

**Commission Regulation (EU) No. 651/2014 published in Official Journal No 57, 26th
June 2014 (“the Regulation”)**

**Irish Industrial Development Agencies - Research Development and Innovation
Scheme 2014- 2020**

1. Objective of Scheme

The objective of this scheme is to provide:

- (a) aid for research and development projects
- (b) investment aid for research infrastructure
- (c) aid for innovation clusters
- (d) innovation aid for SMEs
- (e) aid for process and organisational innovation
- (f) aid for research and development in the fishery and aquaculture sector.

2. Legal Basis and Rules

The operation of this scheme is subject to the provisions of Chapter III, Section 4 (Articles 25 to 30 inclusive) of the Regulation and the enabling legislation of Enterprise Ireland (Industrial Development Acts 1986 – 2014, as may be amended from time to time), IDA Ireland (Industrial Development Acts 1986 – 2014, as may be amended from time to time) and Údarás na Gaeltachta (Údarás na Gaeltachta Act 1979, as may be amended from time to time) (“the Development Agencies “). Unless otherwise stated, terms defined in the Regulation shall have the same meaning in this Scheme.

3. Budget

The average annual budget of this Scheme shall not exceed EUR 150 million.

4. Who can apply?

An applicant will be eligible to apply for aid once the project concerned meets the criteria set out in the enabling legislation of the development agencies. The right to apply does not impose any obligation on the State to provide funding to an applicant.

5. Scope of Scheme

This Scheme shall not apply to the following:-

- (a) Aid to export related activities towards third countries or other Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to the other current expenditure linked to export activity;

- (b) Aid contingent upon the use of domestic over imported goods;
- (c) aid granted in the fishery and aquaculture sector, as covered by Regulation (EU) 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council regulations (EC) 1184/2006 and (EC) 1224/2009 and repealing council regulation (EC) 104/2000 with the exception of aid in the field of research and development and innovation aid for SMEs.
- (d) aid granted to the primary agricultural production sector, with the exception of aid for research and development and innovation aid for SMEs;
- (e) Aid granted in the sector of processing and marketing of agricultural products, in the following cases:
 - (i) where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; or
 - (ii) where the aid is conditional on being partly or entirely passed on to primary producers;
- (f) Aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787;
- (g) The categories of regional aid excluded in Article 13;
- (h) Where an undertaking is active in the excluded sectors as referred to in points (c), (d) or (e) above, and in sectors which fall within the scope of this Scheme, this Scheme applies to aid granted in respect of the latter sectors or activities, provided that appropriate means, such as separation of activities or distinction of costs, are taken to ensure that the activities in the excluded sectors do not benefit from the aid granted in accordance with this Scheme;
- (i) Aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market;
- (j) Aid to undertakings in difficulty;
- (k) Aid where the grant of aid is subject to the obligation for the beneficiary to have its headquarters in Ireland or to be predominantly established in Ireland, although the requirement to have an establishment or branch in Ireland at the moment of payment of the aid is allowed.
- (l) Aid subject to the obligation for the beneficiary to use nationally produced goods or national services;

- (m) Aid which restricts the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States.

6. Maximum Amounts payable under the Scheme

The following are the maximum amounts payable under the Scheme and these limits shall not be circumvented by artificially splitting up an aid project:

- (a) for aid for a research and development project:

- (i) if the project is predominantly fundamental research: €40 million per undertaking, per project; that is the case where more than half of the eligible costs of the project are incurred through activities which fall within the category of fundamental research;

- (ii) if the project is predominantly industrial research: €20 million per undertaking, per project; that is the case where more than half of the eligible costs of the project are incurred through activities which fall within the category of industrial research or within the categories of industrial research and fundamental research taken together;

- (iii) if the project is predominantly experimental development: €15 million per undertaking, per project; that is the case where more than half of the eligible costs of the project are incurred through activities which fall within the category of experimental development;

- (iv) if the project is a EUREKA project or is implemented by a Joint Undertaking established on the basis of Article 185 or of Article 187 of the Treaty, the amounts referred to in points (i) to (iii) are doubled.

