you!

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