

# INSIDE OUT EU PROJECT

Region: Northern Ireland (UK)

Partner: Department of the Economy  
of the Northern Ireland

# ACTION PLAN: NORTHERN IRELAND



**Northern Ireland  
Executive**

**Inside Out EU**

**Interreg Europe**



European Union  
European Regional  
Development Fund

## **PART 1 – GENERAL INFORMATION**

<b>Project</b>	<b>Inside Out</b>
<b>Partner Organisation</b>	<b>Department for the Economy</b>
<b>Other Partner Organisations Involved</b>	<b>Invest Northern Ireland InterTrade Ireland Local Councils Northern Ireland Northern Ireland Chamber of Commerce and Industry</b>
<b>Country</b>	<b>United Kingdom</b>
<b>NUTS2 Region</b>	<b>Northern Ireland</b>
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## PART II – POLICY CONTEXT

- Investment for Growth and Jobs Programme
- European Territorial Cooperation Programme
- Other regional development policy instrument

### NAME OF POLICY INSTRUMENTS ADDRESSED

The policy ecosystem in relation to SME internalisation is governed by a range of key policies and strategies. These, outlined in the following sections, will be subject to review over the next number of years and it is anticipated that the measures outlined in this action plan will make a positive contribution to this review process by providing evidence to support the greater focus on SME internationalisation.

#### ERDF Investment for Growth and Jobs programme 2014-2020

The strategic objective of the ERDF Investment for Growth and Jobs Programme (IGJ) is to promote smart, sustainable & inclusive growth, the achievement of economic, social and territorial cohesion, and high levels of employment and productivity. The Programme's ultimate aim is to improve NI's economic growth with a focus on enhancing the Competitiveness of SME's. Any replacement for EU structural funding will depend on the nature and timing of the UK's withdrawal from the European Union. The precise nature and purpose of any UK fund has yet to be agreed.

It is unlikely that the actions set out within this plan will have an impact on this policy instrument.

#### Northern Ireland Industrial Strategy 2030

In 2017, the Department for the Economy published an Industrial Strategy, 'Economy 2030', which built on this ambition with a long term vision to transform Northern Ireland into 'a globally competitive economy that works for everyone.' This document sees a future Northern Ireland economy where more businesses have an international outlook, exporting the goods, products and services outside of our region.

A key aim of the strategy is succeeding in global markets, by competing globally through trade, for investment and as a destination.

The Industrial Strategy is being reviewed to take account of the changing economic conditions since the draft was published in January 2017 and to ensure continued alignment with the strategic direction and priorities set out in the UK Industrial Strategy. Action 1 will make a positive contribution to this review process by providing evidence to support the greater focus on SME internationalisation.

#### Export Matters – NI Export Strategy 2016

The aim of 'Export Matters' is to create the conditions through which more companies are active and more successful in global markets, and so helping to achieve the intents of the

Industrial Strategy and aligned to priorities 1 and 2 of the Investment for Growth and Jobs Programme.

These strategic priorities clearly demonstrate that the internationalisation of a growing private sector is essential to support the local economy and, to achieve this there is a strong focus on driving exports and external sales.

Action 1 will contribute to one of the strategic objectives to encourage more local businesses to engage in sales outside Northern Ireland.

Action 2 will contribute to the review and development of the strategy to support SMEs meet the challenges and opportunities in a post Brexit environment.

### **Invest NI – [International Strategy 2017 – 2021](#)**

The Invest NI International Strategy outlines the ambition, approach and the specific actions that will be put in place to build business capability, create more exporters, drive more external sales and attract higher levels of foreign direct investment.

Action 1 will contribute to the drive to encourage more local businesses to engage in sales outside Northern Ireland.

## **BREXIT**

An important caveat to this action plan relates to the United Kingdom's decision to leave the European Union. This will lead to a new set of economic and trading relationships for the UK, both with Europe and the rest of the world. Whilst every effort will be made to follow through on this action plan it must be recognised that economic and political priorities may change over the next two years which may impact on the priority afforded to actions on the ground.

## **HOW DID WE APPROACH THE PROJECT?**

The ERDF 'Investment for Growth and Jobs' for NI and associated Industrial and Export strategies have programmes and funding sources in place to support SME competitiveness and contribute to internationalisation. Participation in the Inside Out project has provided the Department for the Economy and our project stakeholders the opportunity to learn from the experience of other project members and their stakeholders with a view to improving existing support for SMEs.

