

Report of the SME Taskforce: National SME and Entrepreneurship Growth Plan

**An ambitious long-term strategic
blueprint for Irish SMEs and entrepreneurs**

January 2021



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“We look forward to working with the Implementation Group to bring this work forward, in reinforcing the role of SMEs as the backbone of our economy, in every city, town and village across the country.”



Leo Varadkar TD,
Tánaiste and Minister for Enterprise,
Trade and Employment



Damien English TD,
Minister of State for Business,
Employment and Retail



Robert Troy TD,
Minister of State for Trade Promotion,
Digital and Company Regulation

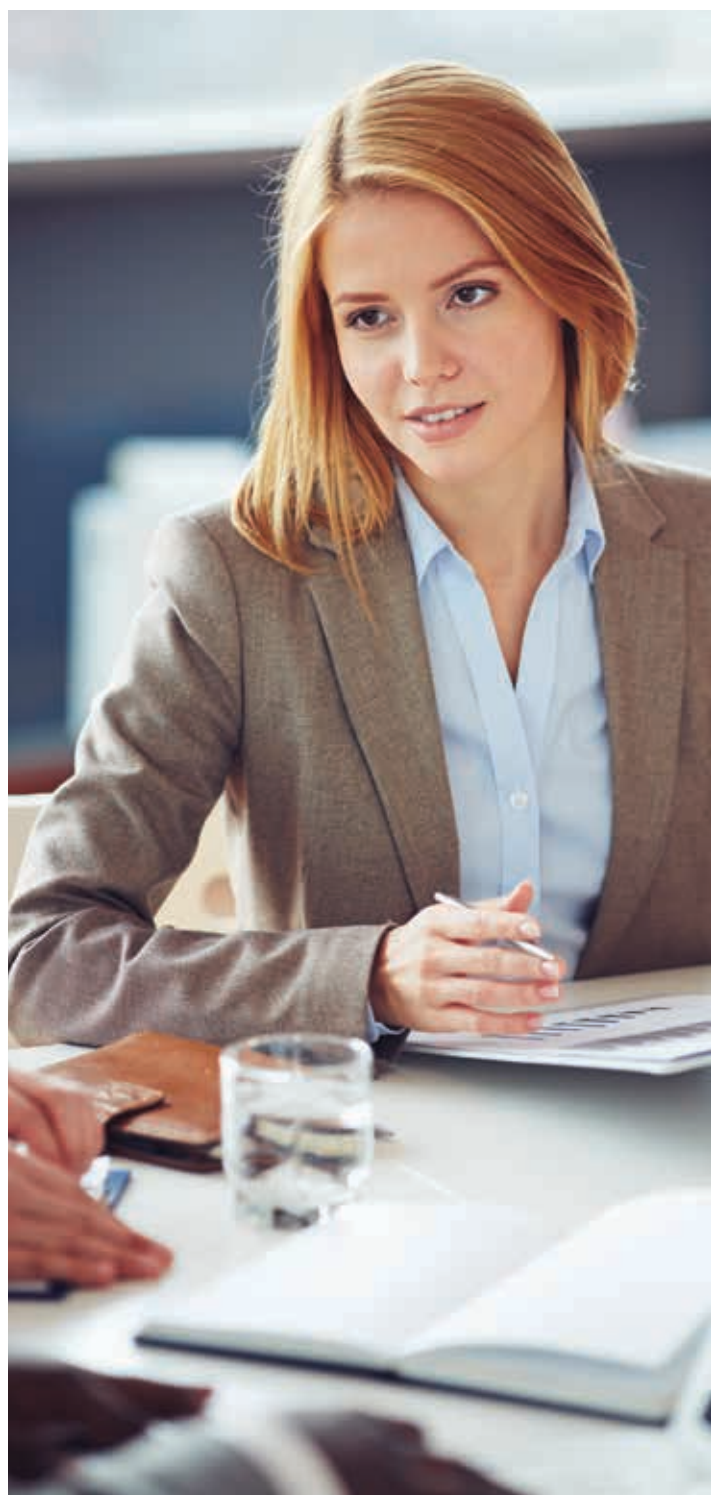
Foreword

The publication of this *SME and Entrepreneurship Growth Plan*, as designed by the SME Taskforce, represents a significant milestone in the advancement of SME and entrepreneurship policy in Ireland. In late 2019, the OECD finalised its *Review of SME and Entrepreneurship Policy in Ireland*, following an extensive 18-month process of research, analysis, and consultation with a wide range of stakeholders.

The OECD Review provided a hugely informative, objective, and deeply-researched evidence base for the development of a national strategic document on SME and entrepreneurship policy. The *Programme for Government – Our Shared Future*, in recognising the central role that will be played by Ireland’s small and medium enterprises in determining the strength of the recovery for the economy and for jobs from the shock of the impact of the Coronavirus pandemic, committed to the establishment of an SME Taskforce and to the delivery by the Taskforce of this *SME and Entrepreneurship Growth Plan*, to map out an ambitious long-term strategic blueprint for Irish SMEs and entrepreneurs, to be finalised in conjunction with the *National Economic Plan*.

From its appointment in late September, to its final Plenary meeting in early December, the Taskforce and its four constituent Subgroups worked with pace, focus and application to produce the strategic vision that is contained in this *Growth Plan*. As the Ministerial team in the Department of Enterprise, Trade and Employment, we convey our appreciation and gratitude to all of the Members of the Taskforce, and the additional participants who contributed on the Subgroups, for their dedication and the time and thought that they devoted to this valuable work, in every case in addition to their own respective day jobs, running their own companies and organisations in the midst of a significant economic crisis.

We express a special acknowledgement to the Chairs of the four Subgroups – **Kevin Buckley**, **Thia Hennessy**, **Helen Ryan**, and **Oliver Tattan** – who drove the detailed work in formulating the thematic chapters of this document. Not alone is it hugely impressive that a *Growth Plan* of such scope and foresight has been brought together in such a focused timeframe, but it is also remarkable that the entire deliberations of the Taskforce and Subgroups were conducted online, due to the pandemic restrictions.





In the timeframe that the Taskforce has had to produce this *Growth Plan*, it has prioritised the framing of the overall strategic vision of the way forward, informed primarily by the experience and expertise of the Members, who themselves represent small and medium sized firms, and entrepreneurs on the ground, at different stages of the development and export journeys. It has not also been possible, in this targeted timeframe, in every case to carry out the detailed analysis, and cost-benefit exercises, which both the Taskforce, and we as the Ministerial team, acknowledge will be required to further develop some aspects of this vision.

Accordingly, this *Growth Plan* in its current form does not represent Government Policy. In January 2021, we will establish an *SME and Entrepreneurship Implementation Group* to take the vision of this *Growth Plan* forward. The Implementation Group will contain an appropriate degree of continuity from the membership of the SME Taskforce, and it will also include the Government Departments and State agencies who have the capability to move the relevant recommendations towards implementation.

This document provides us with an informed strategic insight, from the perspective of enterprise, to the foremost challenges and opportunities facing SME owners and entrepreneurs in the overall business environment, as we move towards the recovery phase from the current crisis, and as we seek to optimise the conditions and resources available to Irish small and medium businesses and to entrepreneurs, for the longer term. It sets out this vision across the crucial areas of productivity, of digitalisation, of competitiveness, of internationalisation to enable us to maximise our exports, of networks and clustering to allow us to harness the combined strengths of our enterprise base, and vitally, of entrepreneurship itself.

We look forward to working with the Implementation Group to bring this work forward, in reinforcing the role of SMEs as the backbone of our economy, in every city, town and village across the country.

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Tánaiste and Minister for Enterprise,
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Introduction

Summary

In a period of two months, the SME Taskforce has delivered on its mandate under the Programme for Government – to design a National SME Growth Plan that will map out an ambitious long-term strategic blueprint for Irish SMEs beyond COVID-19. This was an ambitious task, and an ambitious timeframe, and it has produced an ambitious document containing an ambitious vision.

The Programme for Government committed that the SME Growth Plan will move forward in conjunction with the National Economic Plan, which is being launched in the coming weeks.

The Growth Plan contains a broad range of recommendations, taking their structure from the policy areas which were examined in detail by the four constituent Subgroups of the Taskforce – Entrepreneurship; Productivity, Digitalisation, and Competitiveness; Internationalisation; and Networks and Clustering.

Some of the recommendations can be progressed by the Department of Enterprise, Trade and Employment, and many will require operational input and further detailed design by the enterprise agencies, including those under the aegis of DETE and also other Departments. Some recommendations involve policy areas that are under the lead responsibility of other Departments, for example those dealing with tax and education issues.

To ensure that the Growth Plan continues to move forward, including in conjunction with the National Economic Plan, and to facilitate the further detailed analysis which is appropriate for many of the recommendations in the context of their implementation, and which has not been possible in the required level of detail in the ambitious timeframe accorded to the SME Taskforce, Government will now move to establish an SME and Entrepreneurship Implementation Group.

The SME and Entrepreneurship Implementation Group will comprise membership which both ensures an appropriate degree of continuity from the SME Taskforce, and also includes representation from the appropriate Government Departments and agencies with policy and operational responsibility and capability to progress and deliver upon the recommendations. In the case of some of the proposals, this task will involve further analysis of the most appropriate manner of taking forward individual recommendations.

The SME and Entrepreneurship Implementation Group will continue to have a Plenary which will be chaired at Ministerial level, and which will meet for the first time early in Q1 of 2021.

The SME Taskforce and the SME and Entrepreneurship Growth Plan – Background and Context

The *Programme for Government – Our Shared Future* recognises the central role that will be played by Ireland’s small and medium enterprises in determining the strength of the recovery for the economy and for jobs from the shock of the impact of the Coronavirus pandemic. The Programme acknowledges that “central to our recovery will be our SME community. They are the backbone of our economy and support so many jobs across the country”

The Programme for Government committed to the establishment of an SME Taskforce, to design a National SME Growth Plan that will map out an ambitious long-term strategic blueprint beyond COVID-19.

The members of the SME Taskforce were appointed by An Tánaiste, Leo Varadkar T.D. in September 2020, and the Taskforce held its first meeting on 25 September 2020, chaired by An Tánaiste, and with the participation of Minister of State Damien English T.D. and Minister of State Robert Troy T.D. A full list of the members of the Taskforce is included at Appendix 2.

Following the initial Plenary meeting, four dedicated subgroups of the Taskforce were established, to consider and examine in detail the specific areas of:

- (a) Entrepreneurship – Chaired by Oliver Tattan
- (b) Productivity, Digitalisation and Competitiveness – Chaired by Thia Hennessy
- (c) Internationalisation – Chaired by Helen Ryan
- (d) Clustering and Networks – Chaired by Kevin Buckley

The four subgroups held a combined total of 18 meetings during October and November 2020. The Taskforce also met in Plenary format on three further occasions, on 16 October, 11 November, and 3 December 2020, making a total of four Plenary meetings. A full list of the members of the four subgroups is also included at Appendix 2.

OECD Review of SME and Entrepreneurship Policy in Ireland

The work of the SME Taskforce was informed by the comprehensive *OECD Review of SME and Entrepreneurship Policy in Ireland*, finalised in October 2019, which provided a hugely informative, objective, and deeply-researched evidence base for the work on developing the SME and Entrepreneurship Growth Plan. At the outset of its work, the Taskforce heard a presentation from Jonathan Potter of the OECD on the findings of the Review, at its first Plenary meeting on 25 September 2020.



EU SME Strategy

The National SME and Entrepreneurship Growth Plan was also informed by the European Commission's recent SME Strategy for a Sustainable and Digital Europe, which was adopted in March 2020.

The EU SME Strategy puts forward actions based on three pillars:

- Capacity-building and support for the transition to sustainability and digitalisation;
- Reducing regulatory burden and improving market access;
- Improving access to financing.

The Taskforce also heard a presentation on the SME policy context at EU level from Kristin Schreiber of DG Grow of the European Commission, at its initial Plenary meeting on 25 September 2020. The Department of Enterprise, Trade and Employment will continue to engage actively with the European Commission to ensure alignment between the policy objectives arising in the SME Growth Plan, and EU SME Policy.

The Four Subgroups of the SME Taskforce – Policy Context

Entrepreneurship

The importance of Entrepreneurship to Irish society is well documented, not only in economic and employment terms but also in creating a resilient, innovative community that serves the Irish consumer, EU and international markets.

Facilitating Entrepreneurs to have a voice in contributing to policy and working with policymakers was welcomed by the subgroup, which also felt that this engagement should be given some degree of structured permanence.

The subgroup felt that, as a more diverse group, Entrepreneurs often do not have the same influence as the multinational and FDI community, but their commitment to and permanence in Irish society merits that their contribution be taken seriously.

Policymakers have a defining role in creating the environment in which Entrepreneurs can raise capital and reduce risk, find associates with relevant skills in Ireland, benefit from regulations that help grow sectors and easily access services on digital platforms. The subgroup was of the view that, in exchange, Entrepreneurs should pay taxes at a rate that should be fairly comparable to that available to multinational corporations, in recognition of the Programme for Government commitment to ensure that our tax system remains supportive of the SME sector. Irish Entrepreneurs should also aim to create employment, serve Irish consumers and sometimes create world beating innovators. All Entrepreneurs should have access to an advocating agency and should have the ability to easily supply their products to the public sector, through fit-for-purpose procurement structures.

Ireland's approach to Entrepreneurship evolves not just on this island, but in a fast-changing geopolitical environment including Brexit, the rise of China, and evolving US influence. The role of the European, and by extension the Irish Entrepreneur, is very likely to increase in importance as local champions become more important contributors to developing a resilient society.

Productivity, Digitalisation and Competitiveness

Irish SMEs face challenges in boosting productivity, rapidly adopting digitalisation and actively pursuing innovation to increase competitiveness. OECD research suggests that these challenges are compounded by low levels of human capital, poor rates of digitalisation, low levels of investment in research and development and low levels of capitalisation. Through the work of the subgroup responsible for Pillar 2, a set of recommendations have been developed to enable SMEs to better overcome these challenges.

The subgroup acknowledge that a broad range of supports are available to the Irish SME sector but that these are often difficult to navigate and that some SMEs, due to their size or export orientation, are not represented by any State Agency or Public Body. It is recommended that government support for SMEs be reviewed to ensure better coverage and that an SME portal, which applies the “only-once” principle, is developed to streamline access to and promote awareness of the various supports for education, innovation and digitalisation. Furthermore, the ‘SME Test’, which analyses the implications of legislation and regulations for SMEs, should be consistently implemented by all Government Departments.

To address poor levels of human capital, the subgroup recommends that incentives and tax credits be used to support participation in basic business education, as well as advanced management training and life-long learning. A broader definition of innovation should be recognised and incentivised to encourage investment in innovation of business processes and practices. The establishment of a competitive scheme for SMEs to undertake end to end transformative digitalisation is proposed. SMEs need to be supported to become more financially resilient, to this end a review of the effectiveness of the various State-led financial supports schemes which provide access to finance for SMEs is required. The work of the NCC is supported and it is important to remain focussed on maintaining businesses costs at a sustainable level.

Internationalisation

The recent OECD Review of SME and Entrepreneurship Policy in Ireland highlighted that Ireland has one of the lowest ratios of exporters to total enterprise numbers in the EU coupled with an over reliance within our exporter base on a small number of larger companies.

As a small economy, there is a need to make exporting part of the DNA of our micro, small and medium sized enterprises. Enabling more enterprises across all regions to take advantage of export opportunities will build resilience in our enterprise base and drive economic grow and employment potential.

Policy in this area must look to a more holistic approach that can cultivate the exporting ambition of all companies and bring them on the exporter journey at an early stage. The stages of the export journey must be seamless and interventions intensive and bespoke. There should be an overlay of sector-specific networks and supports that would provide practical, focused sectoral guidance. There needs to be one agency responsible and resourced to drive a step change in internationalisation.

Clustering and Networks

The task of the Clustering and Networks sub-group was to identify measures that would increase the effectiveness of clusters and networks in Ireland. As evidenced in other countries, such as Germany, increasing efficiency and awareness of relevant clusters and networks will lead to increased collaboration at sectoral and regional level between SMEs, large companies and research institutions, leveraging greater economies of scale and enhancing the skills levels of SMEs than would be achieved by enterprises operating by themselves. Overall, increasing the visibility of and engagement with, and utilisation of, clustering and network structures will lead to a strengthened SME and entrepreneurship base. In the course of its work, the subgroup reviewed the recommendations from the OECD study on SME and Entrepreneurship Policy in Ireland and drew on the variety of experience and expertise from the members of the subgroup.

Climate Action and SME Policy

The increasing centrality of climate action will be an essential influence on the development of SME policy in the coming years. The Taskforce recognises the influence that the Paris Agreement, the EU Green Deal, and Government’s climate commitments will have on the business environment, not only for small and medium enterprises themselves, but also for the global supply chains that they feed into and participate in, and also for the regulatory environment that governs their operation.

The Taskforce heard a presentation from Joseph Cummins of the Climate Action Unit in the Department of Enterprise, Trade and Employment at its second Plenary on 16 October 2020.

This SME and Entrepreneurship Growth Plan contains a dedicated chapter on the climate policy context for Irish SMEs.

Next Steps – Implementation, further analysis, and SME and Entrepreneurship Implementation Group

The SME and Entrepreneurship Growth Plan contains a broad range of recommendations, taking their structure from the policy areas which were examined in detail by these four constituent Subgroups of the Taskforce – Entrepreneurship; Productivity, Digitalisation, and Competitiveness; Internationalisation; and Networks and Clustering.

Some of the recommendations can be progressed by the Department of Enterprise, Trade and Employment, and many will require operational input and further detailed design involving the enterprise agencies, including those under the aegis of DETE and also agencies under the responsibility of other Departments. Some recommendations involve policy areas that are under the lead responsibility of other Departments, for example those concerning tax and education issues.

It is clear that a number of the recommendations will benefit from more detailed analysis, including cost-benefit analysis as to alternative potential options for implementation. The priority during the concentrated period of a number of weeks, as envisaged by the Programme for Government, for the Taskforce to produce the Growth Plan, was to develop the vision that has been articulated in the recommendations. The further detailed analysis which will be essential to taking this vision forward in practice, will require more time, engagement, and detailed work, that was simply not possible during this initial phase of a number of weeks.

