



*Taighde, Forbairt & Nuálaíocht*

## **Research, Development and Innovation Funding**

*Cáipéis Tagartha* - Reference Document 2024

*This 'Terms of Reference' document to be read in conjunction with the Company Development, Project Costs Workbooks that accompany the Application process for EI support.*

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### Contents

Introduction .....	3
Background .....	3
Aims of the RD&I Funding .....	3
State Aid Basis .....	4
Legal Basis .....	5
Eligibility Criteria .....	6
Eligible Companies .....	6
Eligible Activities.....	7
RD&I Categorisation of Projects .....	7
Eligible Costs .....	9
Simplified Flat Rate Cost Method .....	9
Defined Costing Method .....	9
Eligible Costs by Category .....	10
Grant Rates .....	12
Form of Aid .....	12
Public Procurement .....	12
Application, Assessment and Approval Processes & Claims Process .....	13
Application Process .....	13
Approval Route.....	13
Assessment of Applications.....	13
Approval Process.....	13
Claims Process.....	14
Contingent Grant Liability .....	14
<b>Appendix I; Definitions</b> .....	15
Company Size .....	15
Collaboration .....	15
<b>Appendix II; Eligible costs</b> .....	16
<b>Appendix III: Built To Innovate, an Enterprise Ireland action under Housing for All – RD&amp;I Fund Eligibility Criteria</b> .....	17

## Introduction

### Background

Research, Development and Innovation (RD&I) and the application of knowledge are critical drivers for the future success of Irish industry. It is therefore imperative that Ireland focuses on promoting the level, quality and commercial applicability of the RD&I undertaken, ensuring that industry leads the response to rapid changes in customer needs and market opportunity. In addition, innovation must pervade all aspects of the RD&I process.

The foremost innovative companies characteristically have a strong commitment to sustained RD&I investment. They are led by highly proficient management teams capable of identifying areas of opportunity and growing their companies to be flexible and responsive to market needs while successfully integrating the knowledge and technology they need. These companies also develop and actively participate in innovation networks and research groups to gain access to technology and new routes to market.

RD&I funding is designed to provide support for research, development, and technological innovation relevant at all stages of company development, and which will enable companies to progress from undertaking an initial research project to high level RD&I activity.

RD&I support by the State stems from the need to address market failures related to knowledge spillovers from private investment in research and development (RD&I), risks associated with imperfect information and costs associated with RD&I activity. It also stems from the role of Government in incentivising and supporting the enterprise base to develop its capacity and capability in RD&I in Ireland.

### Aims of the RD&I Funding

The direct aim of the RD&I funding is to:

- Incentivise company investment in new Product or Service Development in order to enhance the competitiveness of Irish industry.
- Incentivise the implementation of new process or organisational innovations that could lead to more innovative market offerings from Irish companies.
- Support the development of advanced manufacturing or development processes involving technical uncertainty.
- Build capability in Irish enterprises in RD&I skills which enable the development of new products and processes and services.

Expected national benefits of the RD&I Fund include;

- An increase in the number of companies performing effective RD&I in Ireland.
- An increase in the scale of the investment in RD&I in Ireland.
- An increase in the number of companies doing structured RD&I for the first time.
- Ensure Irish based companies, particularly SMEs, protect their futures by helping them reach and exceed European and international norms for RD&I investment.
- An increase the in quantity and quality of the RD&I linkages between companies, either in Ireland or internationally, through collaborative research programmes such as EUREKA etc.
- More effective leveraging of products and services offered by companies through innovation at a business level through the implementation of new delivery methods or new business models.

Expected outcomes for companies participating in RD&I projects include;

- A significant, ongoing/established budget for new product or service development.
- A culture of innovative thinking throughout the company which aims to harness the creativity of all the staff towards defined business goals.
- An established product or service development team with high level skills.
- High quality facilities for new product or service development.
- Good quality innovation management systems and procedures.
- External linkages with other stakeholders, including customers, partners, suppliers as well as other knowledge providers (such as 3<sup>rd</sup> level Universities and Institutes).

## State Aid Basis

The EU State Aid basis for the overall initiative is;

The State Aid basis is the Commission Regulation (EU) No. 2023/1315 of 23<sup>rd</sup> June 2023 amending regulation General Block Exemption Regulation No.651/2014, the Regional Aid Map for Ireland, applicable from 01 January 2022 to 31 December 2027, Commission Decision – SA 101399.

GBER, Section 4, Articles 25-30, deal with ‘Aid for Research and Development and Innovation’.

