

1. General Conditions

1.1 LEOs can assist in the establishment and/or development of new and existing enterprises (limited company, individual/sole trader, co-operatives and partnerships) provided that such enterprises/projects are capable of attaining commercial viability and subject to the following eligibility criteria;

- the enterprise must not employ more than 10 people;
- the enterprise must be established registered and operate within the geographic location of the Local Enterprise Office;
- the enterprise must operate in the commercial sphere;
- the enterprise must demonstrate a market for the product/service;
- the enterprise must have potential for growth in domestic and/or export markets and also potential for new job creation;

1.2 Within the above eligibility criteria there are certain priorities and restrictions:

- priority must be given to enterprises in the manufacturing or internationally traded services sectors which over time can develop into strong export entities and graduate to the Enterprise Ireland Portfolio;
- salary support may be offered to unique tourism services projects that are focused predominantly on generating revenues from overseas visitors and which do not give rise to deadweight and/or displacement in the local economy;
- The Financial Instruments do not support those areas such as retail enterprises, personal services (e.g. hairdressers, gardeners, crèches etc), professional services (accountants, solicitors, etc), construction/local building services, as this is considered to give rise to unacceptable deadweight (where projects would have proceeded anyway) and/or displacement (where the projects simply displace business from other players in the market).

1.3 In assessing an enterprise's suitability for financial support, Local Enterprise Offices and the Evaluation and Approvals Committees should pay due regard to the following General Principles:

- **Need for Money** – financial assistance is necessary to ensure the establishment or development of the enterprise;
- **Innovation** – offering the market a new or substantially improved product or service
- **Commercial nature and sustainability** - the investment proposed is commercially viable;
- **Adequate financial resources** - the enterprise having adequate financial resources to develop the project;
- **Business /development plan** - The enterprise having prepared a suitable business/development plan;
- **Employment** - the enterprise providing new employment or sustaining existing employment in the State;
- **Double Funding** - LEOs cannot duplicate and/or support projects which would give rise to double funding from any exchequer or EU source;
- **Public Bodies** are not eligible for grant aid;
- **Previous Funding** from the State provided to the Company.

1.4 Relevant provisions of the Service Level Agreement (SLA) and Evaluations and Approvals Committee Protocols including approval limits, will be observed, as well as any relevant guidelines or legislation including State Aids, ERDF, etc.

1.5 The current obligations in relation to refundable aid shall continue to apply. The current obligation is that at least 30% of total approvals of grants made by a Local Enterprise Office each year must be in a refundable form. This requirement applies to all Priming and Business Expansion Grants approved, whether funded from the Exchequer Grant or from the Refundable Aid account. LEOs should actively monitor and manage the approval of Grants throughout the year so as to ensure that the minimum requirement of 30% is met at year-end. Refundable Aid requirements will apply in respect of Priming and Business Expansion Grants and will be subject to Refundable Aid Circulars issued from time to time.

2.0 Financial Instruments

2.1 Priming Grants may be available for sole traders, partnerships, or limited companies that fulfil the following criteria:

- located and operating within the LEO's geographic area;
- a business which on growth will fit the Enterprise Ireland portfolio;
- a business employing up to 10 employees;
- a manufacturing or internationally traded services business;
- a domestically traded service business with the potential to trade internationally.
- need for money and having regard to deadweight and displacement.

Eligible clients may be awarded a Priming Grant within the first eighteen months of setting up the business. The maximum Priming Grant payable shall be 50% of the investment or €150,000 whichever is the lesser.

All grants of a value greater than or equal to €40,000 or with a cumulative value of €80,000 over three years require Enterprise Ireland Approval. Projects recommended by Local Enterprise Office Evaluation & Approvals Committee will be evaluated by the Local Enterprise Panel in Enterprise Ireland against set criteria and recommended to the Enterprise Ireland's nominated Committee for approval.

Grants over €80,000 and up to €150,000 shall be the exception and shall only apply in the case of projects that clearly demonstrate a potential to graduate to Enterprise Ireland. In all other cases, the maximum grant shall be 50% of the investment or €80,000 whichever is the lesser. Subject to the 50% limit, a maximum grant of €15,000 per full time job created shall apply in respect of any employment support granted.

