Associació WORKING WITH EUROPE G-55211254 Treballant amb Europa	**Working with Europe** Supporting the creation of innovative projects and partnerships across Europe

#WORKING WITH EUROPE COMMENT#

HOW TO KILL A PROJECT!

You are invited to forward this Comment to your National Agency.

In Erasmus minus (2 years) strategic partnerships National Agencies can choose between two pre-payment models: 40-40-20 and 60-20-20.
You might think that this is simply an administrative detail, but it is far from that.
Choosing the 60-20-20 model is a project killer! It can cause serious damage to the implementation of a project.

The problem is not the model itself but the combination with the 70% rule: a project must spend 70% of the 60% at the point of the first year progression report. If not, the project will be in serious problems that will force the project to focus on artificial administrative actions and tricks instead of implementing the project.

There is a long list of reasons NOT to choose the 60-20-20 model and no reasons at all for doing it:

- effectively the first project year is not a 12 months period, but more likely an 8-9 months period (contradicting the “60” model)

- experience shows that it is the nature of Erasmus projects to use considerable time to get in flow and to be much more productive in the second year (contradicting the “60” model)

- the “60” model combined with the 70% rule will force most projects to engage in all sorts of artificial (and sometimes more or less semi-legal) spending at the end of the first year, taking the focus away from the sound progression of the project (based on project needs, not on NA needs), and most like reducing the resources needed along the productive second year) (contradicting the “60” model)

- the “60” model does not support the normal activity curve of a European project with low activity along the first 3 months and very high activity along the last 3 months (contradicting the “60” model)

The 60-20-20 model itself would not cause a problem if NOT combined with the 70% rule, and if unspent resources could be transferred smoothly to the second year budget. This is, however, not at all the case.

It might look like the NA is doing the project a favour by pre-paying a large amount of the grant in the beginning of the project, but it is not. It is putting the project in serious danger and forcing the project to practice a totally unbalanced financial management (unbalanced against project needs).

In short, the combination of the 60-20-20 pre-payment model and the 70% rule can be a real project killer.

It forces a project into a lose-lose situation:
- if the project manages to respect the 70% rule, the project budget will be out of balance for the reaming part of the project

- if a project does not manage to respect the 70% rule, the project will be facing long periods of problems, causing the project to re-focus from implementation to administration (and some project will never recover from these problems)

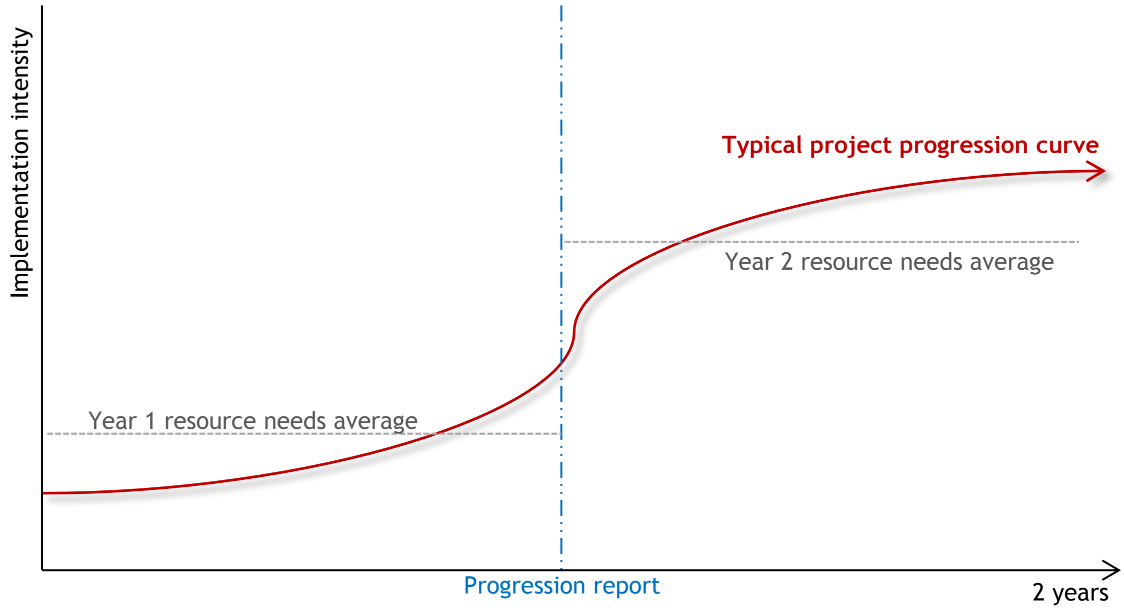
Moreover, these very serious problems add to an already deeply complicated and most critical Erasmus minus situation, in which we are facing increasingly strange and un-European behaviours from a number of National Agencies across Europe.

