



Horizon Europe: Coordination
and Support Actions



WP3 activity report

17/06/2024

Grant agreement: N° 101079696

WP 3: Introduction and objectives

FINANCIAL architecture WP — Business model for construction and operation of ET

- Investigate the funding architecture to ensure construction, operation and decommissioning of ET considering different legal status, designs and construction settings.
- Set a strong financial model and a common tool for all financial data
- Define guidelines with fair sharing of costs and scientific, industrial and socio-economic returns among all parties



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WP 3: Deliverables and milestones

D3.1 - M36 - Handbook for design and construction phase

D3.2 - M42 - Handbook for operation phase

D3.3 - M48 - Financial Plan and Scenario Analysis

M3.1 - M33 - Constitution / first meeting of the resource board, accompanied by a workshop

There are no deliverables nor milestones yet finalized

The plan of having late deliverables/milestones is a consequence of the dependence of our work on the legal status / site / design choices / ...

WP 3: Tasks

The three deliverables are mainly interlinked and require

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Investigate the funding architecture to ensure construction, operation and decommissioning of ET considering different legal status, designs and construction settings.

- 1) Analysis of the existing RI to capitalize experience (documents etc...)
- 2) Interviews with people from other RI to know pro/cons/problems/solutions/...

WP 3: Past activities

Interview of heads of international research infrastructures (RIs)

	Legal status	WP	Meeting(s)	Who
CTAO	ERIC	WP3	Online	Managing direct and head of finance office
ESS	ERIC	WP2+WP3+ WP7	Online	Head of finance and procurement office
EGO	Public/private Italian institution	WP3	In-person	Director and finance and administration manager
CERN	IGO	WP3	From documentation	
SKAO	IGO	WP3+WP7		Head of finance and procurement office
XFEL	National company (international agreement) GMBH	WP3+WP7		Head of industrial liaison office

WP 3: Past activities

For each international RI we study the same characteristics

Budget system

- Planning of budget
- Council for finance
- Balance
- Loans/Debts
- Recruitment policy
- Secondment policy
- ...

Financial contribution of member states

- How annual contributions are provided and collected
- How to collect in-kind contributions
- ...

Industrial return

- Balance among member states
- Procedure for tendering
- Cap to national supplies
- ...

Procurement rules

- Definition of rules for technical, financial and delivery requirements (keep overall costs as low as possible; purchase with transparency and impartiality principles)

To this aim we have submitted to all RIs the same questionnaire

WP 3: Documents produced

Recruitment process
And attractiveness

STRENGTHS

Recruitment policy shall:

- Set out clear guidelines on how the Organization conducts an effective and professional recruitment process enabling it to meet its objectives.
- Seek to facilitate the movement and residence of nationals of the Members, Observers and Strategic Partners involved in the tasks of the Organization and of the family members of such nationals.
- Guarantee that selection procedures and employment of the ERIC staff positions are transparent, non-discriminatory and respect equal opportunities.
- Encourage the formation of an institutionalized employee representation.

WEAKNESS

ERIC provides autonomy in defining the recruitment procedures but **employment contracts shall be governed by the laws of the country or territory in which staff is employed.** In case of a distributed RI under ERIC legal form it is challenging to establish fair employment conditions and to facilitate the movement of staff from a country to another.

SW
OT

OPPORTUNITIES

Salary scales.

Salaries are benchmarked considering the internal and the external market value of the competence. The aim of the salary scale is to enable the Organization to attract staff based on internationally competitive salary levels.

Secondment.

Representing entities of Member States can second staff as in-kind contribution

THREATS

In the event of an ERIC with interim company established, transfer of personnel from such company to the ERIC does not take place automatically. Company's employment contracts must be terminated and staff is recruited according to the ERIC recruitment policy approved by the Council.

WP 3: Documents produced

Procurement, VAT, ...

STRENGTHS

Autonomy in defining the procurement procedures and the financial rules but mostly **aligned** with the **hosting country and EU regulations**.

Procurement policy shall:

- respect the principles of transparency, proportionality, mutual recognition, equal treatment and non-discrimination.
- ensure that the acquisition of goods and services is made in the most economic and efficient way ensuring sound expenditure of the Organisation's financial resources.
- reflect the principles of Demanded quality at the lowest cost, Accountability and transparency; Competition and equal treatment; Objectivity and professionalism; Efficient, effective and ethical use of resources; Openness

WEAKNESS

VAT exemptions limited to purchases which are for the official and exclusive use by the Organisation and in line with its activities. VAT exemptions limited to purchases exceeding the value of EUR 300.

Excise Duty exemptions limited to purchases which are for the official and exclusive use by the Organisation in line with its activities (purchase must exceeds the value of EUR 300).

SWOT

OPPORTUNITIES

- Capacity to contract with third Parties.
- Costs and financing determined in the Cost Book recommended by the AFC to the ERIC's governing bodies for approval.
- Industrial return under control via IKCs.
- Ability to receive cash and in-kind contributions
- IKCs open to all private companies and public research Institution in the Organisation's partner countries and subject to written contracts
- Update of costs and financial contributions using basic financial tools and projections

THREATS

- Procurement activities firstly limited to EU countries and ERIC members and secondly opened to other countries
- Unforeseen additional costs due to inflation, increase of energy costs, raw materials etc to be negotiated with Governments through their representing entities.