To ensure that the substance and vision of the Growth Plan continues to move forward, including in conjunction with the National Economic Plan, and to facilitate the further detailed analysis which is appropriate for many of the recommendations in the context of their implementation, and which has not been possible in the required level of detail in the ambitious timeframe accorded to the SME Taskforce, Government will now move to establish an SME and Entrepreneurship Implementation Group.

The SME and Entrepreneurship Implementation Group will comprise membership which both ensures an appropriate degree of continuity from the SME Taskforce, and also includes representation from the appropriate Government Departments and agencies with operational responsibility and capability to progress and deliver upon the recommendations. In the case of some recommendations, this task will involve further analysis of the most appropriate manner of taking forward individual recommendations.

The SME and Entrepreneurship Implementation Group will continue to have a Plenary which will be chaired at Ministerial level, and which will meet every quarter. It will also comprise a number of appropriate Subgroups which will have the necessary expertise and representation to progress the realisation of the vision that is set out in this Growth Plan and its recommendations.

The SME and Entrepreneurship Implementation Group will be appointed in January 2021, and will hold its first Plenary meeting in Q1 of 2021.

List of deliverables

	Short-term deliverables (less than a year)
Internationalisation	<p>Map the stages, and the key requirements for each stage, of the 'Exporter Journey' for Micro, Small and Medium size enterprises.</p> <p>Develop a Scorecard to enable companies understand their readiness to export or increase export intensity.</p>
Productivity, Digitalisation and Competitiveness	<p>Establishment of a Single SME Portal.</p> <p>All Government Departments utilising SME Test.</p> <p>Online business productivity diagnostics tool.</p> <p>Existing digitalisation schemes extended and made available to indigenous, non-exporting SMEs.</p> <p>Promote the use of the ISO 56000 Innovation Management Standards.</p> <p>Improved awareness and understanding of the current State-led financial supports review.</p>
Networks and Clustering	<p>Perform an analysis of existing network and clustering programmes in Ireland, identifying good practice and gaps, in order to inform the development of a national network and cluster programme.</p> <p>Create a central communication platform that offers an overview of the network and cluster landscape in Ireland and increases the visibility of network and cluster assistance that is available.</p>
Entrepreneurship	<p>Dramatically reduce the cost of EL & PL insurance via measures targeted at the cost of claims and the duty of care.</p> <p>Encourage greater competition by seeking out additional multinational underwriters to supply the Irish market.</p> <p>Develop best practice health & safety training for SMEs via Skillnet.</p> <p>Examine what taxation measures (e.g. rollover relief, reduced CGT) would benefit entrepreneurship and SME growth.</p> <p>Annual Entrepreneurship Review, which would assemble the relevant indicators to inform the deliberations of the National Entrepreneurship Forum to review policy and assess progress towards a broad range of relevant targets.</p> <p>Create a structure whereby the perspectives of the entrepreneur / SME community are systematically included in policy discussions and decision making.</p> <p>Clear communication of existing education, training and development supports available for entrepreneurs and SME owners.</p> <p>Enhancement of current education, training, and developmental offerings as appropriate to fill identified gaps.</p> <p>Establish specific micro-credentials for entrepreneurs in finance, digitalisation, human resources, etc.</p> <p>Introduce a reduced CGT rate (e.g. 20%) for founders, private investors, VCs or Angel Investors who invest in non-property SMEs</p> <ol style="list-style-type: none"> 1. Allow CGT losses for lossmaking EIS investments 2. Offer full CGT relief on profits on EIS investments made for a year. 3. Change EIS structure to allow VC investments via Limited Partnerships

Medium-term deliverables (1-3 years)	
Internationalisation	Develop and implement a holistic approach to programme design and delivery, and financial supports, at both company and national level that ensures a clear pathway for current and potential exporting SMEs of all sizes, including micros, through all stages of the journey to exporter.
	Support companies in a holistic way to build the capability and capacity to meet the key requirements at each stage, by combining all supports (current and new) into one offering at regional level for each stage of the Journey.
	Consolidate the information on the Export Journey and the supports into a dedicated Exporters' Portal for SMEs.
	Develop sectoral Export Guides that address internationalisation challenges, supported by relevant case studies.
	Develop sector-specific networks and communities to enable data gathering, shared learning and mentoring for exporting.
	Use the Exporters' Portal to increase knowledge of challenges for specific sectors and markets and direct SMEs to specific sources of support, such as networks and information on technology.
	Develop tailored supports for digital exports as opposed to physical exports.
	Explore new ways to motivate, incentivise and de-risk the Exporter Journey for SMEs. These include: <ul style="list-style-type: none"> • Facilitating more trade missions (including virtual trade missions) with industry sector groups to enable peer-to-peer learning. • Harness and share the learning from businesses changing their export strategies following Brexit. • Options for financial de-risking the export journey for SMEs, including through tax deductions on eligible expenses for international market expansion and investment development activities • Introduce a State-backed export credit insurance scheme • Establishing dedicated investment and financing facilities for all SMEs with export ambitions with tax breaks to incentivise investment similar to those under the current Employment Incentive and Investment Scheme; • A lower rate of CGT on partial exits linked to external investment • Ensure that programmes use SME performance data to allow them to adapt and improve decision-making by future SMEs. • Fully exploit the potential for companies through the European Enterprise Network (EEN) where appropriate.
	Consider all routes to creating exporters, including <ol style="list-style-type: none"> 1. Continued focus on exploiting synergies with MNCs 2. Facilitate those exporting indirect through MNC's to expand to include direct exporting 3. Import substitution as a means of enabling exporting SMEs 4. New ways of facilitating partnering with external bodies such as trade organisations
	Encourage the use of standards and certification by SMEs of all sizes, as a means of increasing quality management and innovation practices, and facilitating trade across borders.

Productivity, Digitalisation and Competitiveness	An improved governance model which ensures better enterprise agency coverage for all SMEs of all sizes and across all sectors.
	Recommendations of Expert Group on Future Skills Needs in their 'Leading the Way' report implemented as priority, supported by tax credit scheme and a management skills training and certification programme.
	Publication of National Strategy on flexible and remote working.
	Implementation and uptake of a competitive digital transformation scheme.
	Qualification requirements of the R&D tax credit include 'process innovation' and 'organisation innovation'.
	Improved financial resilience among SMEs.
	Review of current State-led financial support schemes.
	Evaluation of the effectiveness of existing tax incentive schemes aimed at increasing equity investment.
	Publication of SME Cost Index.
	Implementation of National Competitiveness Council recommendations which relate to SMEs.
	Level playing field between SMEs and MNCs to attract and retain staff.
Networks and Clustering	Establish a government programme that supports and provides funding to formal business networks and cluster management organisations across Ireland which will establish standard quality criteria and standardisation of funding structures, while also increasing the visibility of existing networks and clusters and State-funded programmes.
	Create a central communication platform that offers an overview of the network and cluster landscape in Ireland and increases the visibility of network and cluster assistance that is available.
	Help professionalise clusters and network management to improve the effectiveness of their management processes in order to increase the quality of services they offer to their members.
	Funding to be provided to support the development of a "National Climate Cluster" of Irish SMEs, research institutions, larger enterprises and other interested parties who are focused on innovating and internationalisation of products and services for the low-carbon global economy.

Entrepreneurship	<ul style="list-style-type: none"> • Further examination of options to increase credit options for SMEs and those starting new businesses • Government commitment to resource additional measures, e.g. attract foreign banks to set up in Ireland, enhance existing credit options (MFI, SBCI, etc), create a new State Business Bank for SMEs, partner with existing lenders to provide State guaranteed loans to SMEs, leverage EU funding options (Ecofin, EIB) • Government commitment to facilitate greater investment by private capital in SMEs
	<ul style="list-style-type: none"> • Annual Review Process, perhaps involving the National Competitiveness Council, DETE and EI to analyse and make recommendations in respect of market failure for products and services on which SMEs depend • Consideration by government, through DETE, of creating a process for attracting EU operators to the Irish market in areas of identified deficit, and/or encourage Irish players to provide services in the identified sectors
	Identify how the State can support businesses that do not qualify for LEO, EI or IDA support.
	Single sectoral online hub and agency point for all SME supports, information and entrepreneur/SME collaboration under which general and specific sectoral supports can be accessed.
	Ensure Policy units in Government Departments have the skills to understand and evaluate the emergence and adoption of new technologies.
	All stakeholders affected by draft legislation or draft subordinate regulation should have the opportunity to give their views about initiatives and the evidence and information that are used to support them, not only at an early stage when policy concepts are not yet precisely defined, but also later when more detailed provisions are drafted.
	<ul style="list-style-type: none"> • Entrepreneurship module offered on all Third Level courses • Internship placement programme to be offered on all Third Level courses
	Development of a 2 year structured Entrepreneurship Apprenticeship backed by the State.
	<ul style="list-style-type: none"> • Higher rates of entrepreneurship by under-represented groups. • Attract Irish citizens abroad and European citizens to Ireland to set up their entrepreneurial business. • Entrepreneurship Ambassadors.
	Simple "Become a Supplier" button to register with for Government Departments and agencies.
	Ensure all Government Departments, agencies and public bodies have a strategic and formally developed program for testing and evaluating new technologies and services.
	Provide supports and training to SMEs to enable them to compete effectively for public procurement contracts.
	<ul style="list-style-type: none"> • Via the relevant agencies, provide expertise to SMEs in respect of digital tools that are available to grow their businesses • Facilitate SME to SME and Big Tech to SME collaboration on how digital tools can help SMEs grow
	Services to SMEs to be distributed via established social media platforms.
	Option for digital signatures for all Government, agency and local authority contracts.
	<ul style="list-style-type: none"> • Ireland to lead drafting and adoption of EU Directives • Develop local enlightened regulation in strategically chosen sectors
	<ul style="list-style-type: none"> • Introduce the 'Think Small First Principle', which requires SMEs' interests to be taken into account at a very early stage of policy making • Ensure Government Departments and agencies adopt measures to avoid placing a disproportionate burden on small businesses

Long-term deliverables (3+ years)	
Internationalisation	<p>Drive Micro and Start-up companies to take the first steps on the Export journey and capitalise on export opportunities</p> <ul style="list-style-type: none"> • Enable 3,000 Micro and start up enterprises to become Digital Exporters and to take advantage of export opportunities, mainly through aggressive targeting by the LEOs of a new Digital Exporter Voucher scheme which should include advice and support on integrating digital tools, digital skills training support, digital marketing and offer a higher grant aid percentage • Provide Digital skills support (people, consultants etc) in the LEOs and build support and peer-led networks to help drive and embed the transition to digital • Review all current supports to Micro and start up enterprises from EI, LEOs and InterTrade Ireland and develop a new holistic offer combining all elements required to start and be successful on the Export Journey. Get 500 existing Micro enterprises and 500 High Potential Start-Up enterprises on that Journey. Review all evaluation models available and combine the best into one holistic model
	<p>Get 2,000 additional SMEs on the Export Journey and accelerate the export market diversification of 750 existing exporters, with a small number of new holistic offering(s) in line with the EI EuroZone Start programme and complemented with bespoke consulting support. This offering(s) should replace a number of the smaller schemes currently available.</p>
	<p>Identify 100 High Growth Exporters (from the 2,000 above) and support them on the Export Journey with an intensive strategic programme, which has a bespoke element, that will build significant capability to drive double digit export growth for the SME.</p>
Entrepreneurship	<p>Introduce an emphasis on entrepreneurial behaviours such as teamwork, problem solving and risk taking into the Leaving Cert and a move away from learning by rote approach.</p>
	<ul style="list-style-type: none"> • Partnership with Strategic Entrepreneurship Ambassadors – an EU initiative to create a new advisory group of entrepreneurs from across Europe which will play the role of a sounding board • Creation of a clear strategy to target potential high growth companies including Tech Unicorn companies for advocacy and access to Policymakers • State investments in emerging unicorns and removal of barriers for growth • Encourage high potential entrepreneurs and their companies to remain domiciled in Ireland and attract potential unicorn creators to Ireland from abroad
	<p>Appropriate roll-out of broadband and 5G</p>

1. Entrepreneurship

The Challenge

Entrepreneurs and SMEs are vital to the success of the Irish economy. The 2014 National Policy Statement on Entrepreneurship defined “entrepreneurship” as an individual’s creative capacity to identify an opportunity and pursue it in order to produce new value or economic success. The Policy Statement went on to say that “entrepreneurship is a key element in the health and wellbeing of any thriving economy.” The OECD agree, stating that “SMEs and entrepreneurship are central to Ireland’s challenge of generating a broad-based growth and prosperity”. The continued growth of our economy is highly dependent on entrepreneurs and the SMEs that they create, develop, and grow.

While recognising that not all start-ups aspire to and achieve high growth, start-ups of all types should be supported to maximise their potential, recognising that the entrepreneurial journey may be different for different types of new businesses.

Ireland should invest heavily in nurturing and supporting entrepreneurs and stimulating new entrepreneurship in an inclusive manner, and in maximising the potential of the businesses of all sizes that they create. The Irish economy and society will be the ultimate beneficiaries from this investment.

The Overarching Vision for Entrepreneurship:

“Overall, the objective for entrepreneurship is that Ireland will be characterised by a strong entrepreneurial culture, recognised for the innovative quality of its entrepreneurs, and acknowledged by entrepreneurs as a world-class environment in which to start and grow a business. The challenge is to harness to the full the entrepreneurial potential of all those living in Ireland, whether they are establishing a social or commercial enterprise.”

Context

The 2019 OECD Review of SME and Entrepreneurship Policy in Ireland examined the means to strengthen SMEs and entrepreneurship in Ireland. A primary recommendation of the OECD was to draft a unified national SME and entrepreneurship strategy document to increase policy visibility and to ensure a coherent approach to managing public resources in an effective and efficient manner to meet stated objectives in respect of SMEs and entrepreneurship.

The recent Programme for Government sets out that “central to our recovery will be our SME community” and outlined the establishment of SME Growth Taskforce to design a National SME Growth Plan that will map out an ambitious long-term strategic blueprint beyond Covid-19.



Entrepreneurship Sub-Group

As part of the SME Growth Taskforce, four Sub-Groups have been formed, each tasked to look at a different aspect of SMEs and entrepreneurship in Ireland, namely Internationalisation; Clusters & Networks; Productivity, Digitalisation & Competitiveness; and Entrepreneurship.

The Entrepreneurship Sub-Group, chaired by Oliver Tattan, also included the following members: Elizabeth Bowen (SFA); DC Cahalane (Republic of Work); Alison Cowzer (East Coast Bakehouse); Paula Fitzsimons (Fitzsimons Consulting); Oonagh O'Hagan (Meagher Pharmacies); Jennifer Melia (Enterprise Ireland); Linda Murray (Play, Activity & Leisure Ireland PALI); and Gina Quin (NCI).

The Sub-Group members attended a number of Plenary Sessions of the overall SME Growth Taskforce, as well as several Sub-Group meetings conducted by videoconference. Each member of the Sub-Group provided contributions towards a final Sub-Group Report. This Report sets out a number of recommendations agreed by the Sub-Group members.

Scope of this Report

This Report identifies issues that are important to enable the progress of SMEs and entrepreneurs in Ireland and makes recommendations with key deliverables. Each recommendation sets out barriers to delivery, timelines for delivery and proposals for measuring the relative success or failure of each deliverable.

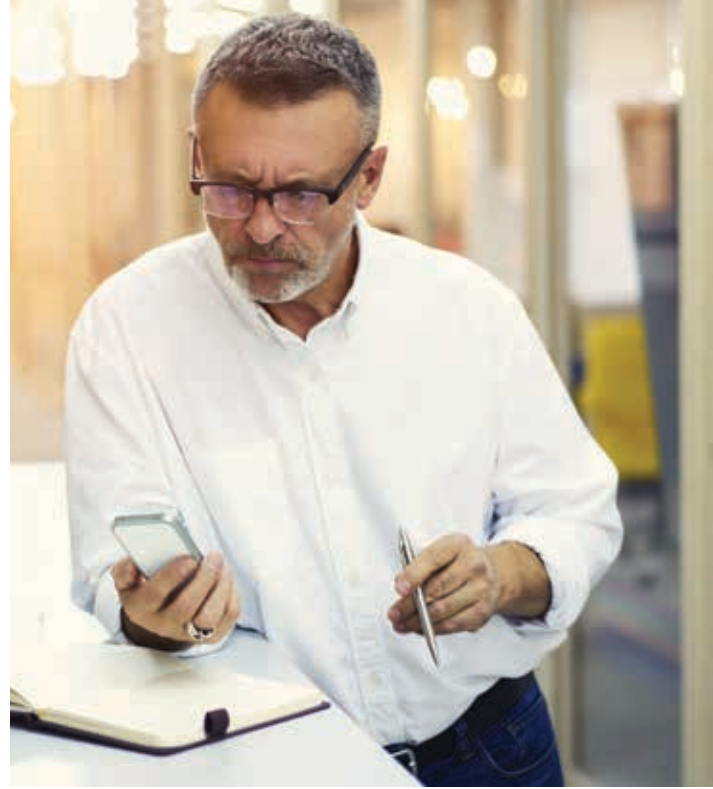
Recommendations under this Report can be divided into two categories: tactical recommendations that can deliver substantial positive impacts relatively quickly; and strategic recommendations that require immediate and ongoing attention, but which strive to yield enduring shifts in policy. These strategic recommendations are presented in italics below. The tactical recommendations should be relatively easy to refine and implement.

It is envisaged that the strategic recommendations will require longer-term commitments from government and policy makers, as well as representatives of the entrepreneur community; however it is hoped that they will have a positive effect for many years after the issue of this Report by shaping national policy in areas beyond government supports that will result in robust, sustainable, continuous improvements to the business environment and make Ireland a great place to do business for ambitious entrepreneurs and SMEs.

Recommendations to Achieve the Vision

Funding / Financing for Entrepreneurs and SMEs & Improve Competitiveness of Suppliers to SMEs

A key barrier to the start-up and growth of SMEs is access to finance, as well as the competitiveness of some products and services required by SMEs, such as insurance. Improving the funding and supplier market landscape would enable entrepreneurs to start new ventures, start them earlier and scale successful enterprises faster.