2.2 Business Expansion Grants may be awarded to businesses

- located and operating within the LEO geographic area;
- a business, which, on growth, will have the capacity to progress to the Enterprise Ireland portfolio
- a business employing up to 10 employees
- a manufacturing or internationally traded service business
- a domestically traded service business with the potential to trade internationally.

The maximum Business Expansion Grant payable shall be 50% of the investment or €150,000 whichever is the lesser.

All grants of a value greater than or equal to €40,000 or with a cumulative value of €80,000 over three years require Enterprise Ireland Approval. Projects recommended by Local Enterprise Office Evaluation & Approvals Committee will be evaluated by the Local Enterprise Panel in Enterprise Ireland against set criteria and recommended to the Enterprise Ireland's nominated committee for approval.

Grants over €80,000 and up to €150,000 shall be the exception and shall only apply in the case of projects that clearly demonstrate a potential to graduate to Enterprise Ireland and/or to grow internationally. In all other cases, the maximum grant shall be 50% of the investment or €80,000 whichever is the lesser. Subject to the 50% limit, a maximum grant of €15,000 per full time job created shall apply in respect of any employment support granted.

A business that had availed of a Priming Grant will be ineligible to apply for a Business Expansion Grant until 12 months after date of approval of the Priming Grant whichever is the later except in cases of exceptional merit and where less than the maximum Priming Grant was drawn down, and subject to the provisions in respect of 'De Minimis state aid.'

2.3 Feasibility Grants

- The Local Enterprise Office will not in any twelve month period approve Feasibility Study Grants in excess of 20% of the money value of all other grants excluding Measure 2 approved by the LEO in respect of all enterprise supports during the period. The LEO will not provide a Feasibility Grant in excess of the maximum provided for as outlined in this circular.
- The maximum Feasibility Grant payable for the S&E Region shall be 50% of the total expenditure or €15,000 whichever is the lesser. The maximum Feasibility Grant payable for the BMW Region shall be 60% of the total expenditure or €15,000 whichever is the lesser.

3.0 Eligible Expenditure

3.1 Priming & Business Expansion Grants:

Expenditure may be considered under the following headings:

- **Capital Items** including fit out of workspace, office equipment, machinery, server/computer costs hardware & software etc (Note acquisition and construction of buildings and purchase of mobile devices and assets including laptops and i-phones/smartphones/i-pads are excluded from grant aid).
- **Salary Costs** for 1st year of employment. This to be paid out in two instalments. The first instalment at the commencement of employment and the second instalment once the employment has continued in existence for a period of six months. The level of grant support should reflect the salary scale proposed for the employment being generated. It is anticipated that jobs attracting salaries in excess of €40,000 will be eligible for the maximum €15,000 grant support with appropriately scaled back grants offered in accordance with proposed salary for lower paid positions. It should be noted that approved grants are used for their intended purposes.
- **Consultancy/Innovation/Marketing Costs** - packaging, brochures, business cards, trade fairs, website design and development, consultancy fees and other marketing initiatives.
- **General Overhead Costs** - including e.g.
 - Utility - installation costs for telephone & broadband. (Note mobile phone costs and other items (specify) are excluded)
 - Rental / Accommodation Costs – For first year of project. (Note where rental space is already subsidised by an investment of public funds then grant support should reflect the differential between the market rate and subsidised rate. Rental costs may be paid up front subject to receipt by the Head of LEO of signed lease/rental agreements).

3.2 **Feasibility:**

Expenditure may be considered under the following headings:

- **Market Research** costs in order to validate the business proposition;
- **Consultancy Costs** to include design fees, architect and legal fees;
- **Technical Development/Prototype/Innovation** to include prototype development, innovative design, research costs, and third level college consultancy;
- **Salary/Own Labour Research** - costs under this category will include own labour involved in carrying out the Feasibility Study. The maximum amount chargeable under this category is €400 per week subject to the overall maximum under this category not exceeding 20% of the overall grant drawdown.
- **Miscellaneous Costs** - to include telephone costs, mileage costs at €0.26 per kilometre, subsistence & overnight costs, air travel etc. Costs in this category relate specifically to Feasibility Grants. The overall maximum drawdown in this category should not exceed 20% of the overall grant level approved.

