

2658 PSF Latvia – Preparation 1st Country visit

Update March 22nd

1 GENERAL

1.1 Request:

The main outcome expected from the PSF project will be a report that will include concrete recommendations (and their detailed rationales) to complete the reform of the public research funding system so as to foster its effectiveness, efficiency and fairness according to international standards of science funding.

1.2 Objectives:

1. Review the funding allocation systems & processes (project & institutional funding)
2. Propose overall institutional/organisational structure for the management of the funding system
3. Propose the fundamental elements of the organisational model for each of the organisations to be part of this structure
 - Including possible competences, governance, and relationship with government, industry and research communities



Goal and expected outcomes of the PSF

Optimization of governance and organization of research funding system in the way that it would be:

- Organized efficiently and would allow meeting goals of the three types of competitive research funding programs stipulated by the Law of Scientific Activity;
- Fair and effective funding of research according to international standards of science funding, given the size of Latvian research system;
- With potential to raise additional funds for the purposes of financing those research programs;
- Innovative and forward thinking.

1.3 Literature and Reports:

Our work is based on the Background report as well as:

- European Semester Country report 2016 & 2017 when published (expected by end of February),
- LV RIO report 2015,
- World Bank analysis and assessment 2014 (ongoing),
- Technopolis Research assessment and Innovation Systems Review 2014,
- background papers (regulations and programmes) from the Latvian authorities

(all documents are available on SharePoint).

2 TOPICS, QUESTIONS AND ISSUES

2.1 System's Coherence:

Policy mix, balance and systemic coherence of funding programmes and initiatives

- How compatible are the new measures, models, and regulations with each other and with existing structures? Are there overlaps, contradictions, unintended results?
- Are research priorities linked with innovation measures, with national and industrial needs?
- How about the balance between demand-side and supply-side measures?
- How can the award criteria of competitive funding programmes be tailored to better reflect national RDI priorities (RIS3 directions, etc.)?

2.2 Research and HEI funding

Assessment of the forthcoming policy changes in the research funding system (new regulation for the selection, financing and implementation of Governmental Research Programmes and Fundamental and Applied Research projects). Definition of competences and functions of institutions involved in research administration and financing. Analyses of the connection between research funding and HEI funding

- What are the competences and functions of institutions involved in research funding (programme design, implementation, and administration)?
- Which steering mechanism government can be used to improve research quality (HEI funding, programme funding) and how do they interlink?
- What is the degree of autonomy of HEI, the role of target contracts? How do the mechanisms for fostering research-based higher education (research pillar of HEI funding mechanism) work? What will be the future of RAE, of PRFS? (also a question for a possible telco with the World Bank team in May)
- What could be an optimal balance between institutional funding and competitive project funding (2016: 17% institutional, which was considered as too low both by RIO and by Technopolis)?
- What would a fair and effective funding of research need (according to international standards and tailored to the Latvian situation)?
- What is the current state of art and what are possible improvements in use of international of peer-review for funding allocation and performance of research institutions?
- How could the potential assessed to raise additional funds for the purposes of financing research programs e.g. from sectoral ministries, state enterprises and private contractors (together with 3.)?

2.3 Strengthening the capacity for innovation

- Are actual measures enough to encourage private sector's innovation capacity?
- How does coordination of MoE and MoES and the related agencies work? How is the compatibility with RIS3?
- Do the defined areas of competence and associated research institutes (centres of scientific excellence) match the strategic orientation (national R&D&I strategy, RIS3)? Are they tailored to the Latvian situation?

- Is the number and size of instruments promoting cooperation between academia and industry adequate? (RIO: “With the aim to promote cooperation between academia and industry in the recent years a plethora of measures have been continued or introduced”)
- Should market-oriented research reintroduced?
- How could the potential be assessed to raise additional funds for the purposes of financing research programs, e.g. from sectoral ministries, state enterprises and private contractors (together with 2.)?

2.4 Governance and intermediate / advisory / funding bodies

- Structure and governance, including the number and organisation of agencies, the division of labour between ministries and agencies, the sector principle, and the role of the Research and Innovation Council and others in coordination.
- How do the different councils and agencies work together? How are they linked to ministries /political level and how are they coordinated?
- What is needed to introduce the new regulation for the selection, financing and implementation of Governmental Research Programmes and Fundamental and Applied Research projects: What competences are needed? What tasks and function should the institutions involve fulfil?

