



An Roinn Gnó,
Fiontar agus Nuálaíochta
Department of Business,
Enterprise and Innovation

The National Policy Statement on Entrepreneurship

Mid-term Review

Entrepreneurship & Small Business Policy Unit

Indigenous Enterprise Division

February 2018



Table of Contents

Executive Summary	P3
Introduction and Background	P4
Review methodology	P5
Section 1: Stakeholder Engagement	
Q1: Did any of the elements of the Policy Statement stand out either positively or negatively?	P6
Q2: How can increased participation in entrepreneurship from underrepresented cohorts be encouraged?	P8
Q3: (Within budgetary constraints) What are your future asks and could you provide costed analysis of these projects?	P9
Conclusions	P10
Snapshot: Brexit implications	P13
Section 2: Business Creation and Survival	
New business by industry	P15
New business by county	P16
Company Formations per 10,000 Population	P17
New business by gender	P19
Conclusions	P20
Section 3: National and International Indicators	
Overview	P22
International indicators	P24
National indicators	P27
Conclusions	P33
Section 4: Mapping of the Support Environment for Entrepreneurs	
Overview	P34
Conclusions	P37
Key Outcomes of the Policy Statement Actions	P38
Recommendations	P41
<i>Appendix 1- Stakeholder Engagement Terms of Reference</i>	P44
<i>Appendix 2 - Attendees</i>	P46
<i>Appendix 3 – EIS vs SEIS</i>	P47



Executive Summary

2017 marked the half way point of the 2014-2019 National Policy Statement on Entrepreneurship. In its inception, it was seen as a means for facilitating the entrepreneurs of Ireland in creating, surviving and growing their businesses after a period of huge upheaval in terms of the economy and in new technologies and disruptive business models. Irish entrepreneurs, as ever, have shown resilience, innovation and the willingness to take risks which has seen the rapid increase in the number of business births but also a reduction in the rates of business deaths.

By sector, we can see that the number of new businesses in manufacturing is continuing to decline but areas such as business services and logistics and distribution are seeing huge numbers of new businesses. These new businesses will need management and staff with new skills and it is essential that the Department and the Government as a whole, alongside the business community, continue to provide and improve training, mentoring and access to skills.

Brexit is a risk for all businesses in Ireland but particularly for young businesses that have not yet reached financial security. Open and diverse financial instruments need to be available for businesses to start and particularly to grow as many of the entrepreneurs will not have a long business track record. The encouragement of market diversity is also hugely important to ensure that these businesses are not overly reliant on the UK as a market or for suppliers.

The overall picture is one of optimism where we are seeing growth in the number of businesses but also a maturing of the ecosystem where businesses are looking to scale, internationalise or reinvest after exiting. The Department will strive to ensure that positivity remains and potential obstacles are overcome for the good of Ireland's entrepreneurs.



Introduction and Background

The National Policy Statement on Entrepreneurship (NPSE) was launched in 2014 and was designed to cover the five years up to 2019. It set out the Government's strategic objectives as a facilitator within the Irish entrepreneurship ecosystem. Its ambition is to double the jobs impact of start-ups on the Irish economy over the 5 years by:

- Increasing the number of start-ups by 25% (3,000 more start-ups per annum)
- Increasing the survival rate in the first five years by 25% (1,800 more survivors per annum), and
- Improving the capacity of start-ups to grow to scale by 25%.

Delivering on this ambition requires a whole of Government across the 6 key elements of the ecosystem for entrepreneurship in Ireland:

1. Culture, human capital and education
2. Business environment and supports
3. Innovation
4. Access to Finance
5. Entrepreneurial networks and mentoring; and
6. Access to markets.

The Entrepreneurship and Small Business Policy Unit within the Department of Business, Enterprise and Innovation has responsibility to ensure the goals and objectives set out in the Policy Statement are completed and review the progress made in the entrepreneurial ecosystem. Of the 96 Actions outlined in the NPSE, 60 have been completed and the remainder are ongoing in nature. The Department undertook annual reviews on progress for 2015 and 2016.

Marking the half way point of the Statement, 2017 saw the development and organisation of the Mid-term Review. In addition, Action 45 of the 2017 Action Plan for Jobs calls for a mid-term review of the NPSE.

The Department, through the Entrepreneurship and Small Business Policy Unit, produced Terms of Reference (**Appendix 1**), and the detailed annual reviews and discussion documents, which were disseminated to stakeholders. Meetings were then organised and grouped into three pillars; **education, state bodies and entrepreneurs with related representative bodies**. These meetings were held between May and June 2017. We had



additional feedback from the participants of the Forum of the female entrepreneurship programme “Going for Growth” and the EY Entrepreneur of the Year Alumni Board.

As part of the review, the Department raised the following questions which would frame the stakeholder meetings:

Q1: Did any of the elements of the Policy Statement stand out either positively or negatively?

Q2: How can increased participation in entrepreneurship from underrepresented cohorts be encouraged?

Q3: (Within budgetary constraints) What are your future asks and could you provide costed analysis of these projects?

Review methodology

While the primary focus of the Review was to engage with stakeholders to get feedback and ideas for the future for entrepreneurship policy, other sources of data have been considered in the context of this review in coming to conclusions and making recommendations. This two-pronged review process has allowed for outside stakeholder input, which has then been validated through a thorough desk-based review of the NPSE using data available to the Department.



Section 1: Report on results from stakeholder engagement

The Department held a number of stakeholder meetings grouped by those involved in education; state bodies and entrepreneurs. The Department took the opportunity to engage separately with the female cohort of entrepreneurs through the Going for Growth Programme and met with members of the EY Entrepreneur of the Year Alumni Board. In addition, all were invited to provide written input to the review process.

The meetings were organised in such a way that each participant was able to voice their opinion on each of the aforementioned questions, which were recorded and discussed. However, it should be noted that the opinions and contributions to the Review were then anonymised. Opinions as set out in this Review report, are generally attributed to a specific pillar, e.g.. Entrepreneurs and their Representative Bodies. A full list of participants is attached at **Appendix 2**.

On behalf of the Department, the Entrepreneurship and Small Business Policy Unit (ESBPU) would sincerely like to express its gratitude to all the participants for giving up their valuable time and providing invaluable contributions.

Q1: Did any of the elements of the Policy Statement stand out either positively or negatively?

Entrepreneurs: overall it was expressed that the ecosystem was of good quality. However, there were concerns that the Policy focused on quantity over quality. In addition, there were numerous supports for start-ups but less and not enough supports once a company grew to the 8-10 employee stage.

The suggestion was raised of bringing the findings, reports and tools into a more interactive online forum and that awareness of existing supports could be encouraged by this. The Employment Incentive and Investment Scheme (EIIS) was considered to be weak in comparison to the UK's SEIS (Seed Enterprise Investment Scheme) and needed considerable upgrading to be of use (see **appendix 3** for comparison).

Academics: it was stated that the entrepreneurial ecosystem has improved dramatically and is of a good standard. The mapping of entrepreneurial activities in higher education and the ESBPU's own extensive mapping tool were commented upon as being particularly useful and a good support for entrepreneurs but also helped to identify any potential gaps. The development of an enterprise engagement strategy for higher education which includes



entrepreneurial education, the development of existing entrepreneurship award schemes and Science Foundation Ireland's targeted increase in spinouts from their research centres were seen as desirable and worthwhile. Again, the creation of the LEOs was seen in a positive light but there was a feeling that the staff in the LEOs needed a greater level of training in order to facilitate better "signposting" of supports such as those contained in the Mapping Tool.

The issue was raised that supports, particularly for those start-ups in the growth stage, were limited by sectors and valuable industries such as design and fashion were not being assisted by the likes of Enterprise Ireland. Furthermore, supports need to be extended to growing companies whose profile do not fit into STEM or export categories.

A discussion was held in relation to the NPSE's overall structure and area of responsibility which had actually been broadened to include those that would be considered owner/managers (perhaps not exporting etc). It may need to be tightened to avoid competition with SME policy. Also, it may be wise to move the language around this from the noun to the adverb (to behave entrepreneurially).

Going for Growth participants felt there was a lack of communication about resources and accessing grants. They also pointed out that the quality of advisors and trainers in the LEOs varied greatly. There was a widely-felt opinion that mentoring was key and that the agencies along with networks such as the EY Entrepreneur of the Year Alumni and Going for Growth were invaluable resources.

State Bodies: there was a general consensus that the highly specific and precise programme of the 96 Actions was welcome in 2014 but that it was now time to look at the macro situation and in particular to identify two to three areas that were most needed to be addressed. The Department and Government need to focus on higher end programmes and review all programmes to find duplications and best working models.

The promotion of entrepreneurs and related awards such as Ireland's Best Young Entrepreneur were seen as having been highly successful. The creation of the Local Enterprise Offices as the "First Stop Shop" for aspiring entrepreneurs was also considered to be a success albeit needing further time to establish and be further recognised by the business community.



Q2: How can increased participation in entrepreneurship from underrepresented cohorts be encouraged?

Increased participation by underrepresented cohorts in the entrepreneurial ecosystem is a priority for the Department, especially the increase in numbers of female entrepreneurs. Furthermore, this question was to include other cohorts such as people with disabilities, immigrants, seniors and youths.

