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AccelerateGDT

ACCELERATE GDT will reinvent national and regional cluster policies to support the twin green and digital transitions and SMEs competitiveness.



An interregional cooperation project
improving **SME competitiveness** policies

CLUSTER ECOSYSTEM ANALYSIS

A CASE STUDY ANALYSIS OF THE CLUSTERING ECOSYSTEM IN IRELAND

Irish Partner

Project Partner: Munster Technological University



Associate Policy Partner

Department of Enterprise Trade and Employment



An Roinn Fiontar,
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Introduction	- 2 -
<i>ACCELERATE GDT Project Partners</i>	- 2 -
<i>Ireland</i>	- 3 -
Landscape and Background of Clusters in Ireland	- 4 -
<i>Analysis of Irish Cluster Organisations</i>	- 4 -
<i>Industrial Structure</i>	- 6 -
<i>Demographic Structure</i>	- 6 -
<i>Technological Profile</i>	- 7 -
State / Regional Supports for Clustering	- 8 -
<i>Regional Technology Cluster Fund (RTCF)</i>	- 9 -
<i>Regional Enterprise Development Fund (REDF)</i>	- 10 -
<i>Regional Enterprise Transition Scheme (RETS)</i>	- 11 -
<i>Border Enterprise Development Fund (BEDF)</i>	- 12 -
<i>InterTradelreland – Synergy</i>	- 13 -
<i>Smart Regions Enterprise Innovation Scheme</i>	- 15 -
CONCLUSIONS – GOALS FOR POLICY LEARNING.....	- 17 -
1) <i>Clarity on Clustering in Ireland</i>	- 17 -
2) <i>Policy Development, Implementation & Funding</i>	- 17 -
3) <i>Career Progression and Development of Cluster Professionals</i>	- 19 -
<i>Final thoughts</i>	- 20 -
<i>For Further Information</i>	- 21 -

INTRODUCTION

ACCELERATE GDT brings together 7 European partners to accelerate the twin green and digital transitions by aligning supports into regional and national cluster policies, which will in turn raise SME competitiveness, build regional resilience, increase shared value, and boost recovery across Europe. The project runs from 1st March 2023 to the 31st of May 2027.

Clusters are a central feature in the European Commissions' competitiveness and Smart Specialisation strategies (DG Research, 2019). The European Expert Group on clusters found that clusters have a pivotal role in accelerating the twin green and digital transition (GDT), building resilience, and boosting recovery. During the Covid-19 pandemic, clusters demonstrated the capacity to drive change and make European value chains more resilient. Clusters can reach European firms quickly, especially SMEs and improve their innovation potential, technological uptake, skills and internationalisation.

The EU Green Deal's aim is a clean, circular, and climate neutral economy for European industry and society. Clusters can accelerate this transition towards a green economy, by identifying and supporting their members' access to green technologies, innovation, business solutions, dedicated funding and markets, and thus facilitate the green transition.

Digital solutions and the data-based economy are transforming industry and society, and the COVID-19 crisis has further accelerated this need. The EC (2021, p.14) suggests that the "digital transition requires the uptake of solutions by virtually all businesses. The transformation generates new competitive fields as it brings in new opportunities and new ways to create value." Laggards who do not develop digital components in their business model are certain to fall behind in competitiveness and growth.

ACCELERATE GDT PROJECT PARTNERS



IRELAND

Munster Technological University is the Lead and Irish Partner in the ACCELERATE GDT consortium.

Capital: Dublin

Size: 84,421 sq. km²

Population: 5,123,536 (2022 Census)

National GDP: €423.5 billion (2021 IMF)

GDP per capita: €70,530 (2021 Eurostat)

% of Unemployment: 5.6% (2021 September)



Ireland is a parliamentary republic consisting of 26 counties. The head of government - the prime minister - is appointed by the president after nomination by the Lower House (Dail) and exercises executive power. The head of state - the president - mostly has ceremonial powers.

The most important sectors of Ireland's economy in 2020 were manufacturing (38.3%), information and communication (17.4%) and public administration, defence, education, human health and social work activities (10.5%).

Intra-EU trade accounts for 41% of Ireland's exports (Belgium and Germany 11%), while outside the EU 30% go to the United States and 9% to the United Kingdom.

In terms of imports, 38% come from EU Member States (France 11% and Germany 9%), while outside the EU 27% come from the United Kingdom and 13% from United States.

Economies around the world are currently navigating a period described variously as an era of 'turbulence' (Ansell et al., 2020), 'polycrisis' (Tooze, 2021), or 'interconnected megathreats' (Roubini, 2023). In Ireland, it has been acknowledged that we are now living in a more shock-prone world (Government of Ireland, 2022¹). Ireland's economic history is a story of flux. From independence to today, the State has moved through economic and social peaks and troughs, in the context of shifting economic approaches. From fiscal conservatism to protectionism, outward orientation, deficit-financed expenditure, 'bubble and bust', and to embracing innovation, investment, globalisation, and competitiveness – Ireland has lived through a century of great change. During the most challenging periods, the State has taken the time to 'lift its head' from the day-to-day, short-term work and immediate policy responses in order to reflect on the dynamics of the world around us, and has been prepared to change and adapt its economic approach accordingly.

¹ As part of the National Risk Assessment process, the Government has published a list of proposed strategic risks for 2023, prepared following initial engagement with Government Departments and other relevant public bodies.

LANDSCAPE AND BACKGROUND OF CLUSTERS IN IRELAND

Recent national enterprise and economic policies (including Enterprise 2025²), Future Jobs Ireland³, and the Economic Recovery Plan⁴) have recognised the potential of collaboration and clustering to support enterprise competitiveness, internationalisation, and productivity to secure long-lasting stable jobs and growth. Ireland's current enterprise support framework promotes collaboration, clustering and linkages between enterprises and Higher Education Institutions (HEIs). However, state supports for such initiatives currently operate through a range of innovation, rural regeneration, and enterprise policy interventions rather than through a single or coordinated cluster policy framework. As such, the Department of Enterprise, Trade and Employment is developing a National Clustering Policy and Framework, to ensure a strong impact from existing and future clusters in Ireland.