3.3 Grants may not cover operating costs involving payments to State Bodies, other Public Bodies or Local Authorities.

3.4 Overall the cumulative level of grants to a micro enterprise shall not exceed €150,000 over a three year period. The payments of all grants will be subject to enterprises reaching agreed milestones as per their business plans and /or the LEOs Letter of Offer.

4.0 **Grant Drawdown**

Claims for payment of grants to beneficiaries shall be made only on the basis of qualifying expenditure outlined in the Letter of Offer and vouched as paid.

The funding is conditional on the grants being fully drawn down within twelve months of the date of approval with any amount of grant approval not fully drawn down within that period being deemed to be decommitted.

If the Project expenditure goes beyond the eligible project completion date, the Local Enterprise Office on behalf of the LEO client applies to the

Centre of Excellence requesting a time extension. LEOs in requesting a time extension must articulate the cause of the delay in submitting the final claim. In general, extensions will only be approved in exceptional circumstances where it can be demonstrated that the primary reason for the delay was due to circumstances outside the control of the enterprise.

- 4.1 Payment of grant claims will be in accordance with the Revised Procedures Manual as updated and amended.
- 4.2 As a guideline receipts in respect of all expenditure incurred and proof of payment is required for grant claims less than €15,000. For claims greater than €15,000 receipts, proof of payment and an accountant's certificate will be required in respect of all expenditure claimed.
- 4.3 Evidence of employment such as Social Welfare confirmation, confirmation of tax paid and employment contracts if available will be required in respect of claims for grant aid in respect of employment.
- 4.4 The beneficiary will keep its tax affairs in order and agrees to provide evidence to that effect whenever requested to do so. An up-to-date Tax Clearance Certificates and C2 Tax clearance is required for all claims in excess of €10,000.
- 4.5 The beneficiary must be compliant with all relevant employment and/or trading legislation.

5.0 Benchmarks

Payment of Grant aid is subject to achieving agreed milestones as per the Business Plan and/or Letter of Offer and the following are examples:

- amount of investment by promoter over the life of the business plan;
- amount of employment generated or sustained as a result of the investment;
- salary scales' for jobs generated;
- achievement of projected cash flow outcomes;
- percentage increase in turnover of business;
- amount of investment in research and development;
- amount/percentage of sales into export markets;
- participation in training/mentoring programmes;
- new products launched;
- other appropriate milestones as deemed necessary by the Business Plan / Letter of Offer.

6.0 Review

Each project approved for support will be subject to an annual review. The review should measure and record achievements against the milestones as set out in the business plan and/or letter of offer.

7.0 Annual Employment and Development Survey (AED)

Receipt of grant aid is subject to the beneficiary completing the AED Survey.

8.0 De Minimis

EU Commission Regulations in respect of de minimis aid shall apply and the general limits on assistance set out in the agreement, and the specific conditions attaching to the relevant programme scheme or grant offer shall also be applied. Local Enterprise Offices shall ensure that all beneficiaries are informed and accept the obligations under de minimis.

Overall the cumulative level of grants to a micro enterprise from Local Enterprise Offices shall not exceed €150,000 over a three year period and the cumulative level of aid from all sources cannot exceed the EU de minimis threshold of €200,000 over a 3 year period. The payments of all grants will be subject to enterprises reaching agreed milestones as per their business plans and / or the Letter of Offer.

9.0 Miscellaneous

9.1 LEOs should ensure that all communications reflect the Financial Instruments available to support their clients.

9.2 This document should be read in conjunction with the relevant EU Regulations, The Procedures Manual, as well as relevant Circulars issued from time to time.

9.3 The operation of this circular will be reviewed and revised as appropriate by DJEI and Enterprise Ireland.