Entrepreneurs: They felt strongly that there had been progress in increased female participation but further efforts were needed. The emergence of female role models was encouraging. Yet, it was considered that not enough had been done for other cohorts, in particular people with disabilities who represent 13% of the population. As a running theme throughout their discussions, entrepreneurs saw the difficulty for immigrants, particularly advanced third level students, accessing work visas. Female entrepreneurs stated that current childcare costs were a major hindrance for women starting their own businesses. EY Entrepreneur of the Year Alumni Board recommended incubation hubs, based on a San Francisco model, whereby entrepreneurs from underrepresented cohorts could apply to join and be coached and advised by advisors and consultants.

Academics: It was queried why senior programmes that had been operating in up to c. 2013 were no longer being promoted. There were varied opinions as to the viability of overly specific supports. However, a number of participants suggested that there was a lack of a champion or agency shining a light on cohorts such as people with disabilities and that some tailoring of current programmes, coupled with awareness training of staff in the relevant bodies, could create a more open and inclusive environment which should lead to increased participation.

State Bodies: There was a suggestion that Enterprise Ireland could run a Competitive Start Fund (CSF) for a cohort such as seniors as per the highly successful female CSF. The general opinion was that creating further programmes for specific cohorts could dilute and restrain already existing programmes. A better approach may be to review existing programmes to ensure they are open and inclusive.



Q3: (Within budgetary constraints) what are your future asks and could you provide costed analysis of these projects?

Entrepreneurs: Job-Bridge was seen as an excellent initiative that provided start-ups with low cost staff whom, in the majority of cases, they were willing to hire on a full-time basis after the allotted time. This scheme was removed due to small number of companies abusing their position but the entrepreneurs believed it was worthwhile and should be reintroduced.

There needs to be reform of the high skill worker visa system. There is a lack of available skilled labour in the Irish market and the current restrictions and high salary requirements are putting entrepreneurs under enormous pressure as they cannot compete with MNC's salary package. This is exacerbated by the complex and unwieldy nature of employee share schemes that are too difficult, expensive and time consuming for most start-ups to operate. A reform of both these systems will allow for start-ups and those looking to scale attract the right type of highly skilled worker and allow the companies to grow in Ireland rather than in another jurisdiction.

Finance for start-ups and those scaling is still difficult to access with the banks. Banks are not promoting available services such as the Strategic Banking Corporation of Ireland and its Credit Guarantee Scheme. The general access to finance ecosystem in Ireland was seen as under developed with a lack of Venture Capital. The Venture Capital available was perceived to be particularly lopsided in favour of male entrepreneurs. There needs to be greater diversification in this market.

Academics: EIS has to match the UK's SEIS in terms of threshold and ease of use (see **appendix 3**). We must look at the investor and look for the private sphere to invest in start-ups in a greater scale. This is beginning to happen with Business Angels but needs to be wider spread, particularly for the scaling/growing stage of businesses.

We must create champions for sectors/areas to encourage growth outside of Dublin. Policy makers and academics need to work with entrepreneurs together, focusing in the same direction. In addition, there needs to be centres of critical mass in order to promote collaboration and a simplified point of access for interested companies particularly multi-nationals.

We must protect what works, not create new programmes and policies where something is working or is still in the early stages of its run out. We must be able to see outcomes from programmes and enhance where needed. Networking, particularly with the diaspora needs to be encouraged and grown. Also, financial literacy needs to be promoted and reviewed.



State Bodies: There was considerable backing for the continued promotion of entrepreneurial and enterprising skills in all levels of education. Department of Education and Skills has the lead on this but this Department should continue to work closely with its sister Department.

A regular review of the ecosystem and the programmes being delivered by the Government should be established, expanding and refining those that work and removing less effective programmes.

The Department should reiterate the concerns of the business community and entrepreneurs especially of the early entry into the marginal tax rate and high rate of Capital Gains Tax for entrepreneurs.

These three policies would see a short term, medium term and long term impact on the entrepreneurship ecosystem, creating a virtuous circle whereby entrepreneurs are encouraged when young, assisted in their business set up and the correct environment is established for their businesses to flourish and grow.

Conclusions from the stakeholder engagement

Co-working spaces:

According to a recent study co-working space in Dublin increased by 43% in the 2 years to Q3 2017¹. It is expected to increase by 37% by end of Q2 2018. There are 12,000 desk space in co-working spaces. DBEI's mapping of supports lists 81 co-working spaces nationally² in addition to 156 Enterprise Centres many of which offer hot-desking and co-working. Some of these have international links such as Huckletree which operates three co-working spaces and an accelerator programme in London and Dogpatch Labs which is part of the Google for Entrepreneurs Partner Network. We should continue to promote and review co-workings spaces as a vital physical location for start-ups.

¹ <http://irishtechnews.ie/4500-new-desk-spaces-expected-in-dublin-within-next-nine-months/>

² <https://dbe.gov.ie/en/What-We-Do/Business-Sectoral-Initiatives/Entrepreneurship-/Mapping-of-supports/>



Regional Champions:

The Regional Action Plans for Jobs have Enterprise Champions in all regions. Many of these Champions, along with the Regional APJ committees, have formed sectoral groups specific to their region. There are actions taking place in this area to encourage by example. Through the Enterprise Champions, budding entrepreneurs can identify a role model in their region. The Enterprise Initiatives Unit of DBEI will continue to provide support to the Enterprise Champions in promoting a strong enterprise agenda across the regions and in converting aspiration into entrepreneurial action.

EIIS:

It appears that the more restrictive conditions of the Irish EIIS (Employment Incentive and Investment Scheme) in comparison to the UK's SEIS (**see appendix 3**) are hindering investment by smaller scale investors at a time when many businesses, both new and established, are looking for alternative funding to the banks and reinvestment. A diversified financial market will be a positive for entrepreneurs and would remove the overreliance on a small number of banks operating in the market.

Financial Literacy:

Entrepreneurs should be assisted, where necessary, to improve their financial management skills and knowledge. There are a number of advisory organisations dealing with businesses in distress and courses are available in financial literacy. However, time is the most expensive commodity for entrepreneurs, therefore an online centralised offering would be advantageous. Announced in Budget 2018, the Business Advisory Hub will provide such an online service and will provide information to assist entrepreneurs in preparing the necessary documentation to access financial supports.

Employee Share Schemes:

For smaller businesses to compete with the larger companies to attract top talent they need to have additional incentives for employees as they cannot always compete on salary alone. Share schemes allow for business to entice employees to join or remain with the business without having to immediately pay in salary terms. A bonus of such schemes, for the entrepreneurs, is that employees have a vested interest in the success of the company they are working for.



In Budget 2018, the Key Employee Engagement Programme³ (KEEP) was announced which states “gains arising to employees on the exercise of KEEP share options will be liable to Capital Gains Tax on disposal of the shares, in place of the current liability to income tax, USC and PRSI on exercise”. In response to feedback from the private sector change were made to the Finance Bill at committee and report stages to allow employees holding existing options to avail of the scheme and to remove the restriction on employees of companies that have increased in size beyond the EC definition of an SME.

Guidelines on the implementation of KEEP will be published by Revenue in 2018.

Access to Labour:

A major issue for the Entrepreneur Cohort was the difficulty in accessing quality labour at a reasonable wage. Job-Bridge was mentioned in a positive light and the scheme of something like it should be reintroduced. With employment levels potentially reaching “full employment” within one year, this issue needs to be addressed. A good starting point is the Micro Grad Student Placement Funding Scheme Pilot⁴ – undertaken by Cork and Kerry LEOs. This scheme ensures participants are paid at least minimum wage. It will also allow smaller employers to access future talent and create contacts necessary for attracting employees in a more competitive labour market.

³ P4, http://www.budget.gov.ie/Budgets/2018/Documents/Budget_2018_Tax_Policy_Changes.pdf

⁴ <https://www.localenterprise.ie/CorkCity/Financial-Supports/Micro-Grad-Student-Placement-Funding-Scheme-Pilot-2017/>



Given the importance of Brexit and its emergence since the publication of the NPSE, stakeholders were asked to consider the NPSE and the impact of Brexit – the following are some Brexit related observations:

Brexit

- The use of networks must be expanded outside of Ireland to pan-European networks as this is a weaker element of the current ecosystem. Implementation could lead to numerous business connections.
- Entrepreneurs need to examine their supply chains for any potential risks from the UK. As small businesses, they are particularly at risk if over exposed to British suppliers.
- The UK is seen as the main competitor to Ireland particularly in attracting international, mobile entrepreneurs. We need to be more competitive against the UK in areas such as the personal tax rate and employee share scheme operations and costs.
- With a maturing ecosystem, we need to re-examine the EIS in Ireland and realign with the thresholds and easy to use system in the UK. This would have the added bonus of assisting the movement of financial supports away from the Government and onto private sources.
- Entrepreneurs, where possible, need to “start global”. By looking to a global market from the beginning the can enter a variety of markets either by themselves or through agents. This avoids the overreliance on a single market. However, to do this successfully the entrepreneur must ensure they strengthen their rights over the intellectual property of their product or service.



Section 2: Business Creation and Survival

The ambition of the NPSE is to double the jobs impact of start-ups on the Irish economy over the 5 years by:

- Increasing the number of start-ups by 25% (3,000 more start-ups per annum)
- Increasing the survival rate in the first five years by 25% (1,800 more survivors per annum), and
- Improving the capacity of start-ups to grow to scale by 25%.

