Possibilities and limits in the appropriation of neoliberal research funding models: Social Sciences and Humanities funding in the Baltics

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POSSIBILITIES AND LIMITS IN THE APPROPRIATION OF NEOLIBERAL RESEARCH FUNDING MODELS: SOCIAL SCIENCES AND HUMANITIES FUNDING IN THE BALTICS

Teele TŐNISMANN*

Initially diffusing in the Western academic sphere, competitive devices in research policy-making also circulated rapidly after the collapse of the Soviet Union in the Central and Eastern European (CEE) countries (Schimank, 1995; Lepori et al. 2007; 2009). During the Soviet time, academic research activity in these countries was carried out at the Academy of Science (AS) institutes and universities where the funding for research was provided centrally on a per-institution basis by state sources. After the fall of the Berlin Wall the political supremacy of Moscow over former territories, as well as financial support, ceased. The newly independent and resource poor countries were particularly absorptive to Western political influences in their science policy orientations (Mitzner, 2016). The three Baltics’ – Estonia, Latvia and Lithuania – public research funding policies were not an exception. By 2015, all three countries’ governments had introduced strategic documents where competitive funding in general and project funding in particular is described as a major device to achieve national policy goals such as scientific excellence\(^1\). While focussing on the social sciences and humanities (SSH), this article analyses the international circulation

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of public research funding instruments on the example of three Baltic
countries research funding reforms between 1989 and 2015.

Although project funding is often represented as the most visible
expression of competitive norms in research policymaking, it has been
used in the variety of policy contexts. Organisations responsible for
project funding – funding agencies – developed after the Second World
War in the Western countries and their number rose in parallel with
the increasing role of science in governmental policies, and the overall
reorientation of military-centred research towards socio-economic
development (Mitzner, 2016). They were originally designed to work
out and implement research policies, in preference to the usual public
bureaucracy that lacked the necessary direct contacts with science².
Then again, associated with research performance, the instrument has
been promoted by international organisations such as the Organisation
for Economic Co-operation and Development (OECD) (Steen, 2012) or
the European Union (EU)³, where it is used for benchmarking national
research funding systems. Indeed, in opposition to “institutional” research
funding⁴, project-funding is characterised by its temporary nature of fund
allocation, the matching of allocated funds to a specific research project
and the role of peer-review in the selection of beneficiaries. In that way,
the project funding it can be considered as an integral part of neoliberal
policies where market mechanisms are in service of the “rationalisation”
of public policies (Jeanpierre, 2006) and its increasing use in the CEE
region as part of the broader trend of diffusion of neoliberal recipes in
peripheral countries (Dezalay & Garth, 2006).

Nonetheless, project funding has received relatively low attention
in the academic literature. The most prevalent approaches to analysing
national research funding settings are to analyse the specific mediatory
role of funding agencies that are responsible for project allocation
(Braun & Guston, 2003; Van der Meulen 1998; Rip 1994) or the

2. About historic development of funding councils in the US see D.L. Kleinman (1995) or in A.
3. The European Research Area dashboard measures the allocation between the base-line and
competitive funding. For example, with one of the “challenges” aiming for “more effective national
research systems” the EU encourages the Member States to reinforce competitive funding systems
in national contexts.
4. In the case of “institutional” or “base-line” funding, the state allocates a global budget to
research organisations, such as universities or large public research organisations for their normal
functioning. Funding is attributed to ensure the existence of the organisation and, in principle, is
not limited in time; also, it is usually left to the steering body of the organisation to decide how to
allocate funds internally to individual units (Lepori et al. 2009). However, many governments have
introduced competitive elements also into university research funding systems (Hicks, 2012).
performance-based elements in university research funding (Hicks, 2012; Zacharewicz et al., 2018; Söderlind et al., 2019). Another set of works have focussed on the formal function and impact of each mechanism in the broader funding policy systems (Aagaard, 2017; Liefner 2003; Lepori et al. 2007; Jongelboard & Lepori 2015). Notably, authors have underlined persisting conservative use of project funding instruments in Europe compared to the US: while in the “US model” research grants usually cover the full research costs, in the “continental European model” they are often only supplementary funding mechanisms, implying that the general research costs of the European university are primarily borne by the institutional budget (Jongelboard & Lepori 2015, pp. 443-444; Lepori et al., 2007). The latter approach is also the most common in the CEE countries’ research policy studies (Balazs et al., 1995; Suurna & Kattel, 2010; Radosevic & Lepori, 2009). Thereby, while the diffusion of project funding in these works are linked to EU accession, they also show prevailing national idiosyncrasies. Overall, although these works, based on rational-choice and institutionalist theories, draw attention to the role of agencies, variations in project funding modes or the shares of instruments and beneficiaries, the relation of project funding to other funding instruments and its role in the wider process of post-communist transformation is less discussed. At the same time, some other works with a more sociological approach have demonstrated that similarly to other policy instruments, research funding instruments are not simply technical and neutral policy tools but normative devices (Aust, 2014). Also, the paradigmatic value of foreign examples derives from the processes of “editing”, including de-contextualisation and re-contextualisation, which establishes their relevance for certain dimensions of science policy (Louvel & Hubert 2016). In that way, public finances may become a place for the crystallisation of social and political fights in national contexts (Bezes & Siné, 2011). This assertion renders analysis about project funding particularly interesting in the CEE context and must be thus taken into account to better understand the circulation of these instruments in the Baltics. The following research question can be formulated: which factors are determinants in the appropriation of