The De Minimis Aid Regulation, Commission Regulation (EU) No. 2023/2831 of 13<sup>th</sup> of December 2023 amending Commission Regulation (EU) No. 1407/2013.

## Legal Basis

The RD&I Fund is administered in accordance with the following Irish legislation;

Industrial Development Act 1986 (2019 as amended), Section 29, Section 31

- Industrial Development (Enterprise Ireland) Act, 1998, Section 7

The Irish legislation *involves the payment of a research grant towards the costs of the project incurred within the State, with reference to the following section:*

- (a) *Subject to paragraph (b), in respect of a project where part of the approved costs are incurred in the State and part of the approved costs are incurred outside the State, Enterprise Ireland may apply a different grant rate or rates in respect of the approved costs incurred in the State from the rate or rates in respect of the approved costs incurred outside the State.*
- (b) *In relation to a project referred to in paragraph (a), the aggregate amount of the research grant or grants payable in respect of the approved costs incurred outside the State shall not exceed the amount of the research grant or grants payable in respect of the approved costs incurred in the State.*

***The following points should be noted as they are explicit or implicit in the legislative provisions and must be observed.***

- The majority of the project must be carried out in Ireland and the assessment criteria will require an analysis of costs incurred in the State and costs incurred outside the State.
- In relation to salaries and overheads, the costs relate to staff working on the RD&I project in Ireland. Employees of sister companies that will be engaged in the project, whether in Ireland or outside of Ireland, must be recorded under 'consultancy', but only at the basic salary rate and not at a consultancy rate.
- The established policy is to work to maximise the 'in-house RD&I' and the materials that are required for the project will typically be used for the 'in-house RD&I' in the State.
- Therefore, where a company sources more than 50% of its materials for the RD&I project in another State and/or more than 50% of the subcontract RD&I work is carried out in another State then that would breach the legal and policy requirements in respect of building RD&I capability and capacity in the State and in the applicant company.
- Domestically traded services companies that operate in the residential construction sector who are eligible under Built To Innovate, an Enterprise Ireland action under Housing for All are exempt from this export requirement. Suitable applicants should read Pages 1-13 and Appendix 1 of this document for further details.

## Eligibility Criteria

### Eligible Companies

Eligible companies are limited to Enterprise Ireland <sup>1</sup>, Údarás na Gaeltachta or any of the Local Enterprise Offices subject to the prevailing policies of those agencies. Companies must operate in the Manufacturing or internationally traded services areas of business to be eligible for this support and be either currently trading internationally or trading internationally within the short term. Contact your relevant Development Agency to discuss further.

Other points to note with regard to applications;

- It is a requirement of the State Aid rules under which this initiative is approved, that the project must not commence prior to the company submitting the application to Enterprise Ireland.
- Projects should begin within six months of the formal approval, otherwise approval may be withdrawn. Projects approved for aid must be completed by the deadline for completion stated in the grant agreement or by the revised deadline where an extension has been given.
- Enterprise Ireland start-up clients who have received HPSU investment funding are typically not eligible for RD&I funding for a period of three years after the date of investment. Eligible HPSU clients must employ a minimum of 5 Full Time Staff in Ireland, have achieved sustainable revenues of €500K, and are EBITDA positive in the previous accounting period, or for at least the previous nine months prior to application, and can demonstrate sustainable future EBITDA, and in the previous 6 months and during the course of the business plan the company has not raised external finance in the form of equity (Subject to no double funding).
- Eligible Local Enterprise Office clients must employ a minimum of 5 Full Time Staff in Ireland,
- Eligible Údarás na Gaeltachta clients must employ a minimum of 5 Full Time Staff in Ireland,
- All companies submitting an application for RD&I support must be EBITDA positive in the previous accounting period, or EBITDA positive for at least the previous nine months prior to application and can demonstrate sustainable future EBITDA-positivity.
- The Undertaking in Difficulty (UID) rule to be tested and applied to all RD&I projects seeking support under GBER.

Applications will be accepted from established;

- companies,
- 2 or more companies acting in collaboration.
- Companies who are part of consortia within Europe e.g. Eureka.

In the case of companies where there is collaboration between companies in different countries, only the RD&I costs of the Irish companies are considered eligible for support under this RD&I Fund.

