



An Roinn Fiontar,  
Trádála agus Fostaíochta  
Department of Enterprise,  
Trade and Employment

# **SME & Entrepreneurship Taskforce**

## 2022 Priority Actions Progress Report



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## Background

The *Programme for Government – Our Shared Future* committed to the establishment of an SME and Entrepreneurship Taskforce to design a National SME Growth Plan that would map out an ambitious long-term strategic blueprint beyond COVID-19.

A Taskforce was appointed by the Tánaiste and Minister for Enterprise, Trade and Employment in September 2020, with membership drawn from a broad range of sectors and regions, and included the national SME representative bodies, Ibec, SFA, ISME, Chambers Ireland, and sectoral representatives including the Irish Hotels Federation, and Scale Ireland. Its work was informed by the comprehensive *OECD Review of SME and Entrepreneurship Policy in Ireland*, which provided an objective and evidence base for the work in developing the SME Growth Plan.

The SME and Entrepreneurship Taskforce's Report: National SME and Entrepreneurship Growth Plan, published in January 2021 and an Implementation Group was established in February 2021 to address these recommendations and work with relevant Government Departments and Agencies to deliver these reforms. The Implementation Group agreed ten priority areas where significant progress could be made in the short term.

In December 2021, Government noted an update on the Taskforce, the resulting Growth Plan, the establishment of an SME and Entrepreneurship Implementation Group, work completed during 2021 and the work agenda for delivery in 2022.

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## Updates on Priority areas for implementation

In 2022, the wider SME and Entrepreneurship Taskforce met twice (14 July & 16 November) to review the progress made across the ten priority areas.

In advance of and during each of these meetings, officials from relevant Departments and Agencies provided updates on implementation of the ten priority areas. The group were also updated on work to develop the White Paper on Enterprise and on initiatives to assist decarbonisation of industry in Ireland.

An update on progress made in implementation of the ten priority areas is set out below including:

1. Access to Finance;
2. Digital transformation;
3. Increasing first time exporters;
4. Enhanced assistance for high-potential businesses;
5. Clustering and networks;
6. SME management skills;
7. Reducing the regulatory burden on SMEs;
8. Delivery of a single portal for business information and assistance;
9. Ensuring comprehensive enterprise agency coverage for SMEs; and
10. Promoting SME participation in public procurement.

### 1. Access to Finance

Ensuring an adequate supply of credit to SMEs through State-backed loan schemes and equity investment schemes was highlighted as key to facilitating sustainable growth for the SME sector. Progress made includes:

- Building on the Brexit Impact Loan Scheme, Government approved a Covid-19 Loan Scheme which was launched on 4<sup>th</sup> July. The new Scheme ensured that a State-backed option for lending remained available until the end of this year to help eligible SMEs, including farmers and fishers, and small mid-caps in Ireland in managing their finances as they respond to the impacts of COVID-19.
- In February, a new equity fund for early-stage seed and growth capital was launched. The Irish Innovation Seed Fund Programme is a €90m fund-of-funds, made up of €30m investment from the Department of Enterprise, Trade and Employment (DETE), through Enterprise Ireland, which is matched by a €30m from the EIF. ISIF will co-invest a further €30m on a deal-by-deal basis.

- DETE has recently completed and published a review of the Future Growth Loan Scheme which has informed the development of a new Long Term Lending Scheme, the Growth and Sustainability Loan Scheme, which will be launched in the first half of 2023. This scheme will make available €500m in lending to SMEs, including farmers and fishers, and small mid-caps for terms of up to ten years. The new Ukraine Credit Guarantee Scheme will be launched this winter. This December, the Credit Guarantee (Amendment) Act 2022 was published and European Commission notification received in order to apply its Temporary Crisis Framework for State Aid. This allows for more favourable terms and conditions for SMEs, farmer, fishers and small mid-caps. Finance providers will have to demonstrate reduced interest rates and no guarantee or collateral will be required for loans up to €250,000. The Scheme will be available until the end of 2024, with loans of up to 6 years and €1 million. The Scheme will be operated by the Strategic Banking Corporation of Ireland.