- (v) if the aid for a research and development project is granted in the form of a repayable advance which, in the absence of an accepted methodology to calculate their gross grant equivalent, is expressed as a percentage of the eligible costs and the measure provides that in case of a successful outcome of the project, as defined on the basis of a reasonable and prudent hypothesis, the advances will be repaid with an interest rate at least equal to the discount rate applicable at the time of grant, the amounts referred to in points (i) to (iv) are increased by 50%;

- (vi) aid for feasibility studies in preparation for research activities: €7.5 million per study;

- (b) for investment aid for research infrastructures: €20 million per infrastructure;

- (c) for aid for innovation clusters: €7.5 million per cluster;
- (d) for innovation aid for SMEs: €5 million per undertaking, per project;
- (e) for aid for process and organisational innovation: €7.5 million per undertaking, per project;

7. Transparency of Aid

Only transparent forms of aid (i.e. in which it is possible to calculate precisely the gross grant equivalent as a percentage of eligible expenditure ex ante without need to undertake a risk assessment) may be paid by the development agencies under this Scheme.

8. Incentive Effect

This Scheme shall apply only to aid which has an incentive effect.

Aid shall be considered to have an incentive effect if the beneficiary has submitted a written application for the aid to the relevant development agency before work on the project or activity starts. The application for the aid shall contain at least the following information:

- (a) undertaking's name and size;
- (b) description of the project, including its start and end dates;
- (c) location of the project;
- (d) list of project costs;
- (e) type of aid (e.g. grant) and amount of public funding needed for the project;

If work begins before the applicant has submitted a written application to the relevant development agency the whole project will be ineligible for aid.

9. Aid intensity and eligible costs

For the purposes of calculating aid intensity and eligible costs under this Scheme, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

Aid payable in several instalments shall be discounted to its value at the moment it is granted. The eligible costs shall be discounted to their value at the moment the aid is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the moment the aid is granted.

10. Cumulation

Aid under this Scheme shall not be cumulated with any de minimis aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding those laid down in the Regulation.

11. Research and Development Projects

Each of the Development Agencies may give aid for research and development projects subject to the provisions of this Scheme and of their enabling legislation

The aided part of the research and development project shall completely fall within one or more of the following categories:

- (a) fundamental research;
- (b) industrial research;
- (c) experimental development;
- (d) feasibility studies.

The eligible costs of research and development projects shall be allocated to a specific category of research and development and shall be the following:

- (a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;
- (b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible.
- (c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.
- (d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- (e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project;

The eligible costs for feasibility studies shall be the costs of the study.

The aid intensity for each beneficiary shall not exceed:

- (a) 100% of the eligible costs for fundamental research;
- (b) 50% of the eligible costs for industrial research;
- (c) 25% of the eligible costs for experimental development;

(d) 50% of the eligible costs for feasibility studies.

The aid intensities for industrial research and experimental development may be increased up to a maximum aid intensity of 80% of the eligible costs as follows:

(a) by 10% for medium-sized enterprises and by 20% for small enterprises;

(b) by 15% if one of the following conditions is fulfilled:

(i) the project involves effective collaboration:

- between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70% of the eligible costs, or
- between an undertaking and one or more research and knowledge dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results;

(ii) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software;

The aid intensities for feasibility studies may be increased by 10% for medium-sized enterprises and by 20% for small enterprises;

12. Investment aid for research infrastructures

Each of the Development Agencies may give aid for the construction or upgrade of research infrastructures that perform economic activities subject to the provisions of this Scheme and of their enabling legislation

Where a research infrastructure pursues both economic and non-economic activities, the financing, costs and revenues of each type of activity shall be accounted for separately on the basis of consistently applied and objectively justifiable cost accounting principles.

The price charged for the operation or use of the infrastructure shall correspond to a market price.

Access to the infrastructure shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10% of the investment costs of the infrastructure may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.

The eligible costs shall be the investment costs in intangible and tangible assets.

The aid intensity shall not exceed 50% of the eligible costs.