3 PANEL MEMBERS: DIVISION OF LABOUR / MAIN FIELDS OF EXPERTISE

Each expert is responsible for one or more thematic areas based on his/her expertise. The following division of labour is proposed (willingness was already expressed):

1. System’s coherence: **Dorothea**
2. Research and HEI funding: **Pepe**
3. Strengthening the capacity for innovation: **Susana**
4. Governance: **Erik**

The project will benefit a lot from inputs of both **Philip** (esp. when it comes to recommendations for the administration) and **Indrek** (esp. communication with higher political levels) but as Peer experts they don’t take the responsibility for a thematic area.

Role of the experts during the meetings (moderator or discussant): “to lead the substantive discussions, preparing and formulating the main important questions, focusing on the content-side of the discussions, eventually also taking notes of the answers.” (quoting Susana)

After the country visit the experts will provide analytical input and draft relevant sections for the First Draft final report.

4 MAIN RESULTS OF THE TELCO ON MARCH 22ND

- The 1.5h meeting on Monday morning is a) for the team only and b) with the coordination team of MoES (see updated agenda in red)
- The meeting on March 28 11-12.30 will take place in the form of two parallel sessions to manage better the high number of companies participating; in one group there will be Erik, in the other Susana (see updated agenda in red)
- As the World Bank team isn’t available during our visit, MoES offered to organize a telco in May
- On March 28, as of 4.20 we’ll have a cultural programme without meeting scientists
- The MoES asked if it was possible to have the meetings with the CEOs of Latvenergo (March 27) and Lattelecom (March 28) with a smaller group (experts+peers+EC+Latvians = 13!); we couldn’t agree upon what basis we could split the group – will be a topic for discussion/agreement on Monday morning

Draft Agenda of Country visit of Policy Support Facility Panel to Latvia

March 27—29, 2017

DATE	TIME	EVENT	VENUE	NOTES
March 27	9.00 – 10.30 Dorothea	Meeting with the coordination team at MoES Possibility for an exchange among the Panel members only	Ministry of Education and Science	Last Comments on Agenda, Emphasis and most important players, Background Information, Logistics
	10.30 – 11.00	COFFEE BREAK		
	11.00 - 12.55 Erik	Meeting with MoES and other line ministries: Ministry of Finance, Ministry of Economy, Ministry of Culture, Ministry of Agriculture, Ministry of Health.	Ministry of Education and Science	Competences and Responsibilities – connections to agencies/intermediary institutions, Importance of research funding for the different line Ministries, General political goals connected with research, Balance and Governance of the system, Recent reforms and main recent Challenges, Potential sources of additional funding for Research
	13.05 - 14.05	LUNCH BREAK		
	14.20 - 15.40 Dorothea	Meeting with MPs from Committee on Education, Science and Culture, Committee on Budget and Finance (Taxes), Committee on Economy, Agricultural Environment and Regional Policy, Committee on Sustainable Development	Parliament	Importance of research in the political debate, Most important political goals concerning research and innovation, Central strengths and weaknesses of the Latvian Innovation System, Potential sources of additional funding for Research and Innovation
	15.40 – 16:00	Change of Venue		
	16.00 - 17.00 Susana	Meeting with public companies	AS “Latvenergo”	Assessment of the situation of state companies, actual measures to encourage sector’s innovation capacity, defined areas of competence, orientation of innovation policy, instruments promoting cooperation between academia and industry
	17.00 - 17.30	Change of Venue		

