

STATES OF JERSEY



ECONOMIC GROWTH AND DIVERSIFICATION STRATEGY

**Lodged au Greffe on 1st June 2012
by the Council of Ministers**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to refer to their Act dated 1st May 2012 in which they approved the Strategic Plan 2012 and agreed, *inter alia*, that the introduction of an Economic Growth Strategy that assisted job creation and better aligned inward migration with new high value employment opportunities for local people should be one of the Key Actions of the Council of Ministers; and –

to approve the draft Economic Growth and Diversification Strategy of the Council of Ministers as set out in the Appendix to the report of the Council dated 31st May 2012.

COUNCIL OF MINISTERS

REPORT

The Council of Ministers is pleased to present to the States for approval its Economic Growth and Diversification Strategy (attached as the **Appendix**).

The Strategy was developed by Economic Development in conjunction with the Chief Minister's Department, Treasury and other States Departments; and following a detailed analysis of the economy undertaken by the Economic Advisor's Unit. Strategy development included an extensive consultation with the public, business owners, and representative groups. Released as a 'Green Paper', the first draft presented a range of policy options under development. The consultation ended in November 2011.

The 2012 Economic Growth and Diversification Strategy is a strategic document that sets out the need for action and what needs to be done in the next 3 years to achieve the States of Jersey's vision for the economy and the priorities detailed in the 2012 Strategic Plan.

Financial and manpower implications

During the development of the Strategy the Economic Development Department undertook a detailed review of all available financial and manpower resources. This detailed analysis clearly demonstrated that it would not be possible to deliver the new priorities from the Department's existing resources, without a significant reallocation of resources away from existing sector support. Further, any such reallocation would be detrimental to the economic value of those existing sectors and in some cases, such as the 2011 Rural Economy Strategy, be contrary to current policies and established levels of commitment.

The financial review identified that an additional £4 million and 3 full-time employees will be required to deliver the new priorities contained within the Economic Growth and Diversification Strategy. These additional resources will be included in the Medium Term Financial Plan for subsequent States approval. The initial £5 million has been identified, and the Minister for Treasury and Resources will work with the Minister for Economic Development to identify the additional budget for the Innovation fund.

31st May 2012

States of Jersey

**Draft 2012 Economic Growth and
Diversification Strategy**

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FOREWORD

Jersey, like many jurisdictions, is facing challenging economic times in an increasingly competitive global environment. Over the past 3 years our economy has been affected by the global downturn and there is clear evidence that, as a result, many businesses and individuals face significant challenges.

As an Island we enjoy the benefits of living in a special environment enhanced by the quality of public services, resulting in an enviable quality of life. Jersey has the security of no debt and considerable reserves, which will provide strong foundations upon which to create opportunities once the global economic tide turns.

This Strategy sets out how we propose to secure future economic growth and diversify the local economy in these difficult times, ensuring that we can create jobs, balance public finances and continue to deliver the high quality public services that residents, quite rightly, should expect.

The Strategy includes 4 priorities that will help deliver economic growth, deliver new jobs and invest taxpayers' money wisely to support our economy, encourage innovation, attract quality businesses and maximise local enterprise.

This is not simply a role that Government can discharge in isolation and the Strategy is intended to provide the basis of a partnership between government, business and the third sector in Jersey for the benefit of everyone in our community.

For its part, the Council of Ministers is committed to delivering strong leadership, to increase the investment it makes in supporting the local economy in an attempt to tackle unemployment, encourage personal development and secure a better future underwritten by enhanced economic growth. Providing new opportunities for inward investment and to diversify growth in new industries is key to the success of this Economic Growth Strategy and to this end, the Council of Ministers has committed to a new inward investment fund.

We will continue to face multiple challenges over coming years and as an island we need to carefully balance economic, social and environmental policies as part of an enterprising approach to difficult economic times.

I am confident that working together we can secure a strong economic future and continue to provide exciting future opportunities for our population and in particular the younger generation.

Senator Ian Gorst
Chief Minister

Introduction

The recent global financial crisis has led to economic turmoil in Europe and the US on an unprecedented scale. At this point it is uncertain when and at what rate the European and US economies will recover in an environment of international fiscal, monetary and political instability. Put simply, the global economy faces a sustained period of very weak economic performance.