5. A similar assessment is made regarding the CEE higher-education policy reforms (Dakowska & Harmsen, 2015).

6. In recent years, several authors have given a more sociological approach to public policy instruments. The most notable example is the works of A. Desrosières (1993) who showed how statistical production uses a common language and representations which create effects of truth and apparent interpretation of the world; effects which are imposed upon every actor and which naturalize the social situations that statistics deal with. Further theoretical framework is for analyzing policy instruments is proposed for example by F. Lascoumes & L. Simard (2011).
competitive research funding policy recipes in the post-communist countries in a longer-term perspective?

The three Baltics offer a compelling case for studying the international circulation of public research funding instruments. With their similar recent political history, size (all of them are small countries with a population only of about 1,3 million in Estonia, 1,9 million in Latvia and 2,9 million in Lithuania) and geographic position, the Baltics can be considered in comparative literature as “similar cases” (Vigour, 2005, p. 160). Notably, under their façade of similarity, the Baltic case allows discovering more complex dynamics in research funding policies (Box 1).

**Box 1: The Baltics as a “laboratory” of internationalization**

With long-standing university traditions from the 16th century onwards, all three were independent nation-states before the Second World War. They were subsequently incorporated into the Soviet Union where, due to their geographical and historical ties with western neighbours and ongoing guerrilla warfare, they were perceived together with western Ukraine as the “Soviet West” (Risch, 2015). They regained independence between 1990 and 1991 after which, unlike other former Soviet republics, they joined the European Union (EU) in 2004. At the same time, though, the three Baltic states are not a singular entity. With Lithuania more linked to Poland, and Estonia to Finland, they differ from each other with somewhat distinct intellectual and cultural heritages (Norkus, 2012). More specifically, although the countries resemble their recent political history, the post-soviet national political development differed from country to country. In Estonia, the elections against Popular Front in 1992 were won by electoral union Pro-Patria, a body that was comprised of nationalist radicals and young dissidents, mostly drawn from the intellectual elite. In Latvia, it was the Latvian Way that was co-founded by a group of the Latvian economic elite and former members of the Popular Front that won the first parliamentary elections against the Popular Front. While in Estonia and Latvia, the former communist party was banned by liberal powers, in Lithuania, the transformed version of the Party remained in power after independence. The former Lithuanian Communist Party replaced the anti-communist Popular Front transitional government during the first parliamentary elections in 1992. With their unique position in the Soviet Union and divergent policy trajectories after regaining independence, the Baltics constitute privileged observatories of internationalisation.

Following the above-discussed works, this analysis adopts a more sociological approach to studying the circulation of public research funding policy recipes. We hypothesise that to better understand the international circulation of public research funding instruments in the Baltics, the process should be appraised from the utilisation of project
funding instruments by reform actors in conjunction with other public funding devices. Hence, instead of focussing on merely institutional change, the article privileges the comparative “bottom-up” analysis where policy actors, their political action and policy aims are analysed together with national and international institutional contexts (Hassenteufel, 2005). Thereby, we build our analysis around the concept of ‘usage of international resources’ which was initially developed for explaining European integration (Jacquot & Woll, 2008; 2003). The concept of usage (or utilisation) covers “practices and political interactions which adjust and redefine themselves by seizing the EU as a set of opportunities, be they institutional, ideological, political or organisational” (Jacquot & Woll, 2003, p. 4). As a continuation to previous analysis about Baltic research policies (Tõnismann, 2018), investigating how project funding was appropriated by reform actors allows to look beyond the formal policy settings and offers a better understanding of construction of national funding models via foreign examples. Therefore, the approach allows us to relativise the EU’s impact on CEE countries’ research funding policy reforms. Finally, in addition to recent historical neo-institutionalist analyses that focus on more endogenous changes and agency (Streek & Thelen, 2005; Mahoney & Thelen, 2010), the approach allows further comprehension about the impact of reform actors trajectories on national policy courses.

Our study stems from an empirical study about Baltic countries’ public research funding policy reforms (Box 2). After considering funding environments and policy decisions relevant to disciplinary areas (Benninghoff & Crespy, 2017) we decided to focus on SSH related instruments. Indeed, because of the centrality of military-industrial complex related sciences, SSH was downsized during the Soviet era and therefore dependent on public resources after the collapse of the Soviet Union (Graham, 1993; Meske, 2004). Also, contrary to natural and exact sciences, research in this field is characterised as less internationalised due to its weak international cohesion (Becher, 1994). Hence, there is a good reason to believe that SSH is thus particularly receptive (to resist or adopt) competitive principles in research funding policies. More precisely, we started with identifying national SSH-related research policy reforms and

