Welsh European Funding Office

Call for Research & Innovation Proposals

Guidance for Applicants

Version 1.0

October 2016
# Contents

1. Background ......................................................................................................................... 3
   1.1 Future of EU funds ........................................................................................................... 3
   1.2 Background to the call for proposals ............................................................................. 3
2. Scope of the call ..................................................................................................................... 4
   2.1 Output Indicators to be met ............................................................................................ 5
   2.2 Eligible activities ............................................................................................................. 5
   2.3 Available finance ............................................................................................................ 6
3. Dates and deadlines ............................................................................................................... 7
4. How to apply ......................................................................................................................... 7
5. Assessment and decision process ......................................................................................... 8
6. Contact / Further queries ..................................................................................................... 9
7. Useful Documents / Further Information .......................................................................... 9
Annex A .................................................................................................................................. 11
Annex B .................................................................................................................................. 12
1 Background

1.1 Future of EU funds

We are continuing to deliver our EU funding programmes (2014 – 2020) in Wales. Applications for EU funds are still being developed and approved in line with objectives agreed by the European Commission.

The UK Treasury will provide a full lifetime guarantee for all structural and investment projects (operations) approved before the UK leaves the EU.

1.2 Background to the call for proposals

EU Structural Funds help support people into work and training, youth employment, research and innovation, business (SMEs) competitiveness, renewable energy and energy efficiency, and connectivity and urban development. Together with match funding, the funds will drive a total investment of at least £2.7bn across Wales. Background information on Structural Funds in Wales is available from the WEFO website. This guidance concerns the Research and Innovation elements of those programmes. There are separate allocations available for the West Wales and the Valleys and the East Wales regions in Wales (See Annex A).

This guidance concerns Priority 1, Specific Objective 1.2 to

“increase the successful translation of research and innovation processes into new and improved commercial products, processes and services, in particular through improved technology transfer from HEIs”

This is one component of an overarching suite of programmes to help address long-standing structural weaknesses in the Welsh economy and labour market, helping to increase the number of sustainable jobs and economic growth throughout Wales.

A key requirement for Research and Innovation investments is that they demonstrate ‘Smart Specialisation’. Smart specialisation involves identifying those niche areas in which Welsh businesses and research organisations have already established, and are beginning to establish, internationally significant expertise. Support can then be targeted at those areas to address their specific barriers to innovation and growth, rather than trying to create something from nothing. Science for Wales and Innovation Wales together form Wales’ Smart Specialisation strategy and WEFO works closely with the Chief Scientific Advisor for Wales and the Innovation Advisory Council for Wales to ensure that funding proposals are aligned with those strategies and represent genuine specialisation.

1 http://gov.wales/funding/eu-funds/2014-2020/?lang=en
2 http://gov.wales/topics/science-and-technology/science/?lang=en
WEFO also operates a portfolio approach to its investments so that different operations complement and add value to each other\(^4\). The portfolio will consist of a mix of core strategic operations\(^5\), complemented by a range of innovative and niche approaches, in particular emerging new specialisms (a process referred to in the literature as “entrepreneurial discovery”). This call for proposals is specifically looking to identify operations that can provide tailored support to develop those innovative, niche and emerging areas of expertise.

2 Scope of the call

As highlighted in Section 1, WEFO is looking for innovative, niche proposals that complement existing operations. A key driver for investments via the Structural Funds is a clear ‘intervention logic’ which means that the main focus should be on the result being delivered. As a means of demonstrating this, a number of core Output Indicators will need to be delivered (see 2a below). Proposals should thus involve the successful translation of research and innovation processes into new and improved commercial products, processes and services (as per the description of the objective in Section 1).

There should also be a demonstrably strong ‘industrial pull’ to any proposals in order to contribute to these Output Indicators. Also given the expectation of niche or particularly innovative activities, WEFO would generally expect proposals to be no more than 3 years in duration.

Proposals are invited that can deliver in the West Wales and the Valleys region and/or East Wales region but must support businesses, and deliver appropriate Output Indicators, in the relevant region (See Annex A for a map). There is no restriction on the type of organisation (private, public or charities) that can put forward a proposal.

Any proposal will be expected to clearly add value to existing activity by the public and private sector. You will need to demonstrate that you understand what is already available and how your proposal works with, does not duplicate and complements existing provision. Further information on the types of investments and opportunities in Wales can be seen in the WEFO Economic Prioritisation Framework\(^6\), and as part of the reporting against Science for Wales\(^7\) and Innovation Wales\(^8\).

\(^4\) Figure 1 in Annex B illustrates this approach for the Research and Innovation elements of the programmes and also reflects, at a high level, the approach to ‘Smart Specialisation’.

\(^5\) Figure 2 in Annex B highlights key strategic operations now in place, complementary operations and proposed investments in an advanced stage of development. Further information on approved projects is available at: [http://gov.wales/funding/eu-funds/2014-2020/approved-projects/?lang=en](http://gov.wales/funding/eu-funds/2014-2020/approved-projects/?lang=en).