## Eligible Activities

RD&I Projects activities supported must be in the form of one or more projects. The definition of an RD&I project from the **EU RD&I framework**<sup>2</sup> is helpful here: *'RD&I project' means an operation that includes activities spanning over one or several categories of research and development defined in this framework, and that is intended to accomplish an indivisible task of a precise economic, scientific, or technical nature with clearly pre-defined goals. A RD&I project may consist of several work packages, activities, or services, and includes clear objectives, activities to be carried out to achieve those objectives (including their expected costs), and concrete deliverables to identify the outcomes of those activities and compare them with the relevant objectives. When two or more RD&I projects are not clearly separable from each other and in particular when they do not have independent probabilities of technological success, they are considered as a single project.'*

A single application may consist of multiple projects. Each project must be presented separately within the application and will be assessed on their individual merits. Separate projects within an application may be subject to different grant rates.

### RD&I Categorisation of Projects

Project activities must fall within one or more of the following definitions as set out in the General Block Exemption Regulation (GBER);

***'industrial research'*** means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or aimed at bringing about a significant improvement in existing products, processes or services, including digital products, processes or services, in any area, technology, industry or sector (including, but not limited to, digital industries and technologies, such as super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud technologies).

*Industrial research comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation;*

***'experimental development'*** means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services, including digital products, processes or services, in any area, technology, industry or sector (including, but not limited to, digital industries and technologies, such as for example super-computing, quantum technologies, block chain technologies, artificial intelligence, cyber security, big data and cloud or edge technologies). This may also encompass, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes, or services.

*Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes, or services in environments representative of real-life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable*

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<sup>2</sup> Framework for state aid for research and development and innovation, 21.5.2014

*prototype or pilot which is necessarily the final commercial product, and which is too expensive to produce for it to be used only for demonstration and validation purposes.*

*Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services, and other operations in progress, even if those changes may represent improvement.*



## Eligible Costs

Funding can be provided towards the costs of carrying out approved projects under a number of discrete categories. In addition, there is provision for an element of overhead. There are 2 alternate options on how overhead may be calculated. The overhead option chosen has implications for the number of cost categories eligible for support.

### Simplified Flat Rate Cost Method

Cost Categories Eligible for support

- **Salaries**
- **Technical Consultancy**
- **Contractual research**
- **Certification/Clinical trials**
- **Patent costs**
- **Equipment rental**
- **Capital Equipment (depreciated)**

### Overhead treatment

Under this option the overhead rate of 20% is applied as a 'flat rate' on eligible expenditure across the qualifying cost categories. No additional documentation specific to the overhead element is required in the application or claim process.

### Defined Costing Method

Cost Categories Eligible for support

- **Salaries**
- **Technical Consultancy**
- **Contractual research**
- **Certification/Clinical trials**
- **Patent costs**
- **Equipment rental**
- **Capital Equipment (depreciated)**
- **Materials**

The **overhead** figure of up to 20% of the salaries costs **only**, may be applied where the Overhead is detailed and justified at the time of application. **In addition, rental** space required by the company to complete the project is eligible (this excludes intercompany rental).

## Eligible Costs by Category

(Note further detail in Appendix II);

### 1. Salaries

Personnel costs for company staff working directly on the project. The eligible staff salary costs are core salary costs and are exclusive of employers PRSI, employers Pension contributions, bonuses.

### 2. Technical Consultancy

Costs to the company of availing of consultancy support directly related to the project or project work that is subcontracted to a third party. The maximum eligible cost for consultancy is €900 per day per project.

If the amount of eligible expenditure for subcontracted/consultancy work on the project, amounts to a majority of the total costs, the project is deemed ineligible.

The requirement in relation to salary costs for all projects is that the amount of in-house RD&I should be far higher than the amount of subcontract/consultancy costs. While subcontract/ consultancy costs are allowed and accepted as a critical element in many RD&I projects the key objective of increasing internal RD&I capability must be prioritised. An absolute minimum threshold of 40% of the expenditure on the RD&I project (related to salaries) must be carried out in house in order to build RD&I capability. Where the external consultancy/subcontract costs are greater than the internal salary costs justification of the degree of external consultancy/subcontract costs will be required and assessed.

Also, the Industrial Development Act 1986 and 2019 (as amended) must be taken into account; with reference to what percentage of the work is carried out in Ireland.

### 3. Contractual research

Costs of contractual research (including from 3rd level), knowledge and patents bought or licensed from outside sources at arm's length conditions.

- Contract research costs should be a modest portion of the overall project costs
- The MAXIMUM daily rate allowable is €900 for short assignments. For longer terms, the rates allowed may be reduced.
- Enterprise Ireland reserves the right to reduce the daily rate and number of days actually allowed to what is considered to be 'reasonable' and 'required' for the project.