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7. Authors separate between different types of usages. The “strategic” usage describes the transformation of resources in political practices with the intention of pursuing a specific goal. The “cognitive” usage covers the understanding and interpretation of a political subject and provides the vectors for persuasion within a policy discussion. The “legitimising” usage aims to increase or renew the public acceptance of a policy decision at the national level (Jacquot & Woll, 2008; 2003).
reconstituted reform networks\textsuperscript{8}. Individuals belonging to these networks can also be defined as “programmatic groups” or “groups of individuals, sharing a similar analysis of a policy problem and sustaining a common policy change program (including policy orientations, policy frames, and policy instruments) giving them a collective identity” (Hassenteufel & Genieys 2020, p 29). Next, we analysed the reform actors’ international experiences, their apprehensions about the political and institutional context in which reforms were undertaken, and motivations for taking action. Finally, we compared the three countries’ cases alongside each other to better understand the factors that were determinant in the appropriation of funding devices.

\begin{center}
\textbf{Box 2: Data and methods}
\end{center}

Our empirical study included document analysis as well as interviews. Document analysis was employed to understand national trajectories and institutional and policy frames in which the reforms were undertaken. Analysed documents included national reports to international organisations and international organisations’ policy evaluations about national-level policy developments (mainly EU Erawatch, OECD and World Bank assessments and reports). They included also national normative documents, policy documents and information retrieved from relevant institutions’ web pages. The major part of the empirical research included 51 interviews (22 in Estonia, 13 in Latvia and 16 in Lithuania) that took place between October 2015 and February 2018 with actors who were directly or indirectly implied in the reforms. At the time of our interviews, 25 of them were working as officials at research ministries, 17 at research funding councils and 9 at various other public and private bodies. Respondents were found via snowball sampling (it is essential to note that due to the small size of these countries, the reforms were often undertaken by small groups of actors lead by one to three key individuals). Interviews lasted between 40 minutes and 2 hours, and were recorded then transcribed. We then analysed them in parallel with written sources. Finally, we examined the documents and interviews using thematic content analysis (Richie & Lewis, 2003). Due to space shortage, in the following analysis we present the summary of this research and in most cases the empirical data will not be referred to.

For better understanding the utilisation of project funding in the long-term perspective, it is important to consider that research funding reforms emerged as a reaction to immediate post-independence policy settings. Hence, the first section associates the Baltics’ post-Soviet public research funding policy settings with the paths of the emergence of reform actors in each country. The second section demonstrates the

\textsuperscript{8} The similar approach was taken by I. Cîrstocea (2014) in her study about the role of internationalization in the restructuration of the post-communist Rumanian HE sector.
variety of roles that project funding was given within these reforms in Estonia, Latvia and Lithuania, as well as the heterogeneous outcomes of the reforms\textsuperscript{9}.

Reforms aiming to “break down” the Academy system

The project funding was adopted shortly after the collapse of the Soviet Union by all Baltic governments. However, set up by the national AS science elite, it was initially designed for preserving national research groups (I). The given national research policy settings were targeted by later groups of reform actors who emerged since the mid-1990s via a variety of pathways of entry. They had socialised in the Western countries’ academic institutions and their programmes were backed up by international organisations policy agendas (II).

Preservation of national research via project funding instrument after the collapse of the Soviet Union

As an exception to other former Soviet Republics ASs which kept their research funding function after the independence, the Baltic countries’ ASs were developed into scientific societies with the main objectives of developing the national scientific community and advising government institutions. In parallel with the withdrawal of research funding function from the AS, the new organisational settings were designed on the example of widespread research council and foundation models (Brickman & Rip, 1979). These were the Lithuanian Science Council (LtSC) and Science Foundation (LtSF), Estonian Science Council (EstSC) and Science Foundation (EstSF) and Latvian Science Council (LvSC) which also covered the functions of a research foundation.

At the forefront of these reforms were national-minded scientific elites from the AS who gathered in each country at the associations of the Union of Scientists (UoS). These groups of researchers, composed of the strongest AS institute and university representatives and (mostly

\textsuperscript{9} This work was supported by the Estonian Ministry of Education and Research, in cooperation with the Archimedes Foundation. The author is grateful for the comments and suggestions made by editors of the number Cécile Crespy and Jean-Philippe Leresche and anonymous referees.
from natural and exact sciences) stood for the principle of “autonomy” in research.

Amongst the three cases, the change in Estonian public research funding was the most important by its content. With the collapse of the Soviet Union, the former party-supported heads of academic institutions, including the EstAS, lost their positions and were replaced by national-minded leaders. In setting up the research funding policy organisation, the Estonian UoS was cooperating with the reform-minded EstAS members and freshly elected government that comprised of nationalist radicals and young dissidents, mostly drawn from the intellectual elite. In cooperation between these actors, the former AS-centred funding system was abolished and the totality of funding was transferred through the EstSF that was established on the US National Science Foundation example in 1990. At the same time, the setup of funding flows was unique. In the words of the former EstSF officials, “there was a lack of resources” for administrating project competition on the one hand and the “unwillingness to destabilise research activity at institutions” on the other\textsuperscript{10}. The majority of funding was earmarked through intermediary instances, such as the universities, ministries, and the AS, and from there redistributed to research units. The portion of project funding increased progressively from 5% in 1992 to 31% in 1996 with the share of funding allocated to SSH around 19.4%. Moreover, some formal and informal international criteria were progressively introduced in 1994, including for SSH, which was considered equal to other disciplines. The project application forms (brought in from the US) were written in English, and the OECD Frascati manual was introduced. At the same time, the instrument remained democratic in its underlying principles. It allocated small grants to a high number of individual researchers and only some of the most significant projects underwent international peer-review\textsuperscript{11}.

