On the Simplification of Community Funding for Research: Some Basic Principles

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Three Basic Principles

Simplification is about

1. Developing **trust**

2. Managing **complexity**

3. Providing a **service**

and an underlying theme

Competition as a Discovery Procedure (F.A. Hayek, 1968)

1. Trust

- Without trust things become *really complex*...
- But trust is not blind faith!
- Accountability is part of it, but just part of it
- Auditing is a poor form of accountability

Trust about

- The rules of the game
  - How the rules are applied
  - How the rules are followed

- The funding process
  - How funds are assigned: competition and evaluation
  - How assigned funds are spent

Funding made simple:

The Olympics of Science & Technology !

- Competition for a well defined discovery

   (a specific vaccine, a pre-specified solar cell, a missing theorem, etc.)

- Competition for an S&T well defined service

   (monitoring & forecasting earthquakes, etc.)

- Recognition of well defined achievements

   (e.g. publication impact, according to…)

Set rules, publicize, use tournaments or prizes as instruments, set a jury, and assign contracts or prizes.

then, trust is about

- **The rules of the game**
  - How the rules are applied
  - How the rules are followed

- The funding process
  - How funds are assigned: competition and evaluation
  - How assigned funds are spent

  (simple assignment and accountability of funds; audits may only be needed for the execution of contracts)

Funding made *apparently* simple I:

The Olympics of Challenges!

- Define a (social) challenge (e.g. global warming)
- Competition for who (a large consortia) will best address the challenge!
- Assign funds in a simple manner (e.g. lump sums) to the winner (who takes it all!).
- Audit the winner (or ask the winner for an audit)?

Funding made *apparently* simple II:

The Olympics of Challenges!

- Define a (social) challenge (e.g. global warming)
- Competition for who (a large consortia) will best address the challenge!

- Assign funds conditional on a pre-set schedule of *deliveries* from the winner (internet delivery).

- Audit the winner (or ask the winner for an audit)?

Small problem:

For most part, the Scientific and Technological Process is not an Olympic Game!

We may know a scientific and/or social challenge in general terms (e.g. financial crisis), but it is precisely part of the S&T process to define specific problems, proper methods, etc.

The problem is not just of assignment of funds to a winner to perform a well defined task, or to recognize past achievements.

then, trust is about

- The rules of the game
  - How the rules are applied
  - How the rules are followed

(some rules are needed, but cannot be so precise)

- **The funding process**
  - How funds are assigned: competition and evaluation
  - How assigned funds are spent

(but it is not a straightforward assignment process, and audits cannot tell if funds are properly spent)

The Scientific and Technological Process
Competition and Evaluation as a Discovery Procedure

- There is **an intrinsic complexity**, which requires ex-ante and ex-post expert evaluation (not only for basic science)

- Competition can stimulate the best proposals ex-ante, *and* if it is maintained (among few successful contenders) can help discovery ex-post.

2. Managing complexity

- The intrinsic complexity cannot be avoided, can be at most displaced.
- Alternatively, any attempt to avoid it (to artificially simplify it) will endanger the same S&T process.
- Who manages this intrinsic complexity?

  (this is the problem DG Research is currently facing)

Managing complexity

- Can evaluation of results and of spending of funds (audits) be separated?

- They cannot be confused, but funds have to be related to the research been performed.

  (auditors cannot tell, scientists and scientific officers should be able to tell)

- The link between research and funding should be made at the proposal stage.

- Audits – for large sums of public money -- are still needed, but cannot play an important role.   .

Managing complexity

- **Reputation** provides strong incentives.
- Scientists, Firms and, even more, R&D organizations have long-term relationship with funding agencies (when competition is not once-and-for-all).
- Ex-post evaluations are additional signals to enhance or diminish acquired reputations.
- Once **intrinsic complexity** is properly managed, **redundant complexity** can be radically simplified!

3. Providing a service

- Set stable, not ad-hoc, and well publicized calls.
- Avoid insiders' language.
- Make sure that there are enough new entrants.
- Let users define the right size and partnerships (among **a few** instruments or support schemes).
- Ask users to relate research and funding from the beginning.
- Rely on reputation and ex-post evaluation, rather than on control of deliveries.
- Limit audits to the strictly necessary.

Community Funding for Research

- It's not about distributing funds to researchers because they deserve it.

- It's about distributing funds to researchers because they can generate new ideas and innovations.

- It's about stimulating competition as a discovery procedure, a process with its own intrinsic complexity.

- But redundant complexity stands on the way of new ideas and innovations.

- That's why we need proper simplification!

Thanks!