

Transforming Universities: the contract as policy instrument for steering

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Introduction

The study, supported by the CNR short mobility program, concerned the evolution and impact of an instrument of political action, which is a component of the core funding of the State to the universities, the quadrennial contrat between the State and the universities in France. This national case study is part of a European programme, TRUE – Transforming Universities in Europe, whose main aim is to understand how changes in the governance of the Higher Education (HE) system have modified the characteristics of the HE institutions and how this have impacted on the differentiation of the HE system.

TRUE program involves eight European countries and is supported by the European Science Foundation, through the Eurocore/Euroesch programme¹. Within TRUE Program Ceris is responsible of a transversal analysis on steering and governance instruments (funding and evaluation) adopted in different European countries and on the contribution they gave to the transformation of HE institutions. Three are the main levels of analysis: the rational of the choice and design of the policy instruments; their evolution during implementation; the relation between these instruments and the reorganization of HE institutions.

Within this framework the short mobility project, developed at the Centre de Sociologie des Organisations (CSO-CNRS), SciencesPo, Paris, between the end of October and the first part of November 2010, focused on an instrument, the quadrennial contract, adopted in France at the end of '80s, which played a very relevant role in the transformation of the French HE system. I chose to concentrate the attention (given also the limited time period) on the first two aspects, i.e. choice and design of the instrument and its evolution during the implementation, leaving aside (something that will be treated further on) its impact within the HE institutions and their organizational transformations, to which I referred only for what is necessary to understand the evolution of the policy instrument. The major change of the French HE system is related to the emergence of academic institutions as direct interlocutors for the State and central actors of HE system. When the steering process through contracts has been introduced in France, at the end of '80s, universities were recognized as the real counterpart of the central public administration: the process of autonomy acquisition by Universities started from this recognition and legitimization of the academic institutions as such (*les établissements publics d'enseignement supérieure*).

The analytical background of the study has been based on the political science and political sociology literature about the policy action instrument and the policy action implementation. I studied the implementation not strictly as a top down process, but, following Bleiklie and Kogan (2007), looking at change as the result of multiple and interrelate processes. Academic institutions are in fact ruled by more than one system: at least State, academic body, intermediary actors. The negotiation realized through the contract changed the nature of the relation between State and Universities, from hierarchical to "more" equal (Musselin and Paradise, 2009).

The study benefited, together with the analytical framework elaborated by E. Reale and M. Seeber within TRUE project (Reale and Seeber, 2010), of the theoretically and empirically rooted knowledge of my host, C. Musselin, Director of CSO, who has for a long time studied (and she

¹ The Eurocore programme doesn't fund the research activity of the project.

still does) the French HE system. On my side, I worked at two main levels: the analysis of political and administrative documents, including contracts, and the interviews with a selected group of high level policy makers, who have played or play at present a role in the implementation of the contractual policy with HEIs. I accompanied this field work with reading specific French and United States literature on policy action instruments, on contracts and on policy action implementation.

The selection of the high level public interlocutors has been made looking at the present structure of governance of the HE system. Four kinds of actors were selected: 1. at the highest level of the Ministry of Higher Education and Research (MESR)²: the HEI funding and evaluation responsible within the Ministry cabinet and the Director of the *Pole de contractualisation*, who is in charge of managing directly the quadrennial contract policy; 2. for the research activities: the Director of the Department for the transversal policies and the coordination of the research and innovation strategy, at DGRI/MESR³; 3. on evaluation aspects: the Director of the evaluation of the *établissements publics* within the national Agency of Evaluation of Research and Higher Education-AERES⁴; 4. for university: the Association of University Presidents (CPU)⁵. The list of the interviewed persons is in the Annex 1.

Description of the work developed in Paris:

In the first step I prepared some notes and a synthesis of the official documents linked to the various implementation paths of the contractual policy. This step allowed me to clarify relevant aspects related to the policy application to refer to in my interviews, as a complement of the more general track derived from the TRUE project and related to the two components of university steering instruments, funding and evaluation.

² Since now I will refer to the Ministry of Higher Education and Research as MESR or simply the Ministry

³ "La mission de pilotage et d'orientation stratégique du système de recherche est aujourd'hui confiée au ministère de l'enseignement supérieur et de la recherche qui via sa direction générale de la recherche et de l'innovation (DGRI), dotée d'une direction de la stratégie a un rôle central aux côtés des autres ministères concernés, dans l'élaboration de la politique nationale de recherche. De plus, le Haut Conseil de la science et de la technologie, mis en place en septembre 2006 et rattaché au Président de la République, renforce la légitimité des choix d'orientation portés par le Gouvernement » see www.enseignementsup-recherche.gouv.fr

⁴ "L'AERES est une autorité administrative indépendante chargée : - d'évaluer les établissements et organismes de recherche, les établissements d'enseignement supérieur et de recherche, les établissements et les fondations de coopération scientifique ainsi que l'Agence nationale de la recherche ; - d'évaluer les activités de recherche conduites par les unités de recherche des établissements et organismes mentionnés précédemment ; - de valider les procédures d'évaluation des personnels de ces établissements et organismes et de donner son avis sur les conditions dans lesquelles elles sont mise en oeuvre ; - d'évaluer les formations et les diplômes des établissements d'enseignement supérieur » See www.aeres.evaluation.fr

⁵ "La Conférence des Présidents d'Université représente les intérêts communs des établissements qu'elle rassemble: universités et universités technologiques, Instituts Nationaux Polytechniques, Ecoles Normales Supérieures, Instituts Nationaux des Sciences Appliquées, Grands Etablissements et Pôles de Recherche et d'Enseignement Supérieur. Acteur du débat public sur l'enseignement supérieur et la recherche en France, elle est l'interlocuteur incontournable des pouvoirs publics sur la question universitaire" See www.cpu.fr

In the second phase, I developed the interviews to a group of actors which I had selected with the help of the Director of CSO, after having updated the list including names and address of the policy responsables. The interviews have been recorded and then copied and reorganised. The people I met gave me further elements of documentation.

The third phase has been devoted to working on the French and American literature on policy action instrument, for checking and improving the analytical concepts to use in the interpretation of all the collected information and documentation.

Finally I did a synthetic presentation of my first results to the CSO Director, aimed to report her my interpretation of the quadrennial contract policy and to receive her critical comments.

One month after the period of the mobility, I came back to Paris to present, to the equipe of CSO working on HE, a more organised relation of my project and I participated to a conference organised at SciencePo exactly on the action policy instrument: Colloque : *Les instruments d'action publique: mise en discussion théorique*, 6-8-janvier-2011. Both events gave me many very useful inspiration for going further in the work.

The present report is articulated in the following way:

The first two paragraphs introduce the analytical background through a short review of a selected literature; the key concepts guiding the study; the research questions and the basic frame of the the interviews.

The third paragraph concerns a short history of the traditional French faculty model, which is the background context on which the quadrennial contract operated; it allows understanding motivation and difficulty of the change introduced by the contractual relation between the State and the university.

The fourth paragraph is built on documents and on the interviews and it presents, shortly, the chronological story of the 30 years of contract policy, through its fundamental moments of passage. The story follows both the internal evolution of the instrument and the evolution of its external policy context (norms and regulation).

The fifth paragraph is a descriptive one, it gives shortly information on the characteristics of the contract: targets, methods, content and funding of the quadrennial contracts.

In the sixth paragraph some first interpretation of the evolution of the policy instrument is presented, with attention to four main aspects of university transformation:

- the relation among the different instrument of public funding to HEIs;
- the relation between the quadrennial contract and the Universities autonomy, in particular which is the marge of manoeuvre the contract gives to universities and the flexibility of the instrument; the type of evolution toward a NPM⁶ based instrument ;

⁶ NPM: new public management is a form of governance of the public sector: an organisation of the relation between the political bodies on one side and the public administrations and public services on the other side, where a centralised dirigisme is substituted by a certain autonomy of the management, the presence of market rules – such as the control by results and performance, efficiency in budget management, attention to quality criteria. The NPM is differently declined by country. See also: C. Paradeise, E. Reale, I Bleiklie, E, Ferlie (editors), *University Governance*, Springer, 2009.

- the relation between HEIs evaluation and quadrennial contract;
- how external HEIs context is going to be transformed by other policy action instruments and how the role of the contract is going to change;

This set of aspects have been selected to put attention to a change in the use of the policy action instrument over time, to the relations among the quadrennial contract and other policy action instruments and to the relation with a changing, external to universities, context.

Finally a dictionary warning: I use the general term Ministry of HE and Research (*Ministère de l'enseignement supérieure et de la recherché*) or simply Ministry also when I refer to the *Direction générale de l'enseignement supérieure et de l'insertion professionnelle* (DGSIP), under which is the *Pôle de contractualisation et de financement des établissements de formation et de recherche*, a service in charge of the HE contractual policy. DGSIP is separated from the *Direction Generale de la recherché et de l'innovation*, DGRI, which, when I refer to, is indicated with its acronym. The organisation chart of the *Ministère de l'enseignement supérieure et de la recherché* is in Annex 2.

1.The literature on policy action instruments and on implementation: approaches, key concepts, definitions.