Recommendation 1.1

Create a more diverse source of funding for entrepreneurs and SMEs, including credit, hybrid and equity investment.

Action 1.1.1:

Further examination of options to increase credit options for SMEs and those starting new businesses.

Action 1.1.2:

Government commitment to resource additional measures, e.g. attract foreign banks to set up in Ireland, enhance existing credit options (MFI, SBCI, etc), create a new State Business Bank for SMEs, partner with existing lenders to provide State guaranteed loans to SMEs, leverage EU funding options (Ecofin, EIB).

Action 1.1.3:

Government commitment to facilitate greater investment by private capital in SMEs.

Recommendation 1.2

Remove the cost and availability of insurance as a barrier to the start-up and growth of SMEs and to the types of businesses that can be established. Review the extent to which there is a systemic market failure problem in Ireland.

Action 1.2.1:

Dramatically reduce the cost of EL & PL insurance via measures targeted at the cost of claims and the duty of care.

Action 1.2.2

Encourage greater competition by seeking out additional multinational underwriters to supply the Irish market.

Action 1.2.3:

Develop best practice health & safety training for SMEs via Skillnet.

Recommendation 1.3

Address areas of market failure for competitiveness for products and services which are essential to SMEs (noting that some suppliers are leaving the Irish market due to Brexit).

Action 1.3.1:

Annual Review Process, perhaps involving the National Competitiveness Council, DETE and EI (e.g. by way of inclusion on the agenda of the ongoing National Entrepreneurship Forum) to analyse and make recommendations in respect of market failure for products and services on which SMEs depend.

Action 1.3.2:

Consideration by Government, through DETE, of creating a process for attracting EU operators to the Irish market in areas of identified deficit, and/or encourage Irish players to provide services in the identified sectors, e.g. banking, credit and insurance services for SMEs.

Tax Reform to Grow Investment in New Start-ups and Growing SMEs

The many advantages presented by Ireland's corporation tax regime are often not fully realised by entrepreneurs as their involvement is often at the growth part of the business cycle, and not the cash generating stage. Entrepreneurs, and serial entrepreneurs in particular, often depend on liquidity events for a return on their investment and as a source of capital for their next round of investments. A taxation system that supports the creation and growth of new enterprises, and re-investment of entrepreneurial capital in Irish enterprise, is critically important to the growth of this sector.



Recommendation 1.4

Change CGT rules to encourage investment in SMEs.

Action 1.4.1:

Introduce a reduced CGT rate (e.g. 20%) for founders, private investors, VCs or Angel Investors who invest in non-property SMEs.

Recommendation 1.5

Commission of Taxation and role of taxation in promoting entrepreneurship.

Action 1.5.1:

Examine what taxation measures (e.g. rollover relief, reduced CGT) would benefit entrepreneurship and SME growth.

Recommendation 1.6

Enhance EIS rules.

Action 1.6.1:

Allow CGT losses for lossmaking EIS investments.

Action 1.6.2

Offer full CGT relief on profits on EIS investments made for a year.

Action 1.6.3:

Change EIS structure to allow VC investments via Limited Partnerships.

Critical Government Supports for SMEs / Government Coordination and Monitoring / Business Information Support Services

Irish-owned businesses of scale that serve the Irish market but do not export do not have a dedicated Government agency through which they can access support or advocacy. These companies are often significant employers and provide important services to Irish society.



Recommendation 1.7

Agency support for large non-exporters.

Action 1.7.1:

Identify how the State can support businesses that do not qualify for LEO, EI or IDA support.

Recommendation 1.8

One stop shop for business supports, information and facilitation of collaboration administered sectorally.

Action 1.8.1:

Single sectoral online hub and agency point for all SME supports, information and entrepreneur/SME collaboration under which general and specific sectoral supports can be accessed.



Recommendation 1.9

Establish a National Entrepreneurship Forum as a permanent policy task force to monitor progress of recommendations from the SME Growth Taskforce Report as well as generally toward the review and contribution to a clear set of strategic policy objectives and targets and provide a forum to enable the views and solutions of the entrepreneur community, including investors, to be articulated to policy makers and decision makers.

Action 1.9.1:

Annual Entrepreneurship Review, which would assemble the relevant indicators to inform the deliberations of the National Entrepreneurship Forum to review policy and assess progress towards a broad range of relevant targets. Progress would be recognised and barriers to progress identified.

Action 1.9.2:

Create a structure whereby the perspectives of the entrepreneur / SME community are systematically included in policy discussions and decision making.

Recommendation 1.10

Introduce the 'Think Small First Principle', which requires SMEs' interests to be taken into account at a very early stage of policy making to avoid placing a disproportionate burden on small businesses.

Action 1.10.1:

Ensure Policy units in Government Departments have the skills to understand and evaluate the emergence and adoption of new technologies. All stakeholders affected by draft legislation or draft subordinate regulation should have the opportunity to give their views about initiatives and the evidence and information that are used to support them, not only at an early stage when policy concepts are not yet precisely defined, but also later when more detailed provisions are drafted. The Government should publish final draft legislation and the draft impact assessments before the initiative is adopted.

- The Government should make better use of impact assessments, which should be updated to assess the impact of all legislation, including subordinate regulation
- The Government should publish final draft legislation including impact assessments before the Bill goes to pre-legislative scrutiny.



Education for Future and Existing Entrepreneurs

Strengthening the role of the education and training system to inform, upskill and provide pathways to entrepreneurship has been identified as an important enabler to delivering increased numbers of entrepreneurs. This includes:

Education system:

There is significant potential to develop the education system so that it encourages entrepreneurial behaviours such as teamwork, problem solving and risk taking whilst enhancing the role of IT and other contemporary STEM subjects on the curriculum.

Apprenticeships:

Apprenticeship education is undergoing significant changes globally, with a move towards professional apprenticeships which build on the more widely known and traditional craft apprenticeships. Since 2016, Ireland has seen an expansion of apprenticeships in 30 new sectors.

The field of entrepreneurship particularly lends itself to the apprenticeship pedagogy and delivery mode, with the requisite skills learned by the apprentice working within an entrepreneurial company, shadowing and learning from an entrepreneur, supplemented by academic learning.

An apprenticeship for entrepreneurs has the potential to make a systemic change in the entrepreneurial landscape in Ireland, enabling aspiring entrepreneurs from diverse backgrounds to succeed, both with their own innovative venture and within organisations.

Clear signposting of entrepreneurship training:

SMEs and entrepreneurs would greatly benefit from clearly signposted access training for relevant skills.



Recommendation 1.11

School level – reform Leaving Cert.

Action 1.11.1:

Introduce an emphasis on entrepreneurial behaviours such as teamwork, problem solving and risk taking into the Leaving Cert and a move away from learning by rote approach.

Recommendation 1.12

Third level – entrepreneurship education across all courses.

Action 1.12.1:

Entrepreneurship module offered on all Third Level courses.

Action 1.12.2:

Internship placement programme to be offered on all Third Level courses.

Recommendation 1.13

Third level – Entrepreneurship Apprenticeship / Internship programmes.

Action 1.13.1:

Development of a 2-year structured Entrepreneurship Apprenticeship backed by the State.

Recommendation 1.14

Entrepreneur Level – single information source for entrepreneur educational resources and enhancement of educational offerings, including micro-credentials.

Action 1.14.1:

Clear communication of existing education, training and development supports available for entrepreneurs and SME owners.

Action 1.14.2:

Enhancement of current education, training, and developmental offerings as appropriate to fill identified gaps.

Action 1.14.3:

Establish specific micro-credentials for entrepreneurs in finance, digitalisation, human resources, etc.

Inclusive Entrepreneurship

Seeking to maximise the potential of demographic groups that have untapped entrepreneurial potential requires a focused response, informed by the range of entrepreneurial models, such as social enterprise.



Recommendation 1.15

Maximise the entrepreneurial potential of all demographic groups. Spotlight in particular those with untapped entrepreneurial potential e.g. women, returned emigrants, immigrants, youth, those aged 50+ and those living in rural environments.

Action 1.15.1:

Higher rates of entrepreneurship by under-represented groups.

Action 1.15.2:

Attract Irish citizens abroad and European citizens to Ireland to set up their entrepreneurial business.

Action 1.15.3:

Entrepreneurship Ambassadors.

SME Access to Public Procurement

SMEs would realise tangible benefits if access to State contracts for innovative products and technologies was made easier for SMEs. There is huge value to entrepreneurs and their companies of being awarded a public sector contract, often establishing them on a growth path to competing for and winning larger contracts in the public and private sector. The State benefits directly by evaluating new services and technologies of both strategic importance to the State and practical importance to its citizens.



Recommendation 1.16

Easier SME access to Government contracts.

Action 1.16.1:

Simple “Become a Supplier” button to register with for Government Departments and agencies.

Recommendation 1.17

Expand Government's role in strategic procurement and evaluation of new innovations e.g. by expanding Small Business Innovation Research (SBIR) scheme.

Action 1.17.1:

Ensure all Government Departments, agencies and public bodies have a strategic and formally developed program for testing and evaluating new technologies and services.

Recommendation 1.18

Assist SMEs to win more public procurement contracts.

Action 1.18.1:

Provide supports and training to SMEs to enable them to compete effectively for public procurement contracts.



Targeting Strategic High-Growth Entrepreneurship

The emerging view at European level is that governments need to be more involved in creating large companies that are champions in disruptive technologies. Entrepreneurship policy should identify disruptive technologies as well as high potential individuals and enterprises early, and facilitate their journey towards creating unicorn companies.



Recommendation 1.19

Develop specific supports targeted at aiding very high potential businesses. Identify sectors and industries in which Government actively seeks the creation of new companies by working with founders and capital providers.

Action 1.19.1

Partnership with Strategic Entrepreneurship Ambassadors – an EU initiative to create a new advisory group of entrepreneurs from across Europe which will play the role of a sounding board.

Action 1.19.2

Creation of a clear strategy to target potential high growth companies including Tech Unicorn companies for advocacy and access to Policymakers.

Action 1.19.3

State investments in emerging unicorns and removal of barriers for growth.

Action 1.19.4

Encourage high potential entrepreneurs and their companies to remain domiciled in Ireland and attract potential unicorn creators to Ireland from abroad.

Digitalisation to Facilitate SME Growth

Government must do more to encourage digitalisation by fully digitalising its own activities and services and supporting SMEs to do the same. The National Broadband Plan and 5G rollout present important opportunities for SMEs. Increased supports to encourage small firms to sell B2B and B2C would greatly increase the chances of success of SMEs.



Recommendation 1.20

Broadband / 5G rollout.

Action 1.20.1

Appropriate roll-out of broadband and 5G.

Recommendation 1.21

Digital tools for SMEs.

Action 1.21.1

Via the relevant agencies, provide expertise to SMEs in respect of digital tools that are available to grow their businesses.

Action 1.21.2

Facilitate SME to SME and Big Tech to SME collaboration on how digital tools can help SMEs grow.

Recommendation 1.22

Government bodies and agencies to embrace digitalisation in serving their clients.

Action 1.22.1

Services to SMEs to be distributed via established social media platforms.

Recommendation 1.23

Government agencies to accept digital signatures in all cases.

Action 1.23.1

Option for digital signatures for all Government, agency and local authority contracts.

Regulation

Historically, the EU has led by developing new standards, positioning the EU as a regulatory exporter (GSM phones, Solvency II insurance). Ireland has been at the forefront in some areas, including reinsurance and fund management. Jurisdictions that lead in the regulation of emerging sectors tend to have strong growth in these sectors. Of particular interest are genomics, AI, social media and blue energy. In addition, regulatory obstacles for SMEs in the existing 'business as usual space' such as filings, reporting and governance should be minimised.



Recommendation 1.24

Identify emerging sectors for front loading regulation.

Action 1.24.1

Ireland to lead drafting and adoption of EU Directives.

Action 1.24.2

Develop local enlightened regulation in strategically chosen sectors.

Recommendation 1.25

Regulations should be created and administered in a manner that minimises obstacles for SMEs.

Action 1.25.1

Introduce the 'Think Small First Principle', which requires SMEs' interests to be taken into account at a very early stage of policy making.

Action 1.25.2

Ensure Government Departments and agencies adopt measures to avoid placing a disproportionate burden on small businesses.

2. Productivity, Digitalisation and Competitiveness

The Challenge

Irish SMEs face challenges in boosting their productivity, adopting digitalisation and increasing competitiveness on an ongoing basis. According to OECD research, the key driving forces resulting in low productivity include; low levels of human capital, poor rates of digitalisation in terms of both practices and processes, in addition to deficient digital skills, low levels of business expenditure on research and development to drive innovation of business practices and low levels of capitalisation. Compounding these challenges is the reality that a number of SMEs fall between the gaps of State-led initiatives and face difficulty in navigating and accessing the supports they require to improve and enhance their enterprise.

The Overarching Vision for Productivity, Digitalisation and Competitiveness:

“Enable greater productivity, increased digitalisation and improved competitiveness among SMEs of all sizes and across all sectors through a visible, accessible and streamlined ecosystem of supports, constantly reacting to the changing needs of SMEs.”

SMEs are time poor and thus require efficient, streamlined processes to access relevant supports to grow their enterprise and boost productivity. SMEs must be enabled to understand their strengths and weaknesses to identify optimum supports, strategically bolster their human capital and develop necessary skills and competencies to increase their capabilities, rate of production and efficiency. SMEs must be supported to react to the rapid adoption of digitalisation and facilitated to educate and encourage their employees to drive transformative digitalisation of the enterprise.

In an increasingly competitive world, the value of innovation must be better understood by SMEs and innovation supports must be increasingly accessible. SMEs must have improved access to finance and, fundamentally, the cost of doing business must be maintained at sustainable levels to drive competitiveness and to enable Irish enterprise to remain resilient to changes in the national and global economy.

There are many challenges that SMEs alone cannot overcome and thus, there is a clear role for Government to play in supporting SMEs. Moreover, challenges in the areas of the productivity, digitalisation and competitiveness are currently exacerbated by both Brexit and the COVID-19 health crisis, increasing the need for greater SME support. The six recommendations below will assist Irish SMEs to increase productivity, adopt digitalisation now and into the future and become increasingly competitive as national and global market demands evolve.

Recommendations to Achieve the Vision

Recommendation 2.1

Reduce the administrative burden placed on SMEs and provide a streamlined and time-efficient process for SMEs to navigate and access national and European Union supports.

A large cohort of SMEs with more than 10 employees, including both export and non-export orientated SMEs, are not eligible for Enterprise Ireland support nor are they actively supported by a Local Enterprise Office (LEO). Thus, many Irish SMEs fall through the gaps of State support. A more cohesive and unified approach to State support is required to ensure that SMEs of all sizes and across all sectors receive a consistent level of support, facilitating a greater number of them to increase their productivity, digitalisation and competitiveness.

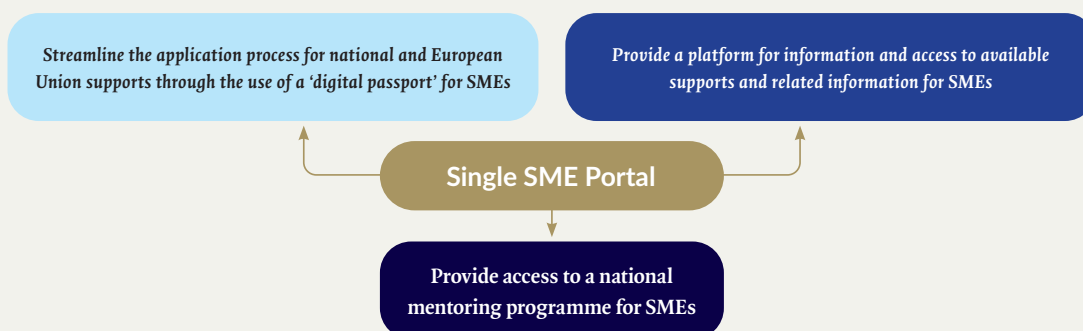
Action 2.1.1:

Develop a governance model that ensures better agency coverage for SMEs of all sizes and across all sectors. Development of this model may include the consideration of a new National Agency for SMEs or improved mechanisms to join up existing agencies and initiatives to close the gaps currently faced by a significant cohort of SMEs.

Action 2.1.2:

The improved governance model should include the establishment of a Single SME Portal to provide access to assistance and supports. In order to boost productivity, it is imperative that the administrative burden placed on SMEs to identify and access supports is significantly reduced. This portal may be built on existing platforms. To achieve this, the Single SME Portal, through the use of common language to improve awareness and understanding, will:

- implement the 'Only Once' principle, which entails that citizens and businesses provide diverse data to public administrations only once, by streamlining the application process for national and European Union supports through the use of a 'digital passport' for SMEs. The digital passport will contain all the SME's information required for national and European Union application process. Under the European Union's single digital gateway, the 'Only Once' principle will be applied to cross-border exchanges of information for a range of procedures by December 2023;
- provide a platform for information and access to available supports and related information for SMEs; and
- provide access to a national mentoring programme for SMEs. This could be achieved through coordination of existing mentoring programmes, such as the Skillnet Ireland Mentors Work programme or LEO mentoring programmes, made accessible through the Single SME Portal.



Action 2.1.3:

Drive meaningful implementation of the 'Think Small First' principle enshrined in the 'Small Business Act' for Europe, which states that SME interests need to be taken into account in policy making, at EU and national level. The European Commission's March 2020 'SME Strategy for a sustainable and digital Europe' highlights that in order to reduce regulatory burdens and increase market access, Member States have to continue a rigorous application of the 'Think Small First' principle. In Ireland, this can be achieved through the use of the 'SME Test', as called out in the Programme for Government. It is critical that the SME test is recognised and consistently implemented by all Government Departments.

Recommendation 2.2

Develop a suite of coordinated supports to facilitate SMEs to strategically develop human capital to increase productivity and to boost their attractiveness to current and prospective employees.



