



Llywodraeth Cymru
Welsh Government

Regional Excellence and Accessibility

The Welsh Government's position paper on the European Union's 9th Framework Programme for Research and Innovation

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Introduction

We are encouraged by the near universal recognition of the potential for a win-win scenario of continuing UK participation in Framework Programmes after Brexit. The Welsh Government strongly believes that leaving the EU does not mean leaving Europe; we want to ensure that researchers and innovators in Wales continue to have full access to European research and innovation, including Horizon 2020. In January 2017, our White Paper *Securing Wales' Future*¹ set out our position for continued membership of funding programmes such as European Territorial Cooperation, Erasmus+, Europass, Creative Europe and Horizon 2020. The Welsh Government has been pressing the UK Government to secure early agreement on participation in FP9 and other programmes so that transition from Horizon 2020 can be seamless.

Wales therefore welcomes the opportunity to contribute to the development of the European Commission's FP9 programme 2021–2027. The Welsh Government shares many of the views expressed by the High Level Group (Lamy) and numerous position papers, including the papers of the United Kingdom and Welsh Higher Education in Brussels (WHEB). We do not seek to reiterate these, but can add a specific Welsh perspective. Wales has world-class excellence in common with the highest performers yet also faces challenges in increasing the volume and visibility of that excellence. Wales has decades of experience managing regional funds, for which we have won the Region of Excellence award and four Regiostars. Wales has enthusiastically embraced Smart Specialisation and the European Commission's encouragement for synergies between funds. The ERDF programmes in Wales have specifically sought to build capacity in order to be competitive in funds such as Horizon 2020. These investments include a parallel ERDF and Horizon 2020 Marie Skłodowska-Curie COFUND scheme (Ser Cymru 2²), as well as investments in facilities and research groups with potential to make an impact at both a local and global level.

Beyond funding mechanisms, much of Welsh Government policy is complementary to the Framework Programmes. Through the *Well-being of Future Generations (Wales) Act 2015*³, we are ensuring that public bodies consider the long-term impact of what they do in relation to seven goals. The legislation was accompanied by a national conversation called "The Wales We Want". The legislation recognises that Wales has a role to play not just in relation to the health and environment of our own country but that we can make a positive contribution to global well-being. The research and innovation of our universities and businesses is often a bridge between local and global impact.

Horizon 2020 participants registered in Wales have secured grant agreements of over €83 million, collaborating with over 2,000 organisations from around

¹ <https://beta.gov.wales/brexit>

² <https://businesswales.gov.wales/expertisewales/support-and-funding-researchers/s%C3%AAr-cymru-ii>

³ <http://gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en>

the world on projects worth over €1 billion. While this is a significant achievement in relation to the Welsh research and innovation base, we believe Wales has much more to contribute.

1. Shared positions

In many instances, the Welsh Government supports points that are already prominent in the discussion on FP9 to date:

- The **structure** has worked well to organise calls in such a way that makes them more accessible to academics and businesses alike; incremental rather than fundamental changes should be sought in moving from Horizon 2020 to FP9.
- Wales fully supports the focus on **excellence** in Framework Programmes (FP). The role of FP funding is to support the best projects to drive European research and innovation in a global context.
- A co-ordinated **mixture of TRLs** could avoid silos and ensure that opportunities for excellence and impact are not missed in any part of the programme. A balance of opportunities, for different scales of project, sizes and types of organisation can help create a varied and resilient portfolio. Many of the challenges facing Wales, the UK and Europe must be addressed by challenge-led research and innovation, as reflected in Welsh Government strategies such as *Prosperity for All* and *Taking Wales Forward*⁴. Nevertheless, long-term and curiosity-driven research regardless of TRL is an essential and highly valued feature across the framework programmes.
- The **number of instruments**, combined with variations in timing, publication and nature of funding calls is problematic. While we recognise the value of different mechanisms, particularly when leveraging industrial or national funding, work can be done to harmonise, ensure they add value and remain accessible.
- The **concept of missions is positive** in that they could group interventions and stakeholders in a more accessible and publicity-friendly way, with efficient and clear impact. The example of zero-carbon steel in the High Level Group report would fit well with pioneering work in Wales, in addition to many other areas where Welsh specialism converges with EU objectives, such as Ocean Energy.
- We **support industrial involvement** and welcome initiatives that increase the attractiveness to the private sector. The entirely bottom-up nature of the SME Instrument is welcome.
- **Oversubscription** is a problem for all applicants, whether experienced or newcomers.
- The R&I Framework Programme budget contributes to solutions across a range of policy areas. The challenges facing the world and the potential for research and innovation to solve them seem to be growing. The **proportion of the EU budget** for the Framework Programmes should grow too.