Policy instruments reveal how policies have been put into action. We look at modes of funding and evaluation, as instruments of steering and to their evolution.

The approach by policy action instrument has its roots in various disciplines: economics, law, public administration. In a reduced version the instrumental approach can be intended as concerning the conversion of policy intentions into administrative actions (Ringeling, 1983). The instruments can be conceived as “object” or “actions”, where the first one can give an incomplete picture of the dynamic nature of instruments. “Analytically three types of instruments can be distinguished” (Peters, 1998, p. 15): within the classical approach (Hood, 1983; Geelhoed, 1983; Mayntz, 1983) instruments are seen as structuring the course of policy processes, they have their dynamics, their political economies, which affect the context of policy action. This approach looks at classifying different instruments and then through the empirical analysis of a specific type attempts to explain its application. A second approach, the instrument-context one, explains the operating of the instrument by looking both at the characteristics of the instrument and to the variables within the context in which it is applied (Linder and Peters, 1989). In this frame “insights from implementation theory, organisational management and network theory are useful sources for shaping the instrument-contextual approach” (Peters, 1998, p.16). Finally the contextual approach reduces the importance of the policy action instrument to one of the context variables determining the course of the policy process, focusing more attention on policy networks, decision making arenas, implementation processes (Wamsley and Milward, 1985; Kiser and Ostrom, 1985; Hufen 1990).

Policy instruments can be classified in three main categories:

- legal, regulatory instruments, which not only have an instrumental nature but also possess a normalising function and require monitoring and enforcement. They have a more coercive nature;
- financial incentives, which don't have a coercive nature, giving to the targeted actors the choice of changing their behaviours and often requiring knowledge on the factors which determine the targeted actors behaviours.
- information instruments, ruled by "force of conviction" instead of coercion (Dahme and Grunow, 1983), often effective if aligned with the target group's values.

The policy instruments can be studied under different aspects:

- Policy implementation and its effectiveness evaluation: the two aspects can also be separated and the description of the application of instrument can remain the key focus. This shift is due mainly to the contextual approach;
- Study on the combination of instruments (Elmore, 1987; Van Woerkom, 1988) since simultaneous or not, harmonised or not combination of (legal, financial and information) instruments can be the rule of policy practice. Evaluation of the "utility" (effectiveness and efficiency) of policy action in this case look at the effect of these different combinations.
- Instruments and coincidences approach assumes that social processes are not fully controllable and take into consideration unanticipated circumstances and unexpected consequences /outcomes of instrument application;
- Policy network approach introduces the necessity of studying the instrument application not only as activities of the implementing organisation, but of various actors, also out of the implementation area (Hufen, 1990). Different networks of actors can produce different results. A particular aspect studied refers to the organisational aspects of the "use" of the instrument. Policy network approach became very popular, but some scholar underlines (correctly in my opinion) that even if various actors can be involved in the design and/or implementation/handling of a policy instrument, policy network cannot gain a "normative" meaning and government has still the power of dictating the structure and rules of the game of its "partnerships" with other actors in designing and implementing policy programs (Bemelmans-Videc et al. 1998, p.5).
- Variability of instrument over time: a policy instrument is not seen as "constant", it can be modified by the target group or through the policy learning processes (Bressers, 1989; Hufen, 1990).

Within TRUE project, Ceris team applies a hybrid combination of many of these approaches to the policy instrument study and precisely, following Foucault (1988) and Lascoumes et Le Galés, (2004), it considers instruments as institutions, partly autonomous from the goals for which they were established, organising the relation between government and governed institutions. The public action instruments "déterminent en partie la manière dont les acteurs se comportent, créent des incertitudes sur les effets des rapport de force, conduisent à privilégier certains acteurs et intérêt et à en écarter des autres, contraignent les acteurs et leurs offrent des ressources, et véhiculent une représentation des problèmes ». (Lascoumes et Le Galés, 2004, p.16). The political and social actors have therefore different capacity of action as function of the selected policy action instruments. As institutions the instruments allow a stabilisation of the collective action and make more visible the actors' behaviour.

Two elements are critical in our instrument analysis:

- The freedom and space of manoeuvre it leaves to actors or how instrument change the actors policy space (Braun 1996);
- The present functioning of the instrument is influenced by the path dependency effect (North 2000).

As to the policy instruments in HE studies Reale and Seeber (2010) state that : “ In the last twenty years most European countries faced a multiplication of the instruments used by the government for steering the HEIs with a common justification toward improving performance and responsiveness and the level of institutional autonomy”. (p.4). The same authors write that: “ Along this tendency different conflicting conceptions of the relationships between the State and the HEIs can be identified (command and control, regulation by the community, stimulating market forces, repairing market failures) and different objectives of policy intervention as well (optimal allocation of resources or improving the evolution capability of the system).” (p.4)

In the literature on policy implementation there are different approaches too: Grindle and Thomas (1991) consider implementation as a linear process and propose a dichotomy between policy and implementation: policy making is a sequential problem solving process, where implementation is one of the phases following the decision activities. Others scholars, Majone and Widavsky (1978), whose approach we follow, define implementation as an evolution process, which implies a continuous reformulation and new design of the original one: implementation change a policy through a process of mutual adaptation, learning negotiations and interactions (Browne and Widavsky, 1984; Barnett and Fudge, 1981). Following Gomitzka et al (2003), who underline the relevance of implementation studies on HEIs , we want to understand the way the reform has been put into action, how other external trends did affect it (globalization, internationalisation, marketisation) and if and how emerging stakeholders influenced the practice of realization of the policy. The policy instrument post-enactment process is what the implementation literature identifies as crucial.

A revolution has taken place in the “technology” of public action over the last years not in scale and in scope, but in the basic forms of the government action. The new tools share a common feature: they rely on a wider assortment of third parties. Salomon (2002), referring to the implementation and management of public services in US, states that what is involved is not simply the delegation of clearly defined duties to regulated agents, but the share of a more basic governmental function: the exercise of discretion over the use of public authority and public spending. Contract is one of the new tools, which can bring such a type of relation. Even if it includes incentives, it is more direct than other tools, since the behaviour of the parties is clearly brought forth. An instrument and a contract can be defined on the basis of:

- automaticity: the extent to which a tool uses an existing administrative structure to produce its effect rather than having to create its own administrative apparatus;
- coerciveness: the extent to which a tool restricts individual or group behaviour as opposed to encouraging (or discouraging) it;
- visibility: the extent to which the resources devoted to the tool show up in the normal budget process;
- oversight: the extent of the reliance versus the check on the contract realisation;
- type of performance committed: achievements of specific results versus “best effort” instrument/contract.
- type of assessment in case of “best effort” contract: in this case government can have interest in providing incentive mechanisms, establishing a number of criteria (which may

involve budgeting control/audit or delivering results etc.) on which assessing the contractor on a regular basis, during the contract life and assigning resources/award fees. Establishing performance standard and monitoring /evaluating performance is a challenge in the use of contract tool, mainly if results are expressed as a direction and not as a result.

The policy action instrument (the quadrennial contract in our case) is not only a “technical” instrument but “il est indissociable des agents qui en déploient les usages, le font évoluer.. » (Linder et Peters, 1989) ; moreover « chaque instrument a une histoire et ses propriétés sont indissociable des finalités qui lui sont attribuée ».

The contract is a policy instrument which has been largely applied by the government in France, during the last 30 years, notwithstanding the centralised character of the State, within the frame of the decentralisation of the welfare State, starting from applications to the urban policy and the local development:...”*Les politiques contractuelles ont d’abord concernées les politiques de la ville, le développement économique local et les politiques culturelles. Puis elles sont intervenues largement dans des secteurs différentes: santé, politique universitaire, formation, politique sociale*” (Gaudin, 2007, p.26). They are less legal obligations than policy commitment on co-shared projects , including resources allocation on a fixed calendar.

Three main types of public action contract have been developed in France (Gaudin, 1999, p. 172):

- orienting contract: *documents d’orientation, qui permettent d’afficher une volonté générale de coopération..plus que de détailler des opérations à réaliser;*
- project contract: here a detailed contract is signed, with some defined budgetary calendar;
- program contract: usually a large policy of investment, between State and regions.

Contractual procedures have three common characters :

- an agreement among the parties on the aim of the contract and therefore an explicit phase of discussion and negotiation;
- each of the contracting parties, undersigning the contract, gives resources for the realisation of the aims (for instance in our case the project’s aims), these resources being also not equivalent neither of the same nature;
- the agreement concerns an agenda of commitments lasting more than the budget year, but within a medium term/realistic period of 2-5 years. If the commitments are not realised (agenda, resources) some penalty can intervene, but, differently from the private contracts, this aspect is still not well developed and more of political than of legal nature.

During the ‘90s some independent bodies of regulation have been created, supporting the piloting of the contractual policy. This has been progressively accompanied by the development of evaluation procedures. The State’s direct control is substituted by the evaluation as steering form. But the assesement instruments and the evaluation procedure didn’t bring to re-establish the previous authority based relation.

Here we give also some key concepts linked to funding and evaluation instruments (see Reale and Seeber, 2010).