In 2017 the Business Creation Data Package was tendered to analyse the business ecosystem for these statistics. Data from the Companies Registration Office was used, however sufficient data was not available from the CRO to assess the capacity of start-ups to grow in a measurable context. Therefore, further granular data was examined to measure entrepreneurship and the following data and statistics on New Company Start-ups was gathered:

- Quarterly numbers of New Company start-ups including a breakdown of Location(County), Industry, Gender Profile of Director, Age Profile of Director and First time Director.
- The data was cleansed to an extent to show if a company has been set up by a solicitor, formation company and does not reflect the actual trading address.
- New data of the numbers of business creations from the 1st of January 2015 until the 1st of January 2017, and then a breakdown of new start-ups every quarter from the 1st of March 2017 to end 2017.
- Survival rates of companies born in 2012-2015 and lifespan of start-ups over 3 years old.

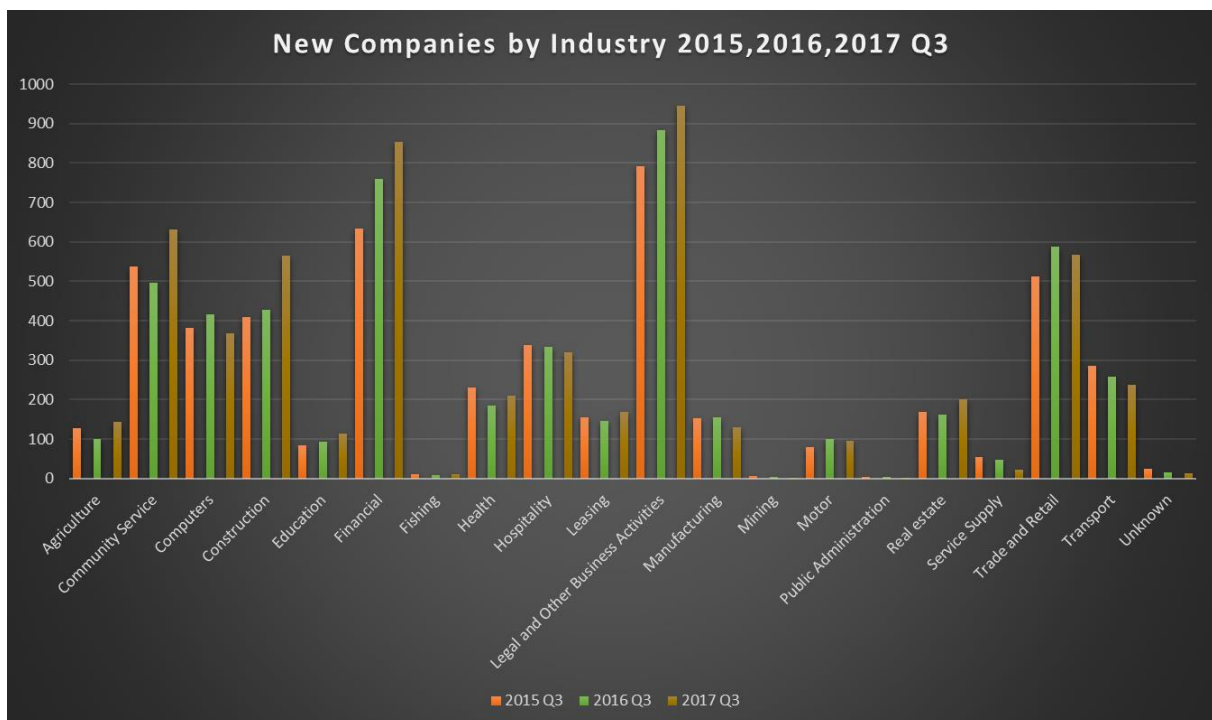
Increasing the number of start-ups by 25%: New companies registered in 2013 amounted to 15,671. In 2016 (the latest year for full year data) the total was 21,107. This amounts to an increase of 34% or 5,346. This indicates that the ecosystem has successfully grown and strengthened to surpass the initial target. Statistics from the first three quarters of 2017 indicate that there is continued growth from the 2016 figures.

Increasing the survival rate in the first five years by 25%: From the data gathered, it was possible to compare the survival rate in the first 3 years from 2012 up to 2014. In 2012, 85% of the 14,571 companies register survived more than 3 years. In 2014, 86% of the 17,964 had survived more than 3 years. However, the number of companies that survived more than 3 years had increased from 12,078 to 15,488. This is an increase of 3,410 or 26%.



The Central Statistics Office Business Demography report 2015 indicates there were 13,954 new enterprise birthed in 2010, with 9,331 of these still active in reference year 2015. It also indicates that the 5-year survival rate for businesses has risen to 66.9% in 2015 from 61.4% 2014.

New Companies by Industry



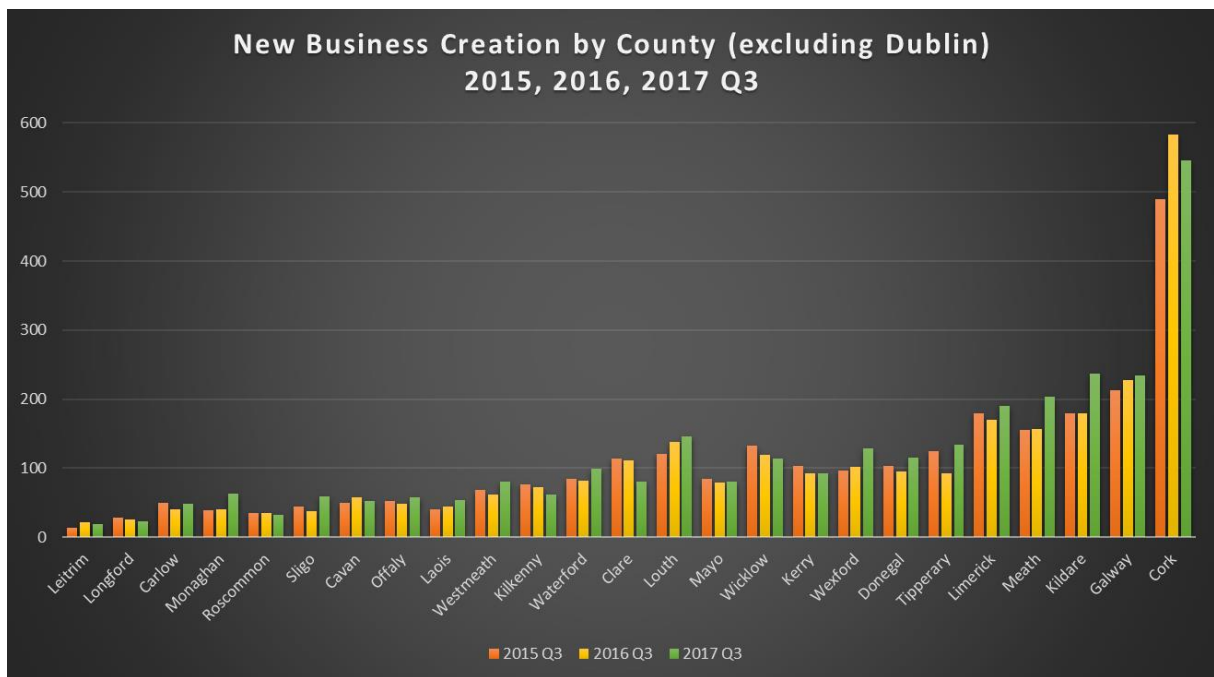
The graph above shows new business by industry sector set up in quarter 3 for 2015, 2016 and 2017. There are some observations of note:

- The industry sector "Legal and other business activities" could do with further refinement as it may include service related businesses which tend to be female founded and run.
- Comparing the figures for Q3 2015 with those from Q3 2017 demonstrates that the construction, education, financial sectors all show strong growth in the number of new companies formed at 38%, 33% and 35% respectively. The numbers of company formations in the Education sector, however, are relatively small in absolute terms.

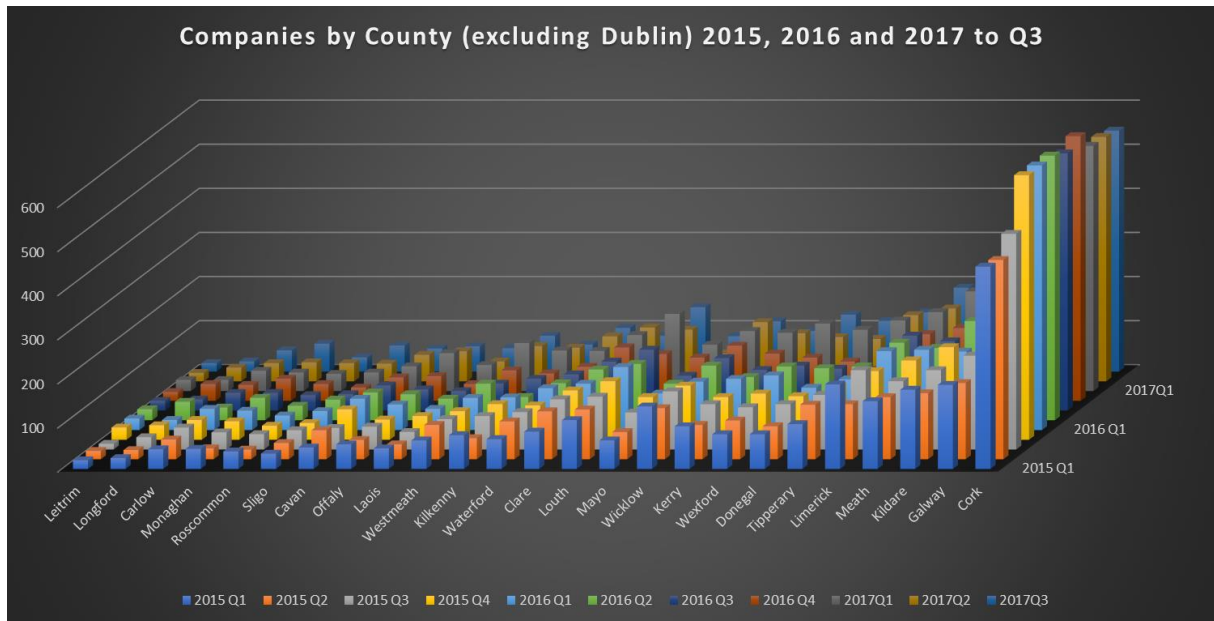


- It should be noted that there was a rapid increase in the number of new company formations in the Financial Industry during 2015. Comparing the number of new formations in sector in Q1 with the Q4 2015 figures shows an increase of over 350%.
- The two sectors showing the largest number of company formations are the Financial sector and Legal & Other Business Sectors. Combined these accounted for 32% of new companies formed in 2017 Q3.
- Some sectors such as Mining and Public Administration are fairly stagnant and it might be more beneficial to begin to measure potentially more active sectors such as Fashion and the Creative Industries.