## 2. Digital transformation

Equipping our small and medium businesses for the rapidly accelerating transition to digital ways of working is a crucially important part of building a resilient, competitive SME sector. Progress made in this area includes:

- In February 2022, Government approved the National Digital Strategy, “Harnessing Digital - The Digital Ireland Framework”. The Strategy aims to position Ireland as a digital leader at the heart of European and global digital developments. This ambition is in line with both EU priorities, as set out under the Digital Decade to 2030, and national priorities under the 2021 Economic Recovery Plan and Ireland’s National Resilience and Recovery Plan (NRRP).
- To boost the uptake of digital technology in enterprises DETE secured €85m of multiannual funding under the EU Recovery and Resilience Fund (to 2026) to drive transformative digitalisation of enterprise in Ireland, particularly amongst SMEs.
- The Digital Transition Fund was launched in June, alongside a series of “Grow Digital” workshops in regional locations. The Fund aims to increase digitalisation of all businesses across products, processes, supply chains and business models. This will bring about productivity gains, access to new markets, increased innovation and improved competitiveness.
- The Fund will help companies at all stages of their digital journey – from the early days of simply going online to digitalisation of products and business processes, to facilitating exporting and to using digital technologies to develop new markets and business models.

- To help make digital technology more readily available to SMEs, Ireland will soon be part of a network of European Digital Innovation Hubs (EDIHs). All four of Ireland's designated EDIHs passed the Commission threshold and are eligible to become part of the EDIH network which has been established as part of the European Commission's Digital Europe Programme to shape digital transformation over the 2021-2027 programming period.
- The programme is aimed at making new digital technologies more available to SMEs, such as cybersecurity solutions, high-performance computing, and AI; increasing advanced digital skills and assuring the widespread adoption of e-government tools by public administrations to improve public services. These hubs will play a critical role in facilitating the digitalisation of Irish SMEs across industries and regions in these new technology areas through services such as "test before invest", innovation and financing advice, and training and skills development.

### 3. Increasing first time exporters

The *Economic Recovery Plan* sets out targets, as envisaged in the *SME and Entrepreneurship Growth Plan*, for 2,000 additional SMEs to begin exporting and a further 3,000 additional micro and start up enterprises to be enabled to become Digital Exporters. Progress on this includes:

- Enterprise Ireland's Strategy was launched in January 2022 which renewed its ambition to create resilient, internationally focused Irish enterprises.
- This work has been informed by the recommendations set out in the SME and Entrepreneurship Growth Plan and included the creation of a clearly defined export journey to cater for any SME of any size with ambition to find new markets.
- The Government recently approved the framework for the extension of the LEO mandate to target new exporters in the manufacturing and internationally traded services sectors that had grown to more than 10 employees.
- Enterprise Ireland will continue to explore opportunities to strengthen Enterprise Ireland and LEO supports and tools around new exporters across three areas – ambition building, capability development and go to market planning.

## 4. Enhanced assistance for high-potential businesses

This priority area focuses on helping very high potential businesses through the appropriate funding instruments to accelerate investment, a targeted approach to drive capability development, and developing pathways for SMEs to access strategic skills. Progress made so far includes:

- In January, Enterprise Ireland launched its new Strategy 2022-2024 which set out renewed objectives to increase the number of new entrepreneurs, fast growing start-ups and High-Potential Start-Ups (HPSUs) across the regions.
- A new HPSU pre-seed offer comprising a €100k Convertible loan was launched in September. In addition to this, feasibility grant support for potential HPSUs is also being increased.
- The new offer is designed to encourage and support more eligible entrepreneurs start their business and assist them get to seed funding stage. This is a welcome enhancement to the assistance available to HPSUs.