The vision for clusters and cluster policy in Ireland is to develop a centrally coordinated, concentrated ecosystem of excellent clusters and supportive cluster organisations that are internationally competitive and have a positive impact on national financial, social and knowledge economies and sustainable development. Furthermore, it is intended that a future cluster policy will be in full alignment with the national enterprise policy and will bring added value to Ireland's existing enterprise support framework.

The information gathered in this report was supported by secondary, desk-based research to make an assessment of the current cluster landscape in Ireland – two reports played a key role in its development, Grant Thornton (2023)⁵ and Hobbs, Doyle, Magennis and Barry (2022)⁶.

ANALYSIS OF IRISH CLUSTER ORGANISATIONS

A Cluster Mapping Exercise undertaken by Grant Thornton (2023) identified 45 self-described cluster organisations operating across Ireland. The information included in this report was self-reported by the organisations identified and was gathered via a 'cluster organisation survey' organised by Grant Thornton which closed in March 2022.

Grant Thornton endeavoured to identify a full list of cluster organisations operating in Ireland, they do acknowledge that the cluster organisation survey is not all encompassing. All 45 self-identified cluster organisations were invited to complete a cluster organisation survey. This survey aimed to gather insights across several areas including, but not limited to:

- Geographic location of cluster organisation;
- Sectoral focus of cluster organisation;

² Department of Business, Enterprise and Innovation (2018) Enterprise 2025 Renewed: Building resilience in the face of global challenges.

³ Department of Business, Enterprise and Innovation (2019) Future Jobs Ireland 2019: Preparing Now for Tomorrow's Economy.

⁴ Department of the Taoiseach (2021) Economic Recovery Plan 2021.

⁵ [Development of an Evidence Base to Support the Development of a National Clustering Policy and Framework, Grant Thornton, 2023.](#)

⁶ [Clustering on the Island of Ireland: A Gap Analysis. Published by InterTradeIreland, January 2022 and compiled by Dr John Hobbs, Professor Eleanor Doyle, Dr Eoin Magennis and Clodagh Barry.](#)

- The existence of a formal strategy/strategic plan;
- Scope of cluster organisation (local, regional, national, all-island);
- Critical mass of the cluster organisation (the number of current members as well as the relative % of SMEs, large organisations and academic/research and innovation partners);
- The management of the cluster organisation (including the recruitment of a cluster manager and management/support team);
- Governance arrangements;
- Legal form;
- Funding model; and
- Programmes delivered by the cluster organisation.

A total of 33 cluster organisations responded to the cluster organisation survey. Based on the information gathered, and additional desk research, plus testimony gathered during stakeholder consultations, Grant Thornton (2023) concluded that based on international best practices and definitions there is a total of 19 cluster organisations operating in Ireland. Of the original 45 self-identified cluster organisations, Grant Thornton reclassified 2 organisations as ‘Technology Gateway Consortiums,’ 17 organisations as ‘networks,’ 5 organisations as industry associations and the final 2 organisations as ‘specialisms.’

Of the 19 identified organisations as ‘clusters’ by Grant Thornton (2023), 15 were funded by Enterprise Ireland under financial support programmes for ‘clusters’ (12 under the [RTCF](#) programme and 3 under the [REDF](#)), 1 was funded by the Department of the Environment and 3 were funded by InterTradeIreland. If these 19 are considered, some would not align with other metrics across the EU where the classification of a cluster is linked to the legal form of the organisation, its membership size, membership fees and activities/initiatives which the organisation undertakes or provides for members and the overall ecosystem. Therefore, the numbers of ‘clusters’ identified by Grant Thornton (2023) is most likely overstated for Ireland.

The dominant themes identified by the Grant Thornton (2023) mapping exercise are highlighted below.

- Formal strategy/strategic plan | Approximately 78% of cluster organisations reported having a formal strategy in place.
- Maturity | 89% of cluster organisations have been established for less than five years.
- Scope | 53% of cluster organisations reported to have a regional remit; 42% a national remit, and 5% having an All-Island (cross-border) remit.
- Critical mass | 52% of cluster organisations reported having a membership of less than 25, with 21% having an active membership of over 100. Most cluster organisations are significantly or exclusively focused on SME companies. Only 33% of survey respondents have large companies within their membership profile.
- The management of the cluster organisation | 63% of cluster organisations are staffed by only one fulltime employee, while 16% had two or more full-time employees.
- Legal form | The majority of Irish cluster organisations are established with no legal basis (68%). This is followed by Non-Profit (5%), and Public Entity (5%).

INDUSTRIAL STRUCTURE

In terms of the industrial structure or composition of Ireland's economic activity manufacturing is a central pillar of the Irish economy employing over 227,000 people with 85% of that employment outside Dublin. Ireland has successfully established a global reputation in manufacturing sectors such as Pharmaceuticals and Chemicals, Food and Drink, Medical Devices, Computers and Electronics, and Engineering.

In terms of the 19 clusters' identified by Grant Thornton (2023) they include activities in the following areas:

Advanced Manufacturing Technology (4 Clusters); Agriculture Technology; Aviation and Aerospace; Circular Economy; Construction; Cyber Security; Digital Health and Medical Technologies (3 Clusters); Engineering (3 Clusters); Financial Services; Information Communication Technologies; Maritime and Wood Manufacturing.

DEMOGRAPHIC STRUCTURE

The demographic structure of the cluster population across Ireland is quite dispersed, and this relates to government regional policy and funding available through Enterprise Ireland supports at a regional level.

For the 19 clusters identified by Grant Thornton (2023) they are located all across the Island of Ireland.