**4. Certification / Clinical** – Funding towards market-led research / consumer focus panels / clinical trials (phase I and II & III) are eligible, provided that the results are a necessary input to develop the product/process as part of the RD&I project and will not be used solely for consumer reaction to products. Projects focused solely on market-led research / consumer focus panels / consumer reaction to products are not eligible.

## 5. Patent costs

For small and medium enterprises, costs preceding the granting of the patent or other industrial property rights in Ireland including costs relating to the preparation, filing, and validating of the application as well as costs incurred in renewing the application before the patent/right has been granted; translation and other costs incurred in order to obtain the granting or validation of the right in other appropriate countries. Patent costs for large companies cannot be supported.

Funding is only applicable for expenditure incurred within the approved project period, and exclusive and essential to the approved project. The costs set out in the project application will be assessed by Enterprise Ireland and only those costs that are considered to be reasonable and required for the project will be approved. Additional guidelines on eligible costs are provided in the application documents.

Project expenditure incurred prior to the receipt of the application by Enterprise Ireland will render the project ineligible for support. The patent costs cannot be reallocated with other R&D project costs. The Patent costs are discrete and stand-alone for SMEs.

## 6. Equipment Rental

Rental costs of instruments and equipment to the extent and for the period used for the project.

Rental of facility or a building for the duration of the project (**Defined Costing Method only**)

- May include design and test equipment, software or cloud services costs for the period used for the project
- Do NOT include any production / operating costs.
- Do NOT include inter-company rental.

**7. Capital Equipment** – costs of purchasing equipment which is specific to and to the extent to which it will be used on the project. Experimental production and testing of products, processes and services are also eligible, provided that these cannot be used or transformed to be used in industrial applications or commercially. The State can only support the costs of capital equipment that is intended for the RD&I project.

### Note: Depreciation of Capital cost for the RD&I supports

The EU State Aid rules require that capital costs requested by companies for RD&I projects under the RD&I offer can only be funded for the duration of the project. Where companies have their own depreciation policy for different items included in their capital cost request, which will be used in their asset management/ accounting systems, the company has to provide signed written confirmation of the depreciation policy of the company if different from standard accounting practices.

## 8. Materials

Materials and other operating expenses directly related to the project (including prototype/design costs). *(Materials are only allowed when applying the Defined Costing method which includes ‘defined overheads’.)*

## Grant Rates

The **grant rates** are given in the table below based on the EU General Block Exemption Regulations and provided for under the Irish Industrial Development Act 2019 as amended.

	Small Enterprise	Medium Enterprise	Large Enterprise
Experimental development (RD&I)	45%	35%	25%
Experimental Development with Collaboration: - subject to effective collaboration between undertakings (for large enterprises, cross-border or with at least one SME).	60%	50%	40%

The Committee may offer grant at a lower rate than the maxima above. Considerations for setting a grant rate includes value for money, the incentive effect, and the nature of the technological or innovation challenge.

### Regional aid bonus

The RD&I project costs may be increased by 5 percentage points if the research and development project is carried out in an assisted region.

To qualify for the bonus the applicant (beneficiary) must be located in the assisted region and the RD&I work must be completed in the assisted region.

### Built To Innovate projects have a maximum project value of €500k.

Companies with projects seeking financial support in excess of this amount will be evaluated on a case-by-case basis by the Enterprise Ireland Investment Committee.

## Form of Aid

Funding will normally be in the form of an RD&I grant but may be offered in the form of equity or a Convertible loan note (CLN), at the discretion of Enterprise Ireland, based on the financial position of the company.

## Public Procurement

Where the grant rate is greater than 50%, public procurement guidelines must be followed for expenditures on the project. The grant inspection team will validate that this requirement has been met. An information sheet on public procurement requirements for projects with greater than 50% funding will be available on the EI website and as an information e-leaflet for clients.

## Application, Assessment and Approval Processes & Claims Process

### Application Process

Applications for funding can be submitted anytime. Application forms and company guidelines are available on the Enterprise Ireland website.

### Approval Route

RD&I Applications (with one or more projects inclusive of all funding applied for) up to total grant funding threshold of €150,000 will be considered under Delegated Powers by the Management Approvals Committee (MAC).

For applications with RD&I project support totalling over €150,000, proposals will be considered by the Investment Committee.

Údarás Na Gaeltachta and LEO applicant companies to consultant with their respective Agencies to be advised of their approval routes.