It is clear from all economic indicators that Jersey is not immune from the effects of global downturn. Furthermore the Island would be unwise to expect a repeat of the conditions that underpinned past economic success. With an ageing population, Jersey's working age population will decline, unless controlled inward migration allied to job creation, the safeguarding and further development of high value businesses and economic growth occurs. If future growth and diversification is to be achieved with only limited net inward migration, Jersey must better align those allowed entry to the Island, to their ability to create or grow new high value businesses and thus create employment for locally qualified people.

Growth is needed to fund the increased demands on public services such as health and education, plus the need to invest in the Island's infrastructure. If such growth is not delivered the consequence is that, in addition to further more dramatic cuts in public expenditure and reform of the public sector, the burden of providing additional income to fund public services will fall upon Jersey's fiscal system and taxes will have to rise. This is neither desirable nor acceptable.

Since the late 1970s, economic growth in Jersey has been largely the result of the change in the make up of our economy from the dominance of low value added activities such as tourism and agriculture, to high value added activity primarily financial and professional services. Within the last decade, this transitional change has waned and, although more people are employed than ever before, the economy has not grown in real terms, as measured by GVA.

Set against this background, Jersey must urgently improve its underlying rate of economic growth whilst diversifying its economy. We must also create a significant number of new jobs to reduce the current record levels of unemployment and get Islanders back to work. This Economic Growth and Diversification Strategy defines a blueprint to realise the States Strategic Plan vision for the future – a strong, diversified and sustainable Jersey economy that provides jobs for residents, funds public services and underpins the quality of life that all residents have the right to expect.

In an export-led economy, clear direction and strong leadership will be required if the Island is to improve its economic performance. This leadership and direction must deliver improved competitiveness, increased productivity and it must result in the Island winning more business in both new and existing markets in order to stimulate future economic success create new jobs and produce a more diversified economy.

Economic growth and diversification is not an end, but a means to an end. The end is not, as many suggest, defined simply by economic success, rather it is at the heart of Jersey's society and its community. Economic growth and diversification support a Jersey where citizens, businesses and the States work closely together to lower unemployment, create a wider variety of better paid jobs in a more diversified economy, develop stronger Jersey based businesses and maintain high quality public

services, without significant increases in tax rates or unsustainable levels of net inward migration.

This new Economic Growth and Diversification Strategy sets out the objectives and key priorities that will help us all achieve this, it establishes what success will look like and scopes the investment required to secure economic growth in pursuit of the Strategic Plan vision. Supported by new sector specific strategies under development with the private sector, the framework – developed following extensive public consultation and supported by detailed economic analysis – establishes a blueprint for partnership working.

Senator Alan Maclean
Minister for Economic Development

The Key Objective

The key objective of this Economic Growth and Diversification Strategy is to deliver growth, improve competitiveness, diversify the local economy and create employment. This will be achieved by the States working in partnership with business and the population to prioritise efforts and resources against the following 4 main strategic aims:

Strategic Aim 1: Encourage innovation and improve Jersey's international competitiveness

The States has a role to play, in partnership with business, in encouraging innovation that will improve the Island's competitive advantage in an increasingly competitive international market place. Innovation encompasses a wide range of activities from research and development, to organisational change, training, testing, marketing and design. It contains products, services and other solutions that that can be new to the business or the international market. Businesses commonly under invest in innovation and, as a consequence fail to realise their potential. Government policy and financial intervention can remove barriers, bottlenecks or obstacles that impede the innovation process.

Many of the key aspects of innovation policy in Jersey – such as enterprise, skills, ICT infrastructure, Intellectual Property Rights (IPR), competition policy and inward investment – are covered elsewhere in this strategy and form part of the ongoing work of the Economic Development Department (EDD). However, the States should and will do more to increase innovation in Jersey's economy, improve competitiveness and stimulate a return to growth.

To achieve this strategic aim, a new Innovation Fund is proposed. The aim of the Fund is to support innovation and will be available to support a wide range of activity from direct business support to strategic infrastructure investments, in the private, public and third sectors. The one consistent factor of policies that merit support will be that they improve the rate of innovation in Jersey and lead to significant employment creation.