- [Advanced Technologies in Manufacturing Cluster \(ATIM\)](#) - TU Shannon
- [AgriTech Ireland](#) - Munster Technological University (MTU)
- [Border Regions Manufacturing Cluster](#) - Atlantic Technological University (ATU)
- [Circular Bio Economy Cluster South West](#) - Munster Technological University (MTU)
- [Connected Health & Wellbeing Industry Cluster](#) - Dundalk IT
- [Construction Cluster Ireland](#) - TU Dublin
- [Cyber Ireland](#) - Munster Technological University (MTU)
- [Engineering the South East](#) - IT Carlow
- [IDEAM \(Irish Digital Engineering and Advanced Manufacturing\) Cluster](#) - TU Shannon
- [Killybegs Marine Cluster](#) - Atlantic Technological University (ATU)
- [Digital Health Cluster](#) - Atlantic Technological University
- [Wood and Furniture Manufacturing Cluster](#) - Atlantic Technological University
- [Emerald Aero Cluster](#) - Limerick
- [Geoscience Ireland Cluster](#) - Dublin
- [it@Cork Cluster](#) - Cork
- [LINC engineering Network Cluster](#) – Limerick / Cork
- [Makers Alliance Cluster](#) – Northern Ireland
- [The Fintech Corridor](#) – Dublin / Belfast
- [Atlantic MedTech cluster](#) – North-West Ireland

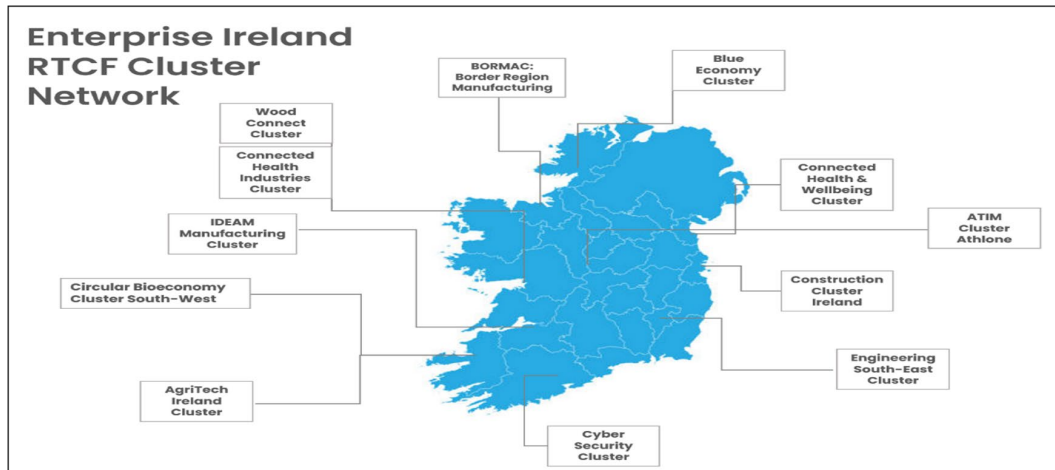


Image: 12 RTCF Funded Irish Clusters by Location

TECHNOLOGICAL PROFILE

In economics, it is widely accepted that technology is the key driver of economic growth of countries, regions and cities. Technological progress allows for the more efficient production of more and better goods and services, which is what prosperity depends on.

In Ireland our economic model is founded on a well-established and successful pro-enterprise policy framework, providing a stable regulatory and tax environment, with sound management of the public finances, and significant investment in the infrastructure and skills required to ensure our competitiveness. This approach has underpinned our success in providing jobs and opportunities, both by growing indigenous companies, and by ensuring we remain an attractive place for Foreign Direct Investment.

However, the pace and nature of change now underway globally, in multiple ways, means it is timely to review and refresh our approach, to take into account new and emerging risks, but also the very significant opportunities the coming years will bring. From strong foundations, our ambition is to ensure our future success is based on sustainability, innovation, and increased productivity. This will be especially true for our efforts to develop and grow our indigenous enterprises and take advantage of Ireland's unique potential in the green and renewable technology sector.

In the coming years we will undertake a renewed drive to address core competitiveness issues such as infrastructure, housing, energy, innovation, talent and skills. To maintain Ireland's attractiveness as a place to live, work, invest in and succeed internationally from, we will also remain adaptable and responsive to changing times while acknowledging and addressing our weaknesses.

Our renewed enterprise policy will allow us to build the resilience and sustainability of our economy as we engage with the two dominant trends of the twenty first century, decarbonisation and technological change. To meet the challenges, and ensure we are positioned to take advantage of the opportunities these will bring, we will support businesses

to invest in these transitions, while also helping them broaden and deepen their innovation capacity.

Regarding the 19 clusters' identified by Grant Thornton (2023) the majority of activities included are in high technology areas that are moving towards (if not already emerged in) advanced manufacturing technologies. The only areas that would be more traditionally based at present are some elements of the Maritime and Wood Manufacturing clusters.

STATE / REGIONAL SUPPORTS FOR CLUSTERING

State aid rules determine the maximum level of public funding what can be given to any project and are expressed as a percentage of the total costs eligible for support. State aid is designed to regulate competitive market activity. Therefore, the rules do not generally apply to third level education bodies in areas such as blue-sky fundamental research or third level education. Operating aid (e.g., any support for running costs, ongoing expenditure and working capital) is generally prohibited under the State aid regulations. State aid proposals may fall under several exemptions including "De Minimis" aid, General Block Exemption Regulation (GBER) in order to achieve compliance with State aid rules.

- "De Minimis" aid, the small amounts of aid granted to one undertaking (irrespective of size or location), that is, less than €200,000 in any rolling three fiscal year period, are considered to be so small as to have no appreciable effect on competition or trade and, under the De Minimis regulation rule, these are exempt from the general ban on State aid.
- 1. [GBER Article 27](#) This Regulation shall not apply to aid which exceeds the following thresholds: (k) for aid for innovation clusters: EUR 7,5 million per cluster.

