

Perform: Support for Social Sciences Research Institutes

Proposal for Service Centres

1 Summary

Requested:	EUR 100,000
Jointly by:	Institute of Social Sciences (IDN) and Institute of Economic Sciences (IEN) , both in Belgrade, Serbia
For:	Establishing a self-financing 'Service Centre' to assist in the management of the research grants application and management process, and building the Institutes' capacities in this field.
Overall objective:	Contribute to the wider reform of the social sciences research sector
Specific objective:	Demonstrate a successful model of support to research institutes for accessing and managing grant funds for social sciences research
Justification	<p>The social sciences research sector in Serbia has for some decades been almost exclusively funded from government sources with little regard for performance criteria. This is set to change with the introduction of a new legal framework.</p> <p>At the same time, there are many opportunities for grant funds for social sciences research.</p> <p>The social sciences sector must develop greater skills and effectiveness at applying for, winning and managing grant funds for research.</p> <p>Competences in grant management are essential for the survival of the sector, because government funds will become more competitive and performance related, in line with other funding sources.</p> <p>This project is a systemic approach to reforming the sector that is designed to be both effective and sustainable.</p> <p>The Service Centre will play a key role in enabling both Institutes to improve their effectiveness in applying for, winning and managing research grants.</p> <p>In the medium term, the aim is for the Service Centre to become self-financing from a share of grant funds won.</p>
Why support is needed:	The requested funds are needed to cover the start-up costs and likely cash-flow delays of the Service Centre for the first two years. It is projected that by the third year, the Service Centre will be self-financing.

2 Introduction

This proposal seeks support for a project which will contribute to the reform of the social sciences research sector in Serbia, and assist in making social sciences research both more relevant to policy makers and less dependent on government funding.

The idea is to establish a Service Centre which will provide practical support to the **Institute of Social Sciences** and the **Institute of Economic Sciences** in the process of applying for and managing research grant funds.

The role of the Service Centre will be to scan for appropriate research grant opportunities, support both institutes in the process of applying for funds, and, once won, assist the institutes to manage funds and report to the funders.

After an initial period estimated to be around 2 years, the Service Centre will become self-financing, based on contributions from the grant funds won.

The Service Centre will also play a key role in building the knowledge and skills of academic researchers to apply for and manage funding for their research.

By steering the Institutes towards research grant funds, the project will also contribute to the reform of the social sciences research sector by making research more relevant.

3 Background

At present, social sciences research institutes in Serbia are largely funded by the State through the Ministry of Education, and have few (or no) performance criteria to justify funding. This is set to change with the introduction of amendments to the law on scientific research¹. The proposals will change the way in which research is funded by government, increasing the demand for more relevant research and at the same time aiming to reduce dependence on the state. In order to survive – and thrive – all government funded research institutes must work hard to find new sources of funding.

Social sciences research is critical to the public sphere in Serbia. Serbia's transition to become a member of the EU requires a radical transformation of the legal and institutional framework. The introduction of policy has hitherto been based on scant evidence from the social sciences sector. In order for policy to be effective it needs a much sounder evidence base. In turn, this means the country needs a better performing social sciences research sector, providing better quality and more relevant information for policy makers.

One of the key elements to this reform process is for the Institutes to be better at attracting grant funds from institutional donors. There are many opportunities for research institutes in Serbia to attract grant funds. These include funding for small research from embassies companies and other institutions within Serbia; medium sized grants from regional sources such as within the context of the EU Strategy for the Danube Region; and larger grants from Horizon 2020 for which Serbia is eligible.

To date, the sector performs poorly in attracting grant funds, and there is clear recognition within the two leading social sciences institutes that fundamental reform is needed.

The Swiss government funded project 'Perform' has a mandate to facilitate systemic changes within the social sciences research sector. This proposal has been prepared with the support of the Perform project.

¹ predlog zakona o izmenama i dopunama zakona o naučnoistraživačkoj delatnosti/Draft law on amendments to the law on scientific research affairs

4 Objectives and Intervention Logic

The aim of the project is to test a model for supporting social sciences research institutes to obtain and manage grant funds for research.

This means that the project will:

- i. contribute to the wider reform of the social sciences research sector
- ii. demonstrate a successful model of support for accessing and managing grant funds for social sciences research.

Proposed Model

The model proposed is a 'Service Centre' which will provide direct assistance to two research institutes, the Institute for Social Sciences and the Institute for Economic Sciences, both in Belgrade.

