

DIFASS GOOD PRACTICE FACT SHEET NO 25, Hampshire 19 September 2013
WORKSHOP THEME: INTELLECTUAL PROPERTY AND HUMAN CAPITAL

PROGRAMME: The Investment Contract

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Weblinks: <http://www.sfirs.it/contrattodiinvestimento>

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1. SUMMARY OF GOOD PRACTICE

▪ Overview & Aims

Set up to strengthen and support the competitiveness of local production systems, establish new supply chains and attract new innovative investments, the “**Investment Contract**” is a capital grant programme and incentive tool. Aimed at boosting the productivity and competitiveness of regional businesses and/or supply chains involved in the production of goods and services the scheme uses grant finance to part fund a **development programme**. The programme has been set up to complement existing financial instruments and also used to attract new investment in innovation to the region.

Aimed at developing innovation capacity and collaboration, funds can be used to implement a ‘**Technology-Production Chain’ Development Programme** for individual companies or groups of companies in the same industry/sector or in different sectors.

An overarching strategy aimed at maximising industry potential, features of a typical **Development Programme** include:

- ✓ Implementation of investment programmes and/or **industrial research, prototype development and skills training** from universities, research centres and public/private providers.
- ✓ **Setting up ‘Centres of Competence’** specialising in high level technological innovation and operating in sectors with high added value and strong growth potential.
- ✓ **Integration of current production systems and supply chains** that have strong development and innovation potential and opportunities for commercial exploitation and internationalisation.
- ✓ **Improving the cooperation and collaboration of companies** in similar sectors and supply chains in the area, particularly those sharing specific functions and services.

▪ Key Resources

– Programme Partners

The Regional Centre for Planning (CRP), dedicated centre of administrative responsibility for the scheme and authorising body directing and supervising the work of SFIRS.

SFIRS SpA the financial intermediary and management company responsible for reviewing and assessing programme applications and whose report and recommendations are forwarded to the authorising body for a decision.

– **Funding: Funding Body & SME Contribution**

Total Budget of €181M, funded from EU Interreg2 ERDF Operational Programme 2007-2013 with total grants of €20M available.

With incentives awarded mainly in the form of a **grant**, beneficiaries must provide a **minimum financial contribution of 25%** of eligible costs from their own resources or from external financing in a form free of any public support. In cases of joint applications for **Innovation Plans** proposed by private and/or private/public partnerships the beneficiary of the grant is known as the proponent, and the other companies involved in the investment project known as members.

▪ **Eligibility Criteria**

SMEs and large enterprises in the manufacturing or processing and disposal of waste industry Applications submitted by newly established companies and/or not yet operating but registered for VAT are also eligible for the scheme.

▪ **Terms & Conditions**

Maximum duration for Investment Contracts is **36 months** and must consist of **Productive Investments** in tangible or intangible assets intended for:

- The realisation of new production units;
- The extension of existing production units;
- The diversification of the output of a production unit with new additional products.

Granted in favour of SMEs, funding cannot exceed more than **50% of eligible costs** of the specific Plan, with differing levels of investment available for different sectors;

- €18-€40M for industrial and/or tourism development programmes;
- €10-€40M for programmes relating to the processing and marketing of agricultural products and agricultural areas affected by crisis.

2. IMPLEMENTATION

Not set up as a prescriptive programme, the amount of grant awarded to beneficiaries is dependent on a variety of factors involved in each development scheme; the economic sectors involved, type of scheme, co-financing conditions and expected impact and outcomes arising from the programme.

The resulting **Investment Contract** i.e. company or inter-company ‘Development Plans’ are comprised of one or more of 4 main elements: a compulsory **Plan of Productive Investment** and/or a **Plan of Services**, an **Innovation Plan** and a **Training Plan**.

Plan of Productive Investment, with funding related to eligible expenses for preliminary feasibility studies, company land, land improvement and geognostic research; design and construction activities; company infrastructure; new machinery and equipment; software and IP related activities.

The Innovation Plan, specific programmes of **industrial research** and **experimental development** aimed at increasing the capacity of enterprises involved to adopt innovations of product and process and to improve their level of competitiveness on internal and external markets. Maximum grants of up to 50% of eligible costs may be awarded for industrial research and 35% for experimental development with 10% increases for medium sized enterprises and 20% increases for small enterprises with further increases for collaborative proposals.

The Plan of Services i.e. indirect resources involved in strategy, general management and support for corporate functions, marketing and sales, production and supply chain, organisation and human resources, corporate finance i.e. supporting services aimed at supporting and encouraging competitiveness and export potential of innovative projects, enterprises, production systems and supply chains.

Training Plans, providing for the training of new employees and / or the qualification and specialisation of staff already dependent of the enterprise in business strategies, promotion and marketing of products / services, cooperation networks, through to organisation and management and production processes. Funding incentives range from 25% to 80% dependent on the type of training and beneficiaries involved with additional incentives for small and medium enterprises.

▪ **Key Steps – How it Works**

With funding agreed in 2000 the programme was set up in 2006 and applications invited between November – December 2010. The programme is delivered by technical expert staff from the Regional Funding Agency/SFIRS.

STEP 1	The proponent requesting the Grant must submit an initial proposal/application to access a negotiation procedure. This includes a full description of the development programme, formal company and inter-company plans, member firms and research institutions involved.
STEP 2	The Assessor checks the eligibility and compatibility of the plan with available financial resources providing a response forwarded to the regional administration body within 20 days. (Applications must meet a minimum score of 35% to proceed to the negotiation phase).
STEP 3	Applicants meeting the scheme conditions are then invited to a negotiation phase , within 10 days of the initial response. Directed by Regional Administration authorities, negotiations are used to verify the validity and feasibility of the development programme and provide any adjustments for the submission of the final proposal .
STEP 4	Final Proposals are assessed and scored against a number of criteria within 60 days. Assessment includes percentage of co-financing, company sustainability, type of investment, innovativeness of the project, reuse of existing industrial/manufacturing facilities, administrative feasibility and speed of expenditure, financial sustainability of the development plan and capability to pursue the target in addition to environmental impact and equal opportunities and non-discrimination.
STEP 5	Outcomes and a provisional grant/offer are advised with 15 days with final Investment Contracts signed with 15 days. Payment of grants is based on the presentation of 3 or 5 states of progress documents and / or interim and final reports.

- **Key Stats**

KEY MEASURE	TOTAL TO DATE
Applications Submitted	9
Applications Accepted (three additional applications currently undergoing technical evaluation)	3
Eligible Costs	€34M
Grant Amount	€20M
Total Beneficiary Investment (of the 3 applications selected)	€80M
New Supply Chains	3
Jobs Expected	50

Aimed at existing SMEs and consortia of SMEs the instrument is not aimed at newly established companies.

3. KEY LEARNING POINTS & OPPORTUNITIES

An 'on-going' tool, no evaluation or interim assessment is available at this stage

- **What worked well**

Benefits are not only gained by SMEs, but also by large companies and/or groups of companies involved in particular Investment Contracts

The funding enables companies to make investments in training plans and a plan for services as well as productive investments in an innovation plan.

Not structured in a predetermined format, the scheme enables the possibility of negotiation and agreement for specific incentives and outcomes for individual projects.

- **Challenges/Weaknesses**

No major challenges or weaknesses identified by the lead partner at this stage.

- **Transferability**

- Opportunities and threats not assessed by the lead partner at this stage.

FURTHER INFORMATION:

DIFASS You Tube Channel <http://www.youtube.com/watch?v=3oNAqllld80>

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