Article 27: Aid for innovation clusters

1. Aid for innovation clusters shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.
2. Aid for innovation clusters shall be granted exclusively to the legal entity operating the innovation cluster (cluster organisation).
3. Access to the cluster's premises, facilities and activities shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10% of the investment costs of the innovation cluster may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.
4. The fees charged for using the cluster's facilities and for participating in the cluster's activities shall correspond to the market price or reflect their costs.
5. Investment aid may be granted for the construction or upgrade of innovation clusters. The eligible costs shall be the investment costs in intangible and tangible assets.
6. The aid intensity of investment aid for innovation clusters shall not exceed 50 % of the eligible costs. The aid intensity may be increased by 15 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty

and by 5 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.

7. Operating aid may be granted for the operation of innovation clusters. It shall not exceed 10 years.
8. The eligible costs of operating aid for innovation clusters shall be the personnel and administrative costs (including overhead costs) relating to:
 - (a) animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services;
 - (b) marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility;
 - (c) management of the cluster's facilities; organisation of training programmes, workshops and conferences to support knowledge sharing and networking and transnational cooperation.
9. The aid intensity of operating aid shall not exceed 50% of the total eligible costs during the period over which the aid is granted.

In Ireland Government identified an ambition to build sectoral clusters of Small Medium Enterprises (SMEs) at regional and national levels, and a number of different programmes have been utilised to reach this ambition.

REGIONAL TECHNOLOGY CLUSTER FUND (RTCF)

The Regional Technology Cluster Fund is a multi-annual fund for regional technology clustering which supports the Government's initiative under Project Ireland 2040 to support the development of business-led clustering with the ambition of building sectoral clusters of SMEs at regional level. Funding is provided for forming clusters and development and implementation of a strategic work plan for the cluster. The objectives of this fund are to enhance connectivity with and engagement between enterprise and knowledge providers to drive productivity and competitiveness in and across regions. It supports 12 cluster organisations established around key sectors including: Furniture Manufacturing; Marine; Connected Health; Industry 4.0; Construction; Advanced Manufacturing; Cyber Security; Engineering; BioEconomy; MedTech; and AgriTech.

Established in: September, 2019

Responsible Institution / Department: Enterprise Ireland, Regional Development

Aims: Connectivity with, and engagement between, enterprise and regionally based knowledge providers, such as the IoTs / TUs, drives productivity and competitiveness in and across regions. The objectives of the Educational Outreach Managers are to support: (1) IoTs / TUs to increase their engagement and connectivity with SMEs in particular, and industry generally, in line with their research and educational remit, thereby strengthening enterprise productivity. (2) The development of enterprise clustering in identified sectors/thematic areas, that consequently: (i) Fosters increased SME productivity; (ii) Drives SME competitiveness; and (iii) Supports internationalisation activity.

Finance: Salary costs of up to €80k/year or 100% of eligible costs, whichever is the lesser; Operational Costs A maximum grant of up to €60,000 or 50% of eligible costs whichever is the lesser; Travel, a maximum grant of €39,000 over the period of funding. Support for eligible overheads to a maximum of 10 per cent of the total eligible salary costs.

Centralised Supports: Enterprise Ireland have employed a Manager for the Regional Technology Clustering Fund, they manage and co-ordinate the day to day running of the programme and connect the Cluster Managers for the 12 funded clusters.

KPIs: One to one engagements with companies and SMEs; No of members of Cluster; No of workstreams initiated – Themed strategic pillars; Development of Industry collaboration projects; Industry contribution to the cluster eg Membership fees (if applicable); No. of Industry Referrals to other Clusters; No of collaboration projects with other clusters; No. of Collaborative Projects with Other Gateways / Research Groups; Information Seminars; Training Events for Industry; Industry Network / Associations; Web Site Development; Media Exposure; Conferences Attended; International reach eg Overseas clusters, industry expert engagement; How your cluster benefits the wider community and Key Cluster & Industry reports developed

Further information: <https://www.enterprise-ireland.com/en/rctcf.html>

REGIONAL ENTERPRISE DEVELOPMENT FUND (REDF)

The Regional Enterprise Development Fund was launched in May 2017 with the overarching aim of driving enterprise development and job creation in each region throughout Ireland. Administered by Enterprise Ireland, it supports new collaborative and innovative initiatives that can make a significant impact on enterprise development across regions, or nationally. The REDF has been an effective instrument of policy particularly as a complement to the Department's Regional Enterprise Plans where it has served as an enabler for projects emerging from that regional collaborative process. The funding is delivered over a three-year period. Each of the three REDF calls to date included a stream to support industry clustering to stimulate innovative activity through promotion, sharing of facilities and exchange of knowledge and expertise. A total of 11 projects across the three calls were approved funding under those specific streams.

Established in: May, 2017

Responsible Institution / Department: Enterprise Ireland

Aims: REDF seeks to act as an enabler for regional collaborative projects. To support industry clustering in order to stimulate innovative activity through promotion, sharing of facilities and exchange of knowledge and expertise.

Finance: Stream Three applications for local and community enterprise initiative grants of €50k up to €350k per project in funding towards capital and current costs. These projects should be focused at a local, county or regional initiative that have defined metrics for enterprise development in the area.

Centralised Supports: Enterprise Ireland have Enterprise Ireland Regional Development

Executives who manage and co-ordinate the day to day running of the programme and connect the funded clusters.

KPIs: The successful projects were selected through a rigorous multi-stage evaluation process managed by Enterprise Ireland, based on criteria which included: impacts and value for money; collaboration and participation; viability and sustainability; building regional strengths; and significance for innovation.