## 5. Clustering and networks

The development of an overarching National Clustering Policy and Framework is a key deliverable by DETE under the *Economic Recovery Plan*. Progress made on this includes:

- Development of an overarching national policy approach to clustering by DETE during 2022 as part of the White Paper on Enterprise which was published on the 7<sup>th</sup> of December. This work included consideration of the recommendations on clustering outlined in the *SME and Entrepreneurship Growth Plan*.
- This approach outlines an enhanced role for Clustering as a part of Ireland's enterprise policy toolkit through a centrally coordinated and cross-Government approach, aimed at sustaining and building competitive advantage in areas of strategic national priority and potential.
- It will encourage the formation and strengthening of national cluster organisations and maximise the scale, impact and international visibility of Irish clusters, leveraging the benefits of proximity and co-location to boost regional development.
- During 2022 DETE appointed an external consultant to provide a robust evidence base to inform policy direction and development and this work was overseen by a National Clustering Policy Steering Group bringing their collective expertise and experience to bear.

## 6. SME management skills

SME management development is fundamental to improving the productivity of SMEs, and managers that adopt best practice management skills and practices are better placed to formulate clear strategy, adopt modern methods, develop better teams, and to innovate and grow. Progress made in this area includes:

- In November 2022, the online management skills assessment tool, and associated information resource on the DETE website, were launched, branded as *Skills for Better Business* (<https://skillsforbetterbusiness.gov.ie/>).
- 14 project partners, from both public and private sectors, cooperated to develop these tools, and they will be promoted by those partners to SMEs across Ireland via social media and other channels.
- It is expected that data collected through the online tool will help to identify a basic suite of management training for SME owners and managers.
- The Taskforce received a presentation from Department of Further and Higher Education, Innovation and Skills outlining developments on the skills agenda with a focus on SMEs and an update on the Irish University Association's MicroCreds project which is funded under the Government's Human Capital Initiative. The project will deliver small, accredited courses designed to meet the needs of learners and enterprise and offer a flexible and accessible way of reskilling and upskilling.

## 7. Reducing the regulatory burden on SMEs.

The SME Test is a regulatory impact assessment tool that encourages policymakers across Government to consider the impact that any new regulations or laws will have on SMEs. Progress made on this includes:

- DETE established a cross-Government network to facilitate engagement and provide training and support to Departments on the application of the SME Test.
- Through the network, 6 Departments (including DETE) have confirmed that they have applied the SME Test 2022 covering 12 pieces of legislation, thereby reaching the target set out in the NRRP.
- DETE will continue to work with Departments via the cross-Government network to support application of the SME Test and to monitor its application.

## 8. Delivery of a single portal for business information and assistance

DETE committed to delivering a single hub for SME information and assistance that would be more comprehensive, up to date and be easily accessible for SMEs. Progress made here includes:

- The new site is now live (<https://supportingsmes.gov.ie/>) and it will be supported by a promotional campaign in early 2023.
- The portal provides quick links to targeted thematic areas of interest such as Scaling, Access to Finance, Exporting, Climate, Skills and Digitalisation.
- The filtering tool has been retained directing user to specific support providers such as green and digital supports.
- The site also includes business guides to Prompt Payment Code and access to Public Procurement opportunities and EU SME News.

## 9. Ensuring comprehensive enterprise agency coverage for SMEs

DETE committed to a more comprehensive and joined-up range of assistance for all SMEs by the State, public bodies and our enterprise agencies. Progress made includes:

- The Government recently agreed the extension of the LEO mandate will fill a gap in state supports for those businesses with greater than ten employees in manufacturing and internationally traded services.
- It will allow the LEOs to provide direct grants to these firms to help their development and €2 million has been secured under Budget 2023 to implement the pilot framework.
- The Government also noted that the LEOs have broadened their engagement with small locally traded enterprises particularly through COVID and the LEOs are helping these firms to improve their productivity, to digitise and reduce their carbon footprint. Over the medium to longer term, training mentoring and development programmes will be more open to locally traded sectors of the economy, subject to a feasibility study that will evaluate the amount of resources to be allocated based on a full cost benefit analysis, and the overall strategic direction of policy which has been set out in the White Paper on Enterprise.



