

**Speaking Note for Minister Damien English T.D. on the occasion  
of the Presentation of the DETE Supplementary Estimate 2021 to  
the Select Committee on Enterprise, Trade & Employment –  
3pm, Tuesday November 30<sup>th</sup> 2020.**

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Chair,

I am pleased to have the opportunity to discuss our Department's Supplementary Estimate with the Members of the Select Committee this afternoon.

I have been asked by the Tánaiste to express his apologies for not being able to attend the Committee to-day as he is abroad on Government business.

The Committee's secretariat has been provided with briefing by the Department's officials in relation to the various elements of the Supplementary Estimate, which hopefully has been of assistance to the Members of the Committee. With your permission Chair, I would like to provide a little detail in relation to the constituent elements of the Supplementary Estimate.

Firstly, I would like to affirm that the Estimate being presented to the Committee this afternoon is not seeking any additional exchequer funding over and above the €1,142 billion gross provision provided to our Department in the 2021 Further Revised Estimates approved by the Dáil in June. Rather the Estimate is of a technical nature as it is seeking permission to redistribute some €41.55m in savings to support a number of particular priorities on the Department's Vote.

The Department's 2021 Supplementary Estimate has the following distinct elements;

- **€33 million** will be redistributed within the Enterprise Ireland A7 Subhead to establish an Innovation Equity Fund. This will allow for the establishment of a €90m investment fund, made up of a €30m keystone investment from our Department, matched by a €30m investment from the European Investment Fund (EIF) via the InvestEU programme; and a co-investment of €30m from Ireland Strategic Investment Fund (ISIF). The additional €3m investment from the Department will cover fees associated with the administration of the Fund.
- **€550k** for the Humanitarian Flood Relief Scheme (Subhead A15) to fund claims made as a result of flooding incidents and
- **€8 million** will be used for Subscriptions to International Organisations (Subhead B6) for the European Space Agency.

### **Innovation Equity Fund €33million**

The Innovation Equity fund, which was announced by the Minister for Finance in Budget 2021, is designed to provide seed venture capital to innovative Irish companies and will be an important step in maturing the Irish venture capital market.

The Fund, totalling €90 million, will be made up of a €33 million contribution from the Department of Enterprise, Trade & Employment's vote, of which €3 million will cover the administrative costs of the fund. The European Investment Fund will match this investment by providing a further €30 million from the InvestEU programme, and the Irish Strategic Investment Fund will co-invest a further €30 million.

The Fund will be led by Enterprise Ireland, with the European Investment Fund acting as fund manager and will be structured as a fund-of-funds. This means that the fund will invest in other specialist fund managers who will target specific objectives and sections of the market.

The first call of the Fund will be launched in early 2022 and all investments are expected to be made within a three-year timeframe. The investments are forecast to have a 10-year life. Investments will be targeted and prioritised in areas that have experienced difficulty in attracting investment including:

- Lifesciences;
- Healthcare & Pharma;
- Fintech;
- Technology & Digitalisation;
- Green & Environmental; and
- Female Led Enterprises.

A fund of this size, backed by these experienced partners is an important step in developing the investment ecosystem in Ireland. It aims to attract both new fund managers and new private investors to crowd-in further private equity investment.

There is strong demand for seed venture capital in Ireland. The most recent call for applications to Enterprise Ireland's Seed and Venture Capital Scheme in May 2021 amounted to a funds request of €350 million. With €71 million available to allocate, Enterprise Ireland had to scale back allocations to even the strongest fund managers.

## **Humanitarian Flood Relief Scheme €550k**

The Humanitarian Relief Scheme Programme which is funded through Subhead A15 on our Department's Vote, is intended to provide humanitarian support for small businesses, community, voluntary and sporting bodies who experience flood damage to their premises as a consequence of a severe weather event and who have been refused flood insurance. The Department took over responsibility for this Scheme from the Department of Defence.

The Humanitarian Relief Scheme is not a statutory based Scheme. The Department is currently exploring the possibility of establishing the Scheme on a statutory basis. In the interim the Scheme is administered on an emergency humanitarian basis. This requires that ad hoc emergency Schemes are established as and when required by severe weather events.

Ad hoc emergency Schemes are administered by the Irish Red Cross on behalf of the Department. The role of the Irish Red Cross is to advertise, process applications and check criteria to be met via the local authority(ies) and assessors and once verified, distribute payments to eligible beneficiaries.

The ad hoc emergency Schemes are designed to enable affected businesses to seek immediate assistance for costs of up to €5,000 to remediate damages from the weather event in question. This essentially allows for applications and payments to be processed as speedily as possible. In the event that applicants have incurred significant damages above €5,000, further support can be provided following detailed assessments by the Irish Red Cross Society which can include a physical assessment of the damages suffered. The total level of support available under an ad hoc Scheme is capped at €20,000.

