

## PILOT CLUSTERING PROGRAMME Reference Document

### 1. Introduction

The Pilot Clustering Programme aims to support industry-led groups to maximise the benefits of collaborative opportunities. Collaborating with other companies provides the opportunity to access customers, research facilities, technical knowledge and markets that would be outside the capability or scope of a business working alone. The potential benefits to companies expected from involving themselves in industry-led clustering activities includes, but is not limited to:

- increased productivity and company income
- increased market share
- increased innovation and knowledge transfer
- enhanced capability

The pilot programme provides businesses with the opportunity to undertake time limited clustering initiatives whilst enabling them to leverage external expertise, share knowledge, resources and risk, and build capability and capacity.

### 2. Who is eligible to apply?

A clustering initiative must be proposed by:

- (a) a group of firms
- (b) with specific membership
- (c) who have agreed to collaborate in some way (compatible with competition law)
- (d) to achieve specific business objectives that are likely to result in enhanced competitive advantage and/or mutual financial gain.

### 3. Outline of How the Pilot Will Operate

In the pilot:

- Funding support will be offered in two distinct phases. Both phases will be non-competitive.
  - **Phase 1 – Feasibility/Scoping Study Phase**
  - **Phase 2 – Facilitation Phase**
- Companies may apply to Enterprise Ireland by submitting an application form – applications can be downloaded at [www.enterprise-ireland.com/clusteringprogramme](http://www.enterprise-ireland.com/clusteringprogramme)
- Groups need not have applied for Phase 1 support to avail of Phase 2 support.
- Already established networks or trade/business associations may apply to Enterprise Ireland for funding support using the same application forms. The collaborative activity being proposed for funding, must be **additional** to the activities currently being undertaken and additional to activities currently funded by the State to them.
- Eligible applications will be reviewed by an evaluation panel comprised Enterprise Ireland (Manager Investment Services and sector representatives), IDA Ireland & Forfás representatives. Their recommendations will go forward to the Enterprise Ireland Investment Committee for approval.
- Once a group is approved for support (in the form of De Minimis Aid) monitoring reports will be submitted to Enterprise Ireland (Phase 2 only).

**4. Call Close Date**

The call for applications will remain open until Tuesday 18th September 2012.

**5. Funding Support**

Support will be offered in two distinct phases.

**Phase 1: Feasibility/Scoping Study Phase**

- Provides funding for groups to undertake a feasibility study to scope out and define a clustering opportunity and develop a proposed project plan.
- Project should typically be completed within a 4-6 month time frame from date of approval.
- Funding available up to a maximum of 70% of the total eligible feasibility study costs or €20,000 (whichever is the lesser).

**Phase 2: Facilitation Phase**

- Provides funding for groups to undertake clustering projects which are industry-led and involve businesses collaborating for specific purposes, where the results of the activity will have some identifiable and measurable impact on their business.
- Projects may be up to 2 years in duration from date of approval.
- Funding available up to a maximum of 50% of eligible costs or €100,000 (whichever is the lesser).

*(Note: For State aid purposes, funding will be provided under De Minimis Aid, and when granted, will be divided equally among the participating companies).*

**6. Legal & State Aid Basis**

The legal powers to cover such activity will be provided through De Minimis Aid under Section 7(a) of the 1998 Industrial Development Act.

**7. Eligibility Criteria for Projects:**

For the purpose of this pilot, eligible projects must:

- Include at least five companies that are clients of an enterprise development agency (i.e. including Enterprise Ireland, Údarás na Gaeltachta, IDA Ireland, and/or City/County Enterprise Boards). In addition, applicants are encouraged to include "affiliate" enterprises (e.g. companies based in other jurisdictions including those based in Northern Ireland, global corporations with presences in Ireland, companies not clients of an enterprise development agency, network or trade/business associations, academia, suppliers etc.) in their project proposals as participants/contributors to the project.
- Projects must be additional to the activities currently being undertaken by already established network and trade/business associations and additional to activities currently funded by the State to them.