The priority is to:

- 1.1 Establish a new Innovation Fund pursuant to Art 3(3)(a) of the Public Finances (Jersey) Law 2005 – managed by EDD, with an independent Board including EDD, Treasury and Resources, and Chief Ministers' Department representatives and non-Executive Directors drawn from the private sector. The Board will have responsibility for evaluating all applications for support and, following thorough analysis, making recommendations to the Economic Development Minister. The fund will make investments in private and public sector projects to drive greater innovation in Jersey and improve competitive advantage.***

The Minister for Treasury and Resources will bring forward detailed proposals for the Innovation Fund to the States for approval in the fourth quarter of 2012 however the Fund will have the following structure:

- Investments will only be made in projects that clearly demonstrate a significant leverage in terms of improving Island competitiveness, infrastructure improvements, developing innovation and diversification towards high value activity that creates good jobs for local people. Projects will also have to demonstrate how the investment will deliver wider economic benefits to the Island.
- The fund will be used to support projects across all sectors, from enabling investment in ICT infrastructure, to additional support to attract innovative businesses to the Island
- The Innovation Fund will increase the availability of risk capital for high value growth companies, and is central to the Islands strategy for economic growth and diversification. The fund will support private, public and third sector projects that can clearly demonstrate the following:
 1. Creation of employment for Jersey residents
 2. Return on investment in terms of economic benefit for every £1 spent from the Fund
 3. A quantifiable impact on competitiveness and innovation in sectors which Jersey can demonstrate a comparative advantage (measured by increased market share)
 4. Encouraging high value added, high quality, high productivity economic activity
 5. A strong case for States support through alignment with States Strategic Plan priorities, in particular in areas where market failure is presenting a barrier to innovation.
- The Fund will be used to support projects across all sectors through:
 1. Additional support to attract new innovative businesses to the Island.
 2. Direct support to innovative businesses that may be unable to find finance.
 3. Finance for research and development opportunities.
 4. Enabling investment in ICT infrastructure.
 5. Seed funding for new products/services/processes.
 6. Funding for businesses to establish better links with university research
- Eligibility will not be sector-specific but all applications for support must demonstrate, as a minimum:
 1. The impact directly/indirectly in terms of expected profits/revenues/employment in future years.
 2. What efforts have been made to access private sector funding
 3. Why private sector funding is not available
 4. How the project will bring wider benefits to the Jersey economy
 5. What funding is necessary and how the Island will benefit
- Applications will be assessed on a consistent and objective basis and only projects that meet the required criteria and score highly will be progressed. In particular:

1. Dedicated Officer support will check and make sure compliance in terms of information/key criteria (those that do not will not go forward to the Officer Board).
2. The Officer Board will consider applications and decide whether they merit more detailed consideration.
3. Projects that merit further consideration would be assessed on their net economic impact by the Economics Unit and in terms of financial code, etc. by Treasury and Resources (and other officers where appropriate).

Given the competitiveness of the inward investment market it is particularly important that the proposed Jersey Innovation Fund has access to significant resources, of a scale capable of standing comparison with competitor offerings.

Evidence from the UK, Singapore, Malta, Northern Ireland and elsewhere clearly demonstrates that an Investment Fund can make a real difference by supporting the wide range of policies intended and enhance the rate of innovation. The Funds being managed in the aforementioned jurisdictions vary in size and eligibility. Details of these Innovation Investment Funds and the benefit are detailed in Appendix 1.

Whilst the scale of the problems in Jersey do not match those in the UK Europe or elsewhere it is essential that sufficient resources are allocated to the Innovation Fund to deliver results and attract matching investment. In this respect it is proposed that the new Fund be created with an initial investment of £10 million from Treasury.

The performance of the Innovation Fund will be monitored by the Treasury and investments in the Fund will be subject to annual audit, the results of which will be presented to the States.

Success for this Strategic Aim will be to have established a fund, and assessment framework, that could be used for strategic investments into innovation and new technologies that would deliver a competitive advantage for Jersey, attract additional private sector investment and create new high value businesses resulting in significant new job opportunities in a more diversified economy.

Strategic Aim 2: Grow and diversify the financial services sector, capacity and profitability

The financial services sector will continue to be the main pillar of our economy and continue to contribute to the future success of Jersey. However, there are still significant opportunities to generate even greater value from this sector and create new market opportunities capable of supporting local employment.