Action 2.2.1:

The Expert Group on Future Skills Needs (EGFSN) in their 'Leading the Way' report set out a series of recommendations regarding investment in management development for SME growth and productivity, including the recommendation that a basic suite of training be identified for management development. The EGFSN recommendations should be implemented as a priority and should be supported by the National Training Fund, a fund dedicated to support the training of those in employment, and those seeking employment.

To support successful implementation of the EGFSN recommendations and to incentivise participation in education programmes, the following schemes should be introduced:

- A tax credit scheme, or a similar incentive, should be made available for SMEs which retain personnel who can demonstrate completion of an SME-focused business, management and financial literacy educational course;
- A management skills training programme and certification scheme for SMEs, based on the Teagasc Specific Purpose Certificate in Farm Administration ('Green Cert') already in operation in the farming sector.

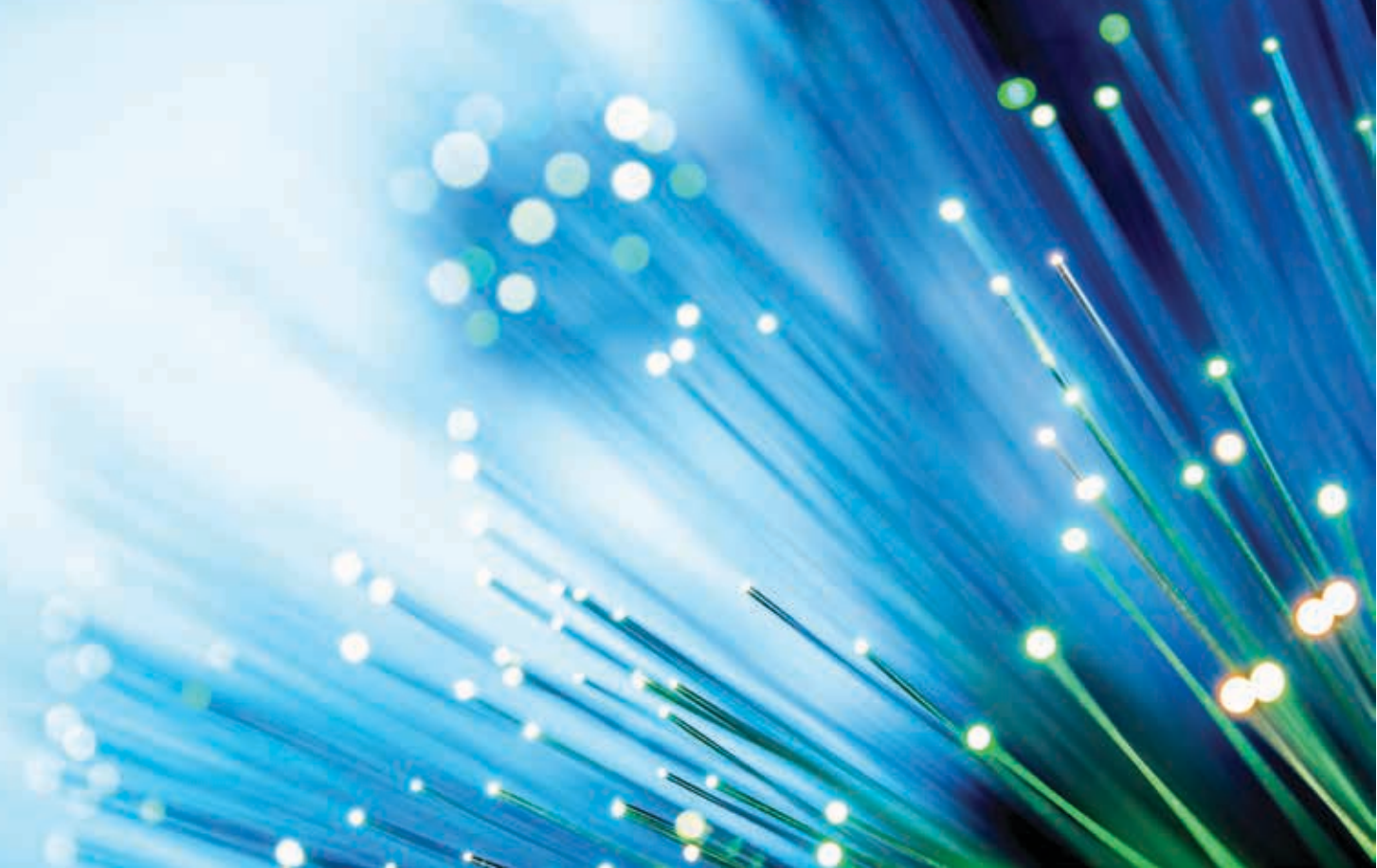
Action 2.2.2:

Develop an online diagnostics tool enabling SMEs across all sectors to assess their strengths and weaknesses and identify relevant schemes to overcome challenges, further develop their people and practices through life-long learning and seize new opportunities. The tool should be available through the Single SME Portal.

- The diagnostic tool would require the SME to answer a series of questions about their business, and the output would be prescriptive, providing SMEs with a targeted list of available schemes in terms of training, funding, continuing professional development (CPD) offerings, supports to develop work-from-home policies and practices and life-long learning programmes.
- Such diagnostics tools have been implemented in other jurisdictions and models, such as the FutureSME Capability Diagnostic Model, and could be studied and adapted for use in Ireland. Additionally, nationally available existing diagnostics tools, those under development or recently recommended diagnostic tools could be adapted to suit the specific requirements of Irish SMEs, with the objective to boost productivity.
- The diagnostics tool should also compile data that could complement existing resources dedicated to identifying skills needs, such as the work of SOLAS Skills and Labour Market Research Unit (SLMRU). Other synergies between the diagnostic tool and existing skills programmes, such as the Solas Skills to Advance course, should be fully exploited.

Action 2.2.3:

Accelerate the development of a comprehensive national strategy to support uptake and implementation of flexible and remote working practices across all businesses, including SMEs. This strategy should include appropriate alterations to taxation and allowances to support working remotely. Critically, the strategy must be enabled by the delivery of national high speed broadband. The urgent requirement for a national strategy regarding flexible and remote working has been accentuated by the COVID-19 health crisis.



Recommendation 2.3

Support the digital transformation of SMEs through a people-centred and financially accessible approach.

Action 2.3.1:

Digitalisation supports must remain available for SMEs which are not suitable for transformative digitalisation, but rather, are suitable to undertake digitalisation in a step process. Existing schemes such as the Lean offers from Enterprise Ireland, the LEOs and the LEO 'Productivity Challenge' model, which includes industry partners (e.g. Enterprise Ireland Microsoft scheme for start-ups) should be built upon and made available to all indigenous, non-exporting SMEs, including SMEs which focus on B2C, B2B and B2G.

Action 2.3.2:

Develop a competitive scheme open to SMEs across all sectors and market offerings, enabling SMEs to undertake transformative digitalisation of their entire enterprise to increase value to customers and to develop in-house digital proficiency to continually adopt digitalisation.

- The scheme would enable SMEs to undertake a transformative digitalisation of their entire enterprise, including getting online, marketing online, mitigating cyber security risks and digitalising their operations and administration processes. Additionally, the scheme shall take a people-centred approach to achieve in-house digital proficiency by engaging and enabling all staff within the SME to support digitalisation of the enterprise on an ongoing basis, increase the capacity of the enterprise to deliver value through efficient systems and processes and reduce costs through improved ways of working, building on the Lean for micro and Lean programmes offered by the LEOs and Enterprise Ireland.
- The scheme shall be open to all SMEs, including SMEs which focus on B2C, B2B and B2G. It should fully exploit synergies with the network of Digital Hubs announced in Budget 2021 to drive take-up at regional level.
- As the scheme would be run through a competitive process and the number of participants per annum would be limited, the level of funding must be sufficient to digitalise the business as a whole and to achieve a digitalisation capability and culture within SMEs.

Recommendation 2.4

Support and recognise a broader understanding of innovation to incentivise increased investment in innovation.

Action 2.4.1:

Redefine the qualification requirements for the R&D tax credit by broadening the definition of innovation to include 'process innovation' and 'organisational innovation'.

- Broadening the definition of innovation should enable SMEs to better recognise the innovation they have achieved, record innovation and measure its impact. Through the inclusion of 'process innovation' and 'organisational innovation', the R&D tax credit should include ongoing activities within SMEs to improve and enhance their business processes and products and in particular, the adoption of productivity and efficiency enhancing processes.
- This action will reduce the administrative and financial burden on SMEs to apply for innovation supports and incentives, as they could apply for a greater level of support under this broader definition of innovation just once a year through the R&D tax credit.

Action 2.4.2:

Promote the use of the ISO 56000 Innovation Management Standards by SMEs through awareness building and education to encourage a wider view and understanding of innovation and grow innovation capability and culture within SMES.

- Taking a wider view of innovation, outside of technical research and development, the Innovation Management Standard will provide a set of interacting elements that enable an organisation to develop and deliver innovation. These elements address organisational context, leadership capability, operational support, planning, measurement, and ongoing improvement.
- Enterprise Ireland are currently promoting the use of the ISO 56000 Innovation Management Standards under their innovation strategy. Therefore, encouraging SMEs to adopt the same standards would foster consistency across the sectors and support the competitiveness of SMEs, building on the work of NSAI in this area.





Recommendation 2.5

Support SMEs to become increasingly financially resilient and enable better access to finance.

Action 2.5.1:

Support SMEs to develop financial resilience to unexpected shocks and force majeure by encouraging all SMEs to save a portion of their financial resources for unexpected events.

- This may be achieved through a range of financial instruments or funds which incorporate a financial or other incentive to encourage SME participation. Such instruments would strengthen the ability of SMEs to remain resilient to unexpected changes in their environment and to better mitigate unanticipated challenges. Furthermore, it would promote financial planning, increasing sustainability of SMEs. It is recommended that a review of potential instruments to encourage financial resilience is undertaken.

Action 2.5.2:

While acknowledging that substantial funding has been allocated to business loan schemes, such as the Credit Guarantee Scheme, the most recent updates published by the Department of Enterprise, Trade and Employment show low uptake of such schemes. To understand the low uptake and the key challenges faced by SMEs in obtaining finance, a review of State-led financial supports should be carried out, focusing on the end-to-end process undertaken by SMEs when applying for and accessing finance, and whether there is scope to adjust aspects of this process to encourage more businesses to apply, such as application criteria and security requirements.

- Undertake a review of current State-led financial supports schemes which provide access to finance, such as the SME Credit Guarantee Scheme, to enable necessary revisions of current and future schemes, to increase uptake and access to finance. The outcome of this review should provide explanation for low uptake and demand, inform revisions of current schemes, support the development of future schemes and consider the potential presented by international lenders.

Action 2.5.3:

Support better awareness and understanding of the current State-led schemes which provide access to finance, such as the SME Credit Guarantee Scheme. The Single SME Portal for Irish SMEs must provide clear information and supports to SMEs to drive awareness and understanding of the application process and to better support access finance through State-led financial supports and other avenues to access finance.

Action 2.5.4:

Ensure that equity financing is being fully supported and utilised as an alternative to debt financing by re-evaluating the effectiveness of existing tax incentive schemes aimed at increasing equity investment, such as the Employment Investment Incentive (EII) scheme, the Key Employee Engagement Programme (KEEP) and the Start-Up Relief for Entrepreneurs (SURE).

Recommendation 2.6

Support business longevity and increase SME competitiveness by maintaining business costs at sustainable levels.

Action 2.6.1:

Develop an SME Cost Index to measure and monitor the cost of doing business for SMEs in Ireland.

- Rising business costs impede SME competitiveness. The SME Cost Index, produced by the Central Statistics Office, should include a comprehensive array of SME business direct input and variable costs including staff salaries, a potential mandatory pension contribution, legal costs, costs associated with intellectual property rights, insurance costs, taxation costs, energy costs and rental costs, among others. The SME Cost Index would enable SMEs and Government to measure, monitor and better address rising business costs.

Action 2.6.2:

Support ongoing review of the insurance market to ensure access to insurance for SMEs at a sustainable cost.

Action 2.6.3:

Fully implement recommendations of the National Competitiveness Council which relate to SMEs, including recommendations in the Productivity Statement 2019 that arrangements be put in place to facilitate access to disaggregated data on productivity by size class and at enterprise level (e.g. on firm characteristics such as exporting, finance, innovation, age, human capital) in order to develop enterprise-policy interventions to address national needs.

Action 2.6.4:

The high cost of living in some parts of Ireland places wage cost pressure on SMEs. Support should be provided for remote working policies as a means of addressing some of this wage cost pressure.

- Ensure a more level playing field between SMEs and MNCs in terms of the measures available to assist with staff mobility and talent retention, including through the availability of tax relief measures for SMEs to support staff mobility. Specific actions may include extending incentives provided by Revenue to SMEs, such as the Special Assignee Relief Programme (SARP), which is currently available to Multinational Companies and is unavailable to indigenous SMEs.



3. Internationalisation

The Challenge

Increased involvement in international trading activity is an important source of growth for SMEs, and as a small, open economy, is crucial for Ireland's competitiveness, economic growth and innovation. As a result, we must ensure that all of our SMEs, from the smallest micro companies upwards, are fully equipped to grow by capitalising on export opportunities.

This has been identified as a priority area in the recent OECD Review of SME and Entrepreneurship Policy in Ireland. The Review found that Ireland has one of the lowest ratios of exporters to total enterprise numbers in the EU, with only 6.3% of SME employer firms engaged in exporting activity. This compares with 9.6% in France, 17% in the UK and 27% in Denmark.

The review also pointed to a highly concentrated level of export activity among larger firms, with 37% of Ireland's total export volume coming from the ten largest exporters, and 69% by the fifty largest exporters. The strong reliance on a small group of leading enterprises has been highlighted as an economic vulnerability by the National Competitiveness Council.

Accordingly, a key recommendation in the OECD Review is to scale up current SME internationalisation initiatives to increase SME direct exporting and to expand the range of markets addressed.

In parallel, the Government's Global Ireland: Ireland's Global Footprint to 2025 initiative aims to accelerate diversification of export markets by Enterprise Ireland clients. It aims to double the total value of EI client exports outside the UK from the 2015 baseline by 2025, double Eurozone exports by 2025; and increase the diversification of client exports into new markets, with at least 70% of exports going beyond the UK by 2025.

The Overarching Vision for Internationalisation:

“Our ambition is to expand the current exporter base and accelerate the market diversification of existing exporters. We will enable 5,750 SME and Micro enterprises to become export capable and expect to deliver at least 2,000 new exporters and 400 diversified enterprises, extending to all regions of Ireland.”

A key new initiative will be to fully integrate the export support frameworks of Enterprise Ireland, the Local Enterprise Offices, InterTrade Ireland, Bord Bia and Bord Iascaigh Mhara. This will require a regional and holistic ownership and approach to product, service and export capability development, supplemented by appropriate sector-specific supports and guidance, and a dedicated Exporters' Portal for SMEs.

We must also fully exploit and implement the resources and tools at our disposal to give our SMEs a competitive edge in overseas markets, and leverage the support and expertise of local authorities, chambers of commerce, industry association and other relevant stakeholders across the country while working with our network of development agency offices, in regional locations and overseas, to deliver on that potential.

Export propensity, selected countries, 2017

	Firm exporting ratio, %	
	Ireland	6.3
	Greece	6.6
	France	9.6
	Finland	15
	UK	17.4
	Germany	17.5
	Austria	22.2
	Denmark	27
	Netherlands	36.8

Source: OECD – SME and Entrepreneurship Policy in Ireland 2019.



Ambition – Expand the current exporter base and accelerate the market diversification of existing exporters

Enabling 5750 SME and Micro Enterprises to become export capable through:

- Digital Enterprise
- Skills & Management Development
- Innovation
- Competitiveness
- Productivity
- New Market Development

Holistic Engagement

2000 New Exporters

- 500 Micro
- 500 HPSU
- 1000 SME

100 High Growth Exporters

- Market Diversification
- 400 existing exporters to new markets

Regional Engagement

Tailored Supports

Qualified Ambition to export

Export Growth Plan

Exporting

Recommendation 3.1

Develop and implement a holistic policy approach that supports SMEs of all sizes at all stages of their export journey across all regions in Ireland.

A holistic support structure encompassing the entire SME sector, from micro companies upwards, is required to help realise the growth opportunities available to SMEs through internationalisation. This approach would connect the respective export assistance offerings of Enterprise Ireland, the Local Enterprise Offices, InterTrade Ireland, Bord Bia and Bord Iascaigh Mhara, leading to a fully mapped out export journey for SMEs of all sizes.

A unified approach such as this would help cultivate the exporting ambitions of the smallest companies by bringing them on the exporter journey at an early stage. This process will begin with the completion of a scorecard, which will assess export readiness and signpost the next steps of the journey. Once those first steps have been taken, a clear pathway will be open to businesses, with supports to help them along each step of the journey.

This holistic approach will build on existing supports offering, incorporating all of the best elements of the current suite of supports and utilising these for the benefit of a wider cohort of SMEs.

The pathway will be demarcated by stages, each with a distinct support offering focused on building exporting capability and capacity. Key among these will be Market Research and Development, Value Proposition, Product Development, Sales Process, IP and Licensing, access to capital and identification of appropriate skills needs.

Action 3.1.1:

Map the stages, and the key requirements for each stage, of the 'Exporter Journey' for Micro, Small and Medium size enterprises, including public and private sector sources of support and advice". Develop a Scorecard to enable companies understand their readiness to export or increase export intensity. Output from the Scorecard should point to specific recommendations as to the steps the company should take.

Action 3.1.2:

Develop a holistic approach to programme design and delivery, and financial supports, at both company and national level that ensures a clear pathway for current and potential exporting SMEs of all sizes, including micros, through all stages of the journey to exporter.