Modes of funding include formula and all the related devices (such as performance assessment for teaching and research standards and rules) and project funding schemes. Formula is a sort of guideline for allocating basic government funding on the base of rational and equitable criteria, providing a (stable) and predictable level of funding. Formula calculation varies over time,

reflecting the changes in the emphasis of government on different objectives. Formula generally goes with other systems of core funding allocation and can include negotiations processes between the HEIs and the government which generally applies only to a limited quota of the overall government funding.

Project funding refers to a set of schemes introduced by governments to steer the HE system and to address particular objectives (research priorities, new developments, premium and incentives, joint and open programs). It includes competition among actors.

Evaluation includes the research assessment exercises, the use of rankings and system for quality assurance.

Quality assurance concerns two main activities: accreditation and evaluation schemes. The accreditation confers a legal status to the institution or to a study program, together with the duty for the government to distribute funds and grants. Evaluation schemes aim at “measuring , analysing and/or developing quality of institutions, degree types and /or programs, that do not directly or indirectly lead to approval processes. The results of evaluation inform funding, but it can be done not automatically, for instance including contract negotiations.

We look at implementation as a continuous process of (formal- authoritative government decisions- and informal- pressure from inside the Universities) negotiation between actors involved and as a learning process. Environment and institutional context influence the evolutionary path.

The way in which formula, contract and project funding are implemented is relevant for defining the HEIs governance regime ; in particular the contractual part of the core funding can be:

- strongly top down and detailed (close to a new public management regime) ;
- based on bargaining between HEI top management and the Ministry, sharing similar power (identifying a network regime);
- involving within the bargaining process also the participation of professionals and students (neo weberian regime).

In sum, given all these definitions, the French quadrennial contract can be seen as part of a voluntary policy, started and ruled mainly by the State, embedding later some elements of new public management (budgeting rules and performance evaluation, see also other part of this report), and participative elements, for the contract application and the consensus building within universities; it can be seen at present as a sort of neo weberian regime, more than a network one, since the locally based strategy of universities, to be managed again through contracts, is still low developed.

2. Main research questions and the framework of interviews

The following research questions have driven my short-mobility project:

-How did the design of HE policy change: which actors have driven this change (including new types of actors), how do they did it, the crucial dates, which kind of change concerned the

relations among the main actors (Government, University administrations, Professors, Research labs).

-How contingent trend affected the evolution. During the 30 years of HEIs contractual policy there were many other changes, namely: national policy towards Public administration (rules for better accountability, aim oriented budgeting, relevance of ex-post performance criteria); Bologna process, accompanied in France by the overcoming of the system of national *maquettes*; the European push towards excellence (reflected within the national Law of Research, 2006 and new policy action instruments).

-How did evolve the relation among funding components. The relation between contract policy and formula funding evolved: mainly new criteria, performance based, were introduced, a better timing between formula and contract, since contract finally included all university resources; the relation between core and project funding, whose amount increase didn't substitute the core funds, but can bring changes within the French HE system, that are still unpredictable;

- How was the relation between contract policy and University autonomy. The contract drove a progressively full autonomy, including responsibility, management and strategic capacity of universities; the evolution went toward the identification of a restricted counterpart (the president and the administration Board) of the Ministry of HE and research. There was a definition of procedures assuring an internal hierarchy, even if accompanied by participation modes;

- How did evolve the relation between contract policy and modes of evaluation. Evaluation became a more transparent instrument, informing the universities project and impacting (not in an automatic way) on the core fund allocation.

Here below the TRUE track of the interviews is presented:

- What are the major problems/current challenges confronting HE/univeristeis and higher education policy?
- What are the major solutions and remedies?
- To what extent would you say higher education as a policy area characterised by conflicts or by consensus?
- If there are conflicts, what are the main issues?
- Which actors are trying to influence HE policy making (parliament, political parties, ministry, funding agencies, evaluation/accreditation agencies, association of universities, unions, academic institutional leaders, elite academics)?
- How would you characterise the way in which lower level (funding and evaluation) agencies and academic institutions follow up and implement governmental and ministerial decisions?
- How do you characterise the autonomy (room of manoeuvre) of the HE/universities for funding? Are regulations on budgeting very strict? What are the main constraints and why are they considered useful?
- Does evaluation limit HE/university autonomy? How and to what extent?

- Do you characterise funding and evaluation as the major steering instruments (in terms of efficiency and effectiveness) used by the government to implement/achieve political goals for the sector.
- To what extent and how have these instruments, and the relative emphasis in using them, changed?

Instruments

- Main steps of evolution and impact of the mechanisms of allocation of basic government funding of HE/universities: what motivation, rationales and objectives.
- How and to what extent the mechanisms of allocation was influenced by :
 - Benchmarking with other national models
 - Supranational European policies
 - Stakeholders and society pressures.
- Information on project funding
- Information on evaluation.

3.The historical context of the contractual policy: French faculty model⁷ and its overcoming

After that the French Revolution dissolved the universities, like all the guilds, Napoleon re-creates the French university under the only form of a State Ministry. After that, the third and the fourth Republic re-introduced the faculties, without giving any power/value to universities.

Universities were reintroduced after May '68, but keeping the separation between sciences and human and social sciences. This historical background explains the present fragmentation of universities *à la française*, Lyon 1, 2 and 3, or Paris1, 2,...until 13. In fact , Paris 6 and Lyon 1 are large faculties of sciences, Paris 4 and Toulouse 2 are large faculties of social sciences etc. What in France is called "*université*" should be called faculty anywhere else. The law of 1984 re-established the supremacy of the national decrees on the collegial rules and on local experimentations of universities. The *Conférence des présidents d'université* (CPU) remained under the presidency of the Ministry until 2007. These aspects have been reinforced by the weight and often the strong autonomy of university's internal components, such as the units of education and research (UFR) and, until very recently, the steering of the research activities was under the controlling Ministry and/or the public research organisations, through the attribution of posts and resources. Another well known characteristic of the French context is the separation between universities and

⁷ This paragraph is built on a communication made by Yves Lichtenberger (professor at the university Paris-Est, Marne-la-Vallée and president of PRES Université Paris-Est) to the Académie des Sciences morales et politiques (Communication du 6 avril 2009).

professional oriented schools, such as *écoles d'ingénieurs*, *écoles de commerce*, *grandes écoles*, (i.e. specialised organisations), since the faculties didn't show enough interest in assuming new missions such as advanced research or technical, scientific and administrative education, which the government regarded as necessary for the country.

The policy of contractualisation put an end, even if it took time to do so, to the system of faculties and the self reference of disciplines; it gave to the universities the possibility of building a local and collegial responsibility centred on the university Boards and the President elected by peers. The direction given by the policy of contractualisation and its evolution has brought the French system of *enseignement supérieur et recherche* to overcoming the *modèle facultaire* and more recently to overcoming the separation among education, research and professional oriented schools. A further development has been that of building a role for the universities at regional/local level towards the socio economic development.

This progressive institutional building has been accompanied by a debate on the challenges of a society grounded on knowledge, which firstly has given relevance to the extension of the role of public research organisations and *grands écoles*, finally arriving to the revalorisation of a "university pluridisciplinary territorial system" (this is also the title of a 2006 document of the *Conférence des présidents d'université* –CPU).

This process of reform has been driven by the State and its policy action instruments (laws, quadrennial contract, creation of new intermediaries), but of course its success asks for an incremental process of appropriation and learning by the decentralised actors (mainly the universities). Beside the action of the State, of the university Presidents and their teams and of the university administrative Boards, the characters of the new institutions and of the new practices, reflected in the university projects and the quadrennial contracts, depends on other many actors, among which the university internal components, the directors of research laboratories, the public research organisations, the professional oriented schools and the regions (to which the law has given since many years, the responsibility of the professional education). These actors and the single universities have very different capabilities of transformation: for some university –the large Universities of sciences in particular- to find identity and legitimization can be easier⁸. Moreover the policy of decentralisation has been for a long time mainly driven by the central administration and now asks for a new step towards a locally shared responsibility.

4.The evolution of the quadrennial contract : chronological story

4.1.Before the contractual policy

It was the law Faure (1968) which gave to the French universities a legal status, that of *établissement public à caractère scientifique et culturel*. In this way the universities were called to substitute the faculties and the basis for their autonomy was laid down: universities could

⁸ This idea is also sustained by C. Musselin and C. Paradeise "Reforms that have developed during the last few decades foster specific types of local organisations that do not fit well in all scientific sectors. They contribute to building conditions for scientific performance that require costly equipment, cooperation, division of labour and flexibility of human resources among other things. To a certain extent, they facilitate and rationalise forms that already exist." (C. Musselin and C. Paradeise, 2009, p. 49).

determine their internal statute and structure, their pedagogical methods, their processes of control and check of knowledge/competences. A principle of participation was established through the election of the Board charged of the administration of the *établissement*. The administrative and the scientific Boards were formed by professors, researchers, non student personnel, students and also by some external stakeholders.

But the autonomy recognised by the law was never effective, since the universities had not a real budgeting autonomy, which is necessary to decision making, since strategy implementation needs the (re)allocation of financial means. A full budget autonomy has been given to the universities only very recently, by the 2007 law, and the quadrennial contract has been the fundamental lever sustaining this evolution towards a full autonomy. After the law Faure faculties continued to behave independently and to be related directly with the Ministry: only with the quadrennial contract the universities started to exist as an entity.