⁴ <http://gov.wales/about/programme-for-government/?lang=en>

- **Cross-cutting themes** such as Social Sciences and Humanities (SSH), gender and multi/interdisciplinary work are important aspects of cutting-edge research and innovation that should remain and grow in future programmes.
- It is inconsistent to focus on world-leading excellence and global challenges without reducing barriers to the participation of **third countries**. This is particularly important when academic and societal benefits are the primary aim.

2. Embracing excellent regions

Wales has decades of experience of managing portfolios of regional research and innovation investments.

Framework Programmes can add value to national and regional systems with opportunities to scale-up, de-risk, pursue long-term innovation, establish competitive tension, create collaboration opportunities and even influence the direction of smart specialism by setting the most pressing research goals in various fields. They can be a catalyst for regional growth by recognising and boosting the world-class elements of local R&I systems.

The Framework Programme should monitor the correlation between the excellence of the regional R&I base and its success in Horizon 2020. If there are significant disparities, either positive or negative, measures should be considered to ensure that the whole system favours the **creation and selection of the best possible proposals**.

As we state above, changes that undermine excellence in favour of geographical criteria would not be appropriate for a programme that aspires to be a global leader in R&I excellence. Nevertheless, any change to structure or processes must be considered from the **perspective of regions and organisations that find access difficult**.

FP9 will miss an opportunity if it does not maximise the participation of all of the excellence – current and potential – that can contribute to the FP aims. A robust approach to **regional synergies** could help strengthen the stairway to the R&I Framework Programmes, without compromising the excellence criteria.

Regions are implementing the triple helix or knowledge triangle on a daily basis; they are well-placed to support the knowledge base and help to translate it into value for European value chains. The Welsh Government and Welsh Higher Education are pleased to be involved in the Vanguard Initiative, which is creating 'New Growth through Smart Specialisation'.

The impact on **citizens** and the awareness of the benefits of FP funding is important for regional government. Regional authorities can be leaders in engagement and **co-creation**. The High Level Group report mentions drawing on national examples such as **Nesta** in ensuring that FP9 is the biggest co-

created and co-creation programme in the world. Wales has a number of Nesta initiatives that could apply their experience in other regions, such as the Public Services Innovation Lab for Wales (Y Lab), building innovation and research capacity with public service organisations.

The EU has recognised West Wales and the Valleys as a priority for the some of the highest levels of regional funding, yet Horizon 2020 often concentrates on the Member State level (for example in the **widening criteria** and the NCP structure). Improving the Horizon 2020 contribution of low R&I performing regions could be dealt with through more flexibility in the **ERDF and ESF regulations and interventions**, as well as application support measures, rather than by increasing the current Horizon 2020 widening measures in their current format.