The Service Centre will be a shared unit providing support to both Institutes, and will initially be established as citizens' association founded by both institutes.

Functions of the Service Centre

The Service Centre will provide the following functions.

Support for grant applications:

- scan for research grant opportunities and share with researchers
- search for and identify potential institutional partners for research opportunities
- manage the process of preparing grant applications, including coordination of inputs from researchers
- assist and advise researchers with the quality of their proposal inputs
- prepare budgets for research proposals based on standard costs

Support for grant management:

- assist and advise researchers on grant management, including record keeping and reporting
- oversee research processes
- ensure researchers meet planned deadlines
- support preparation of technical reports
- prepare financial reports

While the key functions will be related to grant applications and grant management, the Service Centre will also be providing critical support to the researchers by **building their capacities** to identify and apply for grants and to manage grants.

It is anticipated that the Service Centre will start work with a team of four people, growing over three years – if successful – to an optimum of six.

The initial work for the first year will involve testing out approaches for the core functions, and **designing the systems and procedures** required to manage its work effectively and efficiently.

Impact on Researchers

The Service Centre will contribute to researchers' increased capacities to identify, apply for and manage grant funds.

While the Service Centre will perform its primary functions as identified above, it is planned that the Service Centre will also concentrate on ensuring that researchers learn from working with the Service Centre to improve their own awareness and skills.

The Service Centre is expected to use a mixture of formal training, information and communication, and informal coaching to assist researchers build their skills and confidence in the granting process.

This work will result in researchers being:

- More aware of relevant grant opportunities
- Able to produce better quality grant applications
- Able to inform preparation of more realistic budgets
- Able to manage grants on time
- Able to produce better quality narrative research reports for donors.

This process of developing researchers' capacities will take time. Both institutes are keen to take on younger researchers, and with additional grant funding this will be possible. More, and younger researchers will themselves in turn accelerate the process of culture change within the Institutes.

Impact on Institutes

The Service Centres are expected to have a profound impact on the work and organisation of the Institutes.

First, the information on grant opportunities from the Service Centres will provide an orientation for the Institute towards research topics that have **greater relevance** and are more likely to attract funding.

Second, a more systematic approach to identifying and selecting grant opportunities will mean grant applications are **managed more efficiently** with increasing success. Decision-making about which grant opportunities to actually apply for will rest with the management of both institutes, and this will ensure full ownership of the work of the Service Centre.

Finally, more appropriate research will strengthen the reputations of both Institutes, and strengthen their standing in wider policy processes.

Impact on Wider Social Sciences Research

The Service Centre aims to demonstrate a model of grant management that could have a wider influence on the social sciences sector as a whole. If successful, this influence could work in at least two ways. It could provide a model to be replicated by other institutes either individually or in partnership. And there is also the possibility for other institutes to join with the IEN and IDN as founders of the Service Centre and to benefit from its services.

In both cases, the consequences should be that the sector as a whole increases the proportion of its funding from grant sources, reduces dependence on government funds and becomes more oriented to the 'market' for research – both in terms of grant funds and for other forms of performance-linked research funding.

5 Rationale

Both Institutes expressed a desire to strengthen their capacities for winning and managing research grant funds. The forthcoming legal and institutional changes will cut regular income from government budgets to all research institutes, and introduce elements of greater competitiveness and performance for these government-owned institutes.

The institutes are currently unable to recruit new staff because of government imposed cuts. This recruitment ban is expected to last at least to the end of 2016. Neither institute currently has the skills or staffing capacity to be able to take on the functions required for greater grant funding.

Establishing a specific Service Centre for this purpose enables both Institutes to be able to access the required skills and expertise, and at the same time to use those skills to build the capacities of existing staff.

The Service Centre is envisaged as both a service provider and an agent for change.

The two institutes already have an agreement to foster closer cooperation, and this project would further this objective. Cooperation between the institutes on this project means that the risks are effectively halved, while the benefits are doubled. Costs can be shared, and both Institutes receive assistance in the grants processes and develop their capacities.

It is envisaged that more research institutes in related fields might also join the Service Centre as founders, and therefore in the medium term risks can be further reduced and benefits increased.

6 Feasibility

As part of the preparation for this proposal, a business model was constructed to work through the best options for income, expenditure and staffing based on a consensus of assumptions from the two Institutes.

A summary of the results of this model are presented below.