At the half of '80s the debate on the governance of universities and the related question of their autonomy has acquired attention. In 1984 the law Savary reorganised the university legislation: it confirmed the principle of participation and reinforced the power of the President of university. As to the first aspect the law recognised three central Boards: beside the administrative and scientific Boards, there was also a *conseil des études et de la vie universitaire* (CEVU), as a guarantee of students' right to political and trade union freedom. On the other hand the law Savary gave potentially relevant power to the President: he leaded the university, was elected by absolute majority by the three internal *Boards*, united into assembly; he prepared and carried out the deliberations of the three internal Boards; he had authority upon the whole personnel.

4.2 The beginning of the contractual policy

The idea of promoting a "policy of research" at the universities, debated in 1983, was realized through the instrument of a contract between State and universities, regulated by the law 84-52 of 26 January 1984. This law settles down the normative frame of the quadrennial contract, to which the following administrative regulation will refer. The contract is an instrument which establishes the commitments of university and the related resources (financial and human) transferred by the State for supporting its realization (a quadrennial project), which undergoes an ex-post evaluation by the Ministry and the National Committee of Evaluation (CNE). The first application of the quadrennial contract concerned the research activity at university and answered to three motivations: to give an incentive to the universities for designing and realising a scientific policy *d'établissement*, to introduce a previsional funding of research (four years) and finally to regulate the independent behaviour of the research units.

The Ministry gives funding within the frame of the contract for the research laboratories located at the university; but a large number of laboratories are in common between university and public research organisations (PRO) and in this case laboratories have a double budget: one from the university and one from the PRO. In practice and for a long time (the situation changed only after 2007) it was the Ministry which trasferred to the University the funding for a "specific" laboratory (*une politique flechée*), a process out of contracting.

Five years after the contract for research, and linked to a specific electoral contingency, well described by C. Musselin (2001), a simple administrative document of the Ministry (*circulaire* of 24 March 1989) introduced the contracts of *établissement*, concerning the education policy and all the rest (except the research activity), bringing additional resources to the universities. The aim was that of giving a real content to the autonomy of universities and allowing the State to have a policy of incentive. The quadrennial contract concerned a shared program of targets and means (operational budget and human resources). It was accompanied by a symbolic procedure: the negotiation was made within the universities, where the central administration officers, and the Minister himself, went for discussing and signing the contract.

The instrument of policy action was immediately successful: at the end of the first quadrennial period all the universities have signed a contract with the Ministry.

The contract gave space and legitimacy to the central authority of university, the President, who reinforced his function and his capacity of negotiating both with the central administration and with the internal components. The image of the Ministry was transformed too, from authority of steering to quasi-partner: quasi-partner since the Ministry kept always its authority and the university remained in a "national" regime of authorisation of courses and of evaluation. Moreover the contract asks for a self-reflection and a planning at medium term during the elaboration of the project of the *établissement*.

In 1989 two quadrennial contracts between Ministry and university are still present, one for the research activity and one for all the rest, and three evaluation processes: an evaluation of the mixed research units made by the public research institutions, one evaluation of the University's units of research made by a mission internal to the Ministry of HE and research and one external evaluation for the *établissement publique* made by the *Comité nationale d'évaluation*- CNE.

As a positive result, the contract allowed to overcome the *politique de guichet*: traditionally at Ministry there were different offices disposing of a specific budget (*formation à distance*, new technologies, long life education, library...) and the faculties used to make the tour of all these actors; since 1989 there is only "one" policy by *établissement*, including some priorities and a strategy, and this reinforces the identity of Universities. No longer the single faculties directly ask funds to the different functions of the Ministry, but it is the *établissement publique* which gives the means to its faculties.

An important shift arrives in 1994: the right party won the political election with a large majority and the new government decided to confirm the contractual policy, introduced by a left government: an administrative document (a *circulaire*) of the Ministry of HE and Research established that in the future there would have been only one contract (*contrat unique*) with the universities, instead of two contracts, one for research and one for "all the rest". This in some way gives foundation to the unity of the university. For the research components it is the beginning of the "three parties" policy, i.e. the research component of the contract is co-signed by the Ministry, the university and the PRO, whose laboratories and equips are located within that university.

Between 1995 and 1998 there is a period of strong increase of student population (9% by year) and the HE policy is marked by this "urgency": the contract is mainly used for accompanying this change, without other incremental innovation.

In 1998 the left parties won the new political election; the period of emergence is at an end and the new Minister of HE wants strongly relaunching the instrument of contract, transforming it in the unique way/mean of relation between the Ministry of HE and Research and the universities. The administrative act (*circulaire* of the 22 May 1998) establishes the procedures of negotiation, based on the *établissement's* project. This document affirms that the contract is the preferred instrument of a co-shared vision of the evolution of each individual university, based on an articulation of targets and means; that this pact is a support given from the State to the policy of the *établissement*, in accordance with the national plan and at the same time in the aim of giving a sustain to dynamic processes and innovation within universities. The same act affirm the crucial character of evaluation. The Ministry gives to the universities means and quality certifications, these last ones including habilitations, i.e. the central authorization to award diploms/degrees, which until then had a quadrennial frequency, but out of the contract. Since 1998 all the quality certifications (labels for the research laboratories and habilitations for education diploms) should have to be included in the quadrennial contract. The same act gave room to the internal Boards of universities: the scientific projects had to pass through the scientific board, the education projects through the check of the educational board (*conseille d'étude*) and at the end all had to pass through the approval of the administration board.

From the end of the '90s five important steps can be accounted for within the process of evolution of the contract: three are external and redesign the frame of the HE system (LOLF -2001; *Loi pour la Recherche* -2006; SYMPA, the new system of core fund allocation-2009) and the other two redesign the organisation of universities (LMD system- 1999- and *Loi relative aux Libertés et Responsabilités des Universités*-2007).

4.3 NPM concepts enter in the public administration budgeting.

In 2001 a new law (*Loi organique relative aux lois de finances* -LOLF) introduces new rules of management for the Public Administration and the public services (transparence of accounting and use of performance measures) and obliges them (therefore also universities) to have an analytic cost accounting. The law compells each Public Department and public service to go from a system of recurrent mean allocation based on the « nature » of the expenditures to a system based on the scope of expenditures. In the case of universities, before the LOLF the budget was allocated by personnel, operating expenditures and investments ; after the LOLF the budget is allocated by the number of hours devoted to research activity, to degree education, to master and doctorate. In this way the public services give transparence to how they use public resources and which are their priorities. It is a type of allocation which should link in a dynamic way aims, means and outputs of the public services, to the benefit (visibility) of the Parliament and the citizens. This law pushes to a change the universities too, from a culture based on « rules and norms » to another based on evaluation and contracts. Also this institutional innovation asks for a better capacity of driving (*pilotage*) university and for a reinforced power of its President and administrative Board. But the law asks for a better budget « management », that cannot be identified with a full university driving capacity (designing, building and realising a full strategy).

4.4. A new system of university degree organisation.

In 1999, 29 European States signed at Bologna an agreement for building a Higher Education European Space (HEES), whose realisation asked for a more hierarchical governance of university. At the beginning of 2000 several reports of the French *Comité national de l'évaluation* (CNE) and of the *Cour des comptes* (Audit Court) underlined the complexity of the French university system of governance, facing multiple internal legitimacies, those of the President and the Boards of the *établissement* on one side, those of the directors of the internal components (laboratories, research and education units-UFR-, institutes...) on the other side, « which could be an obstacle to the realisation of a university project, clear and visible ». The long term process of Bologna had the aim of creating an harmonised European space for higher education (creation of the scheme Degree-Master- Doctorate, the LMD scheme in France) and a competitive HEES (creation of Excellence Poles).

Between 2002 and 2005 the scheme *Licence-Master-Doctorate* (LMD) was adopted largely by the French universities, even if the Ministry had left the universities free of choosing between the old and the new regime, and the quadrennial contract was used for designing this change. Remarkable was the fact that the faculties accepted this transformation without resistance or conflicts. The specificity of the French system is that the new LMD system has been accompanied by the giving up of the national « *maquettes* » system, i.e. the national regulation establishing the content/organisation of each degree. From the « equalitarian » point of view of the public service, it was the Ministry with its experts which named the list of degrees and specified their organisation. With the LMD system it is up to the universities to freely decide how to organise the degrees. Being in a system of national evaluation, the universities are required to inform the Ministry of their choices and do this within the quadrennial contract.