New Business by County:



The graph above shows new business creation by county with the counties listed from left to right in order of population. Dublin has been excluded to give a clearer view of business creation outside the capital. With 2,577 new companies formed in 2017 Q3 business creation in Dublin is significantly higher than the next nearest county which is Cork at 546 new company formations during the same period. Dublin showed quite a reasonable growth of 12% in the number of business formations during the period of 2015 Q3 to 2017 Q3.



Company Formations per 10,000 Population

Observations on the data presented in the following page:

- In 2015 Q4 there was a significant increase of 40% in the number of company formations in Cork from 489 in previous quarter to 689 in Q4. The figures have been in gradual decline since this peak but remain above the 2015 Q3 figure at 546 in 2017 Q3.
- Sligo (+41%), Wexford (+39%), Waterford (+31%), and Donegal (+31%) have all seen strong growth between 2015 Q1 and 2017 Q3.
- Nationally (including Dublin) there has been an increase of 18% in the number of new companies being formed since 2015 Q1.
- Overall growth of 10% in new business start-ups between 2016 Q1 and 2017 Q1.
- 16 of the 26 counties have seen an increase in the rate of new business formation since the first quarter of 2015.



The table below provides a clearer means to compare performance between counties by presenting company formation per 10,000 population.

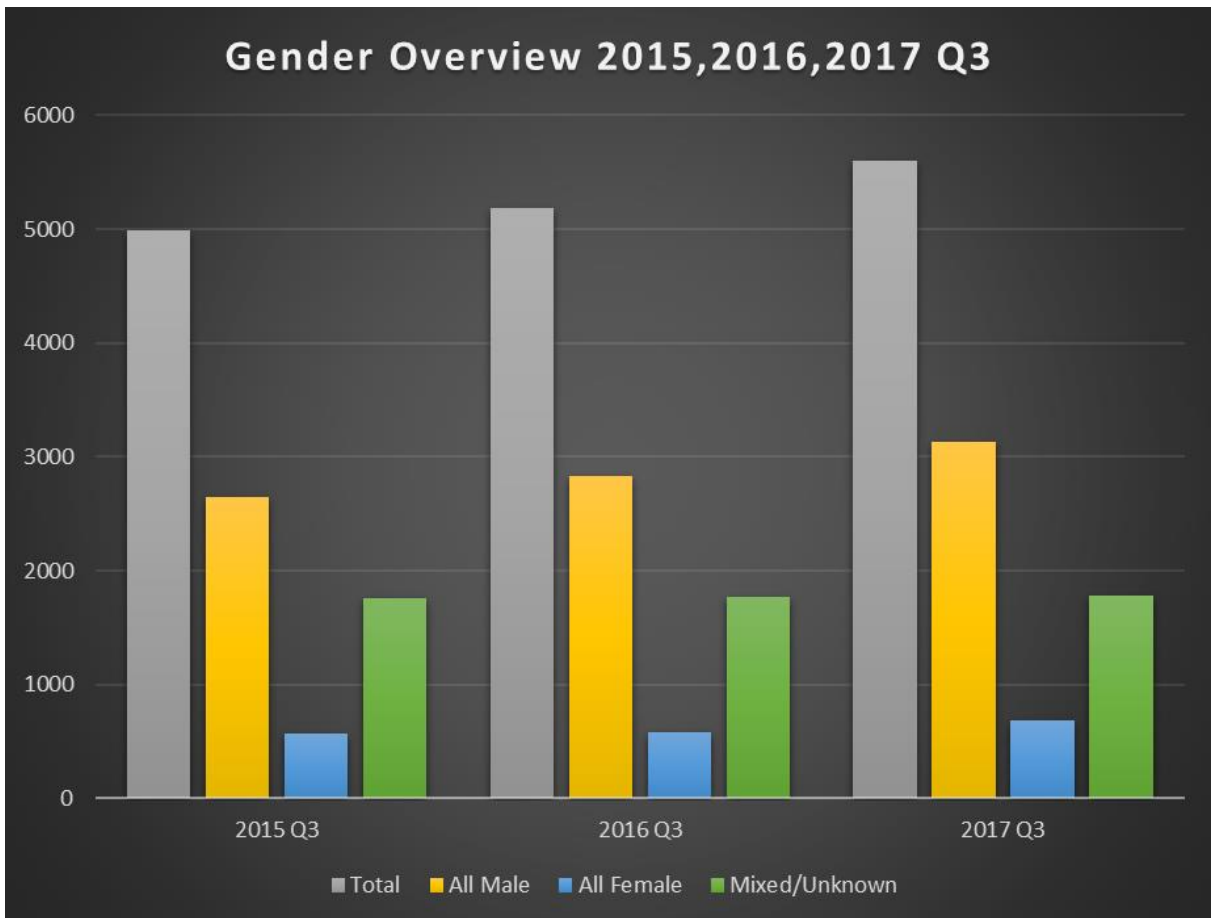
Company Formations per 10,000 Population

County	2015	2016	2017	Average 2015-2017
Roscommon	20	22	23	21
Laois	21	21	24	22
Sligo	23	24	27	25
Mayo	24	26	25	25
Tipperary	24	23	29	25
Leitrim	25	29	22	25
Donegal	22	25	29	26
Kerry	25	28	30	28
Longford	26	31	26	28
Kilkenny	28	26	30	28
Monaghan	25	30	32	29
Carlow	31	26	31	29
Wexford	25	30	34	29
Waterford	27	29	32	30
Offaly	25	28	36	30
Cavan	31	32	29	31
Galway	31	33	36	33
Westmeath	31	32	40	34
Kildare	32	34	38	35
Limerick	33	35	37	35
Wicklow	36	34	35	35
Meath	32	34	41	36
Clare	35	38	34	36
Louth	37	40	44	40
Cork	38	47	41	42
Dublin	67	70	75.00	70.54



Gender Overview:

Female only led business rose from 416 (Q1 2015) to 688 (Q3 2017), a rise of over 65%. Female entrepreneurs are still lagging a long way behind their male counterparts. In 2015 Q1 Female led new business accounted for 9% of the total. In 2017 Q3 this has risen to 12% but there is still a long way to go to increase the numbers of female entrepreneurs to match the male only led figures.





Conclusions:

Female only led business rose from 416 (Q1 2015) to 686 (Q3 2017), a rise of over 65% but still account for just over 12% of all company creations. This compares to over 3133 being male only led businesses, nearly 5 times the female rate. These figures must be monitored into the future to ascertain if the numerous female specific programmes in areas such as mentoring are being effective.

The financial and leasing sectors are seeing colossal growth in the same period but the manufacturing figures indicate a decline. The figures appear to indicate a change in the traditional proportional output of sectors.

As might be expected counties with larger populations tended to be home to more new companies however when we allow for population differences variations in performance remain. Mayo, for example, has a population of 130,507 according to the 2016 census and produced 63% of the number of companies formed in Louth which has a population of 128,884.

In addition, there appears to be a consistent low number of businesses created in many Midland counties stretching from Carlow to Monaghan and Leitrim. This demonstrates that not all sectors or regions are seeing the bounce back of the recent recovery.

However, overall the picture is very positive and is a credit to the entrepreneurs of Ireland.



Section 3: Performance Indicators





Performance Indicators Overview

A series of entrepreneurship Performance Indicators was included in the National Policy Statement on Entrepreneurship 2014. This was a collection of metrics tracking national performance across the 6 fields of the entrepreneurship eco-system.

In 2016, Action 166 of the Action Plan for Jobs was to “establish and monitor a range of nationally and internationally available indicators to assess national performance across the entrepreneurship ecosystem in order to inform entrepreneurship policy.” At this time, the performance indicators were reviewed and a number of new indicators were added to improve understanding of Ireland’s entrepreneurship ecosystem in an international context. The indicators have been further refined and developed in 2017 for the Mid-Term Review of the National Policy Statement on Entrepreneurship in Ireland.

The Performance Indicators are made up of existing data that signpost Ireland’s performance in each of the six fields in the ecosystem for entrepreneurship. They include International Indicators showing how Ireland compares with other countries and National Indicators that examine some of the specific challenges faced and measures being taken to improve the Irish entrepreneurship eco-system.

The six key elements of the entrepreneurship ecosystem as defined in the National Policy Statement on Entrepreneurship in Ireland 2014 are:

1. Culture, Human Capital and Education
2. Business Environment and Supports
3. Innovation
4. Access to Finance
5. Entrepreneurial Networks and Mentoring
6. Access to Markets

By assessing Ireland’s performance under each of these headings through a number of internationally respected entities, we can see the lay of the land in our ecosystem and where we fit in internationally. It should be noted that there are other International Performance Indicators but the reports selected are amongst those held in highest regard.