Where a research infrastructure receives public funding for both economic and noneconomic activities, before aid is granted the Development Agency concerned shall ensure that there is put in place a monitoring and claw-back mechanism in order to ensure that the applicable aid intensity is not exceeded as a result of an increase in the share of economic activities compared to the situation envisaged at the time of awarding the aid.

13. Aid for innovation clusters

Each of the Development Agencies may give aid for innovation clusters subject to the provisions of this Scheme and of their enabling legislation

Aid for innovation clusters shall be granted exclusively to the legal entity operating the innovation cluster (cluster organisation).

Access to the cluster's premises, facilities and activities shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10% of the investment costs of the innovation cluster may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.

The fees charged for using the cluster's facilities and for participating in the cluster's activities shall correspond to the market price or reflect their costs.

Investment aid may be granted for the construction or upgrade of innovation clusters. The eligible costs shall be the investment costs in intangible and tangible assets.

The aid intensity of investment aid for innovation clusters shall not exceed 50% of the eligible costs. The aid intensity may be increased by 5 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty

Operating aid may be granted for the operation of innovation clusters. It shall not exceed ten years.

The eligible costs of operating aid for innovation clusters shall be the personnel and administrative costs (including overhead costs) relating to:

- (a) animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services;
- (b) marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility;
- (c) management of the cluster's facilities; organisation of training programmes, workshops and conferences to support knowledge sharing and networking and transnational cooperation.

The aid intensity of operating aid shall not exceed 50% of the total eligible costs during the period over which the aid is granted.

14. Innovation aid for SMEs

Each of the Development Agencies may give innovation aid for SMEs subject to the provisions of this Scheme and of their enabling legislation

The eligible costs shall be the following:

- (a) costs for obtaining, validating and defending patents and other intangible assets;
- (b) costs for secondment of highly qualified personnel from a research and knowledge-dissemination organization or a large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel;
- (c) costs for innovation advisory and support services;

The aid intensity shall not exceed 50% of the eligible costs.

In the particular case of aid for innovation advisory and support services the aid intensity can be increased up to 100% of the eligible costs provided that the total amount of aid for innovation advisory and support services does not exceed €200, 000 per undertaking within any three year period.

15. Aid for process and organisational innovation

Each of the Development Agencies may give aid for process and organisational innovation subject to the provisions of this Scheme and of their enabling legislation

Aid to large undertakings shall only be compatible if they effectively collaborate with SMEs in the aided activity and the collaborating SMEs incur at least 30% of the total eligible costs.

The eligible costs shall be the following:

- (a) personnel costs;
- (b) costs of instruments, equipment, buildings and land to the extent and for the period used for the project;
- (c) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions;
- (d) additional overheads and other operating costs, including costs of materials, supplies and similar products, incurred directly as a result of the project.

The aid intensity shall not exceed 15% of the eligible costs for large undertakings and 50% of the eligible costs for SMEs.

16. Aid for research and development in the fishery and aquaculture sector

Each of the Development Agencies may give aid for research and development in the fishery and aquaculture sector subject to the provisions of this Scheme and of their enabling legislation

The aided project shall be of interest to all undertakings in the particular sector or sub-sector concerned.

Prior to the date of the start of the aided project the following information shall be published on the internet:

- (a) that the aided project will be carried out;
- (b) the goals of the aided project;
- (c) the approximate date for the publication of the results expected from the aided project and its place of publication on the internet;
- (d) a reference that the results of the aided project will be available to all undertakings active in the particular sector or sub-sector concerned at no cost.

The results of the aided project shall be made available on internet from the end date of the aided project or the date on which any information concerning those results is given to members of any particular organisation, whatever comes first. The results shall remain available on internet for a period of at least 5 years starting from the end date of the aided project.

Aid shall be granted directly to the research and knowledge-dissemination organisation and shall not involve the direct granting of non-research related aid to an undertaking producing, processing or marketing fishery or aquaculture products.

The eligible costs shall be those provided in Article 25 (3) of the Regulation.

The aid intensity shall not exceed 100% of the eligible costs.

17. Period of Validity

This scheme shall operate from 1 July 2014 until 31 December 2020.