In the next 3 years the priorities to develop the sector include:

2.1 *Publishing a new Financial Services policy framework, that gives a clear direction from Government to allow the industry, the Regulator (Jersey Financial Services Commission) and Government (as legislator) to better align themselves with a set of common objectives, to sustain and grow the financial services sector.*

2.2 *Developing both existing (UK/EU) and new markets (GCC and BRICS). The Jersey financial services industry has a good track record of developing both existing and new markets.*

Over the next 4 years performance in existing UK and European markets will be measured against growth in the volume, quality and market share of business Jersey attracts. This will be impacted, in no small part, by the speed of legislative development.

Success in new markets will be measured by gains in market share, with particular focus on developing new markets in South America, India and China, alongside expanding continued development in markets in the Middle East such as Abu Dhabi, Qatar and Saudi Arabia.

2.3 *Increasing the speed of legislative development. Financial services legislation, approved by the States, offers Jersey's finance industry the opportunity to put new products into the market – a good recent example is Foundations.*

In an increasingly competitive market, “speed to market” – a function of the pace at which new legislation can be delivered – is vital to developing competitive advantage in both existing and new markets. Devoting more resources and project management capability to enhance and strengthen the ability to develop legislation faster and more effectively, is vital if we are to remain competitive.

2.4 *Raising Jersey's international profile as a transparent and cooperative jurisdiction. Whilst much work has already been done in this area, there is no room for complacency and work must continue to ensure that the Island maintains its reputation as an open and transparent global financial services centre that meets or exceeds the highest international standards of regulation*

2.5 *Improve Jersey's competitiveness in the international market place through continued development of tax policy. As a global financial services centre, Jersey must remain competitive and deliver the stability that provides local and international investors or businesses, confidence to invest in the Island.*

Fiscal stability is therefore crucial, to future economic growth and an essential priority for the Jersey government.

Success for this Strategic Aim will be to, within the financial services sector, improve productivity and maintain employment numbers at, or above, current levels whilst diversifying into new products, services and markets.

Strategic Aim 3: Create new businesses and employment in high value sectors

A new Enterprise Strategy will be produced in 2012 and will include far greater focus on creating and growing high value businesses. It is these new high value businesses that will create new quality job opportunities for residents. The priorities in the next 4 years will be to:

- 3.1 *Enhance efforts to secure high-value inward investment. Over the past 4 years the EDD inward investment strategy has delivered quantifiable outputs by attracting high value business to Jersey (See Appendix 2 and 3).*

Increased budget will be allocated to inward investment, over the next 4 years to further increase volumes of investment (measured by new Licences granted under the Housing and Work (Jersey) Law) and employment to the island.

EDD's inward investment team, Locate Jersey, will coordinate all inward investment activity including the work undertaken in attracting high net worth individuals to the Island and build upon what has been achieved to date. Future overseas activity will be targeted towards, but not limited to, the following sectors: – financial services, e-commerce, Intellectual Property, ICT and renewable energy. Locate Jersey will work in partnership with Jersey Finance Limited and Digital Jersey to achieve challenging inward investment targets that exceed those delivered in 2008-2011.

Activity to attract high net worth individuals will increasingly target economically active individuals keen to make further commercial investments in Jersey.

- 3.2 *Task Jersey Business to increase the rate of high-value business start-ups and the growth of existing high value businesses. The 2012 Enterprise Strategy will adopt a more targeted approach, supporting and developing start up enterprises and the growth of young businesses that create high value jobs for Jersey residents. Higher levels of enterprise support will be available to start-ups and young businesses that can clearly demonstrate how they will create employment. For the first time this will include support for creative industries.*

- 3.3 *Develop a “Whole of Government” approach to ensure that the education system, Social Security and benefits policies, Planning approvals process and Housing and Work Laws recognise, where appropriate, the creation of employment as a priority.*

The focus of this Strategy is on delivering economic growth, diversification and new employment opportunities across all sectors of the economy. Whilst the Economic Development Department can determine and manage certain policies relating to growth it does not have responsibility for them all.

Key to the success of this Strategy will be the adoption and alignment of policies to those that will govern migration and commercial property development. We need to clearly communicate that Jersey is open for business and adopt policies that complement this key message.

- 3.4 *Maximise the potential of Gigabit Isles and further develop an internationally competitive telecoms offering. Through the newly established Digital Jersey, develop the Information Communications and Telecommunications (ICT) sector in Jersey. This will make sure Jersey remains competitive in the international market place and is able to offer services at costs competitive to global markets.*

Success for this Strategic Aim will be that by 2015, in addition to exceeding previous levels of business development and inward investment success, a minimum of 10 flagship projects will have been delivered over the next 3 years, leveraging significant economic and growth opportunities for Jersey or Jersey businesses.