The political change brought along change in the academic field with democratically elected heads at higher education institutions (HEI), research institutes and eventually at the LvAS also in Latvia. However, as the country was marked by its Soviet-time industrial research, the first reforms were motivated by the need for a displacement of party-appointed (and often immigrant) science workers from the national

\textsuperscript{10} Interview with a former EstSF official, 12.10.2015, Tallinn.

\textsuperscript{11} For example, in 1995, the EstSF allocated EUR 2.88 million to 883 projects out of 1211 submitted applications. Also, In 1996, 10% and in 1997, 29% of grant applications (in all scientific branches) were sent to Finnish AS and Swedish Research Council, who were carrying out peer-review with no charges.
academic field. Research funding was suitable leverage. As a part of changes in the field, the Latvian UoS, in cooperation with the Board of Rectors and the reform-minded LvAS, were supported by the new government in transferring the totality of research funding to the LvSC that was established in 1990. In that way, the national-minded science administrative elite gained control of allocated financial resources and beneficiaries. Also, almost the totality of funding was allocated via two project funding instruments and around 20% of them to SSH. Nonetheless, instead of generating competition, the project funding was designed to “preserve” the existing research. The projects were often allocated to research groups based on the number of research workers, and grants were small and pre-fixed amongst a wide range of scientific areas. The decision not to use the foreign peer-review was explained by the first wave of reform actors as being due to the lack of resources (LvSC used only 1% of its budget for administrative matters) as well as the lack of sufficient external relations for addressing the project applications. In that way, behind the visible change in funding instruments, the Latvian research funding exhibited important continuities in the content of these instruments.

Compared to the other Baltics, the post-Soviet change in Lithuanian public research funding was the most insignificant. Together with continuity in the political elite, the national-minded former scientific elite (also former Communist Party members) kept their positions at the top of HE and research institutions. Consequently, one of the main reform actors, the Lithuanian UoS, was not cooperating with the more liberal Popular Front but stood against its propositions. It supported a stronger role of the State and particularly the Parliament which was seen as a “guarantee” for an autonomous academic sphere. Although liberal powers supported by the Popular Front succeeded in establishing the LtSF, its share of funds remained scarce. Moreover, the LtSC that was established in 1991 and represented the core of the scientific elite of the country, had only an advisory role in research policy. Instead, the major part of the research budget was allocated within the parliamentary decision on a per-institution basis. In that way, the Lithuanian research funding remained highly politically dependent even after the collapse of the Soviet Union.

12. Interview with a former LvSC official, 07.01.2020, Riga.
13. Between 1990 and 1992 the LvSC supported at least 830 Fundamental and Applied Project propositions and declined 154
By the mid-1990s, the importance of project funding in the funding portfolio was highly variable between countries. For example, by 1996, around 4% of funding was allocated through project calls in Lithuania, 30% in Estonia and 97% in Latvia. This variation was due to national political powers and relationships between different segments of the scientific elite. In Lithuania, where the political turmoil resulted in continuity, the reform in research funding remained insignificant. In Latvia and Estonia where there was a political shift, the new funding councils gained more weight. The establishment of funding councils in these countries allowed the national science elite to gain more decision-making power over financial resources. It seems that these organisational innovations on the national level were not used for reaching specific research policy-related impacts but were used more in a strategic way to shift the funding allocation power from the former AS structures to the hands of the national-minded scientific elites who were represented by the reform-minded parts of the ASs. Hence, the project funding did not fulfil the role of highly competitive instruments but was used as an instrument of preservation. Also, as a common characteristic, scientific autonomy was a major concern. Therefore, while embodying the “Republic of Science” type ideology (Polanyi, 1962), the research councils resembled the “parliament of scientists”. These established policy settings perpetuated until the emergence of the “new generation” of reform actors.

**Reform actors: resembling backgrounds and programmes, different pathways of entry**

Since the mid-1990s, each country saw an emergence of groups of actors with an aim to undertake a policy reform. These “new entrants” did not actively participate in the initial reforms in the 1990s, and neither did they belong to the UoSs. Many of them had been benefitting from foreign fellowships and academic contracts that had been provided by the large diaspora in the US and Nordic countries. They had a rather wide range of international educational and professional symbolic resources, international social resources and knowledge resources about different research systems. Also, their programmes aimed to decrease the number of research institutes that were seen as Soviet legacy and universities that which number had increased since the 1990s. In research funding, the post-Soviet arrangements were seen as “inward-looking”. They were seen to be run by the “autonomous” system-level networks which link heads of HEIs and research institutes cooperating with ASs or the UoSs.
These networks are described as systems where the professional and symbolic resources (scientific degrees and positions; scientific awards) and material resources (research funding) are allocated without taking into account “external” quality criteria. Backed up by the support of the multitude of international actors (Box 3), the norms in the developed reform agendas were corresponding to neoliberal doctrine. For example, they aimed for “transparency” and “accountability” both in the project-funding and base-line funding instruments. Project-funding was also supposed to introduce “competition” amongst scientists whose contribution is measured by involving international expertise. While the reform plans resembled their overarching objectives and aimed for international competition, efficiency and cooperation, the groups carrying these programmes emerged through slightly different kinds of organisational paths.