The figures compiled in the follow pages show good to excellent performance in a number of fields, with the area of Innovation a particular strength. Ireland maintained its ranking of 2nd of the 28 EU member states in the European Innovation Scoreboard in 2017 and ranked 10th of 127 countries in the Global Innovation Index (2017). Ireland’s success rate under the SME instrument of Horizon 2020 was the second highest in 2015 with funding secured increasing by 22% from €12.1m in 2014 to €14.8m in 2015.



The number of innovation vouchers issued by Enterprise Ireland in 2016 increased by 13% since 2014 to just under 600. The number of SFI licence agreement increased dramatically from 18 in 2014 to 101 in 2016. The number of commercial spin outs from research being formed, when figures from SFI are examined, has grown exponentially from 1 in 2014 to 13 in 2016.

Another area where Ireland is performing well is Business Environment and Supports. When it comes to facilitating the creation of new businesses the World Bank's Doing Business Report 2018 ranks Ireland 8th for the number of days to start a new business (5 days) up from 10th in the 2017 report. The IMD competitiveness Report 2017 placed Ireland as 6th of 63 countries an increase of one place on the previous year.

The amount of new businesses supported by various state funded programmes has increased since 2014. The number of entrepreneurs developing new businesses through the New Frontiers incubator programme increased by 17% and the number of participants in LEO Start your Own Business Courses increased by 12% to 3,516. The number of start ups receiving support through Enterprise Ireland's Competitive Start Funds increased from 58 in 2014 to 128 in 2015. The number of Female Led Start-ups receiving funding through Enterprise Ireland rose by 42% in 2015. This coincides with the introduction of a competitive start fund specifically targeting women to address the gender imbalance among entrepreneurs applying for an receiving support.

In the Access to Finance field, data indicates that SMEs, of which entrepreneurs are a cohort, rely heavily on reinvesting profits and on inter trade lending. They seem to have difficulty, when compared to their EU counterparts, in accessing finance from banks. A number of measures are in place to try and address this and National Indicators suggest some progress is being made. The amount of loans under the Credit Guarantee Scheme has increased from €9.3m to €22.77m. The SBCI was established by Government in late 2014 to deliver lower cost, accessible funding to Irish SMEs and began lending in March 2015. During the remainder of the that year SBCI lent to 4,619 SMEs rising to 7,977 in 2014. However, just 20% of Irish SMEs surveyed applied for bank finance during the 6 months from October 2016 to March 2017. This is down from 32% in the same period during 2014.

It should be noted that it is difficult to measure how Ireland compares internationally in the area of Entrepreneurial Networks and Monitoring. International data in this area is not readily available. Nationally, the LEO Mentorship programme has proven popular and the number of participants increased from 6,890 in 2014 to 7,474 in 2016 having reached a high of 8,175 in 2015. As of December 2017, the Department of Business, Enterprise and Innovation's Mapping of Supports lists 22 public and private organisations offering mentoring and has 81 listing under the Networks category. This does not include the less formal networking opportunities arising from Co-working spaces (81), Accelerators (26), Enterprise Centres (157),



Local Development Companies (48), representative bodies (51), Food Hubs (33), and Incubators at 3rd level institutions (29).

Complete International Indicators

Element	Report	Current Ranking	Previous Ranking	2014
General	GEDI Global Entrepreneurship Index (2018) World Ranking	8 th	9 th (2017)	18 th
	GEDI Global Entrepreneurship Index (2017) European Ranking	5 th	6 th (2017)	13 th
<p>Conclusion: Ireland ranks highly in the GEDI ranking both globally and in Europe. Furthermore, Ireland has increased its rankings since 2014 and continues to rise, now into the top 5 in Europe.</p>				
Culture, Human Capital and Education	EDCI (European Digital City Index) (Dublin, 2016)	8 th – Scale up 9 th – Start-up	8 th – Scale up 8 th – Start-up (2015)	n/a
	GEM (2016) Successful Entrepreneurs held in high regard*	1 st	2 nd (2015)*	3 rd *
	TIMSS 2015 Science (primary school)	9 th of 49 2 nd in EU	21 st of 49 13 th in Eu (2011)	-
	TIMSS 2015 Mathematics (primary school)	19 th of 47 10 th in EU	16 th of 49 9 th in EU (2011)	-
<p>Conclusion: Entrepreneurs are held in high esteem in Ireland. Reporting on new and innovative businesses is widespread in media and generally very positive. Dublin is seen as a strong performer as a city to establish a digital business. While Ireland ranks well and has a marked increase in science in primary school, mathematics is considerably behind in the rankings and needs attention.</p>				



Business Environment and Supports	World Bank Doing Business (2018) Starting a Business	8th	10 th (2017)	12 th
	IMD World Competitiveness Yearbook (2017)	6 th of 63	7 th of 61 (2016)	15 th
<p>Conclusion: Competitiveness has risen dramatically since 2014 to an impressive sixth out of 63 countries. This must be maintained at a minimum. Reductions in the time taken to register a business among other supports is seeing a tangible result in the World Bank rankings.</p>				
Innovation	Global Innovation Index (2017)	10 th of 127	7 th (2016)	11 th
	Horizon 2020 Success rate under the SME instrument (2015)	2 nd	-	-
	European Innovation Scoreboard (2017) Innovators	2 nd	2 nd (2016)	3 rd (2014)
<p>Conclusion: Ireland has consistently ranked highly within Europe for innovation since 2014. However, it is less steady in its rankings on a global level, suggesting the real competition in innovation may be coming from outside of Europe.</p>				
Access to Finance	SAFE (2016) Use of Trade Credit (Previous 6 months)	1 st	1 st (2015)	-
	SAFE (2016) Retained earnings or sale of assets as finance source (previous 6 months)	1 st	1 st (2015)	2 nd
	SAFE (2016) Use of bank loan (previous 6 months)	18 th	14 th (2015)	-
<p>Conclusion: The diversification of funding mechanisms for entrepreneurs in Ireland needs to rapidly increase. Small businesses, including start-ups are far too reliant on retained earnings and trade credit as a form of finance. These restrictive practices can stifle investment and in turn innovation in start-ups, particularly those looking to scale.</p>				



Entrepreneurial Networks and Mentoring	GEM – Global Entrepreneurship Monitor (2016) Role Models: know a recent entrepreneur	7 th – Role Models: know a recent entrepreneur	-	-
Conclusion: The GEM report indicates that entrepreneurs are widely known in Irish society and are viewed in a positive light. This could be reciprocated in the educational sphere to promote and encourage participation in entrepreneurship courses.				
Access to Markets	Digital Economy & Society Index (2017)	8 th	8th (2016)	11th
Conclusion: Ireland is an above average performer in the DESI Index, but has not improved from 2016 ranking. Ireland is 1 st in cross border trade and overall ranks very high in the integration of digital technologies by businesses. Ireland's main challenge is to equip more than half of the population with at least basic digital skills.				

*The wording used in the 2015 and 2014 GEM reports was "Entrepreneurship has high status"



Complete National Indicators

Element	Indicator	Current	Previous	2014
General	CSO Business in Ireland 2015 Number of SMEs	248,302 (2015)	237,735 (2014)	237,735 (2014)
	CSO Business Demography 2015 Number of business deaths	15,315* (2014)	18,076 (2011)	15,315* (2014)
	CSO Business Demography 2015 5-year survival rate (businesses established in 2010 & still active in 2015)	66.9% (2015)	61.4% (2014)	61.4% (2014)
	CRO New company registrations	20,951 (2016)	19,404 (2015)	17,782 (2014)
<p>Conclusion: Ireland has seen a strong and continuous rise in the number of companies being registered since 2014 and an increased survival rate. There are nearly 10,000 more businesses operating in Ireland as of 2015 versus 2014. This indicates a healthy ecosystem in which to establish a company in Ireland.</p>				
Culture, Human Capital and Education	Local Enterprise Offices Student Enterprise Award applications (2 nd level)	20,000 (2016)	18,500 (2015)	17,000 (2014)
	Ireland's Best Young Entrepreneur Number of entrants	1,842 (2016)	1,398 (2015)	1,100 (2014)



	Enterprise Ireland Female led start ups supported	63 (27%) (2016)	61 (28%) (2015)	43(23.5%) (2014)
	Local Enterprise Offices % training participants who were women	59.56%	57.6%	56.5%
	Local Enterprise Offices % mentorship recipients who were women	43.82%	42%	42.39%
<p>Conclusion: The Local Enterprise Offices have been instrumental in attracting underrepresented cohorts into entrepreneurship such as women and youths. This has been achieved through a number of instruments including awards and mentoring specific to these cohorts. This gives a template for possible future programmes for other underrepresented cohorts.</p>				
Business Environment and Supports	Enterprise Ireland: HPSUs HPSU's supported	101 (2016)	105 (2015)	102 (2014)
	Enterprise Ireland: CSF Start-ups funded through Competitive Start Funds	128 (2016)	112 (2015)	81 (2014)
	Enterprise Ireland: New Frontiers Number of participants at stage 2	160 (2016)	150 (2015)	137 (2014)
	Local Enterprise Offices Participants in Start Your Own	3,516 (2016)	3,388 (2015)	2,961 (2014)