Strategic Aim 4: Raise the productivity of the whole economy and reduce the reliance on inward migration:

The Island's economy has become dependent on importing labour especially in the lower value sectors. New strategic priorities will have the effect of limiting migration to fulfil roles in low value sectors, therefore it is critical that the Economic Growth and Diversification Strategy considers how these sectors can be supported to become more productive and provide employment opportunities for local job seekers. Priorities for supporting established sectors and businesses in the next 4 years will be to:

- 4.1 *Align the education and training of the current and future workforce, with the needs of employers. It is generally recognised that our education system serves the majority of pupils. However, feedback from employers, confirmed by recent sector studies, has identified recruiting appropriately trained and motivated staff continues to be a major barrier to employing local labour.*

There needs to be greater investment in equipping the current and future workforce with skills that employers need now and in the future. By the end of 2012, Skills Jersey will publish a new Skills Strategy to better align education and training with the needs of employers, thus reducing future reliance on inward migration.

- 4.2 *Remove the barriers to enterprise, encourage innovation and use of new technologies. The 2012 Enterprise Strategy will detail how the development of new and existing businesses in Jersey will be supported and encouraged via a new "first stop shop", Jersey Business.*

This independent, private sector led organisation will open for business in 2012. Independence from Government will allow Jersey Business to operate more commercially and focus on the development and growth of existing or new businesses in Jersey, particularly those with high growth potential.

- 4.3 *Link continued support for the Tourism and Rural sectors to increased local employment and reduced reliance on inward migration. The Strategy recognises that economic growth or the creation of the jobs the Island needs will not be achieved just by inward investment, or the creation of new enterprises.*

Existing sectors such as tourism, the rural economy, retail and construction have a key role in contributing towards the future success of the Island. Established sectors will continue to be supported but resources will be linked to delivering growth, increasing productivity, improving competitiveness and creating employment for local job seekers.

Jersey Tourism will, in future, benefit from the appointment of a Shadow Board, drawn from the private sector, to oversee strategy and the day to day operation of the Island's destination marketing programme in the UK, Continental Europe and other international markets.

Success for this Strategic Aim would be improvement in the productivity of existing business, increased number of high value start-up enterprises, reduced numbers of hard to fill vacancies and skills gaps reported by employers and increases in the percentage of locally qualified staff working in the traditional sectors.

Investing in economic growth and job creation

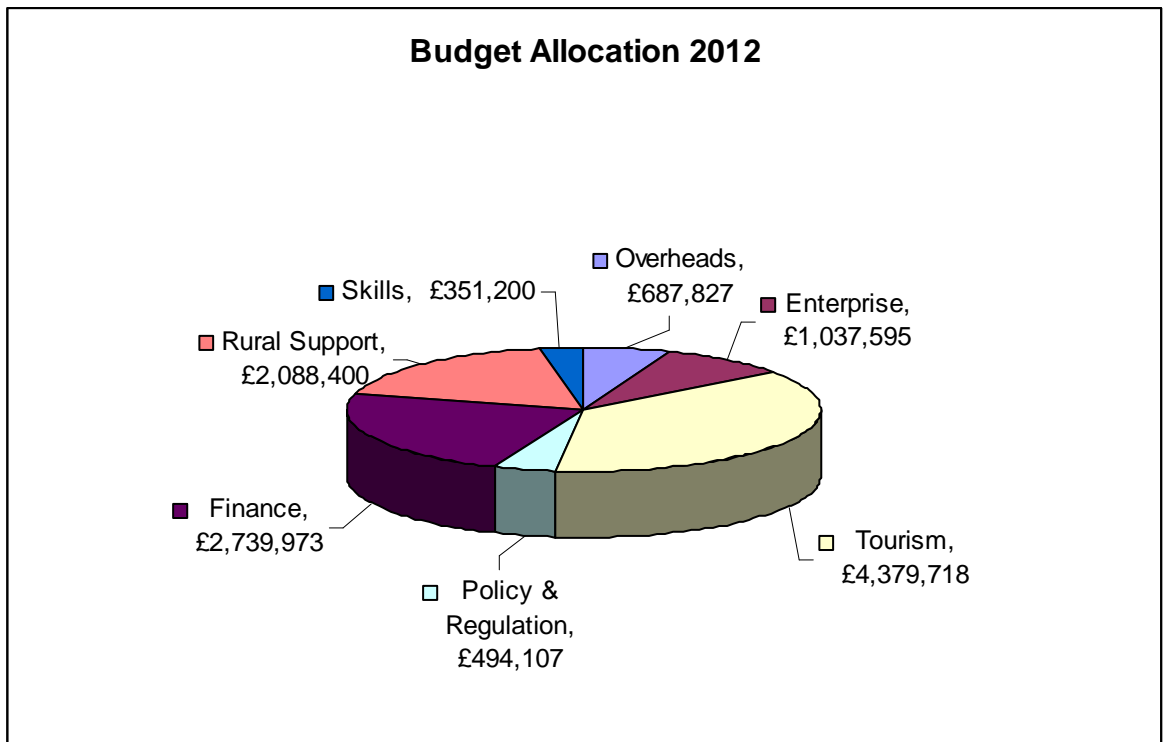
The Economic Development Department, unlike many other States Departments providing services to the community, makes strategic economic investment decisions and seeks to influence the activity of other States Departments, for the medium to long term economic benefit of the Island. As with any investment, EDD's activity is reviewed on a regular basis and as appropriate, resources are reprioritised or additional funds identified to achieve objectives