**Box 3: Variety of international actors**

The Baltic countries’ research sectors were already being watched by different international actors from the end of the 1980s. These included different research policy actors from the US such as the US National Science Foundation, which proposed formations and information about the US system, but also the Open Society Foundation which established its national contact points in each country and proposed information and material resources for the reforms (Martinson, 2015). Coordinated under the umbrella of the Nordic Council of Ministers, the expertise for evaluating national science systems was also offered by several Scandinavian countries’ research institutions. These recommendations, which were forwarded in the form of systematic intervention or personal consultation, all insisted on the creation of a “competitive” research environment and the increasing role of universities as research actors. With the negotiations for joining the EU starting in the mid-1990s, Baltic countries also benefitted from the financial support of the EU.

Estonian reform actors were early career, exact-scientists working at the Institute of Physics of the AS, Estonian Biocentre and Institute of Molecular and Cell Biology. Some of them were also members of the Tartu University administration, which was radically reformed in 1989 and the EstSF Council which, as we saw above, had a significant role in research funding due to its centrality in the system. Also, compared to the other Baltic councils, the EstSF members were already relatively more experienced in international cooperation since the early 1990s.\(^\text{15}\)

\(^{15}\) We compared the foreign experience (foreign study or research experience) of the EstSF Council, LvSC, and LitSC members according to four destinations: Former USSR and allied states, Anglophone countries, Western-block countries in Europe and to Scandinavian and Nordic
At the same time, as a difference to the majority of the Council members, their reform ideas were not moderate but radical. They remained in the minority at the Council until the national political crisis in 1995, when some of the former centre-party ministers, including the Minister of Education and Culture, were replaced with the new members from the liberal right-wing parties. The new non-partisan Minister J. Aaviksoo had previously held a position at the reform-minded Tartu University rectors’ council and was a member of the EstSF council. The appointment of the new Minister also brought along restructuring of the administration: research policy was taken under special attention, and new officials who were close to the reform-minded group members were recruited.

Latvian reform actors emerged significantly later. The change occurred after the national political crisis in 2011 when the President dissolved the Parliament through a public referendum. During the construction of the new parliament, the centre-right government named the former member of President V. Zatlers’ advisory commission – R. Kilis – as a new non-partisan Minister of Culture, Education and Science. The new Minister and group around him were represented by different generations, with former studies in the disciplines of social science such as social anthropology and science and technology studies – they all had gained their degrees from the biggest US and UK universities. The new Minister took radical measures in the whole Ministry by decreasing the number of departments and creating a flat management system. Several officials were dismissed, and others were replaced, including the majority of the HE and research department officials; these departments were consolidated into one. Also, a Technopolis Group Research Assessment Exercise (RAE) was commissioned for evaluating Latvian science. Hence, in Latvia, the reform actors emerged uniquely through the political support at the Ministry and were not, at least not initially, linked to the LvSC.

Linked to the political situation, the Lithuanian “new entrants” emerged also only in the 2000s. The former communist party (which was transformed into the Democratic Labour Party) had governed for most of the independence period (except 1996-2001 when centre-right conservatives were in power). The conservatives won elections again in 2008, which allowed the emergence of new actors with more radical countries. As a result, 38% of Estonian EstSF (against 9% in Lithuania and 0% of Latvia) council members’ educational and professional foreign visits were to Scandinavia and Nordic countries. At the same time, Latvian and Lithuanian council members were proportionally more travelled to former USSR and allied countries (61% in Latvia, 49% in Lithuania against 23% in Estonia).
reform ideas. The reform was planned by a mixture of academic and political actors representing different generations and scientific fields (chemistry, engineering, law and philosophy). The key actors were the research Ministry and particularly the political actors such as the newly appointed Minister G. Steponavičius and vice-minister, and the reform-minded part of the LvSC (mostly exact scientists). In Lithuania, the reform actors were also mobilising their networks from places such as Denmark or the EU institutions (one of them was vice president of the European Science Foundation for two years). Notably, the report published in 2009 under the World Bank and The Danish Agency for Science, Technology and Innovation was ordained to demonstrate the need for reforms, including the introduction of competitive funding. They were supported by Lithuanian president V. Adamkus and eventually by liberal business organizations and some universities. At the same time, contrary to the Estonian and Latvian cases, the core of the former Ministry officials was kept unchanged.

Hence, in all three cases, we can observe the groups of “new entrants” who emerged with and within the centre-right liberal or conservative political parties. However, the timing and paths of entry diverge from country to country. In Estonia, the actors appear partly from the major player, the EstSF, which holds the totality of funding sources. In Lithuania, they appear mostly through the Ministry and are supported by the minority of the LtSC. Nevertheless, the link between the scientific elite at the LtSC and the Parliament persists, and the initial power for enacting change remains rather low for the new entrants. In Latvia, they appear uniquely through the Ministry, which has shared control over the majority of the budget at the time. These pathways have a consequential role in their capacity for action in subsequently initiated policy changes.

