



METODIKA

The proposed institutional funding principles and their rationale

**Barbara Good, Brigitte
Tiefenthaler**

www.metodika.reformy-msmt.cz



INVESTICE DO ROZVOJE VZDĚLÁVÁNÍ



Context (1)

- **We were mandated to design a multiple-component funding system that mandatorily uses the results of the New Evaluation Methodology**
- **This means, the New Evaluation Methodology does not only provide feedback for learning and institutional development but is also used for decisions about institutional research funding**
- **Specific starting point in the Czech Republic**
 - Lack of good governance in the public sector, on the principals' side (funding providers)
 - Lack of ownership on both sides
 - Lack of trust of citizens in public institutions

Context (2)



- **Institutional funding: a long-term working relationship between two organisations:**
 - a funding body or provider (the principal)
 - a research organisation (the agent)
- **Public institutional funding expresses responsibility by the state**
 - the state takes an interest and a stake in the research organisations it co-funds
- **The most common understanding for institutional funding is to provide**
 - Continuity
 - Stability
 - Sustainability
 - Resilience
 - and incentives for institutional development



The core funding principles

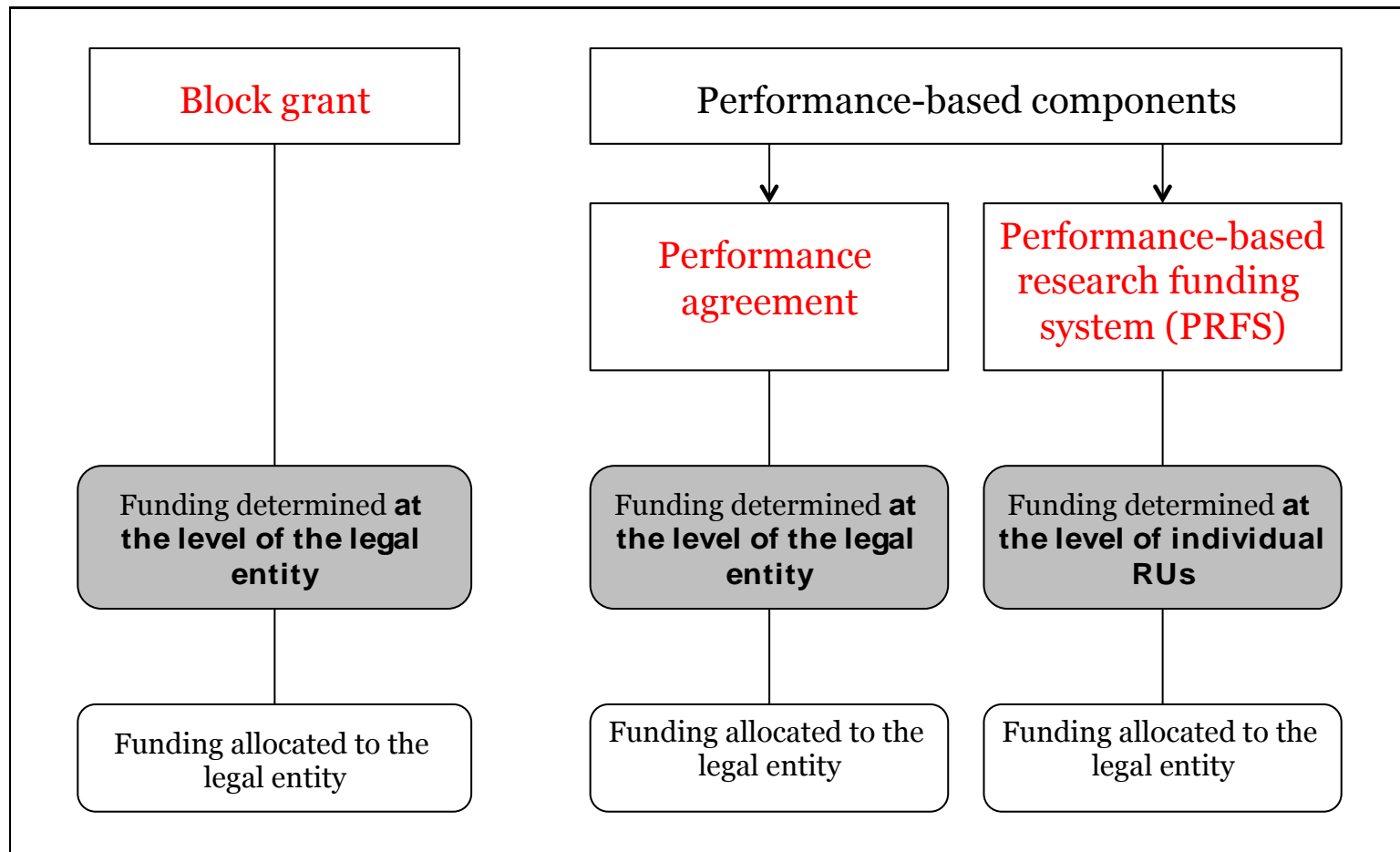
- **Different ,pots‘ (budgets) for different types of research organisations (RO)**
 - Different types of RO fulfill different missions in the research system
 - Hence they should not be made to compete for the same budget pot
 - Competition will be restricted to groups of RO with comparable mission
- **How much money to allocate to different pots is a policy decision**
- **As a starting point we suggest: take the current expenditure on institutional research funding per RO (mean values over several years)**
 - This starting point is based on the coffee mill, but it is predictable, transparent, and provides stability
 - Funding mix at the institutional level (i.e. funding shares of institutional/targeted/contract research) needs to be taken into account when deciding on size of pots