- Indicate timescale to completion. It is anticipated that the Feasibility/Scoping phase (Phase 1) will take approximately 4-6 months from date of approval. The maximum length of time for clustering projects (Phase 2) will be 24 months from the date of approval.
- It is essential that one company is nominated as the Lead Company so that funds can be paid through them for the benefit of the group. If an already established organisation or network is involved in the group, that organisation or network can be the lead, if appropriate to the project.
- The lead company/organisation or network will also prepare and submit the claim for payment or this may be coordinated by an appointed consultant to the project (Refer Section 8).
- Phase 2 applications must provide details of how the Group is proposing to match Enterprise Ireland funding contribution (employee time and cash contributions).

**Ineligible projects include:**

- Existing operational activities and processes of group members.
- Existing activities of already established networks and trade/business associations, including administration costs associated with managing these organisations.
- Projects that are already in receipt of public funding.
- Once off events and seminars
- Projects serving individual client needs rather than encouraging collaborative activities.
- Projects that include activities that involve gambling or "gaming" as defined in the Gaming & Lotteries Act 1956.
- Projects that involve direct selling/export selling activities.
- Projects that involve lobbying activities.

**8. Expected Outputs/Impacts:**

**Phase 1 - The scoping study should investigate:**

- The strengths and capabilities existing within the group.
- Identify gaps in the capability of the group.
- The market/business opportunities that could be obtained via collaboration (compatible with competition law).
- Identify other potential partners and affiliate members (either locally or internationally) who could impact positively on the group achieving success in their clustering project.
- On completion of study:
  - submission of a Feasibility Report detailing activities/work undertaken by the group and outcomes/findings of this work.
  - Clear outline of defined opportunity for the group.
  - Proposed project plan for continued collaboration by the group, including SMART objectives (as appropriate).

### **Phase 2 – Facilitation Phase**

- Submission of interim and final reports detailing:
  - Detailed overview of the clustering project including SMART objectives identified from the outset.
  - Activities and work undertaken by the group.
  - Outcomes/findings of this work.
- Clear evidence of:
  - Enhanced productivity and income.
  - Increased market share.
  - Increased innovation and knowledge transfer.
  - Enhanced capability.
  - Other evidence (relative to the focus of the clustering project).

### **9. Evaluation of Applications:**

An Evaluation Panel will be established to review eligible proposals which will be **evaluated** against the following key issues:

#### **Phases 1 & 2:**

- Make up of proposing group (range of stakeholders and affiliate members relevant to the clustering project proposed).
- Project specification (additionality of proposed project, plausibility of project planned, strategic importance of the clustering project, budgets identified).
- Expected Impacts (Refer Section 8) to all participants and the methods employed to achieve these benefits.

#### **In addition, evaluated at Phase 2 only:**

- Methodologies of shared learning and collaboration between members must be clearly demonstrated.
- Commitment to execute:
  - scale of resources identified by participants
  - provision for matched financial input by the group
  - financial health of lead company/organisation or network
- Methods to be employed to monitor and evaluate the clustering project
- Credibility of facilitator identified, including relevant experience of project management

### **10. Eligible Activities and Expenditure:**

#### **Phase 1:**

- Phase 1 funding will be provided for participating companies (the Group) to undertake a feasibility study to identify and scope-out a clustering project.
- Funding will be available up to a maximum of 70% of the total feasibility study costs or €20,000 (whichever is the lesser).
- The remaining project costs are required to be covered by participating companies in the form of industry personnel and cash contributions.
- It is anticipated that the Group may identify a Consultant to carry out the scoping study.