	17:30 – 18:30 Pepe	Group of individual researchers from HEIs and Research Institutes	Academic Center of UL	Assessment of the forthcoming policy changes in the research funding system (new regulation for the selection, financing and implementation of Governmental Research Programmes and Fundamental and Applied Research projects), Assessment of the new HEI funding system (future of RAE, PRFS) Balance between institutional funding and competitive project funding, Degree of Autonomy of HEI and Research Institutes, Role of target contract, Potential to raise additional funds e.g. from sectoral ministries, state enterprises and private contractors
	19:30 – 21:00	Wrap-up findings of the first day and WORKING DINNER Group of individual researchers from HEIs and Research Institutes		
March 28	9:00 – 10:30 Susana	The Latvian Chamber of Commerce, Foreign Investors Council, LATKFA – Latvian Association of Chemical and Pharmaceutical Industry LIKTA – Latvian Information and Communication Technology Association, Latvian Start-up Association and others	Chamber of Commerce	Goals and Activities of Chambers and Association, Role and Influence, Assessment of the general state of the Latvian Innovation System, Assessment of Measures to encourage private sector's innovation capacity (including recent changes), Potential to raise additional funds
	10:30 - 11:00	Change of Venue		
	11.00 - 12.30 Group 1: Susana Group 2: Erik	Meeting with companies and Employer's Confederation of Latvia in two groups	Employer's Confederation of Latvia	Assessment of the situation of private industry, entrepreneurs, start-ups (in relation to state companies), actual measures to encourage private sector's innovation capacity, defined areas of competence, orientation of innovation policy, instruments promoting cooperation between academia and industry.
	12:40 - 13.20	LUNCH BREAK		
	13:20 – 13:30	Change of Venue		

	13.30 - 14.30 Susana	Meeting with state/public companies	AS Lattelecom	Assessment of the situation of state companies, actual measures to encourage sector's innovation capacity, defined areas of competence, orientation of innovation policy, instruments promoting cooperation between academia and industry
	14.30 - 14.50	Change of Venue		
	14.50 – 16:00 Pepe	Latvian University Association, Association of State Research Institutes, Rectors' Council, Association of Young Scientists of Latvia	University of Latvia hall of Senate	Assessment of the forthcoming policy changes in the research funding system (new regulation for the selection, financing and implementation of Governmental Research Programmes and Fundamental and Applied Research projects), Assessment of the new HEI funding system (future of RAE, PRFS) Balance between institutional funding and competitive project funding, Degree of Autonomy of HEI and Research Institutes, Role of target contract, Potential to raise additional funds e.g. from sectoral ministries, state enterprises and private contractors
	16:00 – 16:20	BREAK and change of venue		
	16:20 – 18:00	Culture programme and meeting with group of scientists	Latvian National Museum of Art	
	19:00 – 22:00	WORKING DINNER and Wrap-up findings of the second day		
March 29	8:30 – 9:30 Dorothea	Meeting with Central Finance, Contracting Agency (together with Ministry of Finance)	Central Finance and Contracting Agency (TBC)	Role of CFCA with respect to the implementation and oversight of R&D funding flows, Connection and Coordination with SEDA, Efforts and Success so far concerning the improvement the efficiency of investments, minimising costs and bureaucracy, Intention of the Ministry of Finance (concentration of EU fund allocation and oversight in the hands of one institution).
	9:30 – 10:00	Change of Venue		
	10:00 – 11:00 Susana	Meeting with Ministry of Economics together with Latvian Investment and Development Agency	LIDA	Mission and Main objectives of the Latvian Investment and Development Agency, recent changes of focus, Concrete efforts and success so far in promoting business development, Balance between national programmes and SF co-financed programmes such as the Competence

				Centres programme, Innovation Vouchers, Business Incubators, Division of work and coordination of activities between LIDA and MoE.
	11:00 - 11:20	Change of Venue		
	11:20 - 11:40	COFFEE BREAK		
	11:40 – 12:10	Meeting Minister of Education and Science	Ministry of Education and Science	Welcome and Introduction, Expectations, General Estimation of current situation
	12:10 – 13:10 Pepe	Meeting with Academy of Science, Research Council, Study and Science Administration and State Education Development Agency	Ministry of Education and Science	Role of Council and Academy in recent debate and reform process, Current State and future of the Peer review system: Implementation of state funded fundamental and applied research projects, Interaction between Research Council, Ministry of Education and Science and Administration of Study and Research.
	13:10 –13:30	Change of Venue		
	13:30 – 14:30 Erik	Meeting with Ministry of Education, State Chancellery and Cross-sectorial Coordination Centre.	State Chancellery (TBC)	Overall Structure and governance of Research and Innovation funding, Links between Councils /Agencies and Ministries, Coordinating tasks, Efficiency of the system, Competences needed, functions of institutions involved in research administration and financing. Analyses of the connection between research funding and HEI funding