Components of the funding system



- **Block grant**
 - To ensure trust, continuity and stability
- **Two performance based components**
 - **Performance based research funding system (PRFS)**
 - Allocates funding based on the results of the new Evaluation Methodology
 - Allocates funding based on past performance
 - **Performance agreement**
 - Negotiated and concluded between research organisation and its ministry (or funding ministry and founding ministry in case the founding ministry has lost its R&D budget)
 - Light touch performance agreements, focused on strategic projects to promote institutional development
 - They are future oriented

Allocation of funding by component



Source: Technopolis Group

Recommended shares of components in the funding system



- **At the national level, expenditure side – i.e. the pot to be distributed**
- **Shares the same for all types of research organisations in the 1st period**
- **Block grant: 80% of pot**
 - In order to provide stability
- **Performance-based research funding system: 15% of pot**
 - In line with international practice
 - Small PRFS shares effectively steer behaviour – not only through funding but also measure of esteem
- **Performance agreement: 5% of pot**
 - Relatively new instrument in the Czech Republic
 - Opportunity to build up capacity to negotiate, implement, report on and supervise performance agreements
- **In future funding periods shares can be altered**

Composition of institutional research funding at the level of RO



- **At the institutional level, income side – i.e. the institutional research funding received by an RO**
- **Block grant: 80% of the amount received in the preceding funding period**
- **Performance agreements: 5% top up to the block grant if concluded**
 - 0% if no performance agreement is reached
- **Performance-based research funding system: share depends on the results of the evaluation – can be smaller or larger than 15%**
- **Stability: no RO will receive less than 80% of the amount received in the preceding period**
- **Competition and incentives for development through performance agreement and PRFS funding components**



Performance agreement

- **Set up individually between a RO and its relevant ministry (or ministries) for periods of three years**
- **Focus on well defined strategic project(s) that support institutional development and are attractive and relevant for both sides, e.g.**
 - to set up an internal quality assurance system
 - to establish an attractive, internationally compatible career path for research staff
 - to enter into a new research field or tackle a new set of problems through research
- **It is an agreement, not a contract**
 - Reporting: annual progress reports and annual progress meetings
 - Deviations from plan to be dealt with in progress meetings
 - The first period of performance agreement is for learning and capacity building
→ no sanctions (exception: wilful underachievement)
 - From second period on: sanctions will be defined in the performance agreement

Performance based research funding system



- **The New Evaluation Methodology provides us with scores against five evaluation criteria at the level of research units (RU)**
 - Research excellence; Research performance; Societal relevance; Institutional management and development potential; Membership in the national and global research community
- **PRFS pot gets divided into sub-pots by weighted evaluation criteria**
- **Setting weights requires a policy decision. Guiding principle:**
 - Weights must be in line with the RO's mission and with ministries' strategies for their RO
- **Separate pots for separate types of RO and different weights attached to the five evaluation criteria will sufficiently take into account the differences between different types of RO**
 - Provided the New Evaluation Methodology does justice to the different types of RO



METODIKA

Děkujeme za pozornost!

www.metodika.reformy-msmt.cz



INVESTICE DO ROZVOJE VZDĚLÁVÁNÍ