Multiple usages of project funding

While the Baltic reform actors aimed for “structural changes” in the academy, the implementation of their programmes was also influenced by the immediate post-independence time arrangements in national science fields. To this effect, the project-funding instrument was not used similarly in all countries. In Estonia, the project funding instrument was one of the central instruments for undertaking academic reforms. In Latvia, it was not implied in the reforms, and in Lithuania, the funding instrument was used to preserve the existing research groups. Below, the reform courses are presented case by case.
Estonia – strategic usage of project funding for reform in the academic sector

The Estonian reform course was the most complex. The first phase of the reform had already occurred in the mid-1990s. It resulted in shifting the former base-line funding sources from the autonomous EstSF under the Ministry structure, and transforming it into a project-funding instrument (also known as “targeted funding”). The target funding instrument was inspired by the example of the Finnish Academy’s similar funding instrument and aimed to allocate resources only to research areas which “correspond to state priorities” and were “internationally excellent” in all fields of sciences. Also, due to the “low quality in the SSH” \(^{16}\), compared to the EstSF allocations, the share for SSH projects decreased within the targeted funding instrument: 15.7% of the budget was allocated to SSH in 2007. Hence, the shift in funding instruments allowed the Ministry to filter out research groups whose research production was not up to competitive standards and measured with criteria of internationalisation. Combined with the EU Phare funding, the targeted funding was one of the major leverages for institutional mergers and the concentration of resources in few institutions (Masso & Ukraninski, 2009). For example, in Estonia between 1997 and 1998, 17 former academy institutes were tied to four universities.

In parallel, over the next years, the EstSF lost its key role in the funding system. The EstSF budget was kept low – it remained around EUR 4.5 million in the 1990s and early 2000s while the targeted funding instrument budget was around EUR 10 million and continued to increase over the years. Some EstSF members saw the reform as a “step back to the Soviet system” where political change might influence funding decisions, as the budget was further allocated by the Minister’s advisory council \(^{17}\). Finally, the EstSF was reformed in 2012 when it was transformed into the Estonian Research Council (EstRC) with an aim to consolidate the instruments into one “strong organisation”. Thereby, the Finnish Academy was taken as a main reference in the reform course. In the words of the reform actors, the Finnish example is an “obvious example” for Estonian reform because of its “similar culture” and because “they have rationally thought through their system” \(^{18}\). The

\(^{16}\) Interview with a former Estonian research ministry official, 15.12.2016, Tartu.

\(^{17}\) Also, other sectorial ministries were questioning the reform, particularly the Ministry of Agriculture, which was reluctant about the idea of consolidating research funding under the sole sectorial Ministry. Interview with a former EstSF official, 12.10.2014, Tallinn.

\(^{18}\) Interview with an EstRC official, 5.02.2016, Tartu.
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reform itself was conducted under Minister J. Aaviksoo’s second tenure in this position (the first time was in 1995 during the second wave of Estonian research policy reforms). Moreover, it occurred in the context of administrative reforms linked to Estonian access to the OECD\(^\text{19}\) and was supported by EU Structural funds\(^\text{20}\). Within the reform, the former EstSF funding instruments were transformed partly on the example of the European Research Council (ERC) instruments\(^\text{21}\). Importantly, the competition between the applicants increased with the decreased number of allocated grants that reinforced, even more, the consolidation of resources into few universities.

During the Estonian reforms, that were undertaken by reform actors who emerged from the national science administrative elite, not only the models of funding instruments but also the settings were inspired by international contexts. The project funding device was progressively transformed into a “prestige” grant that was allocated on a selective basis to internationally best-performing research groups and was therefore used strategically for undertaking substantial structural changes in national science field (Jacquot & Woll, 2008; 2003).

Latvia – non-usage of the project funding instrument

In Latvia, where the reform actors had entered uniquely from the research Ministry, the reforms were mostly targeting the base-line funding instrument. It was introduced during the economic progression in 2005 together with the National Research Programs instrument and was managed by the Ministry in cooperation with the AS. By 2011, these two supplementary funding mechanisms made up almost 75% of total public research funding. During the 2011 reform, the totality of the HE funding model was transformed on the example of the model proposed


\^\text{20}. The establishment of Estonian Research Council was supported by EU structural funds and its full budget was EUR 2,87 million. (Approval of the program “TeRaS“ with the act of the minister on 29.05.2012)

\^\text{21}. Similarly to the ERC, Estonian project funding instruments were categorized based on the researchers’ career situation. Three types of personal grants were instituted: the “starting grant”, directed to young scientists for starting their independent career and creating their own research team, the “research grant” for innovative, high level and high-risk projects and the “postdoctoral grant” for post-doctoral research.
by the World Bank. The given model bound both types of research funding modes (the base-line and the project funding) with the HE financial approbations. The funding was calculated based on a formula with the main criteria supporting competition between institutions, and according to their level of research internationalisation (collaboration, publications, etc.). Also following the example of the UK, the RAE results were linked to the base-line funding formula. For example, from 2015, the units with the best results gained supplementary finances (around one-third of the assessed 150 units), and the units with the lowest results (including most of the SSH specific units) lost their share. Hence, the number of universities’ structural units fell 65%.