2.1 Output Indicators to be met

In demonstrating the intervention logic for your proposal, you will need to describe how you contribute directly to the objective described in Section 1 (to increase the translation of RD&I into new and improved products, processes and services). In doing so we expect a quantifiable and directly measurable contribution to the Output Indicators described below. These are not exhaustive, and different proposals will select different Output Indicators, but a combination of these will be the core metrics used to assess performance of approved operations. Proposals that can contribute significantly towards the key Output Indicators highlighted are more likely to be prioritised.

Key Output Indicators

- Number of enterprises supported to introduce new to the market products;
- Number of enterprises supported to introduce new to the firm products; and
- Employment increase in supported enterprises.

Other Output Indicators

- Number of enterprises cooperating with supported research institutions;
- Private investment matching public support in innovation or R&D projects; and
- Number of patents registered for products.

2.2 Eligible activities

The type of activities eligible for support are wide-ranging and most activity can be accommodated if it can be demonstrated to directly contribute to the objective and help deliver Output Indicators. Some indicative activities have been listed in the overarching programming documents\(^9\), but these are intended only as illustrations. Innovative approaches are particularly welcome if they provide better means to achieve the outcomes being sought. The programme highlights some more traditional approaches and describes generic support:

- Support for businesses to undertake innovation (e.g. demand-led or eco-innovation) and improve innovation supply chains between businesses and academia;

- Piloting of initiatives to test innovative products, processes or services in areas with commercial potential;

---

• Support for the development of prototypes, pilot schemes, demonstrations and working models;

• Development and launch of innovative new uses and adaptations for existing technology, processes or services into new markets;

• Commercialisation, protection and exploitation of research (including applied research to improve market readiness);

• Support to address the barriers to innovation for businesses;

• Support for the development of Smart Specialisation clusters with a focus on commercial application of research and innovation.

There are no restrictions on the delivery method or nature of expenditure as long as it is compliant, but in WEFO’s experience a significant capital build is unlikely to directly deliver the impact being sought. The activities envisaged under this objective have traditionally been delivered by collaborative research with industry leading to the development of multiple new products/processes, which in turn delivers jobs and growth in industry.

As with all proposals, WEFO will carry out the necessary due diligence checks to ensure organisations are in an appropriate financial and resource position to deliver the proposed activity. Although previous experience of delivering a Structural Funds operation can be beneficial, it would not be a requirement, and new organisations to Structural Funds are welcomed.

2.3 Available finance

The current funding position for the Research and Innovation Priorities can be seen below (based on an exchange rate of £1/€1.25). The figures are subject to change with exchange rate fluctuations:

<table>
<thead>
<tr>
<th>ERDF £m</th>
<th>West Wales &amp; Valleys</th>
<th>East Wales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Allocation</td>
<td>£239m</td>
<td>£71m</td>
</tr>
<tr>
<td>Total Committed (Approved Operations)</td>
<td>£177m</td>
<td>£44m</td>
</tr>
<tr>
<td>Operations currently in Business Planning Stage</td>
<td>£27m</td>
<td>£17m</td>
</tr>
<tr>
<td>Balance</td>
<td>£35m</td>
<td>£10m</td>
</tr>
<tr>
<td>% of total allocation left to commit</td>
<td>15%</td>
<td>14%</td>
</tr>
</tbody>
</table>

The aim is to commit a large proportion of the remaining funds through this call for proposals.

As is currently the case, WEFO will be unable to support 100% of the costs of proposed activity, so there will be an expectation that match funding is
identified by applicants. Where no other sources of match funding are available, there is a possibility that some “Targeted Match Funding” (TMF) may be available from the Welsh Government but this will be limited.

There is no fixed requirement for the amount of match funding within proposals but on average we would expect the ERDF contribution to be 66% or less of the funding package in West Wales & Valleys proposals and 50% or less in East Wales proposals. Proposals that can lever in a high proportion of match funding may be considered better value for money.

3 Dates and deadlines

<table>
<thead>
<tr>
<th>Exercise Start Date</th>
<th>20 October 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deadline for Submission of Proposals</td>
<td>31 January 2017</td>
</tr>
<tr>
<td>Decision to Applicants</td>
<td>31 March 2017</td>
</tr>
</tbody>
</table>

4 How to apply

STEP 1: Potential applicants will need to register their contact (email) details with WEFO at the Research and Innovation mailbox - WEFO-Research_and_Innovation_Branch@wales.gsi.gov.uk

STEP 2: You will be asked to submit an Operation Logic Table (OLT) and a Supporting Information Document (SID). The OLT sets out in a short table the logic for your proposal, ensuring the outcome and target groups are clear. The SID will include administrative information on your proposal and provide an opportunity for you to describe how it fits with the scope of the call.