Sample Eligible Activities	Eligible costs*
<ul style="list-style-type: none"> <li>• Scoping activity</li> <li>• Market analysis</li> <li>• Capability analysis</li> <li>• Trade Fairs</li> <li>• Development of Rules of Engagement</li> <li>• Development of a Business Plan</li> <li>• Development of a Project Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Time committed to the project by employees of companies in the group</li> <li>• Foreign travel and subsistence only by employees of participants in the group for defined eligible activities</li> <li>• Facilitation and consultancy fees (of external consultant/facilitator)</li> <li>• Travel costs of facilitator (local and international)</li> </ul>

\* See Appendix 1 for details of maximum limits

### Phase 2:

To support the Facilitation Phase of the Clustering Programme (Phase 2), funding will be provided for Groups to undertake a clustering project which is industry-led and involves businesses collaborating for specific purposes where the results of the activity will have some identifiable and measurable impact on their business.

- Funding will be available up to a maximum of 50% of eligible costs or €100,000 (whichever is the lesser).
- The remaining project costs are required to be covered by participating companies within the Group in the form of industry personnel and cash contributions
- Groups are **required** to hire a facilitator for the project who is independent from any participant of the group and who will typically be responsible for:
  - Co-ordination of activities of the group
  - Facilitating and management of business relationships within the group
  - Compliance and control/reporting re. funding support
  - Budget management (incl. collating of relevant documentation from participants/stakeholders to support grant claims)
  - Market research activities
  - Completion of monitoring reports (to EI)
  - Communication with Group participants (e.g. with regards to milestone developments / progress etc.)
  - Identification of potential market opportunities

Sample Eligible Activities	Eligible costs*
<ul style="list-style-type: none"> <li>• Project plan development and management</li> <li>• Prototype development</li> <li>• Market validation</li> <li>• Facilitation of the group, e.g.:           <ul style="list-style-type: none"> <li>○ Organisation of workshops / seminars / best practice events &amp; study visits;</li> <li>○ Management of the shared web-based community;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Time committed to the project by employees of participants in the group</li> <li>• Foreign travel and subsistence only by employees of participants in the group for defined eligible activities</li> <li>• Salaries and wages of staff who are required through sub-contracting and are required due to their unique expertise e.g. web designer</li> <li>• Overheads and administrative</li> </ul>

	<p>costs directly involved with the clustering project</p> <ul style="list-style-type: none"> <li>• Facilitation/Consultancy costs.</li> <li>• Travel costs of facilitator (local and international)</li> <li>• Prototype/Materials Costs</li> </ul>
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\* See Appendix 1 for details of maximum limits

## 11. Reporting and Claiming Process:

### Phase 1:

- The grant will be paid to the identified lead company/organisation or network on receipt of grant claim form, when the feasibility/scoping phase has been **completed**.
- The claim must be accompanied by a Feasibility Report which will be submitted to Enterprise Ireland (Refer Section 8)
- The claim must outline activities for which eligible expenditure is being claimed against.
- All expenditure must be vouched including time which must be documented in the form of detailed time sheets.
- Tax clearance certificate is required for the lead company/organisation or network (the payee).

### Phase 2:

Payment in respect of Phase 2 is based on matched funding between Enterprise Ireland, the participant companies and other stakeholders within the Group. To claim 1<sup>st</sup> Payment:

- 50% of the total value of the grant approved will be paid to the nominated lead company/organisation or network on receipt of the following:
  - evidence that the facilitator has been appointed
  - full details of how the Group is proposing to match the EI grant contribution (e.g. employee time and cash contributions)
  - Tax clearance certificate for the lead company/organisation or network (the payee)
  - Submission of a detailed project plan

### Subsequent Payments:

- During the course of the project, the group facilitator, along with a number of participants from the group, will meet with Enterprise Ireland to update on project progress, milestones achieved and to review the financial situation of the project.
- Timelines for reporting to be agreed.
- Future payments will be made based on progress and project timelines.
- For each claim made the following information is required:
  - full details of how the Group is continuing to match the EI grant contribution (e.g. employee time and cash contributions)
  - Tax clearance certificate for the lead company/organisation (the payee).