### Assessment of Applications

Project evaluation will consist of a commercial assessment and a technical assessment. The approving committee/authority will be presented with an assessment of the application, which incorporates comments on the following criteria:

- Value for money<sup>3</sup> for the State taking into account the performance against targets set in previous investments,
- The overall amount of State funding received by the company in the last seven years,
- How the RD&I plan is an integral part of the strategic development plan of the company,
- The financial track record of the company,
- The development needs of the company,
- Previous track record in implementing any previously State funded RD&I projects,
- The proposed increase in RD&I capability within the company,
- The technical feasibility of the project(s),
- That the costs to be approved are reasonable and required for the project(s).

### Approval Process

The Committee in making its decision on the funding rate to be applied, will take into account an assessment of the technical and commercial challenges and risks associated with the project(s) as well as the need for funding (the incentive effect).

To demonstrate the incentive effect, the company must show in their application that the project would not have proceeded without the aid and/or the grant aid will result in a material increase in at least one or more of the following;

- Size of the project(s), or
- Scope of the project(s), or

- Total amount spent on the project(s), or
- Speed of completion of the project(s)

The Approving Committee decision is final but an applicant has the right to Appeal a decision to Enterprise Ireland.

### Claims Process

Companies to complete the claims checklist for each claim and submit with all required documents. If any of the required documents are missing, the claim will be returned.

### Contingent Grant Liability

Contingent Grant Liability (CGL) is a potential future liability, which grant assisted companies take on for the period of the EI Agreement. This liability will come into being if the assisted company is in material breach of the provisions of the agreement.

In the event of such a breach occurring the company will be required to repay all grants received under that particular agreement.

Contingent Grant Liability applies for a period of 5 years.

Where grant assisted companies are part of a group structure, the parent/holding company will generally be required to underwrite the CGL at approval stage.

## Appendix I; Definitions

### Company Size

The full definition of a Small or Medium-sized Enterprise (SME) is given in ANNEX 1 of COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014 and that should be consulted if there is any doubt in a particular case.

The key considerations relate to staff headcount and financial thresholds which are given in Article 2 of that ANNEX as;

1. *The category of micro, small and medium-sized enterprises ('SMEs') is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.*
2. *Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.*

A company that exceeds the upper limits of the Medium Enterprise is automatically classed as a Large Enterprise.

### Collaboration

In order to be eligible for a collaborative bonus there must be at least two companies, which are independent of each other. No single company can bear more than 70% of the costs of the collaboration project. The collaborative project must either involve at least one SME, or, where no SME is involved, then the RD&I must be carried out in at least two Member States.

Subcontracting is not considered collaboration.

The RD&I Fund supports collaboration between companies. Collaboration between companies and research organisations are covered under the Enterprise Ireland Innovation Partnership Fund.

## Appendix II; Eligible costs

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

(a)

personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;

(b)

costs of purchasing instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible.

(c)

Costs for of buildings, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible.

(d)

costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;

(e)

additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project; without prejudice to Article 7(1), third sentence, such research and development project costs may alternatively be calculated on the basis of a simplified cost approach in the form of a flat-rate of up to 20 %, applied to total eligible research and development project costs referred to in points (a) to (d). In this case, the research and development project costs used for the calculation of the indirect costs shall be established on the basis of normal accounting practices and shall comprise only eligible research and development project costs referred to in points (a) to (d).



## Appendix III: Built To Innovate, an Enterprise Ireland action under Housing for All – RD&I Fund Eligibility Criteria

### 1. Background and purpose of this Appendix:

On September 2<sup>nd</sup>, 2021, the *Housing for All* plan was announced by Government. Under Pathway five of the plan Enterprise Ireland has been tasked with providing productivity, innovation and research supports to the domestic residential construction industry.

Action 23.4 reads “*Expand the role of enterprise agencies to include funding and supports for innovation and productivity related projects in the domestic residential construction sector, with funding for research, innovation and productivity to be provided, commensurate with the scale of construction in the domestic economy and in compliance with State Aid rules.*”

Several existing Enterprise Ireland offers are being utilised to deliver on these actions. This Appendix sets out the specific eligibility and other criteria required to make the RD&I Fund compatible with *Housing for All*.

### 2. Product Details

#### 2.1 Funding, Including Eligible Expenditure, and Ineligible Expenditure

Applicants for the *Housing for All* Offer must meet the specific eligibility and other requirements for the RD&I Fund in accordance with the Reference Document for that offer, subject to the additional specific criteria outlined in this Appendix. This includes all funding being awarded in accordance with the Legal and State Aid Frameworks that govern the RD&I Fund.

