**REPORT OF INTERNSHIP ON FEDERATED LEARNING INCENTIVE MECHANISMS**

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**SUMMARIES OF RESEARCH PAPERS:**

*Optimal Contract Design for Efficient Federated Learning with Multi-Dimensional Private Information*

Federated Learning is a process where the users train on their local data and combine the predictions, send it to the server and repeat the process to cooperatively train a global learning model. Users only need to send the most updated learning model parameters to the server without revealing their private data. This paper talks about how to incentivize users with multi-dimensional private information to participate and train the federated learning model. The authors used the results from related works [*1*] [*2*] [*3*] and found methods to test their contract design in the federated setting. In the related works incentive mechanisms were not devised so the authors proposed an incentive mechanism design with multi-dimensional private information. In this method incentives are provided according to the type and quantity of the private information the user is sharing along with that the model also considers different levels of asymmetry before providing the user with the incentive. The authors tried to find the optimal solution with the given incomplete private information. In this mechanism they summarized the user’s multi-dimensional private information with a single dimension. The authors have designed incentive mechanisms with users for both IID (Independent and Identical Distribution) data and non-IID data. To propose the incentives mechanisms, they have considered three scenarios where they have weakly incomplete information scenario where the server knows the total number of users and the specific number of each user but does not know which user belong to which type, a strongly incomplete scenario where the server knows the total number of users and the distribution of the user types but do not the specific number of each user, and a complete information scenario where the server knows each user’s type. Using these scenarios and the data types the authors were able to identify a way to summarize users’ multi-dimensional private information with a one-dimensional metric as well as they were able to provide us with the effect of information asymmetry levels.

*Learning based Incentive Mechanism for Federated Learning*

In this paper the authors find an incentive-based mechanism for federated learning that motivates edge nodes to contribute to the model training. The authors have made a Deep Reinforcement Learning-based incentive mechanism to determine the optimal strategy. A major problem faced by federated learning is to incentivize people to join federated learning by contributing their computation power and data. For this a solution was proposed by other researchers to reward the participants according to their contributions. This solution though has some difficulties and is unfit in federated learning, one of the reasons for this solution being unfit in federated learning is that the relationship between the model accuracy and the amount of training data is nonlinear. The model accuracy depends on the model complexity and data quality and cannot be predicted in advance. Without the accurate predictions the previous used incentive mechanisms could not correctively reward participants, leading to financial loss or low participation rate (work can be seen in [*4*] [*5*]).

The authors have proposed a new incentive mechanism that integrates mode updating using fresh data for federated learning in IoT applications which usually includes a parameter server which resides in the cloud and some edge nodes which is in charge of some IoT device. The parameter server aims to minimize the total reward, while each edge node maximizes the revenue which is the difference of the reward received from the parameter server and the cost of data collection, model training. The author has then proposed a Deep Reinforcement Learning based incentive mechanism without any prior information. For this they have introduced a basic learning mechanism of applying Deep Reinforcement Learning into the decentralized incentive mechanism design problem. In this the model learns a general action decision from past experience based in the current state and the reward. The authors have proposed that the incentive mechanism can motivate the edge nodes to participate in the federated learning training. The deep reinforcement learning based incentive mechanism as used by the authors can learn the optimal strategies for the parameter server and edge nodes. On applying this mechanism, the authors were able to observe that the parameter server decreases its payment as the training cost increases. If the training cost is less than the server will be able to incentivize each node better. We also observed that the participation level of each node decreases as the training cost increases. Another observation that is made is that when the parameter server increases its payment to incentivize mode edge nodes, it leads to competition between the nodes so for they came up a solution that each edge node receives less reward from the parameter server. This paper was thus results in providing a better incentive mechanism using Deep Reinforcement Learning.

DATASETS USED IN THE RESEARCH PAPERS:

1. *CIFAR-10 dataset*: The CIFAR-10 is an object detection dataset that consists of 60,000 32x32 colour images in 10 classes, with 6000 images per class. There are 50,000 training images and 10,000 test images in the official data.
2. *MNIST dataset*: MNIST is a dataset that consists of handwritten digits. It is a dataset of 60,000 small square 28×28-pixel grayscale images of handwritten single digits between 0 and 9.

IMPLEMENTATION OF PAPER

*Optimal Contract Design for Efficient Federated Learning with Multi-Dimensional Private Information*.

The authors wanted to identify a way to summarize users’ multi-dimensional private information with a one-dimensional metric in a federated setting. To do so they devised a synchronous federated learning algorithm which is very powerful and effective. The algorithm works in such a way that it takes the multi-dimensional data from the user along with some other parameter and gives a model parameter in return which is executed by the server. This algorithm can be illustrated using some real-life examples:

1. If we have user’s multi-dimensional private information that contains of their date of birth, address and name this can be summarized into a single dimension which can be Aadhar.
2. If we were to apply this algorithm in the healthcare sector then a user’s multi-dimensional private information may contain of some symptoms like chest pain, blocked arteries and gained weight this information can also be summarised into a single dimension which can be labelled as heart disease.

This algorithm works for a global setting when the parameters are sent to the server. In the nodal setting where the models are to be trained locally. The authors use mini-batch stochastic gradient decent algorithm to compute and parameters and reward the user accordingly.

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