4.5. Weak aspects within the quadrennial contract

At the half of 2000s three were the relevant weak aspects in the quadrennial contract instrument:

- it had still a partial character in terms of resources on which the universities could build their strategical project. The Conference of University Presidents (CPU) and the *Mission d'évaluation et contrôle de l'Assemblée nationale* (MEC) sustained that, within the quadrennial contract, universities should have to manage the global resources. The national Audit Board (la *Cour des comptes*) esteemed also that the financial impact of the contract was low and that it was necessary to give it more space .
- The evaluation had a reduced place. All the policy actors agreed on the weakness of the evaluation devices, necessary corollary of the university autonomy. *Cour des comptes* and MEC agreed on the necessity of carrying into effect the evaluation, especially in the perspective of a "global contract". Even if the national evaluation Board (CNE), created by the law in 1984, had the role of evaluating the quadrennial contract, articulating its task in connection with the contractual policy agenda, this was not realised. The CNE declared that at the core of its doctrine there was "working before all for the *établissements* and the improvement of their functioning" (*travailler avant tout pour les établissements et l'amélioration de leur fonctionnement*)⁹. The CNE didn't want to be a driver for the public

⁹ « De Berlin, à Bergen, nouveaux enjeux de l'évaluation » Colloque de Dijon, 10, 11 juin 2004

decisions and their reports had a low impact on the decision making processes. In this way¹⁰, CNE participated to the building of the university autonomy.

- The regional context also didn't receive enough attention. Following the proposal (*plan Université du troisième millénaire* - U3M) of Claude Allegre (Minister of Education within the Lionel Jospin government, 1997-2000) local collectivities should have to be associated to the design of the contractual policy.

4.6. 2006: Key paths - new intermediary bodies of research funding and of HEIs and research evaluation; new instruments, the HEI and research clusters.

The law of the Program for research (Loi pour la Recherche n° 2006-450 du 18 avril 2006¹¹) was enacted by the Villepin government. The law appointed the commitment of 19,4 billion euros for the 2005-2010 period, devoted largely to the inter-ministry mission « *recherche et enseignement supérieur* », and to project funding, allocated through specific agencies, and fiscal aid to research.

The 2006 law enacts the creation of a new Evaluation agency (*Agence d'évaluation de la recherche et de l'enseignement supérieur*- AERES) regulated as an independent administrative authority (*autorité administrative indépendante*) and charged of evaluating HEIs and PROs, their cooperation structures, education degrees, and of supervising the procedures of evaluation (qualification, recruitment, promotion) of individual researchers, which remained entrusted respectively to CNRS and to CNU – National Council of Universities (*Conseil National des Universités*). The AERES is enacted of evaluating also the national agency of research, ANR).

The National Agency of Research (ANR) has been established by the art. 329-1 of research code and its organisation/functioning has been appointed by the Decree 2006-963 – first of August 2006- as a public administrative institution under the control of the Ministry of HE and research. The Agency operates within the frame of the research policy defined by the Government. It is an Agency of funding of projects, whose selection, within the frame of call for projects, is based on quality criteria for scientific projects (and on economic relevance for enterprises). In 2009 ANR had an outlay capacity of 840 million euros. ANR was established in a context of public budget constraints, for funding research activities but within a competition and evaluation frame; researchers should have preferred a direct allocation of budgets from State to research units and labs. Three years later (2009) the ANR was called to manage a very huge government fund appropriation within the program “*Investissement d'avenir*”¹¹: 35 billion euros, half of which devoted to HE and research.

¹⁰ “Ils ont sur ce point participé à la constitution du corps de doctrine qui a facilité les décisions favorisant l'autonomie des établissements”. J. R. Cytermann, « Les évaluateurs des universités et le développement de la fonction conseil » in « De l'évaluation au conseil à l'université » Presses universitaires de Rennes, 2009

¹¹ “À l'instigation du président de la République, s'est ouvert en juin 2009, un débat sur les priorités qui doivent préparer l'avenir de la France. Un grand emprunt doit venir les financer. Dans cette perspective, la *Commission sur l'emprunt national*, présidée par Alain Juppé et Michel Rocard a dégagé sept axes prioritaires d'investissements et dix-sept actions pour un coût total de 35 milliards d'euros dont près de la moitié consacré à l'enseignement supérieur et la recherche. Les sept axes prioritaires sont les suivants : soutenir l'enseignement supérieur, la recherche, l'innovation, favoriser le développement de PME innovantes, accélérer le développement des sciences du vivant, développer les énergies décarbonées et l'efficacité dans la gestion des ressources, faire émerger la ville de demain, inventer la mobilité du futur, investir dans la société numérique » see www.enseignementsup-recherche.gouv.fr

The 2006 law had also the aim of sustaining the cooperation among the different research and HEI actors, through the creation of *pôles de recherche et d'enseignement supérieur* (PRES), which could regroup different institutions, including almost one *établissement public à caractère scientifique*, and to which local collectivities or enterprises could be associated. The law envisaged also the creation of “advanced” research thematic networks, RTRA (*réseaux thématiques de recherche avancée and centres thématiques de recherche et de soins*).

4.7 2007- The law for freedom and responsibility of universities

In 2007 the Law for freedom and responsibility of university (LRU, *Loi relative aux Libertés et Responsabilités des Universités*, n° 2007-1199, the 10 of August 2007) was passed. It envisages that, within 5 years from its publication, all universities have to adopt the new regime of « increased autonomy », which includes new budgetary responsibilities and human resources management. It envisages too that the State can transfer to the universities, which ask for, the ownership of property assets concerning to them or which are at their disposal. Moreover the law provides for a simplified governance of university, with the pre-eminence of a restricted administration board and an expansion of the prerogatives of the university president. Besides the law provides an important extension of the competences : the management of a global budget including all the personnel's wages, higher freedom in choosing the employment structure, within the frame of a maximum level of employment and wages established by the State, and the introduction of a resources allocation model based on the globalisation of credits with one part allowed on the university performance.

The President become the real master (*maître d'œuvre*) of the project of the *établissement*. He is elected on a project only by the administration board, with an absolute majority decision, for a period of 4 years, which can be renewed only once. The President and the administration board has the responsibility of personnel recruitment, which before the law was attributed to expert commissions organised on disciplinary basis. The administrative board, now formed by 30 members (the half than before), has also to include almost one enterprise manager and almost one actor of the economic and social system, and two or three representatives of regional collectivities, including a representative of the regional council. The administrative board approves the activity report of the President and is allowed to set up education and research units (*unités de formation et de recherche*) thing that, before the law, was under the jurisdiction of the HE and research Ministry, after advice of the scientific board of the university.

University can now create units of education and research (*unités de formation et de recherche – UFR*), departments, research laboratories and centers by the simple resolution of the administrative Board, with an absolute majority, after the advice of the scientific Board.

This concentration of power is accompanied by the advisory role of : 1. the internal scientific board, on the lines of the university scientific policy and the distribution of research credits ; 2. the internal *conseil d'études*, in charge of supervising the education project ; 3. the study and university life board (*conseil des études et de la vie universitaire*), in charge of evaluating teaching activity; 4. the technical board on the management of human resources.

The law is supported by a State financial appointment of 5 billion euros (2007-2012).

The Ministry of HE and research keeps the task of establishing the large orientation of the HE and research national policy, the appointment of the rectors, who are in charge of controlling the lawfulness of the university budgetary acts and the setting of the HE enrollment fees. The degrees keep a national character.

The reform is accompanied by the State through a monitoring committee, which is in charge of identifying possible difficulty in its application.

4.8 2009 - The reform of the core funding allocation

The previous system of core funding allocation (called SAN REMO) had become obsolete: it worked on activity indicators, and over time it had become complex, embedding 80 parameter; it didn't allocate fund to the research activity and the weight of the performance indicators was only 3%. The old mathematical model (funding formula) in 2009 is substituted by a new one (SYMPA) which includes indicators both for education and research activity and increase the weight of performance indicators (20%), introducing a competition on the quality of education. The "activity" remains the predominant criterium, justified by the fact that HE is a public service; the performance part (the ex-post evaluation component) is articulated in the following way: 80 % on "common" indicators of performance, including the rating of the research laboratories and of the Doctorate schools (both evaluations made by the AERES); the other 20% is linked to the contract. Within this last component, 10% is distributed on the basis of the realization of the contract aims in terms of rate of success, professional intergration, commitment to the territorial areas policy (*politique des sites*) and good management of *établissement*. The other 10% is for accompanying the project of the *établissement* and its strategy. On the global budget allocated to universities by the State, and including now also the whole amount of salaries, the funds allocated through the contract represent 4% of funds. The HE and Research Ministry expects from the contract a value added to the SYMPA incitations. The separation between evaluation and allocation decision, established since the LOLF and justified on the basis that the government, entitled for the fund allocation, follows political and not only economical/efficiency principles, is granted by the contract, which represents the flexible and dynamic part of the fund allocation. This is due to : 1. the new evaluation mechanism is now external to the Ministry (and to the PROs, even if representatives of PROs are included in the evaluation of research laboratories; 2. AERES principles remain close to the CNE's ones as to the *établissements* evaluation, which is developed "for accompanying the improvement of the university"; 3. the increased room of manoeuvre of university in contracting with the Ministry their path of development.