While Capital Depreciation costs are typically allowed under normal RD&I applications; these costs are not allowable under this Built to Innovate initiative. All other expenditure rules remain the same as the existing RD&I support.

#### 2.2 Eligible Applicants and Ineligible Applicants

In addition to the established eligibility criteria for the RD&I Fund, the offer is also available to companies who qualify for Enterprise Ireland’s *Housing for All* Offer. Applicants who qualify for the *Housing for All* Offer are exempt from the requirement of being an existing or potential client of Enterprise Ireland, Údarás na Gaeltachta or any of the Local Enterprise Offices to avail of the RD&I Fund.

Enterprise Ireland’s *Housing for All* Offer is open to Irish companies who employ 10 or more full time people equivalents working in homebuilding and can demonstrate an ability to deliver on the objectives of this fund. This includes, but is not limited to:

- Contractors.
- Builder developers.

- Sub-contractors.
- Modern Methods of Construction (MMC) manufacturing companies.

### **Ineligible Companies**

Enterprise Ireland's *Housing for All* Offer is not open to companies that meet anyone (or more than one) of the below criteria:

- Property developers who do not self-perform any construction work.
- Companies employing less than 10 full time people.
- Companies that currently derive less than 20% of annual revenue from the homebuilding sector and do not have a validated plan to achieve this objective, this plan being satisfactory to Enterprise Ireland. Large companies that may have less than 20% revenue derived from homebuilding but are considered to be capable of delivering substantial numbers of units will also be considered.
- Do not meet the eligibility criteria as outlined in this Appendix.
- Are operating in the coal or steel sector.
- Are active in the primary agricultural, fishery or aquaculture sectors.
- Are covered by specific rules for Financial Services.<sup>4</sup>
- Include or relate to activities that Enterprise Ireland considers as ineligible or as involving an unacceptable reputational risk. Ineligible activities include activities relating to:
  - The gambling sector, including 'gaming' (as defined in the Gaming and Lotteries Act 1956).
  - Adult entertainment.
  - Tobacco products.
  - Cannabis-based products which are not authorised as medicines.

**Note:** In 2022, under this fund, eligible companies can apply for multiple projects up to a maximum of €500k per undertaking. Funding above this level will be approved in exceptional cases and will be subject to review.

In addition, it is expected that a company will not be availing of more than one offer under *Housing for All* at one time.

## **Application, Evaluation and Approval Process**

### **3.1 Eligible Application**

The application documentation required is the same as required for the RD&I Fund with one additional document requested to facilitate an eligibility and package sizing assessment. This document is a simple excel table which detail the company's total revenue, the percentage derived from homebuilding, number of employees and the number of housing units delivered over a seven-year period and a brief housing impact statement. This is two previous years, current year and four future years.

### 3.2 Application Process

<b>Inquiries</b>	– Inbound inquiries to the Enterprise Ireland webpage on these supports will direct people to contact an email address for further information. The Enterprise Ireland Housing team will engage with the potential applicant to initiate the assessment of eligibility.
<b>Assessment of Eligibility:</b>	<ul style="list-style-type: none"> <li>– <b>Step 1:</b> Applicants will complete a Housing Impacts Statement, setting out the following: <ul style="list-style-type: none"> <li>– table of current and projected residential and other activities,</li> <li>– statement of housing impacts arising from the proposed project.</li> </ul> </li> <li>– <b>Step 2:</b> The Housing Impacts Statement will be assessed to determine project eligibility and maximum grant per job.</li> </ul>
<b>Client Registration:</b>	– Non-EI clients will be registered as temporary clients on the CES.
<b>Application Process:</b>	<ul style="list-style-type: none"> <li>– Following assessment of a Housing Impacts Statement, a formal application will be submitted using existing application documents. The current process for the management of these applications will be used.</li> <li>– The current commercial and technical due diligence process will be conducted. This will include the project team analysing the nature of the project for the purpose of determining package size.</li> </ul>
<b>Approval Process:</b>	– The only change to existing approval processes will be the inclusion of a Housing Impacts Statement in the online or Committee proposal document.
<b>Post Approval</b>	– Projects will be tagged on the CES as Housing for All related by the Housing team (TBC)

Inquiries from ineligible companies or companies with ineligible projects will be adjudicated on by the Department Manager responsible for Housing and recorded by the Housing team. Appeals to these decisions will be directed to the Secretary of the Enterprise Ireland Board.