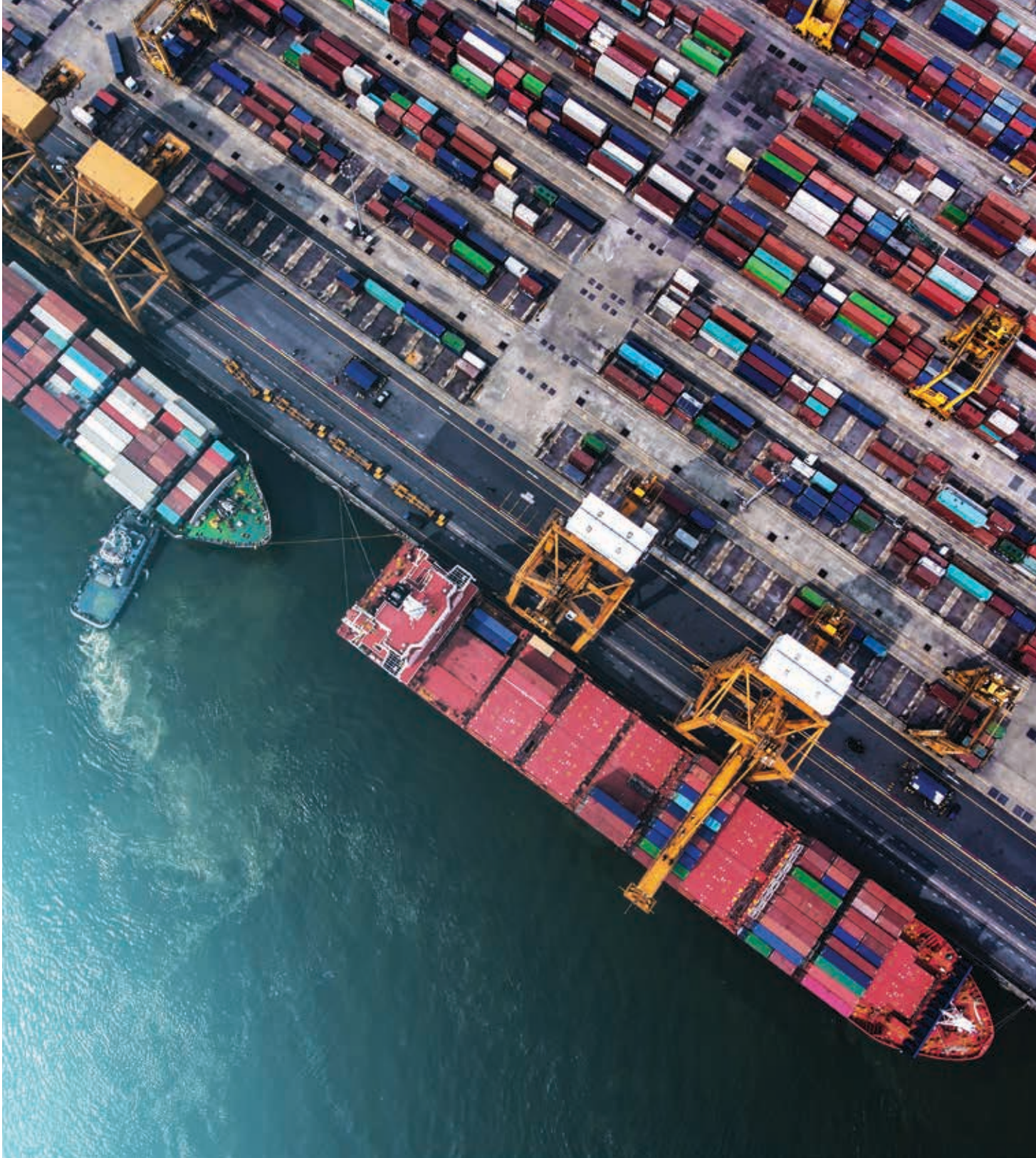
Action 3.1.3:

Support companies in a holistic way to build the capability and capacity to meet the key requirements at each stage, by combining all supports (current and new) into one offering at regional level for each stage of the Journey. The most significant of these requirements are:

- Ability to access capital including credit facilities, equity investment and loans (consider national level PE type funding with long horizon, state backed loans);
- Capability and capacity for Market Research and Development to develop and implement market entry strategies;
- Capability and capacity for Product Development, IP and Licensing to ensure products match specific market needs and will be competitive and protected;
- Capability to adopt and implement Lean Process and thinking in all aspects of the business;
- Ability to identify appropriate skills development and mentoring opportunities.

Action 3.1.4:

Consolidate the information on the Export Journey and the supports into a dedicated Exporters' Portal for SMEs.



Export Journey



Recommendation 3.2

Regionally implement a tiered approach to support offerings to reflect the evolving needs and potential of SMEs at different stages of the export Journey.

While a holistic approach is needed to ensure that growing SMEs enjoy a seamless transition from one phase of the export journey to the next, this must be combined with more targeted interventions to cater to specific needs of SMEs, depending on their sector, size and stage of evolution.

Targeted supports by stage of exporter journey

The supports offering should be tiered to reflect the evolving needs of SMEs at different stages of the Journey.

At micro level, emphasis should be placed on helping businesses acquire the resources and skills to fully exploit digital platforms as a gateway to becoming an exporter. The challenge here will be to make businesses aware of, absorb and effectively exploit new technologies and markets. Micros should also have access to more comprehensive exporter programmes that combines elements of the wide range of small programmes currently available.

In terms of small companies with more than 10 employees, there is scope to target both new and underperforming exporters through the creation of a new holistic offering in line with the Enterprise Ireland EuroZone Start programme and complemented with bespoke consulting support.

Action 3.2.1:

Drive Micro and Start-up companies to take the first steps on the Export journey and capitalise on export opportunities

- Enable **3,000** Micro and start up enterprises to become Digital Exporters and to take advantage of export opportunities, mainly through aggressive targeting by the LEOs of a new Digital Exporter Voucher scheme which should include advice and support on integrating digital tools, digital skills training support, digital marketing and offer a higher grant aid percentage;
- Provide Digital skills support (people, consultants etc) in the LEOs and build support and peer-led networks to help drive and embed the transition to digital;
- Review all current supports to Micro and start up enterprises from EI, LEOs and InterTrade Ireland and develop a new holistic offer combining all elements required to start and be successful on the Export Journey. Get 500 existing Micro enterprises and 500 High potential start up enterprises on that Journey. Review all evaluation models available and combine the best into one holistic model.

Action 3.2.2:

Get 2,000 additional SMEs on the Export Journey **and** accelerate the export market diversification of 750 existing exporters, with a small number of new holistic offering(s) in line with the EI EuroZone Start programme and complemented with bespoke consulting support. This offering(s) should replace a number of the smaller schemes currently available.

Action 3.2.3:

Identify 100 High Growth Exporters (from the 2,000 above) and support them on the Export Journey with an intensive strategic programme, which has a bespoke element, that will build significant capability to drive double digit export growth for the SME.

Action 3.2.4:

Develop tailored supports for digital exports as opposed to physical exports, including: support and advice using digital infrastructure tools; boosting digital skills readiness through access to training; access to advice and tools to navigate regulatory, tax and legal frameworks; and partnerships with trade bodies and large companies to encourage and support digitally-enabled businesses to export; e-commerce reference architecture.

Recommendation 3.3

Develop sector-specific policy measures within an overall framework to support exporters.

Targeted supports by sector

The provision of sector-specific supports, including sectoral Export Guides backed by relevant case studies, would provide practical, focused information on markets, distribution networks and other useful sectoral guidance.

These guides would be supplemented by the identification of sectoral champions and the establishment of sector-specific networks and communities to enable data gathering and shared learning.

Information on sectoral supports would then be consolidated and made available on the Exporters' Portal, giving SMEs direct access to specific sources of support.



Action 3.3.1:

Develop sectoral Export Guides that address internationalisation challenges, supported by relevant case studies. The sectoral Export Guides should include (but not limited to) market knowledge, system requirements, links with agents, distributors and other key players in the export markets, setting up subsidiaries, recruiting and retaining talent, employment law and cultural considerations, compliance and regulatory requirements.

Action 3.3.2:

Develop sector-specific networks and communities to enable data gathering, shared learning and mentoring for exporting, identification of successful SMEs to act as sectoral champions, and to keep the Export Guide up to date.

Action 3.3.3:

Use the Exporters' Portal to increase knowledge of challenges for specific sectors and markets and direct SMEs to specific sources of support, such as networks and information on technology.

Recommendation 3.4

Create the broader conditions for exporters to succeed.

Finally, a range of other measures can be taken more generally to ensure that our exporters are operating in an environment that is aligned with their success. There are a range of tools at our disposal to do this.

Critically important are measures to financially de-risk the export journey for SMEs, and others include leveraging the multinational sector to exploit synergies with SMEs, encouraging the uptake of standards by SMEs as a means of accessing foreign markets, and harnessing the potential of Ireland's extensive and well-established international business networks.



Action 3.4.1:

Explore new ways to motivate, incentivise and de-risk the Exporter Journey for SMEs.

These include:

- Facilitating more trade missions (including virtual trade missions) with industry sector groups to enable peer-to-peer learning;
- Harness and share the learning from businesses changing their export strategies following Brexit;
- Options for financial de-risking the export journey for SMEs, including through tax deductions on eligible expenses for international market expansion and investment development activities;
- Introduce a State-backed export credit insurance scheme;
- Establishing dedicated investment and financing facilities for all SMEs with export ambitions with tax breaks to incentivise investment similar to those under the current Employment Incentive and Investment Scheme;
- A lower rate of CGT on partial exits linked to external investment;
- Ensure that programmes use SME performance data to allow them to adapt and improve decision-making by future SMEs;
- Fully exploit the potential for companies through the European Enterprise Network (EEN) where appropriate.

Action 3.4.2:

Consider all routes to creating exporters, including

- Continued focus on exploiting synergies with MNCs;
- Facilitate those exporting indirect through MNC's to expand to include direct exporting;
- Import substitution as a means of enabling exporting SMEs;
- New ways of facilitating partnering with external bodies such as trade organisations.

Action 3.4.3:

Encourage the use of standards and certification by SMEs of all sizes, as a means of increasing quality management and innovation practices, and facilitating trade across borders.

4. Clustering and Networks

The Challenge

Our group recognises the challenges raised in the OECD report. In addressing these issues, we strongly believe that enterprises, both established SMEs and entrepreneurs, can benefit from peers' experience of contemporary challenges such as innovation, digitisation, internationalisation, and climate change as well as developing management, knowledge and organisational skills.

NETWORKS

Business networks are grouping of professionals based on sharing experiences and knowledge in order to advance their business through horizontal or vertical networks, develop or gain access to certain skills and gain access to information on how to grow their business.

CLUSTERS

A strategic grouping of companies in a sector or region (and sometimes both) whose focus is on working together to address market challenges or opportunities in their field (and region) either nationally or internationally.

Networks and clusters have a positive role to play in helping Irish SMEs realise the benefits of collaboration and achieving the overall goals of this Taskforce, such as contributing towards increased productivity, internationalisation and spurring entrepreneurship. Networks and clusters can allow SMEs to tackle projects that they might not otherwise undertake, due to a lack of knowledge or resources, a limited number of industry contacts or relationships, organisational agility, or economies of scale.

Business networks are grouping of professionals based on sharing experiences and knowledge in order to advance their business through horizontal or vertical networks, develop or gain access to certain skills and gain access to information on how to grow their business. Clusters are a strategic grouping of companies in a sector or region (and sometimes both) whose focus is on working together to address market challenges or opportunities in their field (and region) either nationally or internationally. Networks and clusters exist throughout Ireland and their formation and development has been fostered by State Agencies, Business Representative Organisations and other private sector firms. The challenge facing Ireland is how to strengthen these network and clustering structures, so they can overcome growth constraints and add more value to the Irish economy.

The task of the Clustering and Networks sub-group was to identify measures that would increase the effectiveness of clusters and networks in Ireland. As evidenced in other countries, such as Germany, increasing efficiency and awareness of relevant clusters and networks will lead to increased collaboration at sectoral and regional level between SMEs, large companies and research institutions, leveraging greater economies of scale and enhancing the skills levels of SMEs than would be achieved by enterprises operating by themselves. Overall, increasing the visibility of and engagement with, and utilisation of, clustering and network structures will lead to a strengthened SME and entrepreneurship base. Having reviewed the recommendations from the *OECD study on SME and Entrepreneurship Policy in Ireland* and having drawn on the variety of experience and expertise from the members of our subgroup, the proposed measures are set out below.

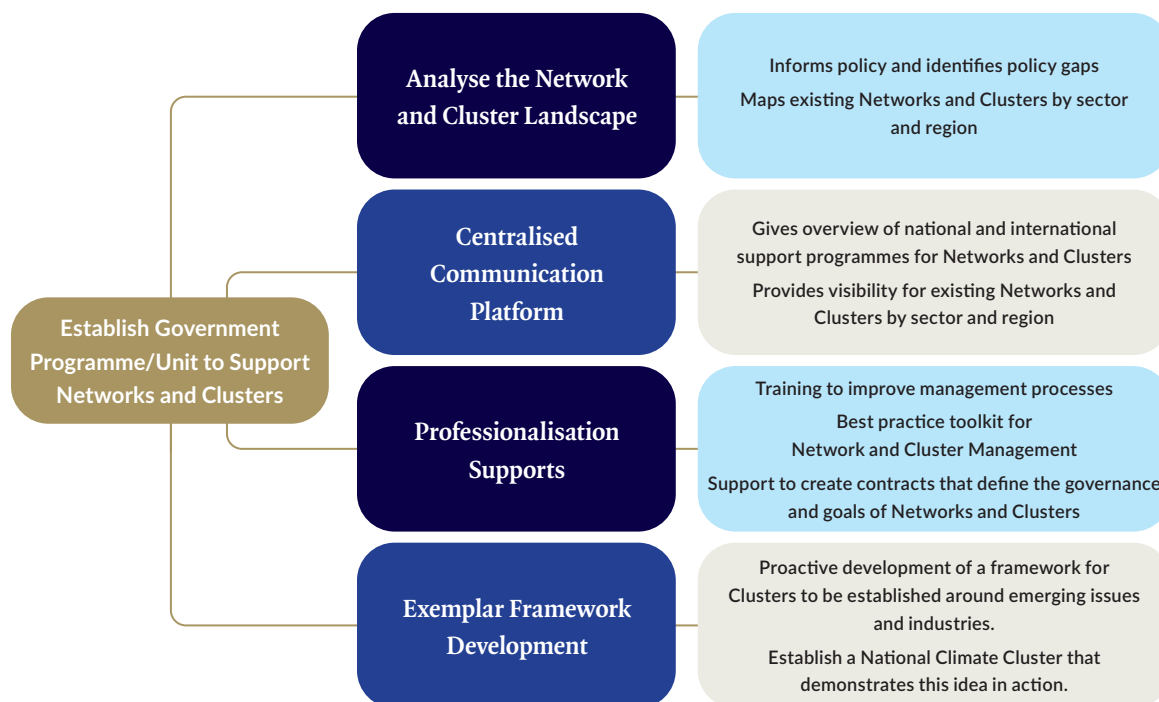
The Overarching Vision for Clustering and Networks:

“Coordinated and targeted funding for networks and clusters in Ireland will enhance their ability to help SMEs grow and internationalise while also improving firms’ organisational agility as they learn from best practice on emerging challenges, including the transition to the low carbon economy.”

Recommendations to Achieve the Vision

Recommendation 4.1

Establish a Government programme/unit that supports and provides funding to cluster management organisations and formal business networks across Ireland, which will establish standard quality criteria and standardisation of funding structures, while also increasing the visibility of existing networks, clusters and the supports available.



A lack of policy and programme coordination has been identified as a barrier to improving the overall effectiveness of state-funded network and cluster programmes in Ireland. It is recommended that a coordinated Government programme or structure that supports formal business networks and cluster management organisations across Ireland is introduced.

This programme could potentially establish standard quality criteria and standardisation of funding structures, while also increasing the visibility of existing programmes. It is important that this process involves regional policy makers and stakeholders, while also offering value to all types of SMEs regardless of their stage of development.

- The national network and cluster programme will be informed by the analysis that is proposed in Recommendation 2.
- This centralised programme will prioritise identified and emerging challenges such as the low carbon transition and digitisation and ensure that all clusters and networks are informed of the latest updates and supports available in these areas.
- The process will involve the creation of Network and Cluster Coordinators in each region and the mapping of networks and clusters in the ecosystem, including mapping of interconnections (each network to be classified by sector, stage of business development, special interest, etc.)
- The Network and Cluster Coordinators will also develop guidelines on cross cutting themes for networks and clusters, prioritising key areas such as digitisation, climate change, industry standards.

Action 4.1.1:

The creation of a coordinated Government network and cluster programme.

Recommendation 4.2

Perform an analysis of existing State-funded network/clustering programmes in Ireland to fill information gaps i.e. what works, what doesn't and what is needed to inform national networking/cluster policy. This analysis will also map current proliferation of formal business networks and clusters by region and sector to identify their relative effectiveness and efficiency.

The clustering/networks sub-group recognises the need to build and strengthen existing structures. A review of current State-funded networking/ clustering programmes, funding and policy is proposed to ascertain the effectiveness of current structures in meeting the objectives of the SME taskforce and to identify where gaps exist. The overall goal of this analysis is to inform the centralised programme proposed in Recommendation 1, ensuring it is as effective as possible.

Proposed areas that this review will cover:

- Projects that have been funded, in what sectors, regions and size of enterprise, to inform future structuring of networking and cluster development programmes. Where gaps are identified, new tailored initiatives for network and cluster development could be brought forward as appropriate.
- Analysis of international best practice for network and cluster policy that will inform the review outlined above and the proposal of new tailored initiatives for network and cluster development.
- Consideration of outputs from research on skills needs to inform network and cluster development – e.g. outputs from *Expert Group on Future Skills Needs*, *National Skills Council* – to tailor existing programmes and initiatives to target funding for development of networks and clusters in relevant sectors.
- Identification of the additionality of network and cluster programmes
- Advisory on state-funded networking and clustering programmes that could be targeted/adapted towards under represented social groups identified in the OECD report (e.g. females, migrants, identified age cohorts)

The sub-group also recognises the need for this analysis to map the current proliferation of formal networks and clusters by region and sector to identify their relative effectiveness and efficiency, including operational and management strengths and shortcomings.

Action 4.2.1:

The completion of a review of network and cluster supports and structures, which in addition to mapping the current proliferation of networks and clusters, will identify their relative effectiveness and efficiency, including operational and management strengths and shortcomings.