The National Agencies should NOT be given this pre-payment option in the first place. The rule should be 40-40-20 and that's it!

However, given this option, National Agencies practicing the 60-20-20 model should change their mind immediately and shift to the 40-40-20 model.
Or, alternatively, make very visible the reasons for upholding the project killer model…

[The full comment with estimations can be viewed in the Resources section in www.workingwitheurope.com]

ILLUSTRATION OF TYPICAL RESOURCE CURVE



TYPICAL PROJECT RESOURCE NEEDS BY HEADING AND YEAR

HEADING	YEAR 1	YEAR 2
Management and implementation 0,3 oTB	40% oTBH Average costs along the first year, but with additional web establishment costs 1 year: simple project and financial management	60% oTBH Average costs along the second year, but increasing costs for web tasks, dissemination and exploitation based on production of material, resources and outcomes 2 year: complex project and financial management
Transnational 0,2 oTB	50% oTBH Normal distribution expected	50% oTBH Normal distribution expected, but additional transnational activity likely to be needed to produce final outcomes
Intellectual outputs 0,2 oTB	10% oTBH Intellectual outcomes are depending on the production of considerable project resources, not likely to happen along the first year	90% oTBH Most intellectual outputs will be based on the project activity and will therefore take place in the last 6 months of the project
Training activities 0,1 oTB	40% oTBH First year training activities will most likely target partner and collaborator staff	60% oTBH Second year training activities will most likely concern the project's target groups, and these resources will need to be produced along the project and implemented in the second year
Multiplier 0,1 oTB	10% oTBH As these events are strictly linked to intellectual outputs they cannot take place in the first project year	90% oTBH As these events are strictly linked to intellectual outputs they will need to take place in the last 6 months of the project
Exceptional 0,1 oTB	30% oTBH Such costs are often linked to special resources for translation or media work and therefore linked to the production of intellectual outcomes or final web work, only taking place to a limited extent along the first project year	70% oTBH Such costs are often linked to special resources for translation or media work and therefore linked to the production of intellectual outcomes or final web work, and are therefore likely to take place in the second year

Conclusion

A typical Erasmus minus strategic partnership would need 40% of the total budget in the first year and 60% of the total budget in the second year.
As only 80% can be pre-paid, this calls for a pre-pre-payment of **30%** in the first year and **50%** in the second year, leaving precisely 20% for post-project payment.

Respecting the 80% pre-payment rule, it looks like this:

	Year 1	Year 2
Real need	30%	50%
40-40-20 model	40%	40%
60-60-20 model	60%	20%

As can be seen, a typical project can respect the 70% rule in the case of the 40-40-20 model (as 70% of 40% is 28%), but cannot in any way respect the 70% rule in case of the 60-20-20 model (as 70% of 60% is 42% and way beyond the 30% spending) – also taking into account that the 70% rule is a minimum rule! In practice this means that the project will need to spend not 70% but rather 75% of the 60% along effectively a period of 8-9 months - not to get in trouble…

As easily seen from the general project progression curve and the specific resource needs table, the combination of the 60-20-20 pre-payment model and the 70% rule totally contradicts the needs of a typical Erasmus+ strategic partnership project and forces a project to engage in a very unbalanced management of its financial resources.