### 3.3 Evaluation and Approval Process

Applications received will be processed within the current Enterprise Ireland approvals structures for the RD&I Fund with the same grant aid limits being applied.

#### Assessment Process for the RD&I Fund

The Value for Money measures of cost per job and Cost Benefit ratio will continue to be relevant. There is no requirement for projects to show exports or export growth and as such an alternate assessment is required to ensure that the objectives of the initiative are being achieved, namely: A project must have a demonstrable impact on homebuilding by accelerating the delivery of new homes and/or reducing the cost of home building.

Applications will be subject to the assessment process that has been established for Mid-Size and Transformative Offerings under the *Housing for All Offer* to establish Value for Money, in addition to the other assessment criteria for the RD&I Fund, outlined in the Reference Document for that Offer.

#### **Mid-Size and Transformative packages**

- For Mid-Size or Transformative packages, as increasing employment and exports are not objectives of this initiative, traditional value for money measures of exports and the cost benefit ratio are not informative for these projects. The standard grant rates for Enterprise Ireland packages will be implemented but a further methodology for ascertaining the maximum possible grant package for a company is also required.
- For these larger packages, the size of the package will primarily be shaped by the size of the company, the nature of the business and the impact of the project on homebuilding in Ireland. A range up to €7.5k per employee is recommended. These figures have been informed by a study of 32 OPEX projects approved between 2019 and 2021.

The impact assessment criteria for Mid-size and Transformative products uses three core criteria summarised in the table below.

<b>Impact</b>	<b>Measurement of Impact</b>	<b>Justification for Impact</b>
<b>Housing Impact:</b>	– Percentage of company or business unit turnover relating to housing, employees, number of units produced.	– Determines company eligibility. – Informs ability to impact on headline objectives.
<b>Business Activity Impact:</b>	– The nature of business activity conducted by the applicant and its position in the supply chain for homebuilding.	– Recognising that homebuilders, general contractors, and offsite manufacturers are able to have a greater impact than subcontractors or component suppliers.
<b>Project Impact:</b>	– The ambition of the project to be undertaken. – Level of Lean & Industry 4.0 digitalisation being implemented.	– The project will be assessed on the level of its ability to deliver on the objectives of the fund.

### Housing Impact:

It is recognised that for many firms the homebuilding sector is one of many that they may service. This criterion places a higher ranking on companies that are more focused on homebuilding. This is important as companies that are undertaking company-wide projects, for example lean training, will include domestic construction activities that Enterprise Ireland does not support. In these instances, the grant per job will be reduced in line with the percentage of revenue from homebuilding, i.e. if 50% of revenue is from homebuilding, the maximum possible grant per job will be reduced from €7.5k to €3.75k.

### Business Activity Impact

The nature of the objective to be achieved places a priority on those firms that can have the most influential impact on the delivery of a housing project. Companies that operate at the top of the supply chain such as General Contractors and Homebuilders will be assessed as having a 'Very High' impact. Other companies will be assessed by categorising them within the Modern Methods of Construction Framework (Detailed in Section 3.4 of this Appendix) developed by the UK Government. See Project Impact for details of the categories and the associated indicative assessment level, Moderate, High, Very High.

### Project Impact

The ambition, quality and impact of the project seeking support will be assessed and graded by the project team as moderate, high, or very high. This will include examining:

- Improvement in productivity.
- The technical maturity or challenge of completing the project.
- Impact on the adoption and optimisation of Modern Methods of Construction (MMC).
- Impact of product on speeding construction processes.
- Increasing Pre-Manufactured Value in offsite manufacturing.
- Improved efficiencies brought to the supply chain.
- Reduced cost of product.

For a project to be assessed overall as 'Very High', and thus enabling a grant per existing job of between €5k and €7.5k the company will need to have been assessed as scoring in the Very High range on all three criteria:

Impact	Very High
<b>Housing Impact:</b>	– Revenue is more than 75% derived from Homebuilding.
<b>Business Activity Impact:</b>	– The company is at or near the top of the supply chain or is within the Very High rated MMC categories
<b>Project Impact:</b>	– The project is deemed to be industry leading. – The project has a clearly identifiable impact on the reduction of construction costs. – The project has an advanced level of Lean &/or Industry 4.0 digitalisation being implemented. – Productivity increases are above 15% or can be seen to have a multiplier effect on the supply chain.

For a project to be assessed as ‘High’ with funding per existing employee of between €2.5k and €5k, the overall the following characteristics may be present.