	Business Courses			
	Local Enterprise Offices Participants in Training	27,617 (2016)	27,185 (2015)	24,616 (2014)
	Údarás na Gaeltachta Share investment	€444,500 (2015)	€753,000 (2014)	€753,000 (2014)
	Údarás na Gaeltachta Other Grants to Businesses	€2.6m (2015)	€2.9m (2014)	€2.9m (2014)
<p>Conclusion: The strong investment by the State and in particular DBEI in business supports, has seen increased results. Enterprise Ireland has steadily increased its numbers but is now looking to focus on rapidly scale a smaller number of businesses in the HPSU programme.</p>				
Innovation	Horizon 2020 Participants Under SME Instrument	21 (2015)	27 (2014)	27 (2014)
	Horizon 2020 Funding Under SME Instrument	€14.8m (2015)	€12.1m (2014)	€12.1m (2014)
	Enterprise Ireland High Potential Spin-outs from Research	15 (2016)	12 (2015)	11 (2014)
	SFI Spinouts Formed	13 (2016)	5 (2015)	1 (2014)
	SFI Licence Agreements	101 (2016)	61 (2015)	18 (2014)
	Intertrade Ireland	79 (2016)	82 (2015)	64 (2014)



	First Time Innovators **			
	Enterprise Ireland Innovation vouchers for small businesses	594 (2016)	530 (2015)	525 (2014)
<p>Conclusion: Enterprise Ireland and SFI are seeing continued increases in the numbers of participants in their innovation programmes. However, Ireland is seeing fewer successes in Horizon 2020, albeit being awarded higher funding. DBEI should examine how Ireland can better access funding under Horizon 2020 and its successor.</p>				
Access to Finance	Department of Finance SME Credit Demand Survey (Oct 16 – Mar 17) – Applied for Bank Finance	20%	26% (Oct 15 – Mar 16)	32% (Oct 14 – Mar 15)
	Microfinance Ireland Number of loans	397 (2016)	357 (2015)	413 (2014)
	Microfinance Ireland Total loans	€5.4m (2016)	€5.4m (2015)	€6.3m (2014)
	SBCI Number of loans	7,977 (2016)	4,619 (Mar - Dec2015)	N/A
	Credit Guarantee Scheme (2016) Number of loans	131	108 (2015)	68 (2014)
	Credit Guarantee Scheme Total loans	€22.77m (2016)	€20.38m (2015)	€9.3m (2014)
	HBAN Angel Network	€13.6m (2016)	€10.8m (2015)	€9.36m (2014)



	Investment in start ups			
	HBAN Angel Network number of start-ups supported	50 (2016)	50 (2015)	48 (2014)
<p>Conclusions: There are notable successes in the Access to Finance area such as the increase in the Credit Guarantee Scheme and the increase in angel investment by HBAN. However, these are still low figures and increased diversification away from traditional bank lending is essential for entrepreneurs to access suitable lending which needs to be agile and flexible.</p>				
Entrepreneurial Networks and Mentoring	Local Enterprise Offices Number of Mentorship Programme Participants	7,474 (2016)	8,175 (2015)	6,890 (2014)
	DBEI Networking & mentoring listings in Mapping of Supports	101 (2017)	n/a	n/a
	Enterprise Ireland Companies receiving Mentorship	412 (2016)	? (2015)	? (2014)
<p>Conclusion: The importance of networking and receiving mentoring is often repeated by successful entrepreneurs and it is highly encouraging to see the large number of mentoring services in DBEI's Mapping of Supports. Mentoring is especially important to female entrepreneurs who are supported by organisations such as Network Ireland and Going for Growth.</p>				
Access to Markets	Local Enterprise Offices/DCCAE Trading Online Vouchers issued	1,140 (2016)	1,201 (2015)	590 (2014)



Enterprise Ireland Exports by Client Companies	€21.6bn (2016)	€20.6bn (2015)	€18.6bn (2014)
Intertrade Ireland*** Number of companies engaged in cross-border trade & business development	2399 (2016)	2815 (2015)	3,005 (2014)
Intertrade Ireland*** First Time Exporters	88 (2016)	122 (2015)	127 (2014)
Intertrade Ireland*** Participants in Elevate programme	84 (2016)	79 (2015)	68 (2014)
Intertrade Ireland*** Participants in Acumen programme	115 (2016)	103 (2015)	107 (2014)
<p>Conclusion: There has been a steady increase in exports by EI client companies but there are fluctuating figures for those participating in Intertrade Ireland's programmes. Ireland performs well in European rankings for SME cross border trading but with Brexit needs to see entrepreneurs and companies look at exporting to diverse markets.</p>			

** The enterprise deaths figure for 2014 is an estimate as a 2nd year of inactivity is necessary to be counted as a final death

*** Intertrade Ireland is a cross-border agency covering the entire Island of Ireland. Figures excluding Northern Ireland are not available.



Conclusions:

Overall, the picture that emerges from the Performance Indicators suggests that Ireland is a positive environment in which to create a business. There are areas in which Ireland can improve but in every international indicator, except for the field of Access to Finance, Ireland has risen up the rankings since the publication of the National Policy Statement on Entrepreneurship in Ireland in 2014. Diversifying the financial market and increased venture capital markets along with new innovative funding streams would allow for SMEs to more easily access finance and potentially at a lower cost.

The LEOs are making a big impact on the entrepreneurial ecosystem and have interactions with a huge number of clients. It is imperative that the LEOs are kept up to date with all services available to the public.



Section 4: Mapping of the Support Environment for Entrepreneurs

Action Plan for Jobs 2016 contained the commitment to “Carry out a mapping exercise to identify the range of supports available to entrepreneurs”.

This was carried out by the Department of Business, Enterprise and Innovation drawing on existing info sources, such as the state supports compiled in the Online Tool at SupportingSMEs.ie and information held by organisations such as Enterprise Ireland, this material was supplemented by additional online research. The mapping includes both state funded and private sector supports across a range of categories. It takes the form of a spreadsheet that can be downloaded from the Department’s website and is updated on an ongoing basis.⁵

During the Mid-Term Review of the National Entrepreneurship Policy Statement a major review and redesign of the Mapping document was undertaken. New categories were added including online resources, mentorship, and supports for female entrepreneurs. The number of listings was increased by 57% from 543 to 853. The look of the spreadsheet was significantly improved and standardised across the various tabs.

While the Mapping does not claim to be an authoritative list of all supports it should be indicative of the general support environment for start-ups and entrepreneurs in Ireland.

The borders between some categories are not easy to define and there may be some overlap in supports provided by organisations listed in different categories. Enterprise Centres, for example, are listed in a separate category to Hubs and Co-working spaces though some Enterprise Centres also offer hot-desking and co-working facilities. Mentoring is offered as a component of programmes such as accelerators, incubators and awards programmes such as Ireland’s Best Young Entrepreneur. These opportunities are not listed in the Mentorship section which focusses more narrowly on mentorship specific programmes. Similarly, networking is an aspect of many of the supports and is difficult to quantify and define. The Networking section excludes these broader programmes, which are listed in other categories, and focusses on more clearly defined networking groups and events.

The first round of awards from the €60m competitive Regional Enterprise Development Fund was announced in December 2017. This fund will support 21 projects including a number of

⁵ <https://dbe.i.gov.ie/en/What-We-Do/Business-Sectoral-Initiatives/Entrepreneurship-/Mapping-of-supports/>



hubs and clusters. Several Digital and Innovation hubs are planned including one in the Midlands. In the Mid-East, the Think Space (Mertis) project will cluster tech companies and provide mentorship and support in Co. Kildare.

Many of the supports listed are not region specific and are available nationwide. The latest iteration of the Mapping added a section on Online Supports. This includes 41 entries and focusses on websites catering specifically to an Irish audience. Additional online resources from outside of Ireland including educational material from universities are compiled on the Department of Business, Enterprise and Innovation's website.⁶