Recommendation 4.3

Create an information portal that offers an overview of the Irish networks and cluster landscape in a user-friendly manner that encourages entrepreneurs and SME owner managers in Ireland to engage, and which attracts positive attention abroad to promote internationalisation.

A central communications platform has been identified as a key recommendation of the clusters/network subgroup. The platform/information portal will be an easy to navigate online resource linked to the National network and cluster structure proposed in Recommendation 1 and encourage businesses to engage with their local Network and Cluster Coordinator.

It will also provide easily accessible information on the Irish network and cluster landscape to parties all around the globe, leading to increased international collaboration and export growth.

Key features of the information portal will include:

- An overview of national and international support programmes for networks and clusters in general.
- Promotion of existing enterprise-led networks and clusters and identification of existing networks and clusters by specific regions and sector.
- Promotion and visibility of Irish business networks abroad with the aim of promoting the internationalisation of networks and clusters.

Action 4.3.1:

Create a central communication platform that offers an overview of the network and cluster landscape in Ireland and increases the visibility of network and cluster assistance that is available.

Recommendation 4.4

Provide funding and direction to help professionalise formal network/cluster management to improve the effectiveness of their management processes in order to increase the quality of services they offer to their members. This will also involve increased support being given to companies to develop network/cluster contracts that define the governance, goals and responsibilities of an enterprise-led network or cluster.

Improving the management process of networks and clusters will be critical to the growth of strong clusters and networks in Ireland.

Funded programmes to achieve this objective will include:

- The creation of specific training for network and cluster managers to improve their management processes and provide an opportunity to learn “best practice” management.
- Training for managers on how best to direct networks and clusters to tackle new and emerging challenges, including technology adoption and the low carbon transition.
- The provision of a development plan (to include training, peer to peer support, networking, expert inputs, etc.) for network and cluster managers.

- The creation of a toolkit for network and cluster managers that includes links to learning programmes, links to business supports websites in Ireland and links to cluster supports and initiatives at a European Union level.
- Support, in the form of funding for fees and expert advice, on achieving the European Cluster Excellence Initiative bronze, silver or gold label. The ECEI initiative offers clusters benchmarks and targets that they can work towards to improve their management processes. In 2020 there were totals of 1141 bronze clusters, 132 silver clusters and 110 gold clusters in Europe. In Ireland there were 2 bronze clusters, 0 silver clusters and 0 gold clusters.

It is recommended that more support is given to companies in order to develop network and cluster contracts that define the governance, goals and liabilities of an enterprise network. Italy introduced network contracts in 2010. This allowed for the formation of business networks called “network clusters” and provided a legal basis for companies to establish collaborations.

The formation of these network and cluster contracts could be incentivised by allowing members of network clusters apply for tax credits, cheaper loans, request public contracts and simplified administrative procedures.

Action 4.4.1:

Development of State-funded assistance to specifically improve the management processes of network and clusters.

Action 4.4.2:

Additionally, assistance could be offered to clusters with the direct aim of helping them achieve the ECEI quality label.

Action 4.4.3:

More support being given to companies to develop network and cluster contracts that define the governance, goals and liabilities of an enterprise network.

Action 4.4.4:

Create a legal framework for networks and clusters to establish network and cluster contracts.

Recommendation 4.5

Form and fund a “National Climate Cluster” of Irish SMEs, research institutions, larger enterprises and other interested parties who are focused on innovating and the Internationalisation of products and services for the low-carbon global economy. This cluster will act as an exemplar framework for cluster management organisations in Ireland.

The objective of this cluster is to increase the connectivity and engagement of Irish owned SMEs, research institutions, larger enterprises and other interested parties working in the green industry to strengthen their productivity and competitiveness. It will be supported by the structures our group has recommended and act as an exemplar framework for what our group is trying to achieve. Funding must be provided in order to ensure the efficiency of this cluster.

This includes:

- Funding to cover salary costs for a dedicated cluster management team including a cluster development manager and market advisors.
- Support for eligible overhead and operation costs associated with the administration of the cluster.
- State agencies and industry experts working with the cluster management to develop strategic workplans that detail actions to drive the productivity and internationalisation activity of SMEs who are part of the cluster and actions to increase the competitiveness of the Irish green industry sector.
- Access to the professionalisation programmes outlined in Recommendation 4 and funding to achieve ECEI quality labels.
- Funding and incentives for the National Climate Cluster to network and collaborate with the Sustainable Energy Authority Ireland’s (SEAI) Large Industry Energy Network (LIEN). This will help the members of LIEN, supported by SEAI, work with Irish owned SMEs working in the green industry to improve their energy performance.

Additionally, a priority objective of this cluster will be to promote the internationalisation of Irish SMEs working in the green industry. Actions to achieve this include:

- Funding for the effective marketing for the cluster abroad.
- Support to attend international cluster matchmaking events.

The performance of this cluster will be continuously monitored and will inform policy making towards similar clusters that could be created around other contemporary challenges and emerging industries.

Action 4.5.1:

The creation of a green industry cluster that receives Government funding and aims to increase the connectivity and engagement of Irish owned SMEs, research institutions, larger enterprises and other interested parties working in the green industry to strengthen their productivity, competitiveness and ability to internationalise.

5. Climate Change: challenges and opportunities for the SME sector

Tackling climate change will be the defining global challenge of the next decade. The internationally agreed requirements, set out in the Paris Agreement, are translated within the EU into detailed, binding targets for transformation in our energy, transport and heating systems, and ultimately the complete removal of carbon emissions from all aspects of our activities. This transition to a low carbon economy will require the concerted efforts of society, Government and businesses.

In Ireland our SME base is the lifeblood of our economy, critical in driving employment and economic activity as well as being embedded in our communities and society. SMEs will play a key role in enabling our society to make the transition to a low carbon future – requiring both resilience against this change in our economic activities, as well as agility to identify and pursue the significant opportunities that come with this transformation.

The European Green Deal, launched in December 2019, is the new EU Growth Strategy. The European Council has endorsed the EU Commission's objective of climate neutrality across the EU by 2050. The Green Deal outlines a roadmap for transforming the EU into a fair and competitive economy, where there are net zero emissions by 2050 and where economic growth is decoupled from resource use.

Decarbonisation and environmental sustainability are being incorporated into all current and future EU policies and funding. The Deal involves revised national targets for emissions reduction across member states, to meet the total, EU-wide target of climate neutrality by 2050. The €750 billion EU Recovery Plan for COVID-19 also intends to expedite this objective, through investment in clean energy and transport, enabling a 'green' European recovery.

The Government is committed to supporting the European Green Deal and to achieving an average of 7% per annum reduction in greenhouse gas emissions from 2021 to 2030, a 51% total reduction over the next decade, within the Programme for Government. The Climate Action Bill 2020 commits Ireland, in law, to becoming a climate neutral economy by 2050. The Bill will introduce economy wide, 5-year carbon budgets from 2021, placing a ceiling on allowable greenhouse gas emissions.

The Climate Action Bill will therefore enable us to achieve these Programme for Government targets, keeping us on track to achieve our targets. In order to achieve the level of emissions reduction required, the Government will publish a revised Climate Action Plan annually from 2021, setting out the detailed actions to be taken by Government and stakeholders, and the pace of change necessary.

Many SMEs will already be aware of changes in their customers preferences and requirements, as growing societal and commercial awareness focusses attention on the sustainability of products, services and supply chains. In supply chains involving large customer-facing multinationals, a requirement for verifiable Environmental and Social Governance (ESG) credentials is quickly becoming standard practice. Customers are increasingly conscious of the sustainability of the products and services they consume.

Further, banks, other lenders and investors are increasingly assessing the sustainability of their decisions in light of the transition to a low carbon economy. These changes require that SMEs are alert to this transition and activated to evolve or transform their activities in line with the needs of their customers and the communities in which they operate.



This SME and Entrepreneurship Growth Plan sets out a roadmap of actions to inform and support SMEs prepare for this future. **All SMEs will need a strategic plan to thrive in a carbon neutral economy.** Many existing and new SMEs can and will innovate to provide the products and services that will drive and facilitate our societal and economic transformation.

In order to be resilient in the transition to a low carbon economy, SMEs will need to develop management capacity and skills required to assess the likely changes to their cost base, regulatory environment and market standards or customer preferences in this transition. Assessing and measuring where carbon emissions arise in the supply chain, operations, premises, or a customer's use of the product or service is a good starting point for any business. Understanding and preparing for the changes that will be required to mitigate changes in regulations, a higher price of carbon and evolving customer requirements will enhance the resilience of SMEs. While this assessment is essential to ensure resilience, it can also highlight opportunities for cost savings and resource efficiencies.

This Growth Plan is ambitious for the future of SMEs in a carbon neutral economy. The aim is not just to be resilient to the transition, but to grow and thrive by maximising the opportunities it presents. This significant change for our society and economy will need new products and new kinds of services that create value through their sustainability. There will be opportunities for businesses to differentiate themselves on this basis. There is considerable scope for innovation in the design, development and delivery of carbon neutral products and services. New business models will emerge. SMEs can gain a competitive advantage by staying close to the customers and communities they serve, delivering sustainable alternatives to carbon-intensive offerings.

In particular this Growth Plan identifies opportunities for clusters or networks of businesses to make the transition to a carbon neutral economy together, learning from the experiences of peers and maximising opportunities to adopt sustainable practices at scale. In particular, it proposes the creation of a green industry cluster to increase the connectivity and engagement of Irish owned SMEs, research institutions, larger enterprises and other interested parties working in the green industry.

Over the next decade the transition to a carbon neutral economy will substantially alter the business environment. SMEs should prepare now for the changes underway. A strategic approach to this transition will enable SMEs take advantage of its opportunities, grow and thrive.

Appendix 1: Tables of recommendations and actions

1. Entrepreneurship					
Recommendation	Key Actions	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>1.1</p> <p>Create a more diverse source of funding for entrepreneurs and SMEs, including credit, hybrid and equity investment.</p>	<p>1.1.1 Further examination of options to increase credit options for SMEs and those starting new businesses</p> <p>1.1.2 Government commitment to resource additional measures, e.g. attract foreign banks to set up in Ireland, enhance existing credit options (MFI, SBCI, etc), create a new State Business Bank for SMEs, partner with existing lenders to provide State guaranteed loans to SMEs, leverage EU funding options (Ecofin, EIB)</p> <p>1.1.3 Government commitment to facilitate greater investment by private capital in SMEs</p>	<ul style="list-style-type: none"> • Influence of existing lenders • Cost • State aid rules • Regulatory issues • Low take-up of credit by Irish SMEs • Banks less likely to fund new enterprises given the perceived risk involved • Undeveloped private equity market 	<ul style="list-style-type: none"> • Clear government mandate • Potential to introduce an existing European bank to Ireland • Historic precedent: government has recently funded AIB and Bank of Ireland, as well as SBCI funding • Existing MFI and other offers could be expanded • Action on tax side could make it more attractive for specialised investors to invest in early stage businesses 	<p>2021, Ongoing</p>	<ul style="list-style-type: none"> • Number of loans to SMEs • Value of loans to SMEs • Provision of credit facilities to first-time entrepreneurs • Proportion of loans focussed on growth / innovation / export activity • Uptake of credit facilities • Increase in private capital investments in SMEs
<p>1.2</p> <p>Remove the cost and availability of insurance as a barrier to the start-up and growth of SMEs and to the types of businesses that can be established. Review the extent to which there is a systemic market failure problem in Ireland.</p>	<p>1.2.1 Dramatically reduce the cost of EL & PL insurance via measures targeted at the cost of claims and the duty of care</p> <p>1.2.2 Encourage greater competition by seeking out additional multinational underwriters to supply the Irish market</p> <p>1.2.3 Develop best practice health & safety training for SMEs via Skillnet.</p>	<ul style="list-style-type: none"> • Resistance to reform and structure of claimable events • Brexit, attractiveness of Irish market to suppliers • Lack of information from a National Database apart from motor cases 	<ul style="list-style-type: none"> • Clear government policy as outlined in programme for government • Sub Committee formed but meetings and updates are scarce 	<p>Q1 2021 General Damages indication Q2 Duty of care</p>	<ul style="list-style-type: none"> • Benchmarking via Central Bank NCID Liability report • Canvassing of SMEs via key representative bodies such as the Alliance for Insurance Reform, ISME, IHF and other groups

1. Entrepreneurship						
Recommendation	Key Actions	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement	
1.3 Address areas of market failure for competitiveness for products and services which are essential to SMEs (noting that some suppliers are leaving the Irish market due to Brexit)	<p>1.3.1 Annual Review Process, perhaps involving the National Competitiveness Council, DETE and EI (e.g. by way of inclusion on the agenda of the ongoing National Entrepreneurship Forum) to analyse and make recommendations in respect of market failure for products and services on which SMEs depend.</p> <p>1.3.2 Consideration by government, through DETE, of creating a process for attracting EU operators to the Irish market in areas of identified deficit, and/or encourage Irish players to provide services in the identified sectors, e.g. banking, credit and insurance services for SMEs.</p>	Vested interests	Creating a systematic forum to address market failures and competitiveness issues for SMEs could improve Ireland's ranking for ease to do business	2021, Ongoing	<p>Creation of a mechanism to review on an annual basis market failure in terms of market competitiveness for products and services which are essential to SMEs</p> <ul style="list-style-type: none"> Introduce a process to attract additional operators in sectors requiring greater competition 	
1.4 Change CGT rules to encourage investment in SMEs.	1.4.1 Introduce a reduced CGT rate (e.g. 20%) for founders, private investors, VCs or Angel Investors who invest in non-property SMEs.	<ul style="list-style-type: none"> Cost Perception that entrepreneurs are receiving favourable tax treatment versus PAYE workers despite taking higher risks 	Additional investment should lead to greater employment and related taxes etc.	Finance Act 2021	<ul style="list-style-type: none"> Introduction of new CGT rate Reduction in capital flight from Ireland 	
1.5 Commission of Taxation and role of taxation in promoting entrepreneurship.	1.5.1 Examine what taxation measures (e.g. rollover relief, reduced CGT) would benefit entrepreneurship and SME growth.	<ul style="list-style-type: none"> Understanding of entrepreneurs' needs 	Additional investment should lead to greater employment and related taxes etc	1 year, Ongoing	<ul style="list-style-type: none"> Commission of Taxation Report addressing entrepreneur needs equally to that of MNCs and FDI 	
1.6 Enhance EIS rules.	<p>1.6.1 Allow CGT losses for lossmaking EIS investments</p> <p>1.6.2 Offer full CGT relief on profits on EIS investments made for a year.</p> <p>1.6.3 Change EIS structure to allow VC investments via Limited Partnerships</p>	<ul style="list-style-type: none"> Cost 	Additional investment should lead to greater employment and related taxes etc	Finance Act 2021	<ol style="list-style-type: none"> CGT losses allowed for EIS S604A-type relief for EIS Limited Partnerships permitted to obtain EIS relief 	
1.7 Agency support for large non-exporters.	1.7.1 Identify how the State can support businesses that do not qualify for LEO, EI or IDA support.	<ul style="list-style-type: none"> Cost Resources 	Clear government mandate	1-2 years	<ul style="list-style-type: none"> Provision of government support and advocacy for previously unrepresented businesses 	

1. Entrepreneurship					
Recommendation	Key Actions	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>1.8 One stop shop for business supports, information and facilitation of collaboration administered sectorally.</p>	<p>1.8.1 Single sectoral online hub and agency point for all SME supports, information and entrepreneur/SME collaboration under which general and specific sectoral supports can be accessed.</p>	<ul style="list-style-type: none"> • Clear mandate • Cost • Resources 	<ul style="list-style-type: none"> • Clear government mandate 	<p>1 year</p>	<ul style="list-style-type: none"> • Require government agencies set up a single point hub for SME supports, information and collaboration under which specific sector and agency supports will be accessed
<p>1.9 Establish a National Entrepreneurship Forum as a permanent policy task force to monitor progress of recommendations from the SME Growth Taskforce Report as well as generally toward the review and contribution to a clear set of strategic policy objectives and targets and provide a forum to enable the views and solutions of the entrepreneur community, including investors, to be articulated to policy makers and decision makers.</p>	<p>1.9.1 Annual Entrepreneurship Review, which would assemble the relevant indicators to inform the deliberations of the National Entrepreneurship Forum to review policy and assess progress towards a broad range of relevant targets. Progress would be recognised and barriers to progress identified</p> <p>1.9.2 Create a structure whereby the perspectives of the entrepreneur / SME community are systematically included in policy discussions and decision making</p>	<ul style="list-style-type: none"> • Resources • Cost 	<ul style="list-style-type: none"> • Global Entrepreneurship Monitor 	<p>Establishment of Forum by Q1 2021, first report issued by October 2021, Ongoing</p>	<ul style="list-style-type: none"> • Creation of a National Entrepreneurship Forum and Annual Report. Clear targets across a range of measures identified, adopted and monitored on an annual basis. Clear channels for engagement between policy and decision makers and entrepreneurs.