European Structural and Investment Funds, national and regional funding are a vital part of the R&I system that feeds Horizon 2020. There is a flow of projects in both directions but the relationship can be improved:

- **COFUND** has worked well in Wales as a Marie Skłodowska-Curie Action. **ERANET COFUND** is not necessarily the answer across the board due to a need for existing budget and alignment, as well as administrative headroom. An increased grant rate, funds for administration and a change to the rules in relation to ERDF could make this a bigger part of the solution. It is also important for the FP programme to reach out to regions that have the excellence through their smart-specialisation but have low take-up of such opportunities.
- In order for the **Seal of Excellence** to work better, there needs to be more co-ordination and streamlining of the two-way referral process. If regional funders and the Commission were more aware of each-others' processes, the experience for businesses could be improved.
- The SME Instrument gives beneficial direct interaction between EU agencies and SMEs, but there is questionable added value in funding **SME feasibility studies** at a European level when a similar service is often offered by regions.
- **State Aid:** higher regional intervention rates (perhaps met by lower FP intervention rates) could have a beneficial impact on FP success rates and regional innovation. However, from a State Aid perspective there must be recognition of the structural barriers in lower-performing regions. A change in the rules must not be allowed to contradict mechanisms to support capacity.

3. Greater accessibility

As a regional government actively seeking to increase and broaden participation in Horizon 2020, the Welsh Government would welcome continued efforts to improve accessibility in the next Framework Programme.

COST is important for building research networks that feed into Horizon 2020. With an increased budget, COST could fulfil an even larger role in creating

transnational networks for researchers in universities, the private or public sectors. **European Territorial Cooperation** programmes, such as the Ireland-Wales programme, are also vital to establish long-term international collaboration that has upstream and downstream benefits in relation to Horizon 2020.

The **publication** of 2018-20 Horizon 2020 scoping papers and draft work programmes was welcome, but in some cases was still too late to level the playing field. Draft work programmes should be made publicly available at the earliest possible stage in order to enable practical discussions about the emerging themes and increase the perception of transparency.

Missions should avoid becoming closed networks, adding complexity or creating barriers to entry. Outreach should be adequately funded as part of missions, in order to ensure good representation from all relevant bodies, including regional and local government, who are part of the solution but may not see engagement as a priority for limited resources. We support the potential benefits of missions but stress that it will be important that opportunities remain for researchers and innovators working in smaller organisations and networks and working on longer-term solutions.

The **coordination** of calls across Horizon 2020 has been welcome and the European Innovation Council (EIC) work programme has helped to group some important opportunities for businesses. Even finding a call can be a barrier to those without large experienced central application resources, possibly making personal networks more important than they need be. The EIC and other groupings or initiatives can play a valuable role when they increase openness and transparency and avoid being seen as closed shops.

Given that the **SME Instrument** is so over-subscribed and entirely bottom-up, there should be further official guidance on what is expected from applicants. It would be particularly welcome to define the de facto success criteria for micro companies, start-ups and incremental innovation. Any gap between Phase 1 and Phase 2 should be minimised, in that the expectations for Phase 2 applications should be consistent with what is expected from the outcome of Phase 1.

The **EIT KICs** can add value by creating cross-border innovation networks but they are part of the proliferation of instruments. They must concentrate on where they add value and must reach out to regional innovation ecosystems. Regional innovation initiatives often have great visibility in their regions, fund start-ups, provide seed and growth funding, demonstrate the knowledge triangle through smart specialisation and connect internationally. It would be a concern if worthy organisations were not play a role in the EIT due to the high barriers to entry, lack of awareness or because they were not in the winning consortium.

The resources of potential applicants are limited to look for opportunities in programmes such as **COSME**, meaning that those with less awareness, experience or resources simply do not apply. Merging with European

Territorial Cooperation or FP9 could offer advantages, provided that integration does not compromise FP9's focus on excellence.

The Welsh Government has had considerable experience of **simplification** through delivering the European Structural and Investment Funds, including the harmonisation of research and innovation funding with Horizon 2020 rules. Off-the-shelf templates are helpful, particularly for inexperienced applicants, if they can be implemented efficiently. A degree of flexibility to choose funding mechanisms is welcome in order to ensure proportionality and fit for purpose, however flexibility must not be at the expense of transparency and accessibility.