Due to the lack of cooperation between the Ministry and the LvSC that was attached to the LvAS, the project funding instrument was not involved in the reforms and reforms were highly contested by academic elites. Although the RAE recommended a transparent and competitive approach for the project-funding allocation, the LvSC went through only minor changes in its funding allocation practices. For example, while the number of scientific fields was decreased through the adoption of the Frascati scientific fields categorisation (whose aim was to, in the words of reform actors, “break the power structure of the scientific fields”), in practice, the small inter-commission scientific fields were preserved. Besides, the role of international peer-review in the decision process was minor, and the overall criteria of decisions were not formalised. According to the leaders of the LvSC, in the context of the reforms and increasing internationalisation, the funding was more than ever necessary for “preserving the research groups who are not able to keep up with changing requirements.” At the same time, the average size of the allocated budgets increased from 2013. While in 2006, the Council funded 685 basic and applied research projects annually (EUR 4,46 million), in 2013, only 67 projects were funded annually (EUR 3,22 million). The share of funding allocated to the SSH projects decreased from 20% to 18%. Then again, the LvSC budget was frozen: in 2015 the base-line funding was about EUR 22 million, National Research projects EUR 6,2 million and LvSC funding EUR 4,38 million.

In Latvia, where the science council was managed by the post-Soviet academic elite, the project funding instrument was not reformed and

22. For example, 18 rectors signed a letter demanding the dismissal of the Minster R. Kilis from his position in August 2012.
23. Interview with Latvian reseach ministry official, 24.01.2018, Riga.
was, instead, used for replacing the recurrent research funding. Hence, the instrument was ignored by the reform actors who were instead focussing on “updating” the base-line funding mechanism.

**Lithuania – legitimizing usage of project funding instrument**

Similarly to the Latvian case, one of the key changes during the Lithuanian second wave reforms was the introduction of a new base-line formula. While earlier the base-line funding was allocated to research institutes and universities based on the historical budget lines, the new formula was a mixture of input- and output-based indicators (Dobbins & Leisyte, 2014). The calculation for the SSH was distinguished from other disciplines and it stipulated that half of the funds depend on the number of researchers employed, and a half on the results achieved. In that way, the formula was reinforced with bibliometric indicators and peer review-based evaluation elements that were already in use in some Scandinavian countries such as Norway and Denmark (the latter also reformed its funding formula around 2010) (Aagaard, 2018). Moreover, a supplementary EUR 150 million of EU Structural funds were allocated to institutions that agreed to consolidate with another institution. These changes were conceived to rationalise and consolidate the research institutions through competitive principles. With the reform, the former 46 research institutes decreased to 22 (these numbers include university, state and other institutes).

Also, the LtSC was transformed into a Lithuanian Research Council (LtRC) and the share of the project funding increased from 30% in 2010 to almost 50% in 2014. According to the law on HE and research (2009), the LtRC was established “on the example of the ERC”. In the words of reforms actors, this had to mean that council was supposed to fund only the “top-quality research”. Similarly to the ERC, the LtRC structure consisted of separate vice-chairmen and commissions, with one specialised in SSH projects. At the same time, to “keep its autonomy,” the council was kept linked to the Parliament (members of the council were named by the Parliament). Out of the total EUR 15,6 million in 2012, around 30% was earmarked for SSH. At the same time, in the context of political and academic resistance, the SSH gained a unique

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status in the LtRC\textsuperscript{26}. Although the LtRC funding was allocated through project competition by expert commissions, several elements enhanced democratic principles in funding allocation. The funding schemes were numerous\textsuperscript{27}, and researchers had an opportunity to participate in several projects. Furthermore, the project allocation criteria favoured in-house publication practices, and international peer-review was used only for selected project calls.

The Lithuanian reform actors did not have full support from a SSH specific academic elite. Despite establishing the funding council and relevant funding programmes, project funding was used for funding ordinary research. Hence it seems that this device was mostly used as a legitimate resource (Jacquot & Woll, 2008; 2003) for completing externally suggested policy aims.

In sum, the cross-country differences in the utilisation of project funding can be understood as the capacity of former science-administrative personnel to keep control over the funding organisations and research councils that were established at the beginning of the 1990s. On the one hand, as the reforms were supported by the EU (pre-) Structural Funds, these resources increased the capacity of central administration at the Ministries, which is otherwise seen as a general development in CEE countries after EU accession and the opening up of EU resources to the new Member States. On the other hand, rather than addressing the project-funding devices, the reforms focus on base-line funding instruments. It seems that these mechanisms were more straightforward to grasp for reform actors than project funding instruments and only Estonian reform actors could “successfully” transform the project funding.

Conclusion

The analysis of Baltic countries’ research funding reforms between 1989 and 2015 revealed a variety of ways in which project funding was used in the national policy reforms (Jacquot & Woll, 2008; 2003). As a legacy of

\textsuperscript{26}In Lithuania, the main reform opponents were the sectorial ministries who stood against the consolidation of research programmes into one organisation. Another group was the part of the scientific elite that was working against the reforms; these were most of the heads of the HEIs and research institutes who would lose their direct link to the Parliament and the Government, and the opposition parties.