1. Entrepreneurship					
Recommendation	Key Actions	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
1.10 Introduce the 'Think Small First Principle', which requires SMEs' interests to be taken into account at a very early stage of policy making to avoid placing a disproportionate burden on small businesses.	<p>1.10.1 Ensure Policy units in Government Departments have the skills to understand and evaluate the emergence and adoption of new technologies. All stakeholders affected by draft legislation or draft subordinate regulation should have the opportunity to give their views about initiatives and the evidence and information that are used to support them, not only at an early stage when policy concepts are not yet precisely defined, but also later when more detailed provisions are drafted. The Government should publish final draft legislation and the draft impact assessments before the initiative is adopted.</p> <p>The Government should make better use of impact assessments, which should be updated to assess the impact of all legislation, including subordinate regulation.</p> <p>The Government should publish final draft legislation including impact assessments before the Bill goes to pre-legislative scrutiny.</p>	<ul style="list-style-type: none"> • Ireland currently does not make use of interactive websites to engage with stakeholders, nor is it required to publish feedback on consultations. • Consultations and ex-post evaluations are not yet utilised on a systematic basis across all Government Departments 	<p>Introduce the 'Think Small First Principle' Undertake an evaluation of the current system and/or a performance reporting system could improve current consultation practices.</p> <p>Reduce the volume and improve the quality of legislation/ regulation applicable to SMEs.</p> <p>Set up a central oversight body to monitor and assess the quality of the Regulatory Impact Assessment process.</p>	1 year ongoing	<p>Undertake an evaluation of the new system every year to ensure that "Think Small First Principle" is being used.</p> <p>Set up a central oversight body to monitor and assess the quality of the Regulatory Impact Assessment process.</p>
1.11 School level – reform Leaving Cert.	<p>1.11.1 Introduce an emphasis on entrepreneurial behaviours such as teamwork, problem solving and risk taking into the Leaving Cert and a move away from learning by rote approach.</p>	<ul style="list-style-type: none"> • Stakeholder agreement to new curriculum • Design of new curriculum • Teaching and other resources 	<ul style="list-style-type: none"> • Good examples and data from other countries • Engagement by the business community 	<ul style="list-style-type: none"> • 1.5-10 years • 2.5-10 years • Ongoing 	<ol style="list-style-type: none"> 1. Implementation of new Leaving Certificate curriculum 2. Rebalancing of Leaving Cert subjects to contemporary STEM and IT
1.12 Third level – entrepreneurship education across all courses.	<p>1.12.1 Entrepreneurship module offered on all Third Level courses</p> <p>1.12.2 Internship placement programme to be offered on all Third Level courses</p>	<ul style="list-style-type: none"> • Move from traditional models • Appropriate teacher and funding resources • Availability of quality internship places 	<ul style="list-style-type: none"> • Good examples and data from other countries and existing courses offering entrepreneurship modules • Support from the business community 	2-3 years	<ol style="list-style-type: none"> 1. Availability of an optional entrepreneurship module on 90% of relevant third level courses 2. Availability of an optional internship placement with 90% of relevant third level courses

1. Entrepreneurship					
Recommendation	Key Actions	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
1.13 Third level – Entrepreneurship Apprenticeship / Internship programs.	1.13.1 Development of a 2 year structured Entrepreneurship Apprenticeship backed by the State.	<ul style="list-style-type: none"> Teaching and funding resources Availability of placements in businesses 	<ul style="list-style-type: none"> Business community support Communication of benefits to aspiring entrepreneurs 	2 years	Availability of an Entrepreneurship Apprenticeship.
1.14 Entrepreneur Level – single information source for entrepreneur educational resources and enhancement of educational offerings, including micro-credentials.	<p>1.14.1 Clear communication of existing education, training and development supports available for entrepreneurs and SME owners</p> <p>1.14.2 Enhancement of current education, training, and developmental offerings as appropriate to fill identified gaps</p> <p>1.14.3 Establish specific micro-credentials for entrepreneurs in finance, digitalisation, human resources, etc</p>	<ul style="list-style-type: none"> Clear mandate Resources 	<ul style="list-style-type: none"> Clearer communication to entrepreneurs and SME owners of what is currently available Development of additional / enhanced supports based on identified gaps and demonstrated need 	6 months	<ol style="list-style-type: none"> Clear online tool for accessing available education resources Measurable increased take-up of supports
1.15 Maximise the entrepreneurial potential of all demographic groups. Spotlight in particular those with untapped entrepreneurial potential e.g. women, returned emigrants, immigrants, youth, those aged 50+ and those living in rural environments.	<p>1.15.1 Higher rates of entrepreneurship by under-represented groups.</p> <p>1.15.2 Attract Irish citizens abroad and European citizens to Ireland to set up their entrepreneurial business</p> <p>1.15.3 Entrepreneurship Ambassadors</p>	<ul style="list-style-type: none"> Traditional communication channels may not work Resources Poor focus on role models in communications 	Government mandate	2-3 years, Ongoing	<ul style="list-style-type: none"> Increased inclusion of under-represented groups into entrepreneurship Improve ranking in ease to do business in Ireland
1.16 Easier SME access to government contracts.	1.16.1 Simple "Become a Supplier" button to register with for Government Departments and agencies.	<ul style="list-style-type: none"> Lack of urgency EU rules 	Clear government mandate	1 year	Ease of E-registering as a supplier with all government agency and department webpages.
1.17 Expand government's role in strategic procurement and evaluation of new innovations e.g. by expanding Small Business Innovation Research (SBIR) scheme.	1.17.1 Ensure all Government Departments, agencies and public bodies have a strategic and formally developed program for testing and evaluating new technologies and services	<ul style="list-style-type: none"> Resources Availability of high-quality projects 	Clear government mandate	2 years	<ul style="list-style-type: none"> Strategic procurement and innovation evaluation included in Programme for Government Doubling of the number of funded SBIR projects; more visibility of SBIR

1. Entrepreneurship						
Recommendation	Key Actions	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement	
1.18 Assist SMEs to win more public procurement contracts.	1.18.1 Provide supports and training to SMEs to enable them to compete effectively for public procurement contracts.	Lack of urgency	Clear government mandate	1 year	Widely available supports and training for SMEs offering skills and assistance relevant to securing public procurement contracts.	
1.19 Develop specific supports targeted at aiding very high potential businesses. Identify sectors and industries in which government actively seeks the creation of new companies by working with founders and capital providers.	1.19.1 Partnership with Strategic Entrepreneurship Ambassadors – an EU initiative to create a new advisory group of entrepreneurs from across Europe which will play the role of a sounding board 1.19.2 Creation of a clear strategy to target potential high growth companies including Tech Unicorn companies for advocacy and access to Policymakers 1.19.3 State investments in emerging unicorns and removal of barriers for growth 1.19.4 Encourage high potential entrepreneurs and their companies to remain domiciled in Ireland and attract potential unicorn creators to Ireland from abroad	<ul style="list-style-type: none"> Identifying early stage companies with highest growth potential Encouraging international tech teams to set up in Ireland Finance Resources State aid rules Identify sectors in which Irish companies can reasonably play and gain scale 	Return to the State in the form of jobs, international prestige, financial return, and the potential for seeding of new entrepreneurs.	3-5 years, Ongoing	A measurable increase in the number of internationally trading companies that scale significantly. Clear strategy and new supports.	
1.20 Broadband / 5G rollout	1.20.1 Appropriate roll-out of broadband and 5G.	<ul style="list-style-type: none"> Lack of incentive to rollout to remote areas Geopolitics of suppliers 	Political will to empower the regions and fill gaps in coverage in cities.	4 years	Broadband and 5G coverage in 95% of country by population.	
1.21 Digital tools for SMEs	1.21.1 Via the relevant agencies, provide expertise to SMEs in respect of digital tools that are available to grow their businesses 1.21.2 Facilitate SME to SME and Big Tech to SME collaboration on how digital tools can help SMEs grow	<ul style="list-style-type: none"> Clear mandate Resources 	Clear government mandate	2 years	<ol style="list-style-type: none"> Clearly identified government support to provide access to advice on digital tools for businesses Creation of a structure to facilitate collaboration by SMEs with other SMEs and Big Tech companies 	
1.22 Government bodies and agencies to embrace digitalisation in serving their clients.	1.22.1 Services to SMEs to be distributed via established social media platforms.	Poor understanding of technologies	Clear government mandate	2 years	Services accessible mobile online and on social media platforms.	

1. Entrepreneurship					
Recommendation	Key Actions	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
1.23 Government agencies to accept digital signatures in all cases.	1.23.1 Option for digital signatures for all government, agency and local authority contracts.	<ul style="list-style-type: none"> Lack of urgency Risk aversion Poor understanding of technologies 	Electronic Commerce Act 2000	1 years	Provision requiring options for digital signatures throughout State departments and agencies and at local authority level.
1.24 Identify emerging sectors for front loading regulation.	1.24.1 Ireland to lead drafting and adoption of EU Directives 1.24.2 Develop local enlightened regulation in strategically chosen sectors	<ul style="list-style-type: none"> Lack of understanding as to how embracing regulatory developments can create business opportunities Ensure Policy units in Government Departments have the skills to understand and evaluate the emergence and adoption of new technologies 	Communication of benefits	1-2 years	Creation of structured, targeted approach to being at the forefront of Regulation development.
1.25 Regulations should be created and administered in a manner that minimises obstacles for SMEs.	1.25.1 Introduce the 'Think Small First Principle,' which requires SMEs' interests to be taken into account at a very early stage of policy making 1.25.2 Ensure Government Departments and agencies adopt measures to avoid placing a disproportionate burden on small businesses	Lack of urgency	Creation of additional opportunities for SMEs.	1 year	1. Adoption of the 'Think Small First Principle' 2. Government measures to remove unnecessary regulatory barriers for SMEs

2. Productivity, Digitalisation and Competitiveness

Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
2.1 Reduce the administrative burden placed on SMEs and provide a streamlined and time-efficient process for SMEs to navigate and access national and European Union supports.	2.1.1 An improved governance model which ensures better enterprise agency coverage for all SMEs of all sizes and across all sectors.	1. Overlap with existing State agencies and initiatives; 2. Insufficient resources	1. Develop governance structure of current enterprise focused State agencies to generate a joined-up model.	Medium-term	Increase in the number of SMEs accessing State supports.
	2.1.2 Establishment of a Single SME Portal.	1. Insufficient resources	1. Build on existing platforms such as the Business Regulation website.	Short-term	Percentage of SMEs accessing supports through a central point per annum; Percentage of SMEs completing their digital passport per annum; Percentage of SMEs participating in mentoring programme.
	2.1.3 All Government Departments utilising SME Test.	1. Lack of awareness within Departments.	1. Driven by Government. 2. SME Test included as consideration on all Memorandums to Government relating to relevant legislation, programmes and initiatives.	Short-term	Increased productivity of Irish SMEs.

2. Productivity, Digitalisation and Competitiveness					
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
2.2 Develop a suite of coordinated supports to facilitate SMEs to strategically develop human capital to increase productivity and to boost their attractiveness to current and prospective employees.	2.2.1 Recommendations of Expert Group on Future Skills Needs in their 'Leading the Way' report implemented as priority, supported by: <ul style="list-style-type: none"> a tax credit scheme, or a similar incentive, for SMEs which retain personnel who can demonstrate completion of business, management and financial literacy educational course; a management skills training programme and certification scheme for SMEs, based on the Teagasc Specific Purpose Certificate in Farm Administration ('Green Cert'). 	1. Delayed implementation; 2. Inability to implement tax credit or similar incentive.	1. Implementation included in business plans of relevant Departments.	Medium-term and ongoing	Number of recommendations implemented per quarter; Number of SMEs availing of proposed tax credit.
	2.2.2 Online business productivity diagnostics tool.	1. Insufficient resources required to develop tool; 2. Overlap with current tools available.	1. Develop central source for all available diagnostic tools as an alternative approach.	Short-term	Percentage of SMEs utilising diagnostic tool; Percentage of SMEs subsequently accessing supports to improve their business productivity.
	2.2.3 Publication of National Strategy on flexible and remote working	1. Timeline to develop strategy.	1. An inter-departmental group had been set up to work on the Government's commitment to develop a strategy for remote working.	Medium-term	Number of SMEs capable of effectively working remotely.

2. Productivity, Digitalisation and Competitiveness					
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
2.3 Support the digital transformation of SMEs through a people-centred and financially accessible approach.	2.3.1 Existing digitalisation schemes extended and made available to indigenous, non-exporting SMEs.	1. Low uptake by SMEs	1. Drive awareness and promotion through diagnostics tool and Single SME Portal.	Short-term	Number of SMEs participating in schemes; Number of hours in digital training undertaken per annum; SME's online metrics e.g. website clicks.
	2.3.2 Implementation and uptake of a competitive digital transformation scheme.	1. Lack of available funding; 2. Low levels of uptake.	1. Build on schemes like the Lean offers from LEO/EI/IDA, the LEO 'Productivity Challenge' model to include industry partners (e.g. EI Microsoft scheme for start-ups) 2. Fully exploit synergies with the network of Digital Hubs announced in Budget 2021 to drive take-up of scheme at regional level. 3. Fully exploit synergies with Skillnet Ireland's Digital Nation scheme, due to be launched in H1 2021 and specifically focused on digital transformation for SMEs.	Medium-term	Number of applicants who undertake transformative digitalisation.
2.4 Support and recognise a broader understanding of innovation to incentivise increased investment in innovation.	2.4.1 Qualification requirements of the R&D tax credit include 'process innovation' and 'organisation innovation'.	1. Lack of agreement from Revenue to revise R&D tax credit.	1. Consider alternative tax scheme for 'process innovation' and 'organisation innovation'.	Medium-term	Percentage increase in SMEs availing of R&D tax credit; Productivity measurements.
	2.4.2 Promote the use of the ISO 56000 Innovation Management Standards.	1. Requirement to adapt ISO 56000 for SMEs; and 2. Insufficient resources to promote and educate.	1. Promote through existing State resources e.g. Enterprise Ireland and the LEOs.	Short-term	Number of SMEs adopting and implementing Standard per annum.

2. Productivity, Digitalisation and Competitiveness

Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
2.5 Support SMEs to become increasingly financially resilient and enable better access to finance.	2.5.1 Improved financial resilience among SMEs.	1. Lack of incentive for SMEs to utilise fund.	1. Generate awareness campaign and promote benefits of the fund	Medium-term	Number of SMEs utilising actively building financial resilience.
	2.5.2 Improved awareness and understanding of the current State-led financial supports review.	1. Continued low uptake of schemes.	1. Carry out review (action below)	Short-term	Percentage increase in uptake of schemes.
	2.5.3 Review of current State-led financial support schemes.	1. Delay in undertaking review	1. Review included in business plan of relevant Department	Medium-term	Percentage increase in uptake of schemes.
	2.5.4 Evaluation the effectiveness of existing tax incentive schemes aimed at increasing equity investment.	1. Delay in undertaking evaluation.	1. Review included in business plan of relevant Department	Medium-term	Completed evaluation with recommendations; Percentage of taxpaying SMEs availing of one of the schemes.
2.6 Support business longevity and increase SME competitiveness by maintaining business costs at sustainable levels.	2.6.1 Publication of SME Cost Index.	1. Lack of available data to develop index.	1. CSO to begin collection of required data.	Medium-term	SME Cost Index utilised as evidence base for policy making.
	2.6.2 Support ongoing review of the insurance market to ensure access to insurance for SMEs at a sustainable cost.				
	2.6.3 Implementation of National Competitiveness Council recommendations which relate to SMEs.	1. Delay in implementation 2. Lack of resources to implement recommendation.	1. Implementation included in business plan of relevant Department.	Medium-term	Number of recommendations implemented per quarter.
	2.6.4 Level playing field between SMEs and MNCs to attract and retain staff.	1. Lack of agreement to extend current schemes to SMEs.	1. Exploration of other financial supports to address wage costs.	Medium-term	Increased staff mobility and talent retention among SMEs.

3. Internationalisation					
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>3.1 Develop and implement a holistic policy approach that supports SMEs of all sizes at all stages of their export journey across all regions in Ireland.</p>	<p>3.1.1 Map the stages, and the key requirements for each stage, of the 'Exporter Journey' for Micro, Small and Medium size enterprises, including public and private sector sources of support and advice". Develop a Scorecard to enable companies understand their readiness to export or increase export intensity. Output from the Scorecard should point to specific recommendations as to the steps the company should take.</p>	<ul style="list-style-type: none"> Agreed approach between relevant agencies, including EI, LEOs, ITI, Bord Bia, Bord Iascaigh Mhara Resources to complete detailed mapping 	<ul style="list-style-type: none"> Partnership between existing organisations Provision of additional resources and funding as required 	6 months	<p>Completion of mapping of exporter journey with key requirements for each stage.</p> <p>Revision and extending of exporter scorecard.</p>
	<p>3.1.2 Develop a holistic approach to programme design and delivery, and financial supports, at both company and national level that ensures a clear pathway for current and potential exporting SMEs of all sizes, including micros, through all stages of the journey to exporter.</p>	<ul style="list-style-type: none"> Cost Resources Agreed approach between relevant agencies, including EI, LEOs, ITI, Bord Bia, Bord Iascaigh Mhara 	<ul style="list-style-type: none"> Pilot to shape and develop approach and scope overall resourcing requirement Single Owner to drive Exports Partnership between current organisations on programme delivery Provision of additional resources and funding as required 	1 year	<p>Implementation of holistic approach to programme design and delivery covering all SMEs from micro up.</p>

3. Internationalisation					
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>3.1 Develop and implement a holistic policy approach that supports SMEs of all sizes at all stages of their export journey across all regions in Ireland.</p>	<p>3.1.3 Support companies in a holistic way to build the capability and capacity to meet the key requirements at each stage, by combining all supports (current and new) into one offering at regional level for each stage of the Journey. The most significant of these requirements are:</p> <p>A. Ability to access capital including credit facilities, equity investment and loans (consider national level PE type funding with long horizon, state backed loans)</p> <p>B. Capability and capacity for Market Research and Development to develop and implement market entry strategies</p> <p>C. Capability and capacity for Product Development, IP and Licensing to ensure products match specific market needs and will be competitive and protected,</p> <p>D. Capability to adopt and implement Lean Process and thinking in all aspects of the business</p> <p>E. Ability to identify appropriate skills development and mentoring opportunities</p>	<ul style="list-style-type: none"> Agreed approach between relevant agencies, including EI, LEOs, ITI, Bord Bia, Bord Iascaigh Mhara Resources Availability of capital for lending 	<ul style="list-style-type: none"> Pilot to shape and develop approach and scope overall resourcing requirement Partnership between current organisations on programme delivery Provision of additional resources and funding as required 	1 year	Availability of programme that fully encompasses points a – e across at each stage of the exporter journey.
	<p>3.1.4 Consolidate the information on the Export Journey and the supports into a dedicated Exporters' Portal for SMEs.</p>	<ul style="list-style-type: none"> Resources Provision of updated information Portal difficult to navigate 	<ul style="list-style-type: none"> Identification of portal coordinator Research best-practice examples System for provision of regular updates, including user-generated data 	1 year	SME exporter portal is live.