The project has provided the potential to develop cooperation across all of our support network. This will further support local SME's to become more active in international markets. The outcomes of this project will also contribute to the refinement and enhancement of export policy and underpinning activity.

The focus of this particular project will address relevant and related economic growth issues of internationalisation through innovation and collaboration, thus contributing to exports and external sales. In addition to supporting local businesses in creating collaborative

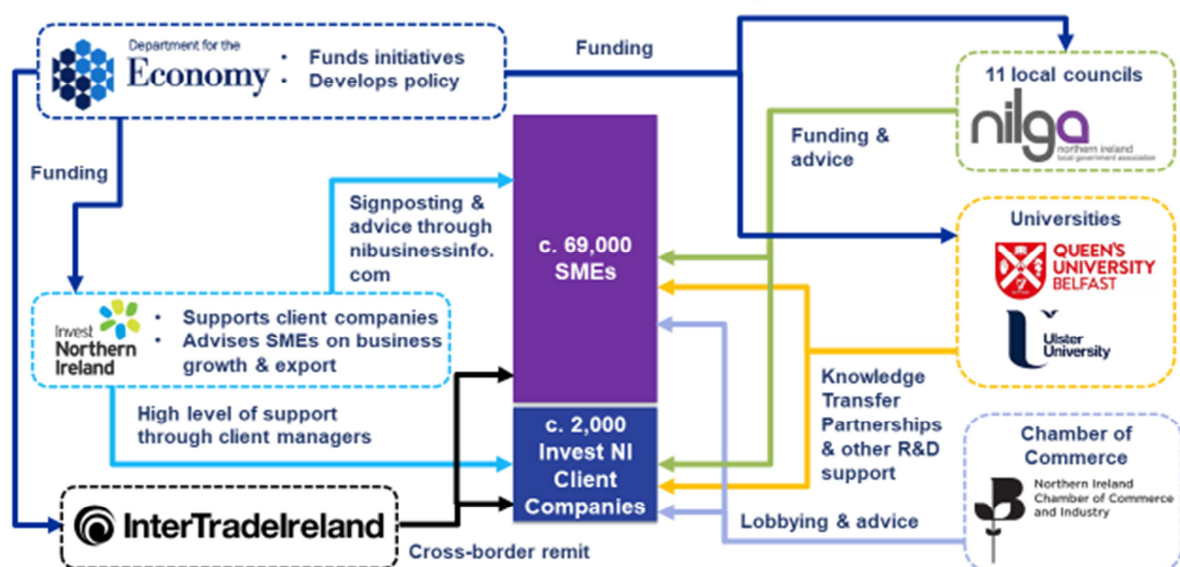
networks, considering more effective innovation will assist in their internationalisation aspirations and help address the cultural issues affecting this transition.

### Stakeholder steering group

The project stakeholder group has been active and fully participative throughout the project. The group comprises the full range of public and private sector export support providers including, business development agencies, local councils and chambers of commerce and is representative of the Northern Ireland export support ecosystem. Details of membership is as follows;

- **Department for the Economy (DfE):** key role in coordinating activities of the delivery partners to support NI’s business base to secure external/export sales.
- **Invest NI:** As Northern Ireland’s business development agency, Invest Northern Ireland’s role is to grow the local economy. The organisation does this by helping new and existing businesses to compete internationally, and by attracting new investment to the region.
- **IntertradeIreland:** works to exchange information and coordinate work on cross-border trade, business development and related matters – between Northern Ireland and the Republic of Ireland.
- **NI Chamber of Commerce and Industry:** a membership organisation comprising corporates, SMEs and micro businesses, spanning all sectors across the NI economy. It focuses on support for member growth, locally & internationally.
- **11 Local Councils:** The NI councils have an economic development remit and work closely with Invest NI and others to support companies at a local level.

## NI Support Ecosystem



## State of the Art – Regional Diagnosis

DfE commissioned the Strategic Investment Board for Northern Ireland (SIB) to undertake a regional diagnosis to baseline the extent of export support provision in Northern Ireland. This bespoke research is an important piece of work, facilitated directly through this project, which has proved to be a key reference in developing the action plan and will allow for real measurement of progress.

### What was the state of play in Northern Ireland?

Northern Ireland is an SME dominated economy with 95% of businesses employing fewer than 10 people with sales focused almost exclusively on the local market. Even within those businesses supported by Invest NI, which are those most likely to be exporting, almost two thirds do not currently sell beyond our nearest external markets of Great Britain and the Republic of Ireland. This means Northern Ireland has a disproportionate over-reliance on a relatively small number of large businesses for its overall economic and export performance.