The establishment of an ad hoc emergency Scheme requires the Government approval. Four such ad hoc emergency relief Schemes were approved by Government in the course of 2020.

Whilst a number of claims under the 2020 Schemes approved by Government were paid in year, others were not paid out until 2021. The reason for the delay in processing payments was due to COVID-19 related restrictions, whereby the Irish Red Cross assessors were unable to finalise on-site inspections until COVID restrictions were lifted. This resulted in a number of invoices relating to 2020 flooding events not being submitted until April/May 2021 by the Irish Red Cross. The €550k being sought in the Supplementary Estimate is required to meet the costs of claims submitted for payment in 2021.

### **European Space Agency €8 million**

Ireland has been a member of ESA since 1975. Irish membership is through an annual subscription that allows Irish companies and researchers to competitively bid for ESA tenders. The value of the resulting contracts is commensurate with Ireland's contribution to the overall ESA budget.

The primary rationale for Ireland's continued investment in ESA is to support innovative companies and researchers to develop leading-edge technologies for commercial exploitation in the global space market, to develop valuable research and business linkages with other space organisations, to spin out high-reliability and high-performance space technologies into non-space markets and to spin technologies into the space market.

2020 was a very successful year for Ireland's engagement with the European Space Agency as a total value of €13.3million in contracts were awarded to Irish based industry and researchers by the Agency.

2020 also saw record growth in the number of Irish companies engaging with ESA support programmes, with 13 new companies securing their first ESA contract; this is the highest number of new-entrant Irish companies recorded in any given year to date.

In 2020, Irish companies demonstrated the practical value of their technologies by joining the fight against COVID-19. Three Irish companies were selected by ESA to develop solutions using satellite systems. The successful projects include a virtual command and control centre, which will streamline and support effective emergency response, a device that tracks the spread of COVID-19 using real time satellite data, and a wearable technology that will support remote monitoring of patient health in the community.

The €8m in additional funding proposed in the Supplementary Estimate will be invested across six programmes in key technology areas such as Earth observation, telecommunications, and technology development. Some of the programmes that will benefit from this additional funding include

- the Copernicus Space Component which enables industry to develop technologies to implement the EU's Copernicus satellite missions.
- Advanced Research in Telecommunications Systems (ARTES) which enables industry to explore, through research and development (R&D) activities, innovative concepts to produce leading-edge satcom products and services.
- Business Applications (BASS) which supports downstream applications of advanced satellite systems and including the next phase of Ireland's ESA Business Incubator.
- Earth Observation Programme (EOP) which supports industrial activity using Earth observation technologies.

- Navigation Innovation and Support Programme (NAVISP) a programme in Navigation to foster innovation and competitiveness of European industry.
- General Support Technology Programme (GSTP) which together with ESA, Participating States and Industry seeks to convert promising engineering concepts into a broad spectrum of useable products.

Space is an area of growing importance for Ireland. The number of Irish based companies engaged with the European Space Agency has grown by almost 60% (58%) in the last five years; from 55 in 2015 up to 87 in 2020. The National Space Strategy for Enterprise provides a roadmap for future investment in the space sector and our continued membership of ESA is an integral element of that strategy. The additional funding being provided through the Supplementary Estimate will help further the objectives of the National Strategy.

### **Funding the Supplementary Estimate**

As advised, this Supplementary Estimate is technical in its nature as it involves the re-distribution of €41.55m in savings from within our Department's 2021 Voted gross allocation of €1.142 billion. The Supplementary Estimates package being presented to the Committee this afternoon represents approximately 3.6% of our total exchequer allocation.

The 2021 Voted allocation included significant discrete additional monies to enable the Department and our Agencies to be able to continue to respond the challenges of Covid and Brexit. Much of this additional funding was provided to support the Covid focussed programmes of Enterprise Ireland

In this regard Enterprise Ireland was provided with a total allocation of €415.956 million for use on its enterprise development programmes this year. This

represented an almost threefold increase on its core allocation for these programmes. The additional monies provided to EI was to ensure that it could continue to provide targeted supports to business as they continue to deal with the impacts of Covid and Brexit. The supports include measures such as the Small Business Assistance Scheme for Covid (SBASC) the Sustaining Enterprise Fund (SEF) etc. The nature of these Schemes is that there can be a time lag between the approval of applications and the projects underlying such applications being completed and submitted for payment. These time lags resulted in payments under a number of EI's Schemes not being drawn as had been expected. Essentially, therefore, the savings on the Enterprise Ireland allocation is the basis for the funding of the Supplementary Estimates package of €41.549 million.

Chair, I hope the foregoing outlines the various elements of the Supplementary Estimate before the Committee this afternoon and I look forward to answering any questions Members may have.

**Ends**