Key Data	Year 1	Year 2	Year 3	Unit
Assumptions				
Total Number of Staff	5	5	6	FTE
Number of grant applications	60	60	60	applications
Time spent preparing bids	750	750	750	person days
time spent partnership development	50	50	50	person days
time spent scanning grant opportunities	100	100	100	person days
time spent managing grants	75	130	185	person-days
time spent on other admin	100	100	100	person-days
total workload	1075	1130	1185	person-days
Expenditures				
Cost of Staff	48,000	48,000	57,600	EUR
Travel costs	25,000	20,000	20,000	EUR
Office costs	5,000	5,000	5,000	EUR
Total Expenditures	98,000	73,000	82,600	EUR
Income				
Total value of grants won	235,000	430,000	625,000	EUR
contribution to Service Centre	53,750	92,500	107,500	EUR
annual subscriptions from Institutes	8,000	8,000	8,000	EUR
TOTAL Service Centre income	61,750	100,500	115,500	EUR
Forecast SC surplus/deficit	- 36,250	27,500	32,900	EUR
Grants contribution for Research Institutes	173,250	329,500	509,500	EUR

The full model showing all assumptions and variables is available as an annexe to this proposal.

A key issue for the Service Centre in its first two years is **cash flow**. The business model suggests that the Service Centre is feasible and will be able to cover its own costs by the

second year. However, delays in receiving income from grants mean that the cash flow is likely to be negative for at least the first year, and possibly the second.

The table below shows the predicted cash flow forecast, assuming an average **delay in the receipt of grant funds of 6 months** following submission of proposals. This illustration shows the situation *without* the requested support of EUR 100,000.

Cash Flow forecast				
	Year 1	Year 2	Year 3	
Surplus/deficit carried forward from previous year	-	-	67,125	8,125
Expenditure in year	98,000	73,000		
Income in year	30,875	81,125	108,000	
Net surplus/deficit	-	67,125	8,125	25,400

Start up costs and cash flow is therefore the reason for seeking external support to finance the Service Centre model for the first two years.

Additional external funding will give the Service Centre a chance to demonstrate the concept and provide opportunities for adjusting the model should some of the assumptions prove to be different to experience in practice.

The annual budget for the Service Centre's costs will be around 70-80,000 EUR. The first year will require some start-up costs (estimated at around 20,000 EUR) for equipment and IT systems.

The income for the first year will also be lower: more time spent setting up systems and procedures will mean less time for applying for grants. This will pay back in the second and third years with more efficient management of the grant application process.

As more grants are won, more time will be needed to manage research grants, and so staffing levels will rise gradually over the three years.

Therefore, this proposal is seeking 100,000 EUR in support over two years.

This will roughly break down as:

- EUR 65,000 for year 1
- EUR 35,000 for year 2.

Given that the model suggests research grants won to the value of 500,000 EUR or more per year after three years, this is a sound investment in a reform process that will generate significantly more returns than the capital invested.

It will, of course, also contribute to wider benefits of improved evidence for social and economic policies.

Co-funding will be provided by both Institutes to cover the total costs required for the operation of the Service Centre in the two years – estimated to be around 9,000 EUR each.

Any operating surplus of the Service Centre will be held in reserve to cover any potential cash flow issues in subsequent years. If the Service Centre's revenue significantly exceeds expenditures, the percentage of grant funds allocated to the Service Centre will be adjusted accordingly. This is a decision to be made by the Service Centre governing board, in conjunction with the management of both Institutes.

7 Assumptions and Risks

The business model makes several informed assumptions about key factors that affect the success and sustainability of the Service Centre. These include the following:

- the availability of grant opportunities;
- time needed to prepare applications;
- the likely success rate of applications; and
- time needed to manage grants.

While these assumptions were based on the experience of the two Institutes to now, they cannot be held to be precise.

The business model allows for careful monitoring of these variables, and there is scope for changing the income model for the Institutes to allow for any changes. The business model currently assumes that EUR 8,000 per year will be fixed contributions to the Service Centre from the two institutes. For the IDN, this is a contribution in-kind, and includes office space and all necessary utilities for the Service Centre team. For the IEN, this will be a fixed financial contribution to match the contribution of the IDN.

Other funds will go to the Service Centre calculated as a percentage of grant funds won. Indicatively, this is as follows:

Small grants up to EUR 15,000	25%
Medium grants EUR 15,001 to 50,000	20%
Large grants EUR 50,001 and over	15%

Should the business model assumptions prove to be radically different from the reality, there is scope for adjusting these percentage contributions to ensure the financial sustainability of the Service Centre, while not creating large and unnecessary surpluses.