At the same time the Ministry has developed a Guide (*Guide méthodologique pour l'élaboration du tableau de bord stratégique du Président d'Université et de l'équipe présidentielle*- 2010) oriented to accompany the university President and his equipe in building the university strategy: "La rédaction du guide d'élaboration du tableau de bord du Président et de l'équipe présidentielle, son édition et sa diffusion, ne constituent pas une fin en soi. En effet, après avoir documenté l'élaboration du tableau de bord du président, il s'agira de mettre en oeuvre les recommandations du guide dans chaque établissement, en tenant compte de ce qui existe déjà, du niveau atteint par le système d'information, et des besoins spécifiques des présidents et des équipes présidentielles ; l'ambition du guide étant de faire en sorte que le tableau de bord, sans négliger la satisfaction des

besoins du président **gestionnaire**, réponde le plus possible aux attentes du président **stratège**¹² . This Guide for the university strategy has been committed by the Ministry (MESR) , the CPU and the AMUE (*Agence pour la Mutualisation des universités et des établissements*), it was started by the *Comité de pilotage du système d'information de l'enseignement supérieur et de la recherche* of the Minsitry and co-driven by CPU and MESR with the assistance of a consultant group . The Project Committee included representatives (vice-présidents d'université, secrétaires généraux, responsables de cellule pilotage ou contrôleurs de gestion) of ten universities¹³

4.9 Other recent paths

The HE system is still under an on going transformation; other evolution concerns:

*in 2009 the Frame agreement between CNRS and the Conference of University Presidents (CPU): the principle of the general delegation to the University of the global management of the mixed units of research (UMRs) is accepted by both partners. This frame agreement is notwithstanding applied in different forms, through specific local agreements, where it is possible also that the global management of UMRs' resources is attributed both to CNRS for some units and to the university for others.

*Since 2011 the first calls of the Programme *Investissements d'avenir*, managed by ANR and appointed of 22 billion euros dedicated to HE and research to sustain the national excellence by different types of projects start : *équipements d'excellence* (1 billion euros for laboratories whose projects are coherent with the national research and innovation strategy), *laboratoires d'excellence* (1 billion euros for around 50 laboratories or groups of laboratories with excellent scientific reputation), *santé-biotechnologies* ; *pôles universitaires* (7,7 billion euros are devoted to establishing 5-10 campus of world relevance). The participation to the call for project is open to individual researchers or units of research or *établissements*, but each project have to be presented by the *établissement* where single or groups of researchers are located or alternatively by PRES or foundations of scientific cooperation.

5.Targets, methods, content and funding of the quadrennial contracts

The quadrennial contract for research is the first step in the contractual policy with universities, then extended to the Public Research Organisations. Research activity at university is not funded only through the contract, there are many other funding instruments out of the contract, and over time, these sources of funds out of the contract increased. The process of building a scientific policy at university is nowadays still an on going process, but any way the instrument of contract guided a profound, even if not easy neither linear, process of change in the relation between university and its internal units of research.

¹² Guide méthodologique pour l'élaboration du tableau de bord stratégique du Président d'Université et de l'équipe présidentielle, 2010, p. 1. Note: the bold character is added by the author.

¹³ "L'opération n'aurait pu aboutir sans le suivi régulier qu'a assuré un comité de projet, associant aux représentants des 4 entités assurant la conduite de l'opération, les représentants d'une dizaine d'établissements ayant une expérience en matière de mise en place d'outils de pilotage ; et dont la participation a été essentielle pour vérifier en permanence, pendant l'élaboration du guide, que celui-ci était conforme à l'attente des établissements, cohérent et lisible, explicite dans son raisonnement, identifiant bien les pré-requis, et décrivant une démarche parfaitement accessible aux établissements d'enseignement supérieur" Guide méthodologique..cit.p.1

The financing of research activity at university is distributed by three main sources: the salaries of researchers¹⁴, which represent the largest part of the funding and whose management has been transferred by the law (LRU, 2007) to the university within the contract; the (different from salaries) direct and “contract” part of the recurrent funding by the State; the indirect, project funding by the State. Out of salaries, the great majority of the research cost is publicly funded (around 85% in 2000s) and the State (the Ministry of HEs and Research and other Ministries)) covers around the half of this public funding, the other actors being the public research organisations (for their mixed units¹⁵), the regions and the European commission. Of course there are differences between the universities of human and social sciences, depending more from the State funding, and the scientific universities, which are more largely funded by private actors. The State finances the research at university, out of salaries, through funds transferred directly by the Ministry to the universities for the functioning of the research units, mainly through the quadrennial contract, and through funds for specific actions. The research contract distinguishes two parts of the State funding: the funds for the infrastructures and the scientific funds; these last ones are distributed within the quadrennial contract among the research units on the basis of some criteria: the priorities of the national scientific policy, the “quality” of the units, the number of active researchers and the funding already given to their PROs. The application of the precept of the Global Delegation of Management (Délégation Globale de Gestion –DGG) concerning the research activity within the *établissement* and the distribution of resources among the unities of research can be ruled by the internal scientific board. The DGG has the scope of entrusting to the university, where the research units are localized, their credits, whatever be the source of funding.

In practice the “Framework Agreement” (*Accord Cadre*) between CNRS and CPU is at present applied through specific local pacts, establishing who (university or PRO) has the global management of the mixed units of research, human, financial and material resources included.

The evolution of the “research part” of the quadrennial contract was the following:

- In the first period, from 1984 to 1989, the contract was a support to the emergence of a scientific policy at university, but the result was only to support the structures of research within the universities;
- From 1989 to 1994, the attempt to integrate the research contract within the contract of *établissement*, but in fact they remained separated, with two different processes of funding and of evaluation. The research contract was still an instrument of negotiation between the State and the research components and disciplines.
- From 1995 to 2009 the integration of the research within only one contract (*le contrat unique d'établissement*) with a multi-governance among the university, the public research organisations and the State. In this period there is an effort, with different kinds of realisation, of better coordinating research and formation/education within the Bologna LMD (licence-master-doctorat) scheme;

¹⁴ The number of the *enseignants-chercheurs* grew on average (human-social sciences and sciences all together) of 40% during the '90s, mainly given the increase in the student population and the related increased charge of education.

¹⁵ Mixed units are the units of research which are part of PROs but are located at universities and which have had until 2004 two budgets, one from PRO and one from their university, situation arrived (almost formally) to an end with the “contrat unique” in 2004.

- In 2010 there is the will of the Ministry of transferring all the responsibility on the research units to the university, where they are located, in the aim of getting a real scientific policy of the *établissements*: an *Accord cadre* is signed between the *Conférence des Présidents des universités*-CPU and CNRS and between CPU and other public research organizations.

The research contract is composed of two parts: in the first part there is the declaration of the scientific policy of the *établissement*, where the commitment of the university in transferring the means to the laboratories is presented. The second part is the list of the research units recognised (with different *labels*) by the AERES and the list of means they will receive from the State and the PROs.

A look to the process of elaboration of the research contract shows that the scientific project of the university is a bottom up process and that its weakness is to be a collection of dossiers and projects. At the same time, the research units' dossiers undergo the assessment of the internal scientific committee and all the research activity of a university are presented to the Ministry by the President. Of course element of trust or on the contrary of asymmetric information can impact on the content of the University final document presented to the Ministry.

The process of elaboration of the research contract follows two large steps: the elaboration of the internal project and the elaboration of the contract.

The President has the responsibility of the scientific project and is supported by his team and by the internal scientific committee, but the units of research are the key actors. The process is launched by the President; then the research laboratories and groups who want to receive a label (for their creation or transformation) prepare each a dossier, to which are added the research projects. If the university has a specific group working on the internal scientific policy (something that only recently and within large scientific universities has been created), its expected output, together with dossiers and research projects, are presented to the internal scientific committee, who gives a "priority" organisation to the documents and suggests regrouping and optimisation. After that the President's team, and in particular the vice-president for "research", elaborates the project. The final text undergoes the vote of the scientific committee. Finally the global dossier, including the scientific project of the *établissement*, the budget and the individual research dossiers are transmitted to the Ministry.

At this point the building of the research contract starts. The first step is that of the evaluation of the dossiers (research units and research projects) by an internal structure of the Ministry charged of expertise and scientific evaluation. The output concerns the judgment of the scientific value of projects and research units and of the coherence of the requested means. This output is discussed among the Ministry's scientific mission, the Ministry administrative structure charged of the contract policy (now *Pole de contractualisation*) and the university. After that, a negotiation is open between the *Pole de contractualisation* and the President of the university, including funding aspects. When an agreement is reached, the contract is signed by both parts. After an advice of the Ministry's Direction charged of the research (DGRI)¹⁶, the elements of the contracts are communicated to the Ministry's *Direction of the Enseignement supérieur* DGESIP and finally integrated within the quadriennial contract.

The quadriennial contract is based on the project of the *établissement* and on the evaluation of the AERES. The funding allocation made each year includes: one part distributed on the frame of the

¹⁶ and before 2006 also of the Ministry's Mission charged of evaluation

contract; one part calibrated within the application of the model SYMPA, as a function of indicators of activity and of performance; one part conformable to the payments for the personnel charged on the State budget; one part dedicated to specific actions following ad hoc procedures. The *établissement* commits itself to an analytic accounting for the whole duration of the contract. The yearly budget of the *établissement* is accompanied by a yearly project of performance including the aims and the indicators of efficiency, effectiveness and quality of the public service of HE; the portion of the contract still to be realized; a document informing on the resources dedicated to the research units, distinguishing among those allocated by the *établissement* to its units and to the mixed ones and the resources allocated by the public research organizations (and by partners).