Further information: <https://www.enterprise-ireland.com/en/process/companies/regional-enterprise-development-fund.html>

REGIONAL ENTERPRISE TRANSITION SCHEME (RETS)

The Regional Enterprise Transition Scheme (RETS) assists regional projects affected by the COVID-19 pandemic and by other regional challenges following the UK's departure from the EU. Administered by Enterprise Ireland, the scheme targets existing regional and community-based projects previously supported under the REDF and BEDF. The scheme seeks to help build additional resilience in regions and enable recipients to support enterprises and SMEs to respond to recent economic and market challenges, which also includes the transition to a low carbon economy, digital transformation and sustainability

Established in: March, 2021

Responsible Institution / Department: Enterprise Ireland

Aims: The scheme is part of Government's programme of assistance for regional enterprise development and assistance to regions facing socio-economic difficulties and transition as a consequence of the Covid-19 pandemic and other regional challenges associated with the UK's departure from the EU. Accordingly, the purpose of this funding scheme is to provide financial assistance to not-for-profit projects which can demonstrate an ability to deliver regional impact.

Finance: Costs in the following categories are eligible for support:

1. **New Build Costs:** Additional costs related to expansion of the original project. A maximum grant of up to 80% of eligible costs towards New Build Costs is available. Eligible building and capital equipment costs must be incurred and claimed in the current year.
2. **Renovation/Refurbishment:** Eligible costs are the building modification costs and related architectural and engineering design costs. A maximum grant of up to 80% of eligible costs towards renovation/refurbishment is available. Eligible costs for these refurbishment projects must be incurred and claimed in the current year.
3. **Personnel:** A maximum grant of up to 80% of eligible salary (for up to 3 key manager roles), or up to €64,000 grant aid per person for one year, whichever is the lesser.
4. **Overheads:** Grant support for eligible overheads based on 30% of the total eligible salary costs.
5. **Promotional Activities:** A maximum grant of €8,000 or 80% of eligible costs, whichever is the lesser, to support communication activities required to implement its work programme by a successful applicant.

6. Consultancy Assistance: A maximum grant of €100,000 or 80% of eligible costs whichever is the lesser, over the period of funding. The maximum daily rate of up to €900 per day, (subject to agreement with Enterprise Ireland) to assist the hiring of appropriate external experts required to drive key elements of the work programme.

Centralised Supports: Specific areas of focus for these collaborative not-for-profit projects would therefore incorporate innovation, incubation of enterprises, research and development or the delivery of one or more of the following:

- Initiatives to help enterprises respond to Covid-19 and Brexit
- Digital Transformation & Digital Capability initiatives
- Climate Change & Sustainability
- Clusters and Sectoral Development activities
- Innovation and Internationalisation Capability development
- Women in Business/Entrepreneurship activities

KPIs:

Evaluation Criteria	Weighting
Track record of the project in meeting current metrics and KPIs	20%
Evidence of financial need/current financial position of the applicant	30%
Proposed additional actions and impacts of the project plan	30%
Evidence of capability to drive enterprise innovation and development solutions	20%

Further information: <https://www.enterprise-ireland.com/en/funding-supports/regional-enterprise-transition-scheme/rets.html>

BORDER ENTERPRISE DEVELOPMENT FUND (BEDF)

The Border Enterprise Development Fund is part of a €28 million economic stimulus package for the six border counties of Louth, Monaghan, Cavan, Sligo, Leitrim and Donegal. The BEDF is a €15 million fund which provides support for collaborative, enterprise capability building projects to advance entrepreneurship, productivity and innovation in the Border Region. This fund builds on other funding supports including the Regional Enterprise Development Fund and the Regional Technology Cluster Fund. A total of 11 projects have secured funding under this fund.

Established in: January, 2020

Responsible Institution / Department: Enterprise Ireland

Aims: The aim of the fund is to improve the international competitiveness of enterprise in the Border Region in the context of Brexit and other market challenges. Support collaborative projects that will deliver initiatives which will have a positive impact on entrepreneurial activity, and / or productivity, and/or innovative capability of enterprise.

Finance: Funding will be available for a 3-year period following the date of approval.

Enterprise Ireland can approve up to 80% of total eligible grant expenditure (as defined in section 10) over the period of funding. Capital costs for New Build and

Refurbishment/Renovations supported will be limited to a maximum of 80% of the total approved funding by Enterprise Ireland. For example, an approved project with €1m of eligible expenses may be approved funding of €800k by Enterprise Ireland. Based on this, the maximum support for capital costs for New Build and Refurbishment/Renovations will be limited to 80% of €800k – i.e. €640k.

Balance of funding of minimum 20% may be from the private, community or public sector (including HEIs and Local Authorities). The balance of funding of 20% can be in cash or in-kind (with a cash min. of 10%). In-kind contribution will only be accepted in the form of the following: (1) Notional value of a premises if donated by one of the parties i.e. market value of potential lease over the period proposed (the applicant groups must own the building or must hold a lease of not less than 15 years). (2) Salary costs of staff seconded full time to the project by one of the applicant group members.

- Personnel: A maximum grant of up to 80% of eligible salary, or €64,000 per year, whichever is the lesser over a period of no more than 3 years.
- Overheads: Support for eligible overheads to a maximum of 30% of the total eligible salary costs.
- Travel: A maximum grant of €39,000 or 80% of eligible costs

Centralised Supports: Enterprise Ireland have Enterprise Ireland Regional Development Executives who manage and co-ordinate the day to day running of the programme and connect the funded clusters.