\textsuperscript{27}For example, in 2012 LtRC allocated the state budget through six different instruments. In addition, the LtRC allocated funding through project competition from EU Structural Funds resources.
the Soviet system, the project-funding instruments that were appropriated right after the collapse of the Soviet Union carried along with them the preservation and autonomy-seeking paradigm in their allocation mechanisms. The subsequent reforms that were undertaken between the mid-1990s and 2015 by a group of actors who aimed to “break down” the former Academy institution and research funding was one of the leverages for that. However, the project funding was strategically used for carrying out policy reforms only by Estonian reform actors. In Latvia and Lithuania, when it was challenging for reform actors to change the academic research council system in itself, similarly to the Dutch example, reform actors found other channels to reach their goals – namely the baseline funding – by circumventing this part of the funding system (Aagaard, 2017). In Latvia, the project funding was excluded from the reforms, and in Lithuania, the funding was introduced only formally. Paradoxically, in these countries, the Baltic research funding council’s project-funding instruments seem to be working more as stability mechanisms than competitive ones. Also, if in Lithuania, the SSH funding criteria were distinguished from scientific disciplines (criteria supporting a variety of forms of publications and national publication practices), in Estonia it was homogenized with other scientific disciplines (criteria supporting articles and international publication practices). Between these two extremities, Latvia seems to adopt similar policies as Estonia, but keep some flexibility in its funding criteria. Thereby, it seems that the profiles of programmatic actors (their positions and professional socialisations) and the structure of other public funding sources were key factors for understanding the appropriation of these devices in the Baltics.

This assertion may allow a better understanding of the longer-term appropriation of competitive funding instruments and evolution of national research funding “models”. Substantial (competition-seeking) reforms were carried out by the groups of reforms actors that emerged with and within the centre-right liberal or “internationally-minded” conservative political parties and were supported by the agendas of the variety of international actors. Thereby, the conflict in the Baltics’ research funding policy fields was not only about internationalism-competition and localism-preservation seeking paradigms but broader norms that shall be in the heart of the distribution of public resources. It was a conflict between equity and excellence (Hicks & Katz, 2011) and more broadly between “individualist” and “collective” principles in science policy. This conflict was then institutionalised in the research funding policy reforms and institutional settings. However, research funding instruments and their criteria not only embedded political ideas that have been dominant in these countries since the 1990s but
also the structural conflicts between different programmatic actors. As a consequence, the shares of funding (project vs base-line\textsuperscript{28}), as well as the models (international vs national), emerged more from power struggles than from following specific pre-existing models. Common in post-communist countries’ developments, even after more than two decades after the collapse of the Soviet Union, the Baltic research policies expose continuous lags between the policy “models” and “norms” (Sauvé, 2019), at least from the point of view of Western observers.

Second, it follows that there was a variety of international actors that were involved in the circulation of policy recipes. At the beginning of the 1990s, the research policies’ organisational structures were influenced mostly through bi-lateral relationships with US government agencies and NGOs, but also with Scandinavian countries. In further years, changes in the funding agencies and instruments were inspired from specific country examples (Finland, Denmark) or supranational organisations’ examples (ERC), models proposed by international organisations (World Bank), and private sector recommendations (Technopolis Group). It seems that except for the World Bank, which offered a precise funding model for Latvia, international organisations (OECD, EU) provided above all normative frameworks or/and financial sources for implementing the reforms. At the same time, concrete designs of the funding agencies and instruments are linked to the professional trajectories of reform actors that were inspired by a specific country or supranational funding council examples (US, Finland, ERC). National policy arrangements resulted from a multitude of sets of foreign aids, references and more or less precise templates that were used throughout the reforms, and bilateral relationships between the different countries’ scientific elites had a key major role in this process. Therefore, the internationalisation of research policies is not a one-way street from “isolation” to “Europeanisation”; it is a geographically more complex phenomenon. Instead, “utilisation” of different international contexts by change actors can explain the repertoire of solutions that are within the actors’ grasps, and that enable them to generate new institutional arrangements in the particular local setting (see also in Jablecka & Lepori, 2009).

Finally, articulation of the utilisation of project funding instruments by reform actors in conjunction with other public funding devices

\textsuperscript{28} Following the institutional reasoning, we could observe that by 2015 Estonia came to rely mostly on project-funding instruments – a trend that is similar to the ‘US system’, while Latvian and Lithuanian’s public funding became built on a combination of core and project funding that is more typical of the ‘continental European funding systems’.
demonstrated that the capacity of reform actors to appropriate and implement the changes fully on the example of a concrete model was restricted and was not even always aimed for. Instead, substantial policy changes took place only if these were “led” by the group of actors with former international socialisation. It is for this reason that more competitive policy settings in the three countries were introduced at different time periods: in the late-mid 1990s in Estonia, and more progressively and only recently in Latvia and Lithuania. Hence, the study exposes a limit of recent historical neo-institutional literature about institutional changes. Transformations in the Baltic countries’ science funding policy occurred indeed both via reforms and a series of minor adjustments over time as suggested in the literature. However, agency was decisive not only in the type of institutional change mechanisms (Thelen & Mahoney, 2010; Streek & Thelen, 2005), but also in which time periods these reforms were undertaken. This assertion may also better explain the heterogeneity of the CEE research policies (Lepori et al., 2009).

References


