

CLUSTERS3

Interreg Europe



European Union
European Regional
Development Fund

Learning Workshop - Exchange of Experiences “Policy Implementation through specific support instruments and programmes”

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Rationale for Cluster Programme



- Market failure identified in respect of:
 - Predominantly SME/micro-SME based economy; high reliance on public sector for employment;
 - Low levels of innovation amongst NI business; currently least innovation-active region in the UK;
 - Limited appetite for risk amongst business owners; identified need to encourage cultural shift in attitude to innovation/collaboration
- Objectives of the Programme:
 - Encourage a cultural shift within NI business towards being more proactive and confident in relation to open innovation and risk-taking;
 - Develop stronger relationships between local businesses and stakeholders to increase knowledge transfer and enhance skills;
 - Enable companies to leverage the opportunities associated with converging technology and know-how, both within and across sectors;
 - Equip businesses with the necessary confidence and competence to exploit meaningful international partnerships
 - Contribute to positioning NI as an example of best practice in relation to Smart Specialisation clusters

Beneficiaries



- Primary beneficiaries = SMEs based in Northern Ireland;
- Larger companies, and those based outside Northern Ireland may also participate;
- Academic Institutions and other public sector bodies/stakeholders;
- Wider economic/innovation community

Technical Assistance Offered



- One facilitated workshop per prospective Cluster group, enabling members to scope out project pre-application;
- Sign-posting to other sources of funding, both within Invest NI and further afield;
- Access to best practice tools in cluster facilitation, business modelling and internationalisation strategies;
- Series of masterclasses for Cluster Facilitators;
- Opportunity to establish links with other cluster groups funded by Invest NI

Financial Assistance Offered



- **Programme funding = £5.7m** over 5 years (drawn from NI block grant via Westminster);
- **Phase One** projects can avail of up to **£25k** at 100% grant rate * when led by an SME; or up to £25k at 50% grant rate when led by a large company;
- **Phase Two** projects can avail of up to **£170k** at 100% grant rate when led by an SME; or up to £170k at 50% grant rate when led by a large company;
- **Pre-payment** of a small percentage of Phase One and Phase Two grant can be negotiated in order to assist the Lead Company with set-up costs;

* State Aid relief has been sought under GBER **Article 27** (Aid for Innovation Clusters) for 50% funded projects, and **Article 28** (Innovation Advisory Services) for 100% funded projects

Conditions for assistance



Groups must:

- Consist of a minimum of 4 Northern Ireland businesses, one of whom must be an Invest NI customer to take Letter of Offer, + appropriate membership from academia, public sector, other stakeholders;
- Have an SME lead in order to avail of 100% funding;
- Seek three quotes for the provision of independent facilitation (Phase One); recruit on open market for Phase Two;
- Have a clearly articulated and focused project plan with SMART objectives;
- Complete timesheets throughout the duration of the project;
- Provide quarterly reporting to Invest NI (Phase 2 only) and a final report at the end of the project (Phase One and Phase Two);
- Provide an acceptable audit trail in relation to all eligible invoiced expenditure, evidencing payment of such costs by the lead company in advance of claiming back from Invest NI;

Conditions for assistance



Projects must:

- Meet Invest NI's intervention principles in order to be approved for funding:
 - Strategic Fit
 - Market Failure
 - Project Risk
 - Viability
 - Additionality
 - Mobility
 - Economic Efficiency
 - Cost Effectiveness
 - Affordability
 - Value for Money

Timescales



- **Programme** is funded for 5 year period (October 2016 – September 2021)
- **Phase One** Scoping Study projects: typically 6 – 9 months, with average 12 month lead time to develop project concept/application
- **Phase Two** fully funded projects: typically 2 – 3 years, with average 6 month lead time to develop application/SMART objectives

What's working well



- Opportunity to encourage SMEs to engage in innovation - proven to have a strong positive correlation with profitability, productivity, competitiveness and long-term economic growth
- Addresses market failures in respect of low levels of engagement in innovation and collaboration amongst NI businesses;
- Offers potential to build capacity and capability of NI businesses by developing human, physical, intellectual, market and social capital;
- Acts as an important 'building block' in the construction and development of the NI innovation ecosystem;
- Acts as one of the cornerstones of designing smart specialisation strategies and as a means of implementing these strategies;
- Offers the potential to complement, rather than duplicate, other innovation-orientated interventions that exist on the NI Innovation Escalator;
- Positive Return on Investment for Invest NI, as evidenced by recent independent economic evaluation and appraisal

Downsides



Macro:

- No overall cluster policy = limited cross-departmental working on clustering/innovation;
- Programme is one of several activities designed to address clustering; not clear how interventions interact with each other;

Micro:

- Long lead time in getting groups from concept to acceptable application;
- Time commitment, particularly from SMEs/micro-SMEs, can be prohibitive;
- Can tend to attract same companies participating in multiple projects over period of time;
- Perception of undue level of risk on Lead Company;
- Quality of project facilitators inconsistent



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Thank you!

Questions welcome



Project smedia