KPIs: All applications will be evaluated against the following criteria:

Evaluation Criteria	Weighting
Impacts, Value for Money and Project Delivery	20%
Collaboration and Participation	20%
Viability and sustainability	15%
Building Regional Strengths	20%
Capability Building	25%
Total	100%

Further information: <https://www.enterprise-ireland.com/en/funding-supports/border-stimulus-package/border-enterprise-development-fund/>

INTERTRADEIRELAND – SYNERGY

Synergy is an InterTradeIreland initiative to elevate the participation of SMEs in innovative networks of entrepreneurs, academics, policy makers, corporates and third sector participants. The aim of the process is to scale cross border collaboration among SMEs and other ecosystem players such as universities, third sector organisations, government agencies and multinationals using cluster and network development supports which increase the reach and impact of programmes resulting in mutual economic benefit to both Ireland and Northern Ireland.

Synergy is about solving common problems or taking advantage of opportunities which provide economic benefit that exist in Ireland and Northern Ireland. The objectives of Synergy include:

- Increase SME Productivity;
- Assist industry and SMEs transition to the low-carbon economy;
- Embrace Industry 4.0 technologies; and
- Activate SMEs and relevant organisations to participate in cross-border clusters and networks.

The programme primarily supports the Bioeconomy, Advanced Manufacturing and Materials and Life Science sectors.

Established in: March, 2021

Responsible Institution / Department: InterTradelreland

Aims: The Synergy initiative aims to scale cross-border collaboration among SMEs and other ecosystem players using cluster and network development supports which increase the reach and impact of programmes resulting in mutual economic benefit to both Ireland and Northern Ireland. It works by trying to solve common problems or to capitalise on joint opportunities with partners who have been identified from both jurisdictions.

Finance: InterTradelreland fund projects from £1,000 up to £1,000,000. Average awards tend not go above £100,000 per annum. Projects under £50,000 in value are approved by a scoring panel and internal InterTradelreland Senior Leadership Team (SLT). Projects valued over £50,000 are presented to the InterTradelreland SLT and then Board of Directors for approval.

Costs can be allocated by the applicants under personnel, overheads and travel required to deliver the project.

Centralised Supports: InterTradelreland have a project management team for Synergy, who manage and co-ordinate the day to day running of the programme and connect the funded applications, clusters and networks where appropriate.

KPIs: InterTradelreland considers that its ongoing contact with the clusters/networks will allow it to capture on an ongoing basis the multifaceted dimensions of each cluster's/network's development. It is anticipated that this will ensure that the specificity of each cluster/network in terms of collaborative dynamics (such as intangible effects on social and relational capital) will be captured, as well as structural capital such as impacts on sales, products, services etc. Whilst the monitoring that is implemented will vary by cluster/network, depending on its specific aims and objectives, it is anticipated that the general types of indicators that InterTradelreland will measure and monitor, alongside those that relate to InterTradelreland's Corporate Plan targets/indicators, will include the following:

Policy facilitation activities	<ul style="list-style-type: none"> • Number of multi-stakeholder meetings facilitated by the cluster/network partnership
Networking facilitation activities	<ul style="list-style-type: none"> • Number of matchmaking and networking events, meetings, visits facilitated by the cluster/network partnership; • Number of multi-cluster/network agreements established.

Effectiveness of facilitation activities	<ul style="list-style-type: none"> Number of cluster/network members associated with at least one relevant formal business network activity conducted by the cluster/network partnership
Level of involvement	<ul style="list-style-type: none"> Share of cluster/network organisation members involved in joint actions established by the cluster/network partnership; Number of cluster/network member participants per cluster organisation event
Accessibility of services	<ul style="list-style-type: none"> Number of cluster/network members supported by services
Partnership involvement in policy initiatives	<ul style="list-style-type: none"> Number of B2B agreements across clusters/networks; Number of new strategic or operational partner agreements; Number of new R&D&I collaborative projects among cluster/network members (can distinguish between regional, national, international); Number of new market opportunity cooperation projects among cluster/network members (distinguish between regional, national, international);
Technology development and innovation	<ul style="list-style-type: none"> Number of collaborative partnerships in the fields of technology development, technology transfer or R&D fostered by the cluster/network partnership; Impact of the work of the cluster/network partnership on R&D activities of the related cluster/network members (e.g. number of R&D projects generated from cluster/network partnership networking activities); Number of new/adapted products launched through cluster/network support;
Business activities	<ul style="list-style-type: none"> Impact of the work of the cluster/network partnership on business activities of the related cluster/network organisation members
Sales	<ul style="list-style-type: none"> Value of incremental revenue of cluster/network partnership members on an annual basis
Visibility	<ul style="list-style-type: none"> Number of media references, articles, etc.

Further information: <https://intertradeireland.com/innovation/synergy>

SMART REGIONS ENTERPRISE INNOVATION SCHEME

Smart Regions Enterprise Innovation Scheme supported under the European Regional Development Fund (ERDF) is aimed at accelerating economic growth in all regions of the country, by working with stakeholders to deliver on their potential regional enterprise strengths, taking an entrepreneurial ecosystem approach aligned with Ireland’s new Smart Specialisation Strategy.

The Smart Regions Enterprise Innovation Scheme will support the development of innovative services through local infrastructure, innovation clusters, services to SME’s and early stage feasibility and priming research. Projects should be based on a triple helix model, enterprise led and be: (1) Collaborative in nature; (2) Innovative; (3) Financially viable; (4) Sustainable and (5) focused on delivering metrics and key performance indicators (KPIs) which provide additionality to the existing regional infrastructure.

Established in: October, 2023

Responsible Institution / Department: Enterprise Ireland

Aims: Stream Two of the Smart Regions Scheme recognises the importance of clustering to sustain and develop competitive advantage and is designed to support enterprise collaboration through clustering and thereby stimulate growth and development of new or established clusters and consortia in a regional, cross-regional, or national setting.

Funding under stream two will provide support to enable personnel to drive collaboration, marketing and managing of the Cluster/Consortia. Applicant must be a Not-for-Profit, DAC or Not-for-Profit CLG. Applicants must be an incorporated DAC or CLG by the application date and be linked, for the purposes of the cluster, with at least five independent unrelated companies at regional/county/local level who will create a collaborative proposal with other local and regional stakeholders, to build and improve the regional innovation ecosystems.