3. Internationalisation					
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>3.2 Regionally implement a tiered approach to support offerings to reflect the evolving needs and potential of SMEs at different stages of the export Journey</p>	<p>3.2.1 Drive Micro and Start-up companies to take the first steps on the Export Journey and capitalise on export opportunities</p> <ul style="list-style-type: none"> Enable 3,000 Micro and start up enterprises to become Digital Exporters and to take advantage of export opportunities, mainly through aggressive targeting by the LEOs of a new Digital Exporter Voucher scheme which should include advice and support on integrating digital tools, digital skills training support, digital marketing and offer a higher grant aid percentage Provide Digital skills support (people, consultants etc) in the LEOs and build support and peer-led networks to help drive and embed the transition to digital Review all current supports to Micro and start up enterprises from EI, LEOs and InterTrade Ireland and develop a new holistic offer combining all elements required to start and be successful on the Export Journey. Get 500 existing Micro enterprises and 500 High potential start up enterprises on that Journey. Review all evaluation models available and combine the best into one holistic model 	<ul style="list-style-type: none"> Resources already stretched in LEOs and EI Agency skill sets Lack of interest/awareness from micros Could be difficult and time-consuming to create bespoke holistic offer for micros 	<ul style="list-style-type: none"> Provision of additional resources and funding as required Expansion of Digital Online Voucher to new Digital Exporter Voucher to include all aspects of digital trading and digital skills courses EI to lead and secure adequate resourcing for LEOs and EI to aggressively target the high potential companies Opportunity for LEOs to tailor some existing EI and ITI supports for a new offering for micros 	5 years	<p>3,000 more micros digitally enabled to take advantage of export opportunities</p> <p>500 micro enterprises and 500 HPSU's having availed of the new holistic offering, to have started on the Export Journey (exporting to a least one country).</p>
	<p>3.2.2 Get 2,000 additional SMEs on the Export Journey and accelerate the export market diversification of 750 existing exporters, with a small number of new holistic offering(s) in line with the EI EuroZone Start programme and complemented with bespoke consulting support. This offering(s) should replace a number of the smaller schemes currently available.</p>	<ul style="list-style-type: none"> Resources Lack of interest/awareness Perception that programme too time-intensive 	<ul style="list-style-type: none"> Provision of additional resources and funding as required Research best-practice examples Effective targeting of companies with ambition and potential 	5 years	<p>1,000 new SMEs (greater than 10 employees) exporting.</p> <p>400 Exporters adding at least one new export market.</p>

3. Internationalisation

Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>3.2 Regionally implement a tiered approach to support offerings to reflect the evolving needs and potential of SMEs at different stages of the export Journey.</p>	<p>3.2.3 Identify 100 High Growth Exporters (from the 2,000 above) and support them on the Export Journey with an intensive strategic programme, which has a bespoke element, that will build significant capability to drive double digit export growth for the SME.</p>	<ul style="list-style-type: none"> Lack of interest/awareness Perception that programme too time-intensive 	<ul style="list-style-type: none"> Research best-practice examples Effective advertising campaign 	5 years	100 HGE's having availed of the new intensive strategic programme and on a high export growth trajectory.
	<p>3.2.4 Develop tailored supports for digital exports as opposed to physical exports, including: support and advice using digital infrastructure tools; boosting digital skills readiness through access to training; access to advice and tools to navigate regulatory, tax and legal frameworks; and partnerships with trade bodies and large companies to encourage and support digitally-enabled businesses to export; e-commerce reference architecture.</p>	<ul style="list-style-type: none"> Resources Identification of needs of 'digital' exporters 	<ul style="list-style-type: none"> Conduct survey to identify desired supports 	1-2 years	Bespoke supports package identified and marketed at digital exporters.

3. Internationalisation							
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement		
3.3 Develop sector-specific policy measures within an overall framework to support exporters.	3.3.1 Develop sectoral Export Guides that address internationalisation challenges, supported by relevant case studies. The sectoral Export Guides should include (but not limited to) market knowledge, system requirements, links with agents, distributors and other key players in the export markets, setting up subsidiaries, recruiting and retaining talent, employment law and cultural considerations, compliance and regulatory requirements.	<ul style="list-style-type: none"> Resources Maintenance of up-to-date, accurate information Knowledge of specific markets 	Provision of additional resources and funding as required. Compilation of detailed sectoral information through regular engagement with active exporters, international business networks.	1 year for key export sectors 2 years for smaller and emerging sectors	Sectoral guides fully completed and available.		
	3.3.2 Develop sector-specific networks and communities to enable data gathering, shared learning and mentoring for exporting, identification of successful SMEs to act as sectoral champions, and to keep the Export Guide up to date.	<ul style="list-style-type: none"> Resources to set up networks Lack of buy-in from SME community 	Provision of additional resources and funding as required Ensure networks are business-led	1 year for key export sectors 2 years for smaller and emerging sectors	Sector-specific networks are operational. Sectoral champions identified and engaged.		
	3.3.3 Use the Exporters' Portal to increase knowledge of challenges for specific sectors and markets and direct SMEs to specific sources of support, such as networks and information on technology.	<ul style="list-style-type: none"> Establish owner of portal Provision of up-to-date information 	<ul style="list-style-type: none"> System for provision of regular updates 	1-2 years	SME portal is live and guides users towards sector specific support.		

3. Internationalisation					
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>3.4 Create the broader conditions for exporters to succeed.</p>	<p>3.4.1 Explore new ways to motivate, incentivise and de-risk the Exporter Journey for SME. These include:</p> <p>I. Facilitating more trade missions (including virtual trade missions) with industry sector groups to enable peer-to-peer learning.</p> <p>II. Harness and share the learning from businesses changing their export strategies following Brexit</p> <p>III. Options for financial de-risking the export journey for SMEs, including through tax deductions on eligible expenses for international market expansion and investment development activities</p> <p>IV. Introduce a State-backed export credit insurance scheme</p> <p>V. Establishing dedicated investment and financing facilities for all SMEs with export ambitions with tax breaks to incentivise investment similar to those under the current Employment Incentive and Investment Scheme;</p> <p>VI. A lower rate of CGT on partial exits linked to external investment.</p> <p>VII. ensure that programmes use SME performance data to allow them to adapt and improve decision-making by future SMEs.</p> <p>VIII. Fully exploit the potential for companies through the European Enterprise Network (EEN) where appropriate.</p>	<ul style="list-style-type: none"> Resources Buy-in from industry groups Lack of awareness Possible State Aid restrictions Risk of financially supporting non-viable companies Negative public perception of tax incentives for businesses Government agreement Resources Lending funds 	<ul style="list-style-type: none"> Effective promotion of events Virtual events save time and money Rigorous application criteria Provision of additional resources and funding as required 	1 year	Options have been explored.

3. Internationalisation						
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement	
3.4 Create the broader conditions for exporters to succeed.	3.4.2 Consider all routes to creating exporters, including <ol style="list-style-type: none"> I. Continued focus on exploiting synergies with MNCs II. Facilitate those exporting indirect through MNCs to expand to include direct exporting III. Import substitution as a means of enabling exporting SMEs IV. New ways of facilitating partnering with external bodies such as trade organisations 	<ul style="list-style-type: none"> • Buy-in from MNCs Resources 	<ul style="list-style-type: none"> • Close cooperation between EI and IDA to facilitate linkages between MNCs and SMEs • Research • Awareness-raising 	1 year	Options have been explored.	
	3.4.3 Encourage the use of standards and certification by SMEs of all sizes, as a means of increasing quality management and innovation practices, and facilitating trade across borders.	<ul style="list-style-type: none"> • Low uptake of standards by SMEs due to lack of awareness or interest 	<ul style="list-style-type: none"> • Promotion of standards uptake by NSAI in collaboration with other stakeholders, such as the LEOs. 			Greater uptake of standards by SMEs.

4. Clustering & Networks

Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>4.1 Establish a government programme that supports and provides funding to formal business network and cluster management organisations across Ireland which will establish standard quality criteria and standardisation of funding structures, while also increasing the visibility of existing networks and clusters and state- funded programmes.</p>	<p>4.1.1 The creation of a coordinated Government network and cluster programme. This process will be a long-term collaboration between State Agencies, regional policy makers and private business.</p>	<p>Significant, dedicated resource requirement to create and sustain. Potential duplication with existing networks and clusters.</p>	<p>In order to ensure timely and effective delivery of a coordinated approach it may fit best within an existing structure, such as a unit in DETE or in one of its agencies. The creation of this programme is to be informed by the analysis proposed in Recommendation 2 and international best practice in network and cluster policy.</p>	<p>The National cluster programme would be informed by the proposed review of current cluster/network activity and policies. It is envisaged that this programme would be operational in the short-medium term (1-3 years).</p>	<p>To be successful this programme will have measurable targets embedded within its organisation such as number of network and clusters created, the growth of existing network and clusters and policy analysis of network and cluster assistance offered through this programme.</p>
<p>4.2 Perform an analysis of existing network and clustering programmes in Ireland, identifying good practice and gaps, in order to inform the development of a national network and cluster programme.</p>	<p>4.2.1 The completion of a review of network and cluster supports and structures, which in addition to mapping the current proliferation of networks and clusters, will identify their relative effectiveness and efficiency, including operational and management strengths and shortcomings.</p>	<p>Availability of and access to the necessary data to conduct such an analysis may be challenging.</p>	<p>The task of completing the review is undertaken by an entity with expertise in policy evaluation – e.g. IGEEES, OECD. By involving stakeholders in the private and public sector in the process, the State agencies can gain access to useful data.</p>	<p>It is proposed that this analysis will be completed in the short term (within the next 12 months).</p>	<p>This recommendation will be a success if it is completed in the short term and the report is used to inform the creation of a national network and cluster programme.</p>

4. Clustering & Networks					
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>4.3 Create a central communication platform that offers an overview of the network and cluster landscape in Ireland and increases the visibility of network and cluster assistance that is available.</p>	<p>4.3.1 The goal of this portal is to:</p> <ul style="list-style-type: none"> • Provide a platform that gives an overview of national and international support programmes for networks and clusters in general. • Promote existing enterprise-led networks by showing clusters by specific regions and sector • Make visible Irish business networks abroad with the aim of promoting the internationalisation of networks and clusters. 	<p>Identification of resources for creation and update of this information portal. Requirement for portal to be interactive to optimise effectiveness and engagement with companies – e.g. with dedicated resources to engage directly with companies/ respond to queries.</p>	<p>A similar website was created in Germany by the Federal Ministry for Economic Affairs and Energy and the Federal Ministry of Education and Research. A similar approach in Ireland could see collaboration between DETE and the Department of Further and Higher Education, Research, Innovation and Science. Alternatively, the operation of the website may come under the remit of the centralised Government programme for networks and clusters proposed in Recommendation 1.</p>	<p>The creation of a central communication platform is a relatively low-cost way of increasing cluster/network visibility. Consequently, an initial website could be operational in the next 6-9 months. The further development of an interactive information portal would then come under the remit of the centralised Government programme for networks and clusters in the medium term (1-3 years).</p>	<p>The success of the website will be reviewed using metrics such as site visits and engagements. Additionally, network and cluster managers will be asked for regular feedback on the site's functions and recommendations for improvements.</p>

4. Clustering & Networks

Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>4.4 Help professionalise clusters and network management to improve the effectiveness of their management processes in order to increase the quality of services they offer to their members.</p>	<p>4.4.1 Development of state-funded assistance to specifically improve the management processes of network and clusters.</p> <p>4.4.2 Additionally, assistance could be offered to clusters with the direct aim of helping them achieve the ECEI quality label.</p> <p>4.4.3 More support being given to companies to develop network and cluster contracts that define the governance, goals and liabilities of an enterprise network.</p> <p>4.4.4 Create a legal framework for networks and clusters to establish network and cluster contracts.</p>	<p>Working out the design and defining measurements for success may prove difficult. It is important to ensure the legal framework is designed efficiently and adds value to the Irish economy.</p>	<p>European clusters that have achieved the gold quality label will be consulted on how best to achieve professionalisation. Adaptation of existing education and training programmes on management development (Skills to Advance). Funding for professionalisation could be delivered through centralised Government programme for networks and clusters proposed in Recommendation 1 and promoted on the website proposed in Recommendation 3. International best practice on network/cluster contract design will be followed. An examination of the introduction of network contracts in Italy is recommended. This allowed for the formation of business networks called “network clusters” and provided a legal basis for companies to establish collaborations.</p>	<p>Due to the increased economic benefit improving cluster management will bring it is envisioned that these supports will be designed and implemented in the short/ medium term (next 1-3 years). Creating a legal framework for networks is cost effective, defines objectives and reduces perceived risk to firms of being part of a network. Consequently, a framework will be designed and implemented in the short term (1-2 years).</p>	<p>Measurable metrics will include networks and cluster growth, exports and collaborations. Measurable targets will also be included to improve the quality of policies to increase achievement of ECEI labels i.e. for Ireland to have a specific number of bronze clusters by 2022, a specific number of silver clusters by 2024 and a specific number of gold clusters by 2026. Measurable targets could be included to ensure contract formation is promoted i.e. achievement of a targeted number of contracts over a set time period (to 2030). Review of the performance of networks and clusters who sign contracts and those that don't should be built into the process to examine the additionality of the policy.</p>

4. Clustering & Networks					
Recommendation	Key Deliverables	Barriers/Challenges to delivery	Mitigation/Reduction/Removal of Barriers/Challenges	Timeline	Measurement
<p>4.5 Funding to be provided to support the development of a "National Climate Cluster" of Irish SMEs, research institutions, larger enterprises and other interested parties who are focused on innovating and internationalisation of products and services for the low-carbon global economy.</p>	<p>4.5.1 The creation of a green industry cluster that receives government funding and aims to increase the connectivity and engagement of Irish owned SMEs, research institutions, larger enterprises and other interested parties working in the green industry to strengthen their productivity, competitiveness and ability to internationalise.</p>	<p>In practice this cluster may not be as effective as hoped. Processing and distributing funding may be burdensome. The cluster may overlap with networks and clusters already in existence (i.e. is it needed?).</p>	<p>International best practice and conclusions from the analysis proposed in Recommendation 1 will guide how this cluster is funded. The performance of the cluster will come under continuous review with regular consultation between cluster management and state agencies. The process of mapping existing clusters and networks will decide whether this cluster is needed or how what already exists can be incorporated in its design.</p>	<p>Climate action is a priority and consequently we envisage groundwork to initiate this cluster taking place in the next 12 months. This could involve establishing a competitive funding structure (similar to the one used by the Regional Technology Cluster Fund) in 2021 that issues a targeted call for interested parties. The cluster will be subsequently developed over the next 2 years, benefiting from the establishment of the other structures suggested in recommendations 1-4. Following its creation, we expect similar clusters to be established in other pressing and emerging industries in the medium term (2 years) and beyond.</p>	<p>Groundwork to establish a national climate cluster has been laid by the end of 2021. Metrics to measure the cluster's performance will include cluster growth, number of collaborations within the cluster, review of training programmes offered by the cluster and financial reviews to ensure funding is being used appropriately.</p>

Appendix 2:

Members of the Taskforce

Leo Varadkar, T.D.	Tánaiste and Minister for Enterprise, Trade and Employment
Damien English, T.D.	Minister of State for Employment Affairs and Retail Businesses
Robert Troy, T.D.	Minister of State for Trade Promotion
Kevin Buckley	CEO, Spearline, Skibbereen, Cork
Cllr Seamus Butler	Managing Director, BMS
DC Cahalane	CEO, Republic of Work, Cork
Brian Caulfield	Venture Partner, Draper Esprit
Alison Cowzer	Founder, East Coast Bakehouse
John Cunningham	Commercial Director, Morgan McKinley recruitment group
Elaina Fitzgerald	Director, Fitzgeralds House Hotel and Spa
Paula Fitzsimons	Going for Growth Initiative
Thia Hennessy	Dean, School of Business, UCC
Linda Murray	Founder, Play Activity and Leisure Ireland
Ciaran Murtagh	MD, Shay Murtagh Precast Concrete
Philip Noone	Founder and CEO, Aalto Bio
Oonagh O'Hagan	MD, Meaghers Pharmacy
Gina Quin	President, National College of Ireland
Helen Ryan	Former CEO Creaganna Medical, strategic advisor to Atlantic Bridge Ventures on University Bridge Fund
Oliver Tattan	Experienced Entrepreneur, and angel investor
Tom McDonnell	ICTU nominee
Julie Sinnamon	CEO, Enterprise Ireland
Danny McCoy	CEO, Ibec
Neil McDonnell	CEO, ISME
Sven Spollen-Behrens	CEO, SFA
Ian Talbot	CEO, Chambers Ireland

Secretariat (Department of Enterprise, Trade and Employment)

Declan Hughes, Conor Verdon, Ciarán McLoughlin, Laura Byrne, Hazel Carroll, Hilary Burke.

Members of the Subgroups

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Chair: Oliver Tattan

Members:

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- DC Cahalane
- Gina Quin
- Linda Murray
- Elizabeth Bowen
- Jenny Melia
- Oonagh O'Hagan
- Paula Fitzsimons

Rapporteur: Donal Leahy

Clustering and Networks

Chair: Kevin Buckley

Members:

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- John Cunningham
- Paula Fitzsimons
- Geraldine Lavin
- Carol Gibbons

Rapporteur: Liam Wallace

Productivity, Digitalisation and Competitiveness

Chair: Thia Hennessy

Members:

- Ciarán Murtagh
- Elaina Fitzgerald
- Ian Talbot
- Neil McDonnell
- Geraldine Magnier
- Ruairi Ó hAilín
- Kathryn Lynch
- Liz Thomas
- Derek Butler

Rapporteur: Sarah Henry

Internationalisation

Chair: Helen Ryan

Members:

- Brian Caulfield
- Seamus Butler
- Phillip Noone
- Fredericka Sheppard
- Tom Cusack
- Mark Barry

Rapporteur: Ciarán McLoughlin

Appendix 3: Submissions Received

Paypal

Dublin Chamber

Chambers Ireland

Orbital Group

SME Recovery Ireland

VISA Ireland

ACCA Ireland

Department of Rural and Community Development

National Standards Authority of Ireland

AIB Merchant Services

Limerick County and City Council