Location Specific Supports*

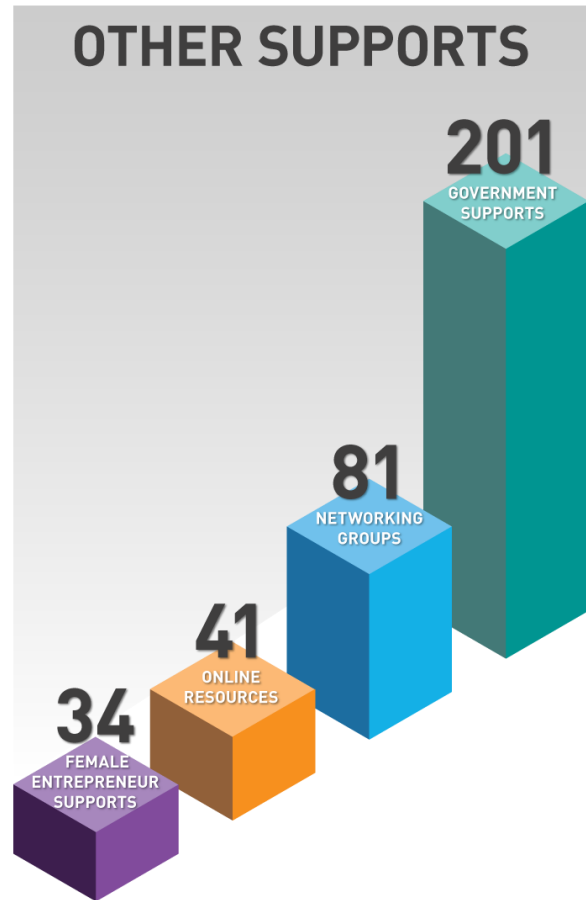
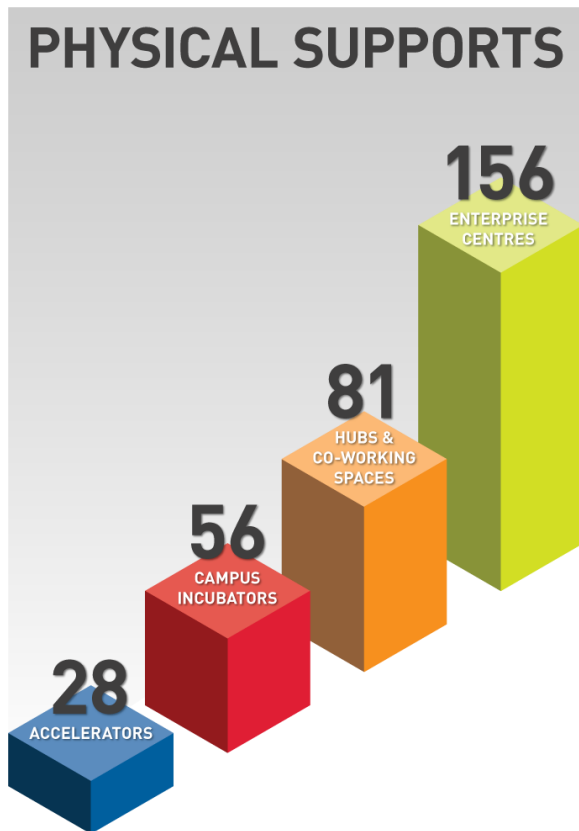
Dublin Region	Dublin	147
South-West Region	Kerry, Cork	76
Border Region	Cavan, Donegal, Leitrim, Louth, Monaghan, Sligo	69
West Region	Mayo, Roscommon, Galway and Galway City	59
South-East Region	Carlow, Kilkenny, South Tipperary, Wexford, Waterford City & County	37
Mid-West Region	Clare, North Tipperary, Limerick	37
Mid-East Region	Kildare, Meath, Wicklow	26
Midland Region	Laois, Longford, Offaly, Westmeath	22

*This table includes the numbers of location specific supports e.g. accelerators or networking groups as listed in the Mapping of Supports as of 11/12/2017

⁶ <https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/Access-to-Finance/Free-online-resources/> and <https://dbei.gov.ie/en/What-We-Do/Business-Sectoral-Initiatives/Entrepreneurship-/Free-Online-Entrepreneurship-Resources/>



AN OVERVIEW OF SELECTED CATEGORIES FROM THE MAPPING OF THE SUPPORT ENVIRONMENT



*This graphic includes selected categories of supports as listed in the Mapping of Supports as of 25/01/2018. It should be noted that the Mapping document is update regularly and these figures will change with time.



Conclusions:

Listings in the Mapping can be filtered by county. An examination of the regional distribution of supports shows Dublin and the South West are particularly well served by co-working spaces with 32 and 16 respectively. The Midlands and Mid-East region are lacking in co-working spaces with 2 in the Mid-East and just 1 in the Midlands being identified through the Mapping Exercise. An additional 11 enterprise centres were identified in the Midlands and 8 in the Mid-East with several of these offering co-working and networking opportunities. These two regions, along with the Mid West, also performed poorly in the Networking and Mentoring categories. In the case of the Mid East (Kildare, Meath, Wicklow) commuting distance to Dublin may be a factor as Dublin is the region with the highest concentration of supports in most categories.



Key Outcomes of the Policy Statement Actions

The National Policy Statement on Entrepreneurship laid out 96 actions which aim to increase the number, survival rate and capacity for growth of start-ups in Ireland. Of these actions 60 have been carried out as of end of 2017.

The Local Enterprise Office launched Ireland's Best Young Entrepreneur Competition in 2014. In its first year, the competition received 1,100 applications. This increase to 1,398 in 2015 and again to 1,842 in 2016. A goal included in the NPSE is to use IBYE to increase the number of youth entrepreneurs accessing support systems. With this in mind, entrants to the 2018 IBYE competition are being offered special discounted loan packages of 5% APR through Microfinance Ireland, and all 93 county winners will be eligible for further discounted MFI loan packages of 3% APR.

The NPSE includes measures to increase STEM participation among students at second level with a view to ensuring young people are equipped with the skills needed to become successful entrepreneurs in the future. The National Council for Curriculum and Assessment have developed short courses in Digital Media Literacy and Coding for junior cycle students. The Digital Media Literacy course involves the use of digital technology, communication tools, and the internet to engage in self-directed enquiry. The Coding course provides a starting point for students to learn about computer science through the development of programs, apps, games, animations or websites.

The Department of Education and Skills have published the STEM Education Policy Statement 2017-2026 and Implementation Plan 2017-2019 which aim to make Ireland a European leader in STEM education. Actions included in the STEM plan include the introduction of a new primary maths curriculum including creative and computational thinking as well as coding. It also aims to introduce Computer Science at Leaving Certificate by September 2018.

The actions under the Business Environment and Supports heading included working to create a business environment that makes it is easy to start and grow a new business. Since 2013, the number of days it takes to start a business in Ireland has been halved from 10 days to 5 days.

The Department of Business, Enterprise and Innovation have devised an SME Test which includes a range of measure to ensure new regulations and legislation do not place a disproportionate burden on smaller businesses. This will be piloted in 2018 prior to a wider



roll out. An integrated online licensing application system was developed at <https://www.licences.ie> with the aim of easing the administrative burden placed on businesses.

To encourage innovation across LEOs and enhance the regional support environment for start-ups, the NPSE included the development of a LEO Competitive Fund by the Centre of Excellence in Enterprise Ireland. In June 2016, €2m in funding for collaborative projects by Local Enterprise Offices was announced. The LEO Competitive Fund received 50 proposals and 16 projects were awarded funding. In tandem with the LEO Competitive Fund, the Community Enterprise Initiative provided €3m to Community Organisations for collaborative job creation projects. Following the success of these schemes, the Regional Enterprise Development Fund 2017-2020 was established with a budget of €60m for collaborative job creation projects. The first round of successful applicants was announced in December 2017.

The National Policy Statement included the intention for Enterprise Ireland to launch six Competitive Start Funds in 2014, including schemes targeted specifically towards female entrepreneurs, the aviation and manufacturing sectors and, for the first time, towards graduates. Five Competitive Start Fund calls were offered including two general calls, and the three planned targeted funds. The Competitive Start Funds provided early stage funding to 81 companies during 2014. In 2015, a Competitive Start Fund for commercial designers was offered for the first time and the number of start-ups funded through the CSFs increased to 112. In 2016, the Competitive Start Funds continued to grow with 128 start ups receiving funding.

The NPSE also included the target for Enterprise Ireland to increase its overall level of start-up clients by 12% to 550 over the 2014-2016 strategic period. During this period, Enterprise Ireland exceeded this target by supporting 620 start ups through the HPSU and CSF programmes. An additional 447 entrepreneurs received support through the New Frontiers incubator programme during this time. In 2016, Enterprise Ireland approved over €8.3m in funding for extensions to Campus Business Incubation Centres at Athlone Institute of Technology, Galway-Mayo Institute of Technology (Galway campus) and Waterford IT. This follows the provision of €1m in funding each for business incubation centres at NUI Maynooth and Dublin Institute of Technology.

In the area of access to finance, the NPSE included a commitment to Improve monitoring of the supply and demand for bank credit within the SME sector. Since 2014, monitoring continues to improve with analysis of granular bank lending figures, Central Bank data and biannual SME credit demand surveys carried out by the Department of Finance.



Steps were taken to remove obstacles that prevent the Credit Review Office reviewing bank refusals with Ulster Bank and PTSB joining the CRO appeals process to ensure a wider range of SMEs can appeal a loan refusal.

The Strategic Banking Corporation Ireland was established in 2014. As of the end Q1 2017, the SBCI had supported over 15,000 SMEs with total loans of €657m.

The NPSE included a commitment to the Employment and Investment Incentive (EII) scheme to better enable entrepreneurs to access finance through investors. A consultation was carried out in 2014 and based on this review, a number of amendments to the scheme were introduced in Budget 2015. These improvements included a doubling of the annual threshold to €5m, an increase in the lifetime limit from €10m to €15m, and an expansion of the range of companies eligible for the scheme. In 2017 it was necessary to make further changes to the EII scheme in compliance with EU state aid rules. The Department of Finance plan to complete another review of the scheme in the first half of 2018.

The Trading Online Voucher scheme was launched in 2014 to assist businesses to engage in e-commerce. 2,931 companies received support through the scheme from 2014-2016 through the Local Enterprise Offices.

Significant progress has been made in improving the Ecosystem for Entrepreneurs to ensure Ireland is an attractive place to start a business. Since the launch of the National Policy Statement on Entrepreneurship in Ireland the number of new businesses being formed has increased each year. Work is ongoing in many areas as programmes grow and adapt in response to the changing business environment.



Recommendations

The National Policy Statement on Entrepreneurship is an ambitious 5-year plan to end 2019. It is envisaged that there will be a final review of the plan undertaken in 2020. This final review will report further on the outcomes of the 96 actions; further results on the measurement and national and international indicators; and how fit for purpose the entrepreneurship ecosystem is.

The foregoing review is a mid-term review and contains a number of conclusions and recommendations in relation to the implementation of the National Policy Statement on Entrepreneurship. Set out below is a summary of the recommendations.