This section of the Strategy recommends how resources should be aligned to delivering higher value economic growth activity, whilst maintaining support for existing sectors. The Strategy also recommends that any intervention or investment in supporting the growth of the economy is justified on the basis of 2 main criteria:

1. That there exists a structural reason why markets left to their own devices will not achieve an outcome or overcome market failure; and
2. Government intervention is likely to result in a more desirable outcome than that achieved by the market alone.

In addition to supporting existing sectors this Strategy lists a range of new priorities. It will not be possible to deliver these new priorities from the Department's existing resources, without a significant reallocation of the Department's budget away from existing sector support.

Any such reallocation would be detrimental to the economic value of those existing sectors and in some cases, such as the 2011 Rural Economy Strategy, be contra to current policies and established levels of commitment. The pie chart below shows how the Department's 2012 budget is allocated:



In the next 3 years EDD will continue to both review its budget allocation and look for the most effective way of delivering this Strategy. However, these actions alone will not provide the resources required to successfully implement this Strategy. Additional funding will be required from Treasury to deliver the new priorities whilst managing the current support for established sectors over the next 3 years.

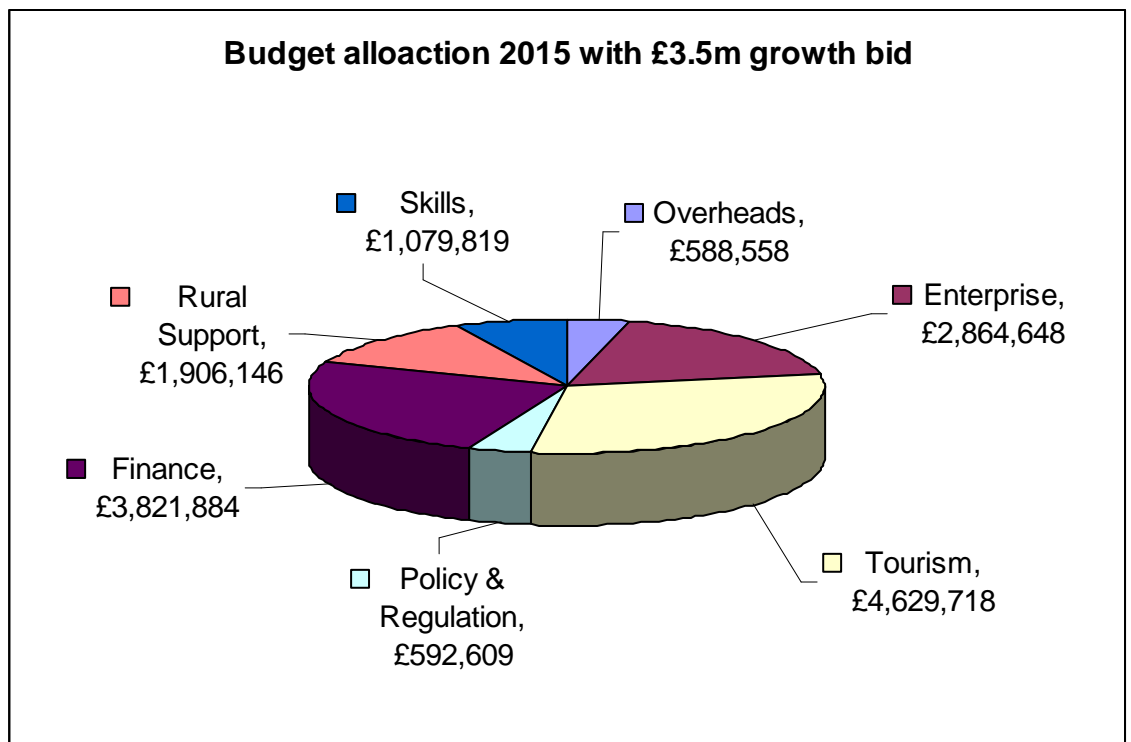
The resources required to successfully deliver the priorities within this Strategy can be broken down into 3 main areas:

1. Maintaining support for existing sectors in order to secure or create jobs
2. Investment in identified high growth priorities to create high value new job opportunities for locals
3. Strategic investments in infrastructure and innovation that deliver advantages to the Island's economy.

The total investment required to deliver the above has been captured in the 2013–15 Medium Term Financial Plan. EDD's budget in the period will be a combination of a reprioritised existing budget of £11.7 million, an additional £3.5 million to the Departments cash limit in each of the next 3 years, plus an extra £500,000 into the Tourism Development Fund (TDF) per annum.

In addition the creation of a separately Constituted Fund (the Innovation Fund) capitalised by a one off injection of £10 million will be required. This will allow the Department to maintain ongoing support to existing sectors and make the appropriate levels of investment in the high growth economic priorities listed in this Strategy over the next 3 years.

The pie chart below gives an indication how the Department's 2015 budget will be allocated to the new priorities whilst maintaining support to the existing sectors such as Tourism and Agriculture.



Please note the above budget graph does not include the £500,000 growth bid for the Tourism Development Fund or the £10 million Innovation Fund.

The table below gives an indication of how the Departments budget will be aligned against the strategic priorities:

	When	By Whom	Resources/ costs
Strategic Aim 1			
1.1 Establish a new Innovation Fund	July 2012	ED/T&R	£10m**
Strategic Aim 2			
2.1 A new Financial Services Strategy	Sept 2012	ED, CM, T&R JFL, JFSC	£ 0.1m*
2.2 Develop existing (UK/EU) and new markets	Jan 2013	JFL, CM	£ 3,8m**
2.3 Increase the speed of legislative development	June 2012	ED, CM, T&R JFL, JFSC	£ 0.5m**
Strategic Aim 3			
3.1 Through Locate Jersey successfully deliver an enhanced inward investment service	June 2012 – June 2015	ED – Locate Jersey	£0.3m**
3.2 Through Jersey Business increase the rate of high value business start-ups and growth	June 2012	Jersey Business	£0.2m**
3.3 Align policies that govern the operation of Planning, Housing and Work Laws such that they support the creation of employment.	Dec 2012	ED, Housing, Environment and CMD	£0.1m*
4.2 Invest in Digital Jersey	Dec 2012	Digital Jersey	£0.5m**
Strategic Aim 4			
4.1 Align the education and training of the current and future workforce with the needs of employers	June 2012	EDD , ESC, and Skills Jersey	£0.75m**
4.2 Through Jersey Business remove the barriers to enterprise, encourage innovation and use of new technologies so business can reach their full potential	December 2012	EDD – Jersey Business	£0.6m*
4.3 Continued support for tourism, rural and other sectors linked to reduced reliance on inward migration	June 2012	ED –Visit Jersey, Environment/Rur al team	£6,5m*

* Funded by existing cash limits

** To be approved in the Medium Term Financial Plan

Implementation – What will success look like?

The implementation of this Strategy, whilst maintaining support for existing sectors, will place a much higher commitment on developing higher value businesses in the economy.

Delivering against all priorities listed in this Strategy will be a challenge and require support and input from other States departments, representative bodies and the private sector. It will result in changes to how services are currently organised and delivered locally and transform Economic Development into a body concentrated on developing policy, regulation or legislation, rather than delivering services.

In 2012 Economic Development Department will publish new strategies for Enterprise, Tourism and continue to support the 2011 Rural Economy Strategy. All of which will contribute to the success of the Economic Growth and Diversification Strategy.