Invest Northern Ireland (Invest NI), NI's 'business development' agency, together with the network of 11 Local Councils, responsible for economic development role at local level and InterTrade Ireland on a cross-border remit provide export support services to NI businesses.

The outworking of this action plan will impact on elements of the support programmes as some of the learning from good practice elsewhere is tested and adopted and this will in turn help to inform future policy decisions. The coordination of support services and improved collaboration between providers, which has been a long term goal of local export policy, has been evident throughout most of the regions and will be given renewed focus within this action plan.

### Learning from regional good practice.

All 7 regions share a number of core economic features. The business base is SME dominated with a high percentage of micro SMEs. The regional economies are dominated by a small number of large businesses that account for a large proportion of export sales. All the regions have important trading relations with their bordering nations that typically account for the largest proportion of their exports. All of the regions share the ambition to support more SMEs to become involved in selling to international markets.

There are also some core similarities in the way the partners support SME to sell abroad such as;

- Provision of support for businesses to become more innovative;
- Provision market intelligence information and guidance to SMEs;
- Development of clusters and collaborative networks;
- Provision of an in-market presence to support potential exporters.

In order to develop this action plan the core programmes that support SMEs to go international in Northern Ireland were mapped against the good practice examples that we experienced during the study visits. These are outlined in the table below. We found that there were particular gaps in the approach to regional cooperation and opportunity learn

from our regional partners in how to support the internationalisation of SME by applying the virtuous triangle: “collaboration-innovation-internationalisation”.

### Mapping Project Good Practices

Region	Graduate/ Undergraduate Programmes	Early Stage	Market Entry	Overseas Events Support	In-market Trade Support	Cluster/ Collaborative Networks	Regional Cooperation Network
Northern Ireland	Fusion programme Graduate to Export Programme	? Business Information Centre Export Skills workshops Learn Grow Excel	Going Dutch/ Czech it out Export Market Visits Overseas market introduction service Trade Advisory Service ACUMEN Elevate	Overseas Events Programme	Trade Advisory Service SOLEX Translation/ legal services	? Collaborative network programme	?
Netherlands	Export development programme - undergraduate	Export Web Portal e-commerce vouchers	e-commerce vouchers	Yes - regional and national	Dutch German network food and high tech		Go4Export
Spain	Prácticas Internacionales	Self Diagnosis for Export programme	GEX Exporting Group	Promoción Internacional ICEX	Servicios Especiales	GEX Exporting Group	Yes
Sweden Karlstad	Academy of Smart Specialisation					Navigator Scale up	See below
Sweden Varmland	Matchen					Regional Export Collaboration	
Norway							Mental Border Obstacles
Italy						Mapping Basilicata	
Hungary			GINOP 1.3.1 - Supporting SMEs entering new markets		Hungarian National Trading House		

## PART III – DETAILS OF THE ACTIONS ENVISAGED

### Action 1

#### 1. The Background

Invest Northern Ireland currently runs a Collaborative Growth programme aimed at SME-led networks requiring facilitation support to scope out innovative collaborative projects with the potential to increase business competitiveness. The programme provides funding to specific projects that are innovative and have the potential to contribute to the economic development of Northern Ireland by contributing to growth in employment, export and skills enhancement. Details of the programme can be found on; <https://www.investni.com/collaborative-growth-programme.html>

During the Inside Out project visit to Pamplona in October 2018, the project partner from the Navarra region (Northern Spain) presented ‘Grupos de Exportación Conjunta’ an Export Grouping programme (GEX) as a best practice. We learned that the GEX programme aims to set up export groups of small and medium sized companies to work together on selling their products in an international market. The market opportunity will have been identified and assessed by relevant trade experts.

We believe that this programme contains some similarities to a number of sectoral / trade development programmes within Invest NI, including the Collaborative Growth programme and illustrates good practice in adopting a positive approach to joint internationalization of SMEs. As such it is proposed that we adopt some of the principals of the GEX programme, and explore the possibilities to compare and contract best practice interventions on a pilot basis, in Northern Ireland.



By way of an example, the application of the programme that was outlined during our study visit related to SMEs in the Spanish gourmet food sector. The programme was called The 'Gourmex Alimentos Gourmet', targeting the Mexican gourmet food market. The role of the Internationalization Service of the Government of Navarra was to identify business opportunities linked to the agri-food sector in Mexico. The target market analysis undertaken indicated that there were opportunities presented to the Spanish SMEs as a result of the 'in market' demand for 'Healthy Eating' and 'Gourmet Food'. Market intelligence indicated a growth in the Mexican Healthy Food market of 13.6% by 2020, with turnover increasing from the €9.8 billion in 2015 to more than €11.2 billion in 2019. Navarra has approximately 93 companies with the capacity to meet that demand.