Regional/Underrepresented Cohort Action:

- With the successful reduction of the unemployment rate to 6.2% as of December 2017, it is important that those who wish to become active in the labour market are encouraged to be entrepreneurs. This could increase the participation of members of Irish society in the business community who would normally have minimal interaction with businesses. With greater diversification also comes novel and innovative businesses that could lead or disrupt their sector.

Strategy: Increase awareness and profile of regional and sectoral champions as per the Regional Champions programme run by the Local Enterprise Offices. Additional focus should be afforded to Champions who can represent and promote a cohort, i.e. women with children, people with disabilities, members of a minority group. This could be combined with a replication of the EI female only CSF for these underrepresented entrepreneurs. As part of a co-ordinated approach, a national award programme akin to the IBYE programme would raise the profile of the participants and ensure acceptance of these cohorts in the entrepreneurial ecosystem.

Labour Market:

- Start-ups struggle hugely with attracting employees and retaining staff. With cashflows often highly restricted, particularly when in pre-revenue stage, it is important that start-ups have an affordable access to labour. With the possible successor to Job-Bridge not yet confirmed, it is important to bring attention to lesser known programmes and ensure start-ups are aware of potential alternative access points to labour.



Strategy: Roll out the Micro Grad Student Placement Funding Scheme Pilot on a national basis. The promotion and feedback from participants would be key to achieving a steady stream of enthusiastic students for placement in start-ups. In addition, ensure employers are aware of the DEASP Youth Employment Support Scheme beginning in q3 2018 and that there is ease of use.

Investment:

- Not only are the UK our main competitor as a location for entrepreneurs to establish but the lack of a wide investor portfolio is a major drawback for scale-ups. With a maturing entrepreneurial ecosystem, start-ups should be less reliant on personal investment and family investment as a means of funding, quite often the totality of the initial fund.

Strategy: The EIS must become more competitive with the UK's SEIS scheme. Over a short-phased basis, the EIS should have the same advantages and criteria as the UK's scheme. This should then be widely publicised particularly to potential overseas mobile entrepreneurs via EI and trade missions.

Management Skills:

- While Irish start-ups can be highly proficient in digital skills and the digitalisation of processes and automation of services, this is not evenly spread throughout the large numbers of newly formed businesses. Furthermore, a digitally aware entrepreneur can lack alternative management skills such as financial literacy or areas of essential knowledge such as intellectual property or employer related requirements.

Strategy: Ensure businesses are provided with the tools to become confident in a variety of management skills. For financial literacy, the Business Advisory Hub must be easily accessible, easy to understand and widely promoted. It should link with the already popular supportingsmes.ie to create an online "first stop shop" for entrepreneurs. This can also be combined with the Mapping of Supports Tool which can signpost the most suitable support.

Responsive Policy Implementation:

- On average, where a big company spends one euro per employee to comply with a regulatory duty a medium-sized enterprise might have to spend around four euros and a small business up to ten euros. Ireland needs to ensure that over regulation does not become a major obstacle to potential start-ups.

Strategy: DBEI has developed the Irish SME Test. The purpose of the SME test is to request policymakers to think about the negative impact of any new



legislation or regulation which may create a burden on SME's. The main thrust of the Test is to propose possible exemptions or less stringent requirements for smaller companies. This will be piloted within DBEI before being spread out as part of the Regulatory Impact Assessment to the wider Government.

Access to Physical Premises:

- The cost of renting office accommodation has increased significantly in all urban areas in Ireland since the start of the NPSE in 2014. Accommodation pressures are exacerbated for start-ups who will most likely not have a rental track record and may not be able to source the funds to cover a deposit. However, the majority of business do need a physical location in which to meet clients, attend meetings and network with other business leaders.

Strategy: Co-working spaces offer a real alternative to traditional office space and do not require long term rental contracts. This agile and responsive form of office space should continue to be encouraged and promoted by the Department. The added networking opportunities with co-working spaces aligned with reciprocal office spaces in Europe and worldwide should be investigated.

Employee Share Schemes:

- As per the Labour Market recommendation, Ireland is heading for a 6% unemployment rate which is considered "full employment". Subsequently, the fight for talent has intensified and nowhere more so in the retention of talent. Smaller businesses cannot always compete with the larger companies on salary alone to attract top talent. SMEs and start-ups need to have additional incentives for employees.

Strategy: Share schemes allow for business to entice employees to join or remain with the business without having to immediately pay in salary terms. An attraction of start-ups to potential talent is that they may succeed and rise within an early stage company with greater rapidity than a large established company. They would place a high value on any potential equity within that start-up.

The Key Employee Engagement Programme (KEEP) was announced in Budget 2018. It states "gains arising to employees on the exercise of KEEP share options will be liable to Capital Gains Tax on disposal of the shares, in place of the current liability to income tax, USC and PRSI on exercise". The KEEP programme must be user friendly and offer a real benefit to both employer and employee.



Appendix 1

Terms of Reference

Terms of Reference of the Mid Term Review of the National Policy Statement on Entrepreneurship in Ireland (NPSE)

Context

Entrepreneurs are the most productive job creators in our society. New businesses result in greater employment. Central Bank research shows that start-up companies, in the first five years of existence, account for two thirds of all new jobs created in Ireland.

Therefore, it is essential for the Government to foster the most fertile environment in which entrepreneurship can thrive.

Background

The Government's National Policy Statement on Entrepreneurship in Ireland was launched in October 2014. This Policy Statement represents the first time an Irish Government has published a comprehensive national plan for entrepreneurship. It set out the Government's strategic objectives as a facilitator within the Irish entrepreneurship ecosystem.

The 2017 Action Plan for Jobs calls for a mid-term review of the NPSE. Action 45 states:

Carry out a mid-term review of the National Policy Statement on Entrepreneurship, to include stakeholder engagement by end Q4.

Examine, as part of the mid-term review, measures that could ensure that greater numbers of people in cohorts identified in the National Policy Statement on Entrepreneurship, including older workers, start and run their own business.

Operational functions of the Review

- Identify and gather information on progress made so far in the NPSE and create a template which stakeholders can use to feed back their views on the successes and gaps in the Policy. Also, stakeholders will be asked what they view as the priorities for the remainder of the term of the Policy.



- Take views from stakeholders, grouped in three pillars; education, state bodies and entrepreneurs with related representative bodies through the dissemination of the standardised working document.
- Through the High-Level Entrepreneurship Group hold pillar meetings to focus main themes of the Mid-Term Review.
- Invite a wide range of stakeholders to these pillar meetings who will then nominate four bodies to represent sector at the Mid-Term Review after collating the matters of interest of all participants.
- Examine and refine matters of interest to facilitate a concentrated agenda for the Mid-Term Review

Time Frame & Work Output

- Q1- ToR and sectoral meeting agendas and questionnaires agreed and distributed to the relevant stakeholders.
- Q2- Hold sectoral meetings.
- Q3- Collate and refine matters of interest of each sector and ensure nominations received.
- Q4- Hold Mid-Term Review and reflect on outcomes to facilitate the publication of the Group's findings and suggested actions.
- Output- the results of the Review will be reviewed and collated. The data, containing the challenges and outlook for future actions will be published and disseminated to the stakeholders and on the Department website.



Appendix 2

Group: State Bodies	
Participant:	Organisation:
Paula Maguire	Enterprise Ireland
Ann Marie Quarry	Dept. Justice & Equality
Ed Hearne	Fingal County Council
Deirdre McDonnell	Dept. Education & Skills
Celine McHugh	El Liaison Unit, DBEI
Catherine MacEnrai	Skills Unit, DBEI
Eadaoin Collins	Regional Initiatives Unit, DBEI
Wendy Gray	Enterprise Development Unit, DBEI

Academics/Educators	
Participant:	Organisation:
Raomal Perera	Professor of Entrepreneurship, Insead
Rohan Perera	Start-up Innovator, UCD
Maura McAdam	Director of Entrepreneurship, DCU
Beatrice Dooley	President, Institute of Guidance Counsellors
Lorraine Bowen	Head of Business Development, Entrepreneurship Academy
Willie Donnelly	President, WIT
Cody Mayoh	Vice President for Innovation, UCD
Paula Fitzsimmons	Going for Growth, ACORNS
Gillian Barry	Head of Innovation and Enterprise, LIT
Colm O’Gorman	Professor of Entrepreneurship, DCU
Tom Cooney	Professor in Entrepreneurship, DIT
Andrew Burke	Dean of Business School, TCD
John Breslin	Senior Lecturer, NUI Galway

Group: Entrepreneurs	
Participant:	Organisation:
Richard Barrett	Pundit Arena
Ciara Clancy	Beats Medical
Oisin Kim	Webdoctor
Eamonn Keane	Xpreso
Andrew Murphy	Sláinte Healthcare
Wim De Jong	Hope Beer
Fiach MacCongail	Digital Hub
Paul Collins	Titan Logistics
Claire McGee	IBEC
Mike Hannigan	Co-working Ireland
Daniel Ramamoorthy	Co-working Ireland



Appendix 3

The Irish EIS compared with the UK SEIS

	EIS (Ireland)	SEIS (UK)
Income Tax relief	Up to 30% in first year Up to 10% in fourth year	Tax relief at 50 per cent for amounts up to £100,000 in a tax year
Capital Gains Tax	No relief	Exemption from capital gains tax where the sale proceeds are reinvested in SEIS companies for up to of up to 50% of amount invested
Maximum annual investment	€150,000	£100,000
Lifetime Maximum	€1,000,000	£10,000,000
Maximum number of employees	Less than 250 employees	Less than 25 employees