Finance: Stream Two will support significant Innovation Clusters/Consortia with grants of €50k up to €2m per project. Up to 50% grant aid will be available for eligible programme support costs and relevant salary costs over the 3-year funding period.

50% funded toward eligible programme support costs and relevant Salary costs.

Balance of funding to be provided by companies within the cluster or consortium or private investment funding. Note: balance of funding cannot be provided by way of grant from public bodies or EU funding.

Operating aid may be granted for the operation of innovation clusters. It shall not exceed 10 years.

Centralised Supports: Enterprise Ireland have Enterprise Ireland Regional Development Executives who manage and co-ordinate the day to day running of the programme and connect the funded clusters.

KPIs: Funding will be awarded to successful applications following the evaluation process. All applications will be evaluated against the following criteria:

Evaluation Criteria	Weighting
Impacts, Value for Money and Project Delivery	20%
Collaboration and Participation	15%
Viability and Sustainability	20%
Building Regional Strengths	20%
Innovation & Capability Building	25%
Total	100%

Applicants that are being considered for support under Stream Two, must have attained a minimum 70% of the score available. A minimum score of 41% of marks available in each of the 5 criteria is also required for support.

Further information: <https://www.enterprise-ireland.com/en/supports/smart-regions-enterprise-innovation-fund>.

CONCLUSIONS – GOALS FOR POLICY LEARNING

This section presents the key experiences, challenges, and opportunities discussed within this case study, it identifies 3 areas which can contribute to the solidification of the Irish Cluster Ecosystem so as to ensure that it is strong enough to be able to support SMEs from across all sectors to collaboratively tackle their green and digital transitions.

1) CLARITY ON CLUSTERING IN IRELAND

Interchangeability between ‘cluster’ and ‘network’ in many policies and programmes extends confusion such that they are often assumed to be, and treated as, one and the same. In one sense any group of companies may decide to call themselves a network or a cluster, as ‘cluster’ is not a controlled appellation.

In Ireland there is lots of confusion around the clustering concept. To deliver a clustering programme that impacts business development, care needs to be taken not only to differentiate ‘cluster’ from alternatives but also to define it in line with internationally accepted definitions and its widespread use within internationally accepted support structures for clustering (cluster initiatives, cluster organisations). There is no need to reinvent the wheel in this respect as exemplars across comparator contexts exist, such as (for example) Denmark, Spain, and Austria that are indicative of appropriate definitions, applications and integration relevant for both policy and practice.

Leadership and buy in is required at national government level if a clustering programme of substance, aligned with international best practice, is to be formalised to drive competitiveness in key areas of national importance across Ireland. Furthermore, Ireland needs to state why it is supporting a clustering programme at a national level, as there can be many high-level goals for cluster programmes internationally, which include for example increased internationalisation, growth for SMEs, increasing research and innovation and/or supporting companies to network and collaborate further.

2) POLICY DEVELOPMENT, IMPLEMENTATION & FUNDING

The appropriate timescale in which to discuss the relevance of clusters is evident from how the term is used in innovation, investment, and growth debates - all of these are concerned with long-term economic development. The elaboration of programmes to support Smart Sustainable Specialisation Strategies (S4+) in the European context, for example, calls out an emphasis on economic evolution and how structural change may be accelerated through focusing on regional cluster strengths and concentrating on how to position regions, and their businesses, to better exploit global value chains.

With the maturity evident in some international regions from experienced application of cluster practice and policy, the themes of cluster evolution and ‘cluster life-cycle’ have emerged. This shift calls for the acknowledgment of the changing dynamics that characterise international value chains and their development over time as new locales for sources of competitiveness emerge. This sense of both time scales and time cycles would be key to any desired agility and dynamism in policy making around clusters.

The implication for the cluster definition to be adopted for Ireland is that alignment of definition with long-term economic orientations of growth, innovation and development would support development of short/medium/long term targets and programmes.

Clarity on definition and criteria is required to develop programmes that align with internationally agreed initiatives i.e. those supported by cluster organisations. Inconsistency and lack of comparability were themes raised in many of the stakeholder workshop discussions relevant to funding cluster organisations and cluster initiatives. One inconsistency identified as a particular difficulty facing businesses and cluster organisations in applying for and securing funding to deliver on their goals was different funding treatments where different activities qualified for different types and levels of funding.

Where economic development agencies offer several funding options so that certain activities currently receive 'cluster' funding under one programme source, but not another, the underlying rationale for the importance of the activity for cluster development suffers, adding to confusion as to what the relevant cluster goals are and how they may be achieved. Greater certainty on which activities qualify for funding irrespective of the cluster support programme through which funding is provided serves to clarify cluster strategies and programme goals.

This is the case in Ireland where the cluster funding programmes listed in the 'State / Regional Supports for Clustering,' section have differing aims and goals, and are financed at different rates. These factors make cluster funding confusing in Ireland.

- ***Develop a Cluster Policy which includes programmes with appropriate time scales and cycles.***

Medium to Long term time scales and cycles are key to any successful Cluster Policy, along with agility and dynamism in the policy making process to support clusters of national importance which have different sectoral requirements and cultures. Cluster organisations and initiatives should target best international practice and examples by developing explicit links with strong international clusters in areas identified as appropriate for learning, given local (Irish) needs.

Increasingly cluster policy internationally has expanded beyond focus on deepening areas of current strength, towards smart-specialisation approaches that support diversification from those strengths and further to include potential for growing nascent areas with potential to become areas of strength. The implication for clustering programmes means they should differentiate between focusing on: (1) building on/diversifying from identified strengths through successful international performance and (2) developing nascent positions in areas with potential based on foresight and/R&D.