Overall the GEX programme presents a number of programme design principals which are similar in approach to that already deployed in Northern Ireland. These are;

- Starting from the position of "market demand / opportunity"
- Discovering sufficient and tangible "market niches"
- Structuring a "joint market platform" around market opportunities.

## 2. Action

In light of what we have learned from the GEX model we believe that there are strong synergies between the approach and intervention provided to SMEs in Navarra and the SME dominated economy in NI. Therefore there is an opportunity to accrue a wealth of new knowledge in developing future interventions particularly focused on our shared ambition to export and internationalise and providing value to the pain points of small companies who are embarking upon the export journey.

Research from InterTradeIreland in 2018 concludes that, in Northern Ireland, there is a strong relationship between business size and external sales or exporting. Also, for the smaller businesses that do export the majority export to Ireland only.

Research shows that barriers relating to size are<sup>1</sup>;

- Obtaining information on an export market;
- Difficulty in establishing a dialogue with prospective customers or partners ;
- Transport Costs;
- Pressure on management time, and
- Resource (staff) constraints.

From a strategic perspective this demonstrates the collective power of a number of businesses working together to develop an offering to exploit an identified market opportunity.

**The proposed action** is to benchmark and where appropriate, apply the example good practice from Navarra to enhance the ability of sector clusters to internationalise their business. We intend to do this by applying these principles to two clusters, one within the

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<sup>1</sup> Research into Growing and Diversifying the NI Export Base - RSM McClure Watters (2015)



Education Technology (EdTech) sector and a second within the food sector. Not only are these networks in different sectors but they are also at different stages of development and maturity. We therefore believe this will allow us to comprehensively test the concept and evaluate the results before considering extending the reach of the action. The approach to each is set out below.

### Network 1 - EdTech Network

Globally we have seen a boom in the EdTech sector recently and this has had a ripple effect in Northern Ireland. Although relatively underdeveloped our growing EdTech cluster has the potential to take advantage of the projected growth in the global market. There are about 10-15 relatively small businesses that would be interested in participating in the project, some of which have had some international success already. The project provides an opportunity to form a grouping to collectively develop international sales in a targeted way and one which has the potential to overcome the size related barriers to going international listed above.

We plan to structure the implementation of this action in two phases

#### Phase 1

- Carry out a scoping study to comprehensively map the current EdTech offer. This will allow a greater understanding of the relative capacity of the businesses and inform the likely support that will be required and provide a baseline from which to measure success.
- Appoint a facilitator/in market expert to review likely target markets and recommend a focus, based on identified company strengths and capacity. Appointed in August 2019.
- Agree operating procedures for the network

#### Phase 2 we will;

- Begin to build the network offer
- Establish appropriate value proposition/s, develop suitable business models and appropriate digital marketing/communications strategies
- Undertake market and trade visits

### **Players Involved**

**Invest NI** is leading the development of the Edtech Network, through its International Education Sector lead, its Collaborative Growth Team and in due course, it's Trade Team.

While the project was initiated by the International Education Lead, Invest NI Collaborative Team manage the Collaborative Growth programme so they have the primary role in delivering the action. The Invest NI Trade Team is expected to get involved as the internationalisation of the cluster begins to take shape.

**Project facilitator:** The project is led by an independent facilitator that has no connection to any of the network members. They are tasked with delivering against a pre-determined set of objectives agreed by the network, prior to the facilitator's appointment, and formalised

in the Invest NI's support offer. The project will be delivered by coordinating network member's skills and capabilities via a number of workshops, one to one meetings, desk and market research, training and support.

**SMEs in EdTech sector** – these are a number of SME businesses involved in EdTech that have applied to take part in this programme.

All Collaborative projects need to develop trust and working practices among the network members to be successful, therefore, they will be bound by Terms of Reference (TOR's) as established by the Facilitator at the outset. The TOR's set out what is expected from each member, and include such things as an expectation to attend workshops, provide company information for benchmarking purposes, complete skills capability matrixes, complete current external market questionnaires and engage fully in all network activities. If any group feels a participant is not fulfilling the TOR's, they have the power to exclude, or sanction as appropriate. However, as skills gaps, or new members are introduced to the group, the TOR's also form the basis for this inclusion-making process.