STEP 3: These documents will then be assessed by WEFO (see Section 5). Successful applicants will be invited in to the formal “Business Planning Stage” by WEFO to further develop the proposal into a Business Plan. In completing the OLT and SID:

• Ensure you have read and understand the relevant supporting information and guidance documents referred to in this document (see useful documents at end of this guidance, section 7).

---

• Keep the wording brief and concise. The OLT and SID should not exceed more than 2 sides of A4 for each document. Excess information, for example annexes, will not be considered when prioritising proposals. References to independent evidence are welcome however.

• Clearly demonstrate how your proposal closely fits with the scope of the call (Section 2).

• Demonstrate value for money by highlighting the realistic and direct impact your proposal could achieve relative to the costs.

An electronic copy of your Operation Logic Table and Supporting Information Document will need to be submitted to the Research and Innovation Mailbox (WEFO-Research_and_Innovation_Branch@wales.gsi.gov.uk) before 5pm on 31 January 2017. WEFO will not accept any late submissions.

5 Assessment and decision process

WEFO will follow its standard operation selection and prioritisation processes. As described in section 4, proposals submitted in response to this call will be prioritised by WEFO on the basis of the Operation Logic Table (OLT), and the Supporting Information Document (SID). Each proposal will be judged on its own merits and in comparison to other proposals. In assisting with the prioritisation of proposals WEFO may seek advice from experts, but WEFO will make the final decision. All applicants will be informed of the results of the exercise.

Successful proposals are likely to have:

• Passed basic eligibility criteria
• A clear focus, intervention logic and delivery approach
• A close fit with the scope of the call
• Clear evidence of smart specialisation
• A strong and realistic contribution to the key Output Indicators
• Demonstrated how the proposal will integrate and add value to existing activity
• A strong return on investment for WEFO

Unsuccessful proposals are likely to have:

- Not passed basic eligibility criteria
- An unclear focus, intervention logic and delivery approach
- Limited fit with the scope of the call
- Limited evidence of smart specialisation
- A weak and/or unrealistic contribution to the key Output Indicators
- Failed to demonstrate how the proposal will integrate and add value to existing activity and/or appear to duplicate existing activity
- A poor return on investment for WEFO

Due to the limited available funds, proposals that address the scope of the call may still not be prioritised. WEFO may reconsider such proposals should further funding become available.

All proposals that move into the formal “Business Planning Stage” will be subject to a full appraisal against our published selection and prioritisation criteria (http://gov.wales/funding/eu-funds/2014-2020/applying/?lang=en). The evidence provided during the prioritisation exercise will be tested early on in the business planning process and proposals can be rejected at any stage before an offer of grant is made. If appropriate, WEFO may then invite another proposal into the “Business Planning Stage”.

6 Contact / Further queries

WEFO is happy to help clarify the process and its priorities for funding, particularly if you are new to Structural Funds. Discussions about the detail of individual proposals may need to be limited to ensure all applicants have the same opportunities.

If you need more information please email WEFO’s Research and Innovation Mailbox in the first instance (WEFO-Research_and_Innovation_Branch@wales.gsi.gov.uk) and we will respond to any queries you may have.

7 Useful Documents / Further Information

If you are considering submitting a proposal, you should make yourself aware of the following guidance and information documents available from the WEFO website:

• West Wales and Valleys programmes (Operational Programmes) ERDF - [http://gov.wales/funding/eu-funds/2014-2020/west-wales/?lang=en](http://gov.wales/funding/eu-funds/2014-2020/west-wales/?lang=en) [Note: this call for proposals only concerns Priority 1, Specific Objective 1.2]

• East Wales programmes (Operational Programmes) ERDF - [http://gov.wales/funding/eu-funds/2014-2020/east-wales/?lang=en](http://gov.wales/funding/eu-funds/2014-2020/east-wales/?lang=en) [Note: this call for proposals only concerns Priority 1, Specific Objective 1.2]


Annex A

European Structural Fund Programme Regions in Wales for 2014-2020

Less Developed Areas
(West Wales and the Valleys)

More Developed Areas
(East Wales)

Local Authority Boundary
Annex B

Figure 1 - Illustration of the structure of the ERDF research and innovation portfolio

![Diagram showing the structure of the ERDF research and innovation portfolio.]

Figure 2 – Illustration of key strategic operations now in place, complementary operations and proposed investments in an advanced stage of development

![Diagram illustrating key strategic operations and investments.]

Priority Axis 1: Research and Innovation

![Chart detailing priority axis 1 with various operations and investments.]

*Approved Operations

Figures Pan Wales with exch. rate £1 / €1.25
Call for Research & Innovation Proposals – Guidance for Applicants

Research & Innovation Mailbox: WEFO-Research_and_Innovation_Branch@wales.gsi.gov.uk

For more information: www.gov.wales/eu-funding @wefowales / @wefocymru