- ***Establish a Centralised Cluster Financing Programmes which is based on Key Performance Indicators relevant to the cluster focus aligned with strategic priorities.***

Presently, agencies in Ireland offer several funding options so that certain activities receive different levels of cluster funding under a particular programme but are not even eligible under others. Furthermore, the goals and aims of these programmes differ.

It is quite possible that shorter-term networking programmes could evolve into longer-term relationships of mutual benefit between members across the triple and quadruple helix and so networking supports have potential within cluster-based strategies. Transactional exchanges can transform into reciprocal relations of deeper impact: without the latter the presence of extensive clustering is absent. The creation of trust cannot be assured through any programme or intervention, the likelihood of its emergence from short-term interactions is lower than if longer-term interactions can be envisaged from the outset of a specified programme.

Programme design and delivery can address this through provision of a tiered programme where shorter-term ‘network’ development can be supported to evolve into a ‘cluster’ over the medium/long term within which relationships of mutual benefit, services, R&D and internationalisation can be developed across the quadruple helix.

In the Cluster Research Network, Clustering on the Island of Ireland: A Gap Analysis report (Hobbs, Doyle, Magennis and Barry, 2022, pg. 32) suggest “caution is required in programme design so that programmes that target e.g challenges and opportunities for companies at stages of growth (start-ups, scale-ups), or groups of companies with similar training needs - the more appropriate nomenclature of networking is used. Where no focus of territorial improvement is mentioned, clustering and clustering programmes should be avoided.”

In addition, greater agreed clarity on the scale appropriate for a cluster organisation, e.g. minimum critical mass of members, minimum share of international exports etc. This type of information would offer clarity on the types of concentrations of businesses working for mutual benefit that are likely to generate impact through clustering efforts. While this is an issue independent of specific policy prescription, the case of Denmark is revealing. Currently Denmark has 14 identified national clusters after over 20 years applying the concept in practice across companies, local authorities, innovation networks, cluster organisations and knowledge transfer institutions. In quite a short space of time, over the period 2021 to 2023, a strategy reform process has resulted in consolidation of cluster organisations into fewer but larger organisations, from over 40 (publicly funded) to the selected 14. This intentional reorientation was designed to permit accessibility for companies anywhere throughout the country.

These examples are not provided as instructive, they merely point to the scale issues identified, amongst the other issues at play in Ireland. It is important that differing financial supports for clustering are considered carefully along with the KPIs for such clustering programmes.

3) CAREER PROGRESSION AND DEVELOPMENT OF CLUSTER PROFESSIONALS

International experience points to a breadth of activities delivered via cluster organisations and programmes including knowledge dissemination, matchmaking across triple and quadruple helix, branding, transformation (e.g. digital, circular economy, Industry 4.0), accessing finance, innovation, competence development, upskilling and attracting talent, internationalisation, incubation and operating funded programmes. While this is not an exhaustive list, the specifics of cluster membership, given its evolution and its locality’s

strengths within its international value chain, will define the most appropriate activities required ideally through processes facilitated by staff skilled in cluster and business development.

With the development over the last decades of cluster professionals that supported the establishment, maintenance, and ongoing development of cluster organisations a new type of professional practice developed demanding a varied basket of skills to support development of these organisations. The demands on individual Cluster Managers tasked with establishing local cluster organisations are many and varied. Especially in a country like Ireland where cluster development programmes don't have a long history, and industry are not familiar with how clusters, function and benefit their members.

These factors imply a need for initial and ongoing training to develop a suitably qualified cadre of support *and* leadership staff appropriate to lead and animate cluster organisations. The small-scale of Irish cluster organisations, who are predominantly managed by one Cluster Manager is a common feature. This contributes to burdensome and wide-ranging demands on some cluster organisations that may potentially set structures up for failure given the limited resources available when compared to their often-ambitious intentions and goals.

Cluster development professionals across the island of Ireland who support the establishment, maintenance and ongoing development of cluster organisations to drive competitiveness, need training and support to appreciate best practice consistently. A varied basket of skills is required to support the development of cluster organisations both for cluster managers and economic development professionals, and CPD opportunities provided for this cohort of interested individuals would support career progression in tandem with their management remit.

FINAL THOUGHTS

From an Irish perspective, clarity on what the ultimate goals of cluster organisations are in terms of the Irish context, e.g. clarity around the appropriate number and scale of cluster organisations plus targeted focus on key areas. These elements seem to characterise the maturity phase of cluster supports and structures evident across many European regions.

Although late to cluster-based programming, there is substantial opportunity for Ireland to leapfrog into leading-edge applications of what is most likely to generate impact, given the range of experience developed internationally, if applied appropriately to the Irish contexts.

To develop clustering, some inspiration from the Danish Cluster Ecosystem case can be helpful in terms of the support system and breadth of professional staffing supporting delivery of cluster supports. In the case of one of 14 the publicly funded cluster organisation the [Energy Technology Cluster](#), for example consists six separate offices providing support across the nation through an aggregate staffing complement of 33, supporting a CEO and with a Board of 22 members.

The example of the Danish Cluster ecosystem can point towards a pathway for Irish cluster policy as in essence they are 20 years ahead in terms of delivery of clustering supports and the learning associated with same. It does not mean that Ireland has to multiply the amount of funding they are currently providing towards clustering but rather to use that funding more effectively and efficiently. Some clusters may require further supports because they show the ability to grow and advance through the achievement of certain metrics. Others, may never be able to reach the critical mass to deliver the benefits at a regional or national level and hence perhaps have to find their own way outside of state funding and public supports.

It is important that Ireland develops its National Cluster Policy in a framework that provides support in a fair and equitable manner to cluster organisations that can grow and evolve to have an economic impact for Ireland. This framework and support system needs to be developed so that Ireland can build green and digital supports into the support structures of the clustering policy. Only through these strong foundations can clusters help provide these transition supports to industry members from all sectors in a collaborative and competitive manner.

FOR FURTHER INFORMATION

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