**Additional stakeholder support** for this network will be coming from Ulster University, North West Regional College, NORIBIC - The Northern Ireland Business Innovation Centre supporting SMEs to grow through innovation, Letterkenny Institute of Technology, The Council for Integrated Education, Catalyst Inc. - the Northern Ireland Science Park, Matrix NI – the NI Science Industry Panel, DMH Associates, NI Council for the Curriculum, Examinations and Assessment, The NI Department for the Economy and The Department for International Trade (UK Government).

### Timeframe

The intention is to formalise the EdTech network and begin the scoping exercise in July 2019 with an expectation that the network would be in a position to launch in January 2020.

### Costs

There will be a cost involved to appoint an international market consultant to undertake a market scoping exercise and to work with the network businesses to exploit the opportunities identified. A budget of £25K is available for this element. Initially some analysis of existing market intelligence could be carried out in-house by Invest NI to narrow down the scope of the exercise.

### Funding Sources

The main source of funding would come from existing Invest NI funds. Invest NI has now received a budget allocation for 2019/20 and funding is therefore confirmed as available for the project in 2019/20.

The budget for both resource and capital from 2020 onwards has not been allocated, so funding availability for future years cannot be confirmed. Therefore any forward commitments, including those entered into as a result of this project, which cannot be covered by the budget allocation will be included in the overall budget bid in that budget exercise or through in year bids.

The Collaborative Growth Programme has been notified under General Block Exemption Regulation (GBER) Article 28, Innovation Aid for SMEs, in respect of letters issued to SME lead companies; and GBER Article 27, Aid for Innovation Clusters, in respect of letters issued to large lead companies. This article allows for any one undertaking to receive no more than £170,000 worth of aid awarded at 100% in any three year period.

The Ed Tech network have already been encouraged to apply for support as and when appropriate from a variety of funding streams. The network are currently availing of Invest NI Design Service, which is an ERDF funded programme to assist them in the development of a collective brand identity and messaging

## Network 2 - Taste Causeway Network

Taste Causeway Network comprises of Artisan Economuse producers, hospitality and food tourism experience providers, who aim to transform the reputation of food, drink and tourism in the Causeway Coast and Glens region by acting as a gateway to promotional support, market knowledge, business development and internationalisation.

Whether rearing cattle in the lush fields, hauling fish from the stormy sea, plating fine cuisine in award-winning restaurants or serving street food in our bustling markets, Taste Causeway are committed to offering fresh, flavoursome food and an immersive experience that showcases the region.

With 16 micro, small business members, they recognise the potential to extend their offering beyond the Island of Ireland and in doing so need to embrace a new way of working in order to maximise the return to their businesses. This project will provide them with an opportunity to partner directly with regions who have already found successful ways of internationalising their products services and enable them to tap directly into best practice export strategies and approaches.

We plan to structure the implementation of this action as follows

- Begin to build upon the existing B2B, B2C Taste Causeway digital platform <https://www.tastecauseway.com/network>
- Establish appropriate value proposition/s, develop suitable business models and appropriate digital marketing/communications strategies
- Undertake best practice market and trade visits
- Identify, consolidate and apply existing export assistance packages

## **Players Involved**

**Invest NI** is leading the development of the Taste Causeway Network, through its Collaborative Growth Team, in partnership with the Food & Tourism team and in due course will engage with the Invest NI Trade Team.

**Causeway Coast & Glens Borough Council** is also engaged with Taste Causeway and providing additional support specifically in relation to marketing and capability development.

**Project facilitator:** The project is led by an independent facilitator that has no connection to any of the network members. They are tasked with delivering against a pre-determined set of objectives agreed by the network, prior to the facilitator's appointment, and formalised in the Invest NI's support offer. The project will be delivered by coordinating network member's skills and capabilities via a number of workshops, one to one meetings, desk and market research, training and support.

**SMEs in both EdTech and Taste Causeway Networks**— these are businesses registered in NI who have agreed to collaborate and who have sought support via the Collaborative Growth Programme from Invest NI.

All Collaborative projects need to develop trust and working practices among the network members to be successful, therefore, they will be bound by Terms of Reference (TOR's) as established by the Facilitator at the outset. The TOR's set out what is expected from each member, and include such things as an expectation to attend workshops, provide company information for benchmarking purposes, complete skills capability matrixes, complete current external market questionnaires and engage fully in all network activities. If any group feels a participant is not fulfilling the TOR's, they have the power to exclude, or sanction as appropriate. However, as skills gaps, or new members are introduced to the group, the TOR's also form the basis for this inclusion-making process.