The business model itself provides the basis for monitoring the actual performance of the Service Centre. The Service Centre board can quickly assess the performance, and steer activities so that targets are met or exceeded. For example, depending on the success rates *in practice* of small, medium and large grant applications, the Service Centre could choose to focus efforts on the size of grants that are most likely to succeed and most likely to provide the Institutes with funding for relevant research.

Other key assumptions are as follows:

- Duration of small and medium grants is less than 1 year, and funds arrive during the year of application;
- Large grants last for three years, and funds are paid in three annual instalments, the first arriving in the year following the application;
- Success rates will increase over the first three years of operation, as the Service Centre increases its knowledge and effectiveness.

Expected success rates	Yr 1	Yr 2	Yr 3
Small grants	30%	40%	50%
Medium grants	10%	20%	30%
Large grants	5%	10%	15%

number of grants won per year	Yr 1	Yr 2	Yr 3
small grants won	9	12	15
medium grants won	2	4	6
large grants won	-	1	1

8 Project Organisation

The project is conceived as a key part of sustainable reforms for the social sciences research sector as a whole. Therefore, the project will be managed directly by the two Institutes, Institute for Economic Sciences and the Institute for Social Sciences. In practice, this means that they will jointly establish the citizens' association which will be the legal entity for the Service Centre. They will also select the key person/s to manage the Service Centre and form the majority membership of the Service Centre's governing board.

Technical support will be provided by the Perform project to assist in aspects of establishing the main mechanisms for the operation of the Service Centre, from governance through to operating procedures, as requested by the Service Centre's governing board.

The governing board will initially comprise five members, two from each of the Institutes, and one independent member selected by agreement between the two Institutes. The possibility for additional board members will be written into the Service Centre's statutes, by unanimous agreement of all board members.

The governing board will be responsible for reporting on the progress of the Service Centre, with the practical and administrative support of the Service Centre team.

9 Key Activities

The key activities required to carry out the project are as follows.

Start up activities:

- Establish legal entity
- Recruit head of Service Centre
- Recruit supporting staff
- Develop systems and procedures for:
 - Grant funds search
 - Partner search
 - Grant applications
 - Grant management
 - Financial management
 - Other administrative, HR and financial procedures

Continuous/regular activities:

- Carry out grant funds search
- Carry out partner search activities
- Carry out grant applications (estimated 30 small, 20 medium and 10 large applications per year)
- Manage research grants won

Technical support will be provided by the Perform project, indicatively as follows:

- Induction training and team building for new team
- Facilitation of 1-2 year development plan
- Technical and/or IT support for development of procedures and systems, including web platform
- Ongoing mentoring and advisory support for team.

Costs of technical support from Perform is not included in the budget for this proposal – funding will come from the Perform budget.

10 Logic Model and indicators

Objective	Indicators	Baseline value	Means of Verification
Contribute to the wider reform of the social sciences research sector	% revenues of 6 leading social sciences research institutes derived from competitive grant applications	[need to calculate this]	
Demonstrate a successful model of support for accessing and managing grant funds for social sciences research	- Annual revenue raised by Service Centre - Annual gross surplus raised by Service Centre (=income – expenditure) - % of IEN funding from grant sources - % of IDN funding from grant sources	EUR 0 EUR 0 For 2014: xx% For 2014: yy%	
Expected changes identified in logic model			
More and better grant applications (1)	- number of grant applications made per year (IDN) - number of grant applications made per year (IEN) - % of applications that are successful year-on-year (IDN) - % of applications that are successful year-on-year (IEN)	<?> <?> <?> <?>	Institute record keeping
Institutes' increased income from grants (2)	- Total grant funds per year - Grant funds as % of total funds	IDN 2014: €31,684 2015: €28,992 IEN 2013: €106,207 2014: €72,974 IDN 2014: 4.7% 2015: 4.2% IEN 2013: 17.3% 2014: 13.0%	Institute record keeping
More relevant research output (3)	- social sciences experts judge research outputs more effective		Interviews with social sciences experts undertaken in year 3 or 4 [or evaluation questionnaire]
Culture change within institutes (4)	- researchers working in institutes see changes in working practices and attitudes that favourably improve quality and relevance of research work		Interviews with sample of researchers undertaken in year 3 or 4 [or evaluation questionnaire]

11 Logic Model Diagram