Further information available from:

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### Appendix 1: Eligible Costs – Maximum Limits

Eligible Expenditures*	Maximum Limits and Notes
Salaries & Overheads of employees of companies within the group	<ul style="list-style-type: none"> <li>• Standard salary support of €1,000 per week (€200 per day) towards time committed to the project by employees of participant companies within the group.</li> <li>• Overheads associated with employee involvement with project may not exceed 30% of the Salary costs.</li> <li>• Employee time spent attending Trade Fairs is ineligible.</li> </ul>
Foreign Travel and Subsistence of employees of companies within the group	<ul style="list-style-type: none"> <li>• Only Travel and Subsistence costs for overseas trips directly related to the clustering project are allowed.</li> <li>• Foreign Travel and Subsistence costs must be for employees of companies within the group for defined eligible activities.</li> <li>• If foreign Travel and Subsistence is for Trade Fairs, it is limited to 5 attendees.</li> <li>• Subsistence rate is to cover all out of pocket expenses including hotels, meals, taxis (local fares), incidentals etc.</li> <li>• Eligible Travel Costs: <ul style="list-style-type: none"> <li>• Economy Air/Ferry or Rail Fares;</li> <li>• Mileage (60c per kilometer) or Economy Car Hire (note mileage cannot be claimed on hire cars)</li> </ul> </li> <li>• Eligible Subsistence Rates: <ul style="list-style-type: none"> <li>• Overnight Rate - 24 hr period, max €200 per Day</li> <li>• Day rate - &lt; 24 hours - €60.</li> </ul> </li> </ul>
Facilitation and Consultancy Fees	<p>Costs of hiring a specialist consultant to input into or undertake the proposed project.</p> <ul style="list-style-type: none"> <li>• Maximum 30 days per consultant/firm.</li> <li>• Max. Consultancy rates: Days 1 to 20: €900 per day, Days 21 to 30: €700 per day</li> <li>• Daily rates to be inclusive of travel and subsistence and all out-of-pocket expenses (local and international).</li> <li>• Where a consultancy firm has more than one consultant engaged, the aggregate number of days worked by all consultants engaged on the project is counted.</li> <li>• Where there is more than one consultancy firm involved on the project, the rates &amp; limits apply to each firm separately.</li> </ul>
Trade Fair Participation	<ul style="list-style-type: none"> <li>• The cost of a group's first-time participation in any recognised Trade Fair outside Ireland may be eligible for assistance. This includes the costs incurred while preparing and participating in the Trade Fair, taking a stand at a Trade fair or simply visiting the Trade fair.</li> <li>• Second and subsequent participation in the same Trade Fair may be eligible if it is being held in a different</li> </ul>

	<p>country from previous approvals. If member(s) of the group have only attended a Trade Fair previously (i.e. did not take a stand), they may apply for support for the same Trade Fair at a later date.</p> <ul style="list-style-type: none"> <li>• Participation at conferences, symposiums, stand alone company events, fairs, demonstrations or meetings are not eligible for support.</li> <li>• Employee time while attending Trade Fairs is ineligible.</li> <li>• Attendance limited to 5 employees of companies within the group.</li> </ul>
<p>Prototype/Materials Costs</p>	<ul style="list-style-type: none"> <li>• Prototype materials, specialised software tools, hire of equipment or facilities and other sundry costs relating to building a prototype are eligible.</li> <li>• Where consultants/contractors are being used to input into the prototype design/build, the costs should be entered in the Consultancy Fees section of the application form.</li> <li>• Employee time should be entered under the Salaries and Overheads section.</li> <li>• Capital items/equipment costs such as laptops, servers are <b>not</b> eligible under this expenditure item.</li> </ul>



## Appendix 2: Definitions

Because the terms clusters and networks are often used inter-changeably, we have set out brief definitions below to clarify the focus.

Clusters can be described as geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries and associated institutions that compete, but also cooperate. Clusters are primarily a market-driven phenomenon.

A network can be defined as a group of companies with limited membership who have agreed to collaborate in some way to achieve specific business objectives through finite projects and programmes that are likely to result in enhanced competitive advantage and/or mutual financial gain. Such clustering can be encouraged by government support, as it often takes a third party facilitator to bring the companies together.