**Additional stakeholder support** for this network will be coming from Causeway Coast & Glens Borough Council, University of Ulster, Food NI and Causeway Enterprise Agency and Invest NI.

### **Timeframe**

The Taste Causeway Network has now been established as a formal entity and are 12 months through a three year project plan, now seeking to embark upon capability development and internationalisation strategies.

### **Costs**

There will be a cost involved to appoint an international market consultant to undertake a market scoping exercise and to work with the network businesses to exploit the opportunities identified. A budget of up to £50K is available for this. However best endeavours will be applied to leverage existing Invest NI trade and export support services and initially some analysis of existing market intelligence could be carried out in-house by Invest NI to narrow down the scope of the exercise.

### **Funding Sources**

The main source of funding would come from existing Invest NI funds. Invest NI has now received a budget allocation for 2019/20 and funding is therefore confirmed as available for the project in 2019/20.

The budget for both resource and capital from 2020 onwards has not been allocated, so funding availability for future years cannot be confirmed. Therefore any forward commitments, including those entered into as a result of this project, which cannot be covered by the budget allocation will be included in the overall budget bid in that budget exercise or through in year bids.

The Collaborative Growth Programme has been notified under General Block Exemption Regulation (GBER) Article 28, Innovation Aid for SMEs, in respect of letters issued to SME lead companies; and GBER Article 27, Aid for Innovation Clusters, in respect of letters issues to large lead companies. This article allows for any one undertaking to receive no more than £170,000 worth of aid awarded at 100% in any three year period.

The Ed Tech network have already been encouraged to apply for support as and when appropriate from a variety of funding streams. The network are currently availing of Invest NI Design Service, which is an ERDF funded programme to assist them in the development of a collective brand identity and messaging

The Taste Causeway network have been awarded £169,200 by Invest NI Collaborative Growth Programme.

## Action 2

### 1. The Background

Northern Ireland, in common with many of our partner regions, has a strong support infrastructure. We recognise, through our Export Strategy, that growing Northern Ireland's external sales and exports needs to be a joint enterprise, with companies bringing their knowledge, energy and acumen alongside that of the support network.

We also recognise that there are ever present risks of duplication and the inefficiencies that go with that. It is therefore vital that different parts of our support are aligned, coordinated and facing the same way. What would help would be to have a greater awareness of the depth and breadth of support provision available.

This idea was inspired by two good practice examples, Regional Export Cooperation in Varmland, Sweden and Go4Export in the provence of Overijssel, Netherlands. Both are ultimately about ensuring greater collaboration between support providers/partners to ensure that it is made as easy as possible for SMEs to know where to get advice, support and guidance about going international.

### 2. Action

Establish a regional export support network (working title only) to include the key export support providers, the full extent and membership of the network will be determined as part of an initial scoping exercise. The aim of the network is to facilitate greater collaboration, cooperation and co-design of export support provision.

The first stage of this action will be to establish a working group to scope the role of the network and its rules of operation. This group will initially be drawn from the Inside Out Stakeholder group and be led by the Department for the Economy.

It is not yet clear whether the establishment of such a network will require a Ministerial decision. If this is the case there may be a delay in establishment until such time the appropriate political governance is in place.

### 3. Players Involved

- Department for the Economy (DfE): The Department will be responsible for establishing and providing strategic direction for the network. It will also provide the network secretariat.
- Invest NI, IntertradeIreland and 11 Local Councils: these public sector agencies, which provide various levels of support to SMEs, will be represented on the network and along with the Department consider how to respond to actions and issues that arise from network meetings.
- NI Business representative bodies: The business bodies will provide input to improve support provision which articulates the views of their members.

### 4. Timeframe for actions

Establish the working group to complete the scoping exercise by 31 December 2019.

Submit proposals to establish a Regional Export Support Network - by 31 March 2020

Formally establish a network with a planned first meeting before 30 June 2020.

Subsequent actions would be determined by the issues raised by the network for consideration by the Department and other support providers.

### 5. Costs

Costs will be borne from existing resources within the Department.

### 6. Funding Sources

N/A

**SIGN OFF SHEET**

**Date**            **xx 2019**

**Name**            **Diarmuid McLean**

**Position**        **Director of Strategic Policy, Department for the Economy**

**Signature**

**Organisation Stamp**