## 10. Promoting the participation of SMEs in public procurement

The focus here was to review the barriers to SME participation in public procurement opportunities. Progress made includes:

- A Working Group of the SME Advisory Group was established to allow for a more detailed, technical, consultation on matters relating to Circular 10/2014 and to propose amendments to the Circular.
- The group was made of industry representative bodies and public body stakeholders including Enterprise Ireland, Intertrade Ireland and DETE. The first phase of the consultation process with SME representative bodies has completed. The OGP is now considering the feedback from Government Departments.
- The delivery of an enhanced SME information portal is now live with a “Sell to Government” icon located on the main page linking through to the website of the national tendering platform, eTenders.

## Climate action, SMEs, and transition to a low carbon future

While not one of the priority areas identified initially the Taskforce through their work recognised the critical role that SMEs will play in enabling our society to make the transition to a low carbon future – requiring both resilience against this change in our economic activities, as well as agility to identify and pursue the significant opportunities that come with this transformation. Progress made here includes:

- For all firms looking to start taking climate action, the Government’s ‘Climate Toolkit for Business’ will sign-post you to the resources and grants available. The Green 4 Micro programme delivered by the Local Enterprise Offices gives extra support to help smaller businesses get started.
- The **Green Transition Fund** launched in June does two things. Firstly, capacity building in manufacturing businesses to develop tailored decarbonisation plans; and secondly, grant funding for those investments in carbon neutral technologies and energy monitoring systems.

- The **Climate Planning Fund for Business** is targeted at companies of different sizes and at all different stages of their zero-carbon journey. This is the capacity building stage. The scheme includes vouchers to develop plans, assistance to put in place the systems and structures to manage resources and training to develop management capabilities.
- The **Enterprise Emissions Reduction Investment Fund** supports grant aid to reduce the payback period on key carbon reducing technologies for manufacturing; these investments increase the resilience of companies to compete in decarbonised supply chains, and puts them on a pathway to net zero carbon.
- The **Non-Domestic Microgen Grant (NDMG)**, which provides financial assistance to help businesses and other sectors to install solar PV panels to generate electricity on site, was launched by SEAI in September 2022.

## Membership of SME Growth Taskforce

Name	Organisation
Damien English TD	Minister of State for Business, Employment and Retail
Dara Calleary TD	Minister of State for Trade Promotion, Digital and Company Regulation
Kevin Buckley CEO	Spearline Labs, Skibbereen, Cork
Thia Hennessy Dean	School of Business, UCC
DC Cahalane CEO	Republic of Work, Cork
Alison Cowzer Founder	East Coast Bakehouse
Paula Fitzsimons	Going for Growth Initiative
Ciaran Murtagh MD	Shay Murtagh Precast Concrete
Philip Noone Founder and CEO	Aalto Bio
Oonagh O'Hagan MD	Meaghers Pharmacy
Helen Ryan Former CEO	Creaganna Medical, strategic advisor to Atlantic Bridge Ventures on University Bridge Fund
Leo Clancy CEO	Enterprise Ireland
Oliver Tattan	Experienced Entrepreneur, and angel investor
John Cunningham Commercial Director	Morgan McKinley recruitment group
Tom McDonnell	ICTU
Tommy Gill CEO	Play Activity and Leisure Ireland
Cllr Seamus Butler Managing Director	BMS
Gina Quinn President	National College of Ireland
Brian Caulfield Venture Partner	Draper Esprit
Elaina Fitzgerald Director	Fitzgeralds House Hotel and Spa
Elizabeth Bowen CEO	SFA
Ian Talbot CEO	Chambers Ireland
Neil McDonnell CEO	ISME
Danny McCoy CEO	IBEC

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Pauline Mulligan, Karen Hynes, Patrick Sinnott, Laura Byrne, Hazel Carroll, Tim Luby.