<b>Impact</b>	<b>High</b>
<b>Housing Impact:</b>	– Revenue is between 50 and 75% derived from Homebuilding.
<b>Business Activity Impact:</b>	– The company is a major sub-contractor such as MEP or civil works. – The company is categorized within the MMC criteria as High
<b>Project Impact:</b>	– The project is being undertaken results in a step change for the business. – The project has a clearly identifiable impact on the reduction of construction costs. – The project is beyond introductory level of Lean &/or Industry 4.0 digitalisation being implemented.

For a project to be assessed as ‘Moderate’ with funding per existing employee up to €2.5k, the overall the following characteristics may be present.

<b>Impact</b>	<b>Moderate</b>
<b>Housing Impact:</b>	– Revenue is between 20 and 50% derived from Homebuilding.
<b>Business Activity Impact:</b>	– The company is a subcontractor servicing the homebuilding industry. – The company is categorized within the MMC criteria in categories 3-7.
<b>Project Impact:</b>	– The project will have a quantifiable impact on the operations of the company. – The project has an identifiable impact on the reduction of construction costs. – The project may include introductory lean or digitalization projects.

#### **Project sizing process:**

1. Using the Housing impacts document supplied by the applicant determine the initial maximum grant per existing employee. This is done by applying the percentage of revenue from Homebuilding to the upper ceiling of €7.5k per job.
2. Grade the nature of the business from ‘Moderate’ to ‘Very High’ impact.

- Grade the nature of the project as 'Moderate' to 'Very High impact.

Apply the following matrix (example below assumes the company is delivering 100% to homebuilding):

Project Impact	Grant Cost per Job			
	Very High	€3,000	€5,000	€7,500
	High	€1,500	€3,000	€5,000
	Moderate	€750	€1,500	€3,000
		Moderate	High	Very High
Business Activity Impact				

#### 3.4 Modern Methods of Construction Framework

<b>Business Activity</b>	<b>Description of Activity</b>	<b>Activity Impact Assessment</b>
<b>Category 1: MODULAR (VOLUMETRIC) SYSTEMS</b> Pre-Manufacturing (3D primary structural systems)	Factory produced enclosed structural sections (modules) that combine to form completed buildings as follows: (a) frame only (Open Panel); (b) frame with internal fitout; (c) frame with internal fitout cladding & roofing; (d) modules with internal & external finishes, M&E services, and full fitout, including bathrooms/kitchens.	– <b>Very High:</b> Levels (b) (c) & (d).  – <b>Moderate:</b> Level (a).
<b>Category 2: PANEL SYSTEMS</b> Pre-Manufacturing (2D primary structural systems)	Factory produced structural wall, floor and roof panels that are assembled onsite as follows: (a) frame only (Open Panel); (b) frame with insulation & lining; (c) frame with insulation & lining, cladding, doors, windows, internal finishes, and M&E services.	– <b>Very High:</b> Levels (b) (c).  – <b>Moderate:</b> Level (a).
<b>Category 3: Pre-Manufacturing components (non-systemised primary systems)</b>	(a) piling, pile caps/ring beams; (b) columns, shear walls, beams, floor slabs; (c) integrated columns, beams, floor slabs; (d) staircases, pre-assembled roof structures (trusses).	– <b>Project assessment required*</b>
<b>Category 4: Additive Manufacturing</b>	(a) structural and non-structural components.	
<b>Category 5: Pre-Manufacturing components (non-structural assemblies and sub-assemblies)</b>	<u>Volumetric podded assemblies:</u> (a) bathroom/kitchen pods with enclosing structure; (b) M&E pods (plant rooms, utility cupboards). <u>Panelised / linear assemblies:</u> 1. non-structural façade assemblies (glazing, cladding); 2. roof assemblies / cassettes; 3. M&E distribution and infrastructure assemblies; 4. floor & partition cassettes (services/finishes added); 5. doorsets (pre-hung, finished with ironmongery).	– <b>Very High:</b> Volumetric.  – <b>Panelised &amp; Linear: Project assessment required</b>
<b>Category 6: Site labour reduction</b>	– fast assembly systems, including large format products, pre-cutting, and easy jointing.	– <b>Project assessment required.</b>
<b>Category 7: Site process improvements</b>	– Lean and Industry 4.0 site automation processes.	



### **3.5 Closing Date for Applicants**

This offer will be open to the domestic residential industry from March 2022 until the end of 2024 or until advised by Government.

### **3.6 Post Approval Claims Process**

The existing claims process will be used to draw down funding. The Development Advisors in the Housing team will provide claims clearance for the new temporary clients.