WP 3: Past activities

Support to the BSR drafting group for the document about intermediate legal entity

- Proposal for a fairly balanced model among parties for financing ETO activities:
- Yearly business plan ET Directors determines overall resource need for upcoming year
- Allocation key determines expected contribution per Party
- Attach monetary value to in-kind contributors (proposed model based on DGP, # of ET collaboration scientists or weighted average)

Feedback from BSR and BGR early 2024 :

- Open discussion of in-kind and in-cash contributions
- Interesting proposal about legal entity like ERSF (international agreement and not for profit national company)

WP 3: Current activity

In-depth analysis of key elements to constitute the basis of the financial architecture

	Legal status	Who	Variables
Procurement	All	Lisa and Thomas	construction/operation multi-site option
In-kind	All	Veronica and Attilio	construction/operation multi-site option
Financial regulations	All	Chiara	construction/operation multi-site option
Living document (internal for WP3)		Chiara	Summarise relevant findings to build up our deliverable(s)

- The written analysis is now considering all legal entities to support feedback from BGR
- Scheduled by-monthly meetings so far to keep momentum, will augment the frequency if needed

WP 3: financial manager

Position of financial manager at Laboratory Nazionali di Frascati, central administration of INFN

Structure	Central Administration
Number of seats	1
Profile	Technologist
Level	III
Type of competition	Selection based on qualifications and written and oral tests – Fixed-term – 18 months
Planned activity	<p>As part of the Research Services Directorate, for the activities of work package 3 (WP3) of the EU ET-PP (GA 101079696) project dedicated to the in-depth study of all aspects of the financial architecture for the construction and management of the Einstein Telescope research infrastructure, INFN is looking for an expert (She/He) in finance and administration of research infrastructures to join the international WP3 project team.</p> <p>The objectives of the EU ET-PP project are:</p> <ul style="list-style-type: none"> - ensure the construction, operation and eventual dismantling of ET with various construction and legal alternatives; identify risks (price, time, technological, legal, etc.); - define guidelines for a fair distribution of scientific, industrial and socio-economic costs and returns among all parties participating in the ET consortium; - Define a robust financial model and a common tool for all financial data. <p>Under ET-PP, the main objective of WP3 is to prepare the financial elements of a ready-to-sign contract to jointly finance and build the ET.</p>
Admission Requirements	The general requirements for admission to the Italian civil service.
Profile Access Requirements	<p>Degree in Economics and Business or Business Administration or Political Science or International Relations or Economic and Social Disciplines of the Master's degree or Master's degree in all the equivalent classes pursuant to the Interministerial Decree of 9 July 2009 according to the table attached to the Decree itself or similar foreign qualification.</p> <p>Have carried out professional or research activities for at least a three-year post-graduate or master's degree in the activities provided for in the call. This experience can be achieved also in the context of fixed-term contracts related to planned activities or in the context of technological research grants or scholarships. These activities must be carried out at universities or qualified public and private bodies, bodies or research centres, or at public administrations or public or private companies, including foreign ones.</p>

WP 3: financial manager

March/April 2024
Position opened

May/June 2024
Selection of the committee (3
persons + 1 secretary)

July/September 2024
Selection based on titles and
two tests (written/oral)

Autumn 2024 (as soon as possible)
Starting of the position

We are going to have an in-person meeting with all WP3 components, as soon as the new member is hired (and KULeuven member has joined for the finance of ETO?)

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WP 3: Conclusions

We are working on building up our deliverable with our analysis and living document

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- An ERP for accounting is needed and the choice will be oriented by the international accounting standard adopted (linked to the legal status too). The market offers some major players but the choice will be lead by usability, accessibility, interoperability, and, last but not least, cost.
- We are planning interviews of accountancy heads to choose (ELI ERIC, ...)

Data organisation, interaction with: WP8 for data management and protection, cybersecurity
WP5 for actually handling the cost book

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It is very important to develop a single and interrelated data framework for the management of all the project phases

WP 3: Conclusions

Summary

- WP3 milestone in one year is to have a financial board constituted
- Last deliverable is to define the financial rules:
 1. budgeting, allocation key, IKC weight and handling —> less dependent on legal framework
 2. Procurement, VAT exemption, ...
- How all these activities can evolve coherently ?
- Is the timeline for the cost books aligned with design and site decisions?
- From WP3 we need at least more involvement in ETO activities (related to finance, budgeting and allocations to parties) to work adequately

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We are working on the document also with the aim of:

- Determine how strictly is the financial model linked to the legal status (more in the parallel section WP2/WP3)
- Act already on parts that are fairly independent (cash; in-kind; allocation keys; ...)

Nonetheless the major part depend on the choice of the legal status and we are bind to that decision to deliver our work

WP 3: Conclusions

Concerning the milestone

M3.1 - M33 - Constitution / first meeting of the resource board, accompanied by a workshop

This depends on BSR and ETO and we need to start talking about this in the fall

How realistic it is that in one year we will have finance board constituted ?

How can we mitigate ?



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