University components are associated to the design and setting of the contract. Territorial collectivities can participate too to the design of the education, recruitment and professional insertion policy, through the presence of two or three representatives in the university administration Board.

One of the key aspect of the contract is to support in some way the multiyear strategy of public policies. The meaning of the public action passes through the making explicit the stakes, the pursued aims, the formalization of the followed strategies and the delineation of the scopes of the public policies. The 2007 law (LUR) at art 18 envisages the obligation of appointing within the frame of the contract the global amount of means and employment, for each year of the contract. Each introduction and removal of education, each recruitment of contractual actor is registered within the contract too.

The university strategy, reported with its commitments and means within the contract, benefits of the increased autonomy (LUR 2007) of universities. To make this clear: the administration Board fixes the general principles of repartition of the service tasks for the teaching and research personnel among education, research and other missions; the President can introduce an articulation of prizes (now based on a responsibility differentiation and on the attained performances, instead than as lump-sum or *somme forfaitaire*) to the personnel, following the rules fixed by the administration Board and presented to the internal technical Board; the recruitment of *enseignants chercheurs* is ruled by a selection committee internally appointed and the President enjoys a veto right towards the new job settlement. The administration Board establishes the *établissement* maximum level (plafond) of employment, including that funded by the State (DGES) and the one totally funded on own university resources, all funding considered (and within the university wage maximum level fixed by the financial law). The administration Board can also transfer resources from one to the other of the three internal « enveloppes », wages, operational budget and investment (*masse salariale, fonctionnement, investissement*). All this is reflected in the quadrennial contract and within its yearly declination, both, differently from the budget documents, oriented to the university governance and the achievement of the agreed commitments within a medium term perspective.

6. Summary and Discussion

The French system, before the contractual policy and the related reforms, was characterised by a large fragmentation, among different disciplines and different HEIs. Otherwise other countries, the French universities had not a dominant position. Notwithstanding a cooperation between

universities and *grands écoles* within the doctoral schools or common research laboratories and a large presence of public research organisations within the universities, there was a very fragmented HE governance. The contractual policy therefore had first of all a specific, national rationale. When the contractual policy started at universities, at the end of '80s, the contract was an instrument largely used in France for the governance of public services. This instrument became a way for realising a national HE policy, based on the responsibility of the universities and the share of their strategy with the State. The quadrennial contract has been a policy instrument adopted by all the different governments, who improved it incrementally, going always in the direction of giving larger autonomy to universities, but at the same time introducing new policy instruments. C. Musselin and C.Paradeise (2009) wrote that the reforms resulted from a discrete and disconnected actions, with a strong and partly unforeseen impact when implemented.

During the 2000s important changes happened within the external to the national HE system context. In 2001 there was the law of reform of the budgetary rules within the public administration (the LOLF) promoted by the French Parliament and oriented toward more transparency and responsibility. In this way some NPM elements were introduced within the contract. Another source of change was the international diffusion of the use of universities rankings, where France kept always low positions. Improving the national position through a major effort in terms of public means and of performance indicators for the allocation of the recurrent funding, became a political aim. The 2007 law gave to the Presidents of universities a larger room of manoeuvre, through the management of the global amount of salaries, the possibility of an autonomous policy of human resources recruitment and of their reward differentiation. In meanwhile, supported by the debates on the "knowledge society", research and education were perceived as sources of knowledge externalities, positively impacting on the national economic growth. This was the background of the government policy towards increasing the means devoted to HEIs and research, through recurrent funds including contract funding, but even more through project funding and mainly the programme "*Investissements d'avenir*" devoted to research but also education projects. So, the competition, which was traditionally present within the research *milieu* (ISI publications, prizes) enters also within higher education (competition for foreign students, Ph doctors, professors). This could put into action mechanisms of fund allocation scarcely controlled by the Ministry of HE and Research, which can reintroduce what the contract instrument helped to keep far, i.e. a "cumulative" process of separation between strong and weak academic institutions.

In the following I shortly present a discussion along the following questions:

1. How the relation among the contract and the other instruments of funding is characterized?
2. How the relation between State and universities is expressed by the contract and its evolution?
3. Can a multilevel governance be identified and what is the role of the contract?
4. Is the contractual policy coherent with the other HEIs reforms? Is the result an incremental or a radical change?
5. What are the effect of the contractual policy and of the other HEIs reforms on the French HEIs system? Has it been a success?

1. How the relation among the contract and the other instruments of funding is characterized?

The core funding of universities comes at 90% from the State, the student fees are kept low by the government and regions funding has a relatively low weight.

In France there is a combination of funding formula and contract for the allocation of government core funding. Both these instruments evolved in the last years. The funding formula followed a new model developed along three criteria: more transparency; funding of effective activities (ex. instead of the number of enrolled students, formula uses the number of students attending the examination and the number of publishing *enseignants chercheurs*); more funding on performance criteria (example: for education the rate of degree success and the value added of education, i.e. the rate of degree success weighted by the students' age and social *milieu*; for research the number of researchers in laboratories of classes A and A+).

The formula allows to make a comparison among the *établissements* and to distribute the global financial *enveloppe* on the basis of its indicators. The specificity of the French funding model is mainly due to the role of the contract, the second leg of the core funding. Through contracts the governments has always saved a flexible space, which allows the State to have a direct and tailored incitative role and the universities to manage dynamic adjustment and innovation processes. The contract over time increased its importance, becoming the instrument through which all the resources, including salaries, are allocated to and managed by universities, so giving to the President and the administration Board a larger possibility of designing a medium term project. Since the full budget is now allocated through the contract, the next step will be the effective combination of the two components (formula and contract). The introduction of a global evaluation scheme, managed by an independent agency (AERES), didn't modified this situation, because a distinction between evaluation and piloting the core fund allocation was kept. The Ministry uses the result of AERES, but it doesn't apply them automatically, since the vision of the Ministry is more politically than scientifically oriented and it shares through the contract with each university a free space for possible changes. The contract is the instrument through which it is possible to launch an adjustment and to verify the effectiveness of some strategic goals¹⁷.

Project funding is the third instrument of university funding, mainly devoted to research activity, which can impact the scientific strategy designed by each university within the contract. The national Agency of funding, ANR, created by the law of research (2006), which at the beginning distributed relatively small amounts of project funding, has been called to manage the large programme of excellence, *Investissements d'avenir*, endowed by 20 billion euros for HEIs, to be distributed by *appel à projet*. There will be large thematic actions and projects on specific issues. The competition for these funds could produce a reconfiguration of the HEIs' landscape, with winners and losers, a process that is out of the Ministry's control as to the beneficiaries, given its competitive character. These excellence investments could transfer from 20 to 40 million euros by territorial sites. The State supervises this policy instrument through a specific new commission, *Commission aux*

¹⁷ This has been clearly expressed within two interviews, with Mme Avenel and Mme Reynier (see Appendix 1), who stated that, even if international experience have been taken into consideration when reforming the formula, the French system maintains its specificity and differs from the UK's.

grands investissements. This policy of excellence through project funding represents a new challenge for universities, now asked to combine a collective strategy for the *établissement* as a whole with scientific and academic creativity. Universities can use the possibility of diversifying the remuneration of their teaching and research personnel and can also use internal call for project for orienting their scientific strategy and can benefit of a percentage of the project funding received by their personnel (*preciput*), using it for piloting the *établissement*. But, given the skewed distribution of research activity within French universities, only a small number of research intensive universities will be able of using the new funding opportunities.

2. How the relation between State and universities is expressed by the contract and its evolution?

Contract *per se* is a neutral instrument which can be used more as an instrument of control or of autonomy. The contract has been seen at political level as the other face of the university autonomy. It doesn't embed a delegation relation, but a share of discretion over the use of public authority and the spending of public funds. Its implementation has progressively reduced the direct driving role of the State, while the marge of manoeuvre of a restricted part of the universities (the President and the administration Board) increased. What still remains in the State hand is a regime of authorisation for the degree habilitation and the fund allocation based on an *ex ante* ("activity" criteria, linked to the nature of "public service" of education) and *ex-post* evaluation. The evolution towards university full responsibility has been accompanied by the creation of an auditing process on the budget management, the introduction of performance indicators, new tasks such as following the professional insertion of students and establishing links with external actors at regional level, some of whom are involved in the administration Board. The quadrennial contract during its evolution has embodied elements of new public management, but it doesn't sustain a market oriented governance, neither can be at the moment identified with a network governance, since it serves a vertical internal governance, allowing the State to deal with a restricted number of clearly identified interlocutors. This evolution met critics against a too restricted governance from the 2009 protest movement, in particular by trade unions. But the evolution of the quadrennial contract towards a vertical internal governance has been accompanied by the creation of advisory bodies participating in the design of the *établissement* strategy and in the debate about the university internal life. Elements of network governance could emerge in the future, linked to the realisation of territorially based institutions, such as PRES and regroupements *d'établissement* publics. The high level executives of the Ministry look at this further evolution not in terms of duplications of actions, but of a division of tasks and funding between the different actors on a site, always managed by a contractual policy. But this is an *ex-post* rationalization. The State should keep the function of favouring the regrouping and of organising the sites, for instance extracting the *écoles d'ingénieurs* out of the universities and regrouping them by *écoles polytechniques* by site, as part of a local network. The Universities can choose which part of their functions to externalize to the new institutions, to whose governance they can participate too, allocating there some of their resources. In sum, Universities are confronted with a new challenge (processes of building clusters or fusioning, any way reaching larger size) which will have some costs in respect to their need of reinforcing the internal coherence.

3. Can a multilevel governance be identified and what is the role of the contract?

At present there is a large differentiation among the participation of regions to the HE policy, even if involved in the administration Board of universities. Only a small number of regions have a proactive role and pushes universities to regrouping and/or to creating a PRES and be related to local actors and economic growth issue. The contract should remain the instrument to realize the policy action also at territorial level, in this case changing its way of operating, towards a network oriented governance. The rationale of giving territorial roots to HE policy could be that of rebalancing the excellence policy, which is based on the participation to an international competition, for offering continuity, development opportunity and social scope to a more large number of universities.

4. Is the contractual policy coherent with the other HE reforms? Is the result an incremental or a radical change?

France has been characterised by a large number of new laws and reforms related directly and indirectly to HE policy. These reforms answered first of all to national problems of fragmentation and of efficiency. All these reforms can be considered as incremental or do they drive to a radical change? The contract remained a central policy instrument, absorbing many contents of these reforms, without changing its rationale, which brought to the reconstruction of the university identity and at the same time to a balanced differentiation among universities. The linkage between LOLF and quadrennial contract has been made through an annual translation of the medium term project and the audit process of the budget management. The linkage between quadrennial evaluation and quadrennial contract has been made also, since the university new project design starts from and uses the AERES ex-post evaluation result. In agreement with the other partner- the State- the use of the Agency evaluation is made in a "flexible" way. The HEIs governance can be defined more like neo-weberian and therefore seen as an incremental change, but at the same time it embeds relevant changes, such as the full responsibility of universities, the reconstruction of linkages between research and education strategies, the linkages with local actors. At present the HE system is not yet stable, the situation is still in transition.

5. What are the effect of the contractual policy and of the other reforms on the French HE system? Can a success be identified?

The contract shows a good level of acceptance from the main actors involved: it has given freedom to universities and all its steps have been almost "formally" adopted. The context in which this instrument has been implemented is under change and the operational actors (the HEIs) are still under the burden of new transformations. If we look within the universities many problems have to be solved, such as improving the internal capabilities of managing a full budget or designing a medium term scientific policy. A key aspect asking for almost a medium term period for being assessed is the transfer of all the internal research units under the full management of their university. Some controversial aspect emerge linked on one side to the use of the same instrument for different scopes (contractual policy with universities, PRES, regroupements of universities) and on the other to the combination of different instruments, such as the quadrennial contract, including

the full budget, and the project funding within the excellence programme. What will be the balance between them is still not evident. There is a risk linked to the introduction of some other instruments, such as the programme *Investissements d'avenir*, the programme Campus, the regroupement of research *équipes* by discipline (RTRA), while the universities in their large majority are still experimenting the new full responsibility: this could bring to a system of HE à deux vitesses. Finally the powerful role of the President at university, brought by the contractual policy, needs still a full internal acceptance (for instance the acceptance of a reward differentiation policy) and internal legitimization.

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Annex 1

List of interviews

Mme Charline Avenel, Directrice adjointe des moyens et de l'évaluation, Cabinet de la Ministre Valérie Pécresse, MESR

M. François Bonaccorsi: Conseiller au cabinet de la Ministre Valérie Pécresse pour la mise en œuvre de la réforme des universités, MESR. Il a été inspecteur général de l'administration de l'éducation nationale et de la recherche IGAENR.

M. Michel Cormier : Directeur Section établissements, Agence d'évaluation de la recherche et de l'enseignement supérieur, AERES. Il a été vice-président de l'université Rennes-I.

Mme Marie Reynier, Directrice du Pôle de contractualisation et de financement des établissements de formation et de recherche, Direction générale pour l'enseignement supérieur et l'insertion professionnelle, DGESIP-MESR

M.Yves Lichtenberger: Président du PRES Université Paris-Est de 2007 à avril 2010. De 2002 à 2007, Yves Lichtenberger a présidé l'université de Marne-la-Vallée et la commission pédagogie de la CPU (Conférence des présidents d'université) (2005-2007).

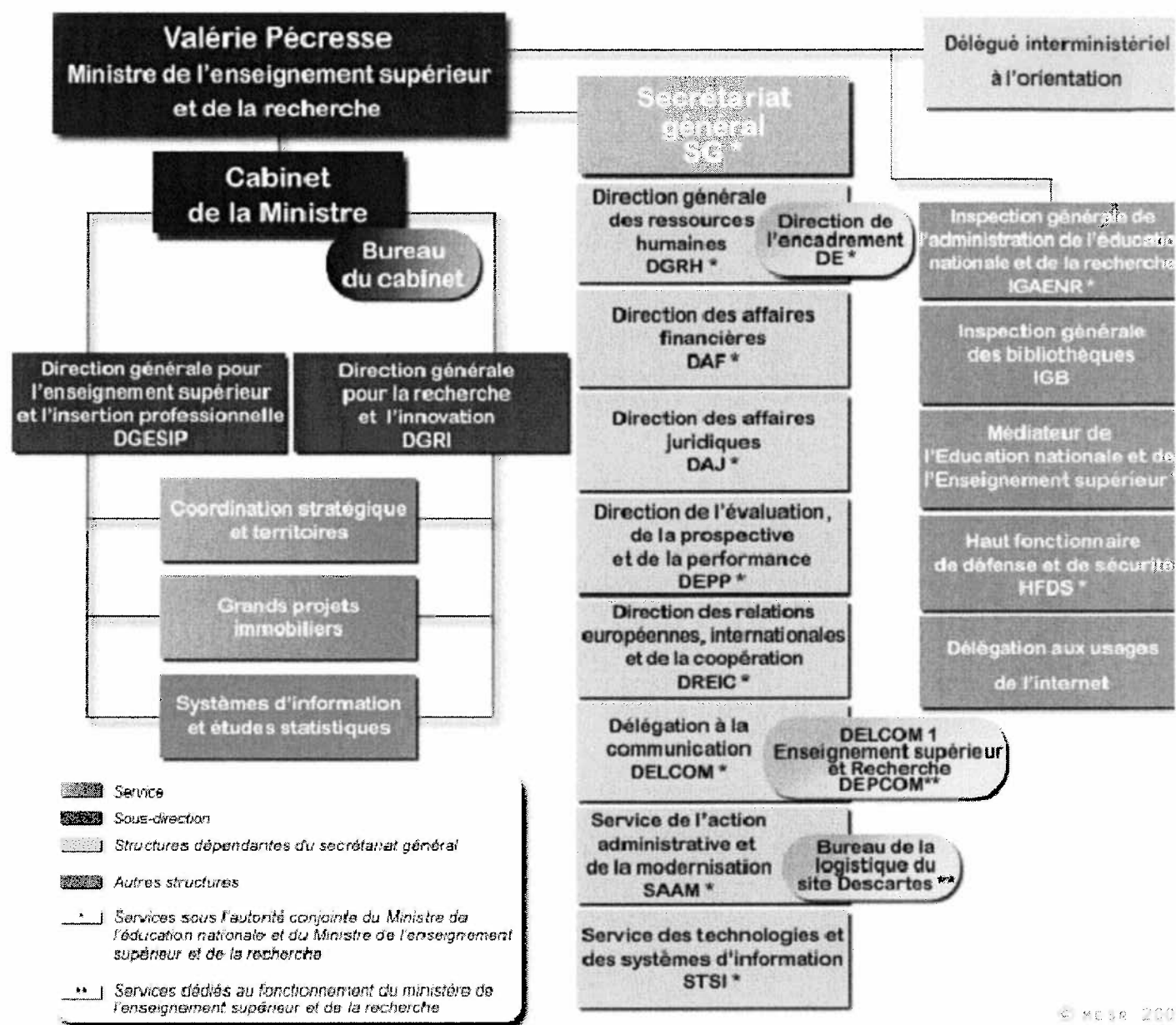
M. Jean-Pierre Korolitski: Actuellement Conseiller de Thierry Coulhon pour les initiatives d'excellence, Programme d'investissements d'avenir. Il a été Inspecteur général de l'administration de l'éducation nationale et de la recherche. Il a été aussi Adjoint au Directeur de l'enseignement supérieur, Ministère de la jeunesse, de l'éducation nationale et de la recherche (2004-2008).

M.Armel de La Bourdonnaye: Directeur du Department for the transversal policies and the coordination of the research and innovation strategy, Direction générale de la recherche et de l'innovation au Ministère, DGRI-MESR.

M. Jean-Richard Cytermann : Actuellement Coordonnateur du groupe Enseignement supérieur IGAENR. Il a été Directeur adjoint à la Direction générale de la recherche et de l'innovation au Ministère, DGRI-MESR.

Annex 2

Organization Chart of the Ministère de l'enseignement supérieur et de la recherche



Annex 2b

Organization chart of la Direction Générale pour l'enseignement supérieur et l'insertion professionnelle (D.G.E.S.I.P.)