Success for each Strategic Aim has already been defined in the document. It is critical that all 4 are successfully implemented if the key objective of growth, improved competitiveness, diversification and new employment opportunities are to be achieved.

Successful implementation of the 4 Strategic Aims in this Strategy will result in sustained economic growth, improved competitiveness of existing and new sector businesses, maintenance of existing jobs and the creation of additional quality employment opportunities for local job-seekers

Appendix 1

Singapore; S\$320m (£158m) Technology & Innovation Fund

SPRING Singapore has recently announced a S\$320 million funding for SMEs under the Technology Innovation Program (TIP). The funding aims to help as many as 3,500 SMEs to benefit from technology innovation as a competitive strategy over the next 5 years. The new injection follows the S\$220 million funding which has benefited more than 2,500 companies when it was launched in 2006. Analysis from GuideMeSingapore.com shows that this move dovetails with International Enterprise Singapore's announcement in late June 2011 to nurture high-potential businesses into globally-competitive companies.

The fund aims to support 4 key strategies: 1) catalysing existing technology projects, 2) nurturing technology start-ups, 3) developing technology expertise and 4) developing technology infrastructure.

For contributing to a more diverse technology project landscape, SMEs that are using technology to develop or improve products and manufacturing processes can consult SPRING Singapore to have up to 50 – 70% of their development costs funded. They can also apply for a S\$5,000 funding under the Innovation Voucher Scheme which can be used for technology consultation or services at 19 Knowledge Institutions.

Furthermore, high-potential electronics, chemicals, infocomms and biomedical science start-ups with strong Intellectual Property (IP) and scalable business models can compete for funding worth S\$250,000 for a proof-of-concept project and up to S\$500,000 for a proof-of-value technology project.

Furthermore, high-potential electronics, chemicals, infocomms and biomedical science start-ups with strong Intellectual Property (IP) and scalable business models can compete for funding worth S\$250,000 for a proof-of-concept project and up to S\$500,000 for a proof-of-value technology project. This funding, which come under the Technology Enterprise Commercialisation Scheme (TECS), aimed to help tech start-ups with the best commercial potential to achieve the early-stage funding necessary to develop brilliant ideas into products.

To benefit companies must be either Singapore-registered or [Singapore-incorporated firms](#).

Malta – European Regional Development Fund €8.5 million

With a focus on R&D and Innovation and co-financed through the European Regional Development Fund (ERDF) schemes almost 100 enterprises were granted around €8.5 million. This assistance, which also includes tax credits for the costs of work on R&D, assistance to loan qualified experts or to carry out feasibility studies, as well as the significant fiscal benefit through which income from royalties on patents may qualify for tax exemption.

Malta Enterprise is also working on capacity building both in terms of education by assisting further studies in related fields through its Get Qualified scheme, as well as in terms of infrastructure. The BioMalta Campus, which is currently under construction with a €30 million investment co-funded through the ERDF and which

will provide facilities for researchers in the life sciences and related industries, is one such prime example

Northern Ireland: £100m Loan Growth Fund

Invest Northern Ireland has at its disposal an array of different funding options. Perhaps the most telling measure in the N Ireland Government's 'Programme for Government' is the £50m Loan Growth Fund which aims to generate £150m of sales growth per year in small and medium sized businesses, safeguarding and creating over 2,000 jobs over a 10 year period. Invest NI intends to finance its £25m share principally through the European Regional Development Fund and has an agreement in principle with NILGOSC – which administers the Local Government Pension Scheme for Northern Ireland – to provide an additional £25m in match funding. Managed by an independent fund manager and expected to make loans of between £50,000 and £500,000 available to small businesses in manufacturing and tradable services.

In addition, Invest NI has already begun promoting jobs through the £19m Jobs Fund launched earlier this year. Added to its existing Co-Investment and Development Funds the Loan Fund will form part of a £100m fund of funds at Invest NI's disposal.

United Kingdom – £2.4 billion Regional Growth Fund

In the UK, the £2.4 billion Regional Growth Fund (RGF) is a successful example of the proposed Innovation Fund. The RGF, operating across England from 2011 to 2015, supports projects and programmes that in turn lever private sector investment, to create economic growth and sustainable employment in local communities.

The first 2 rounds of RGF have been very successful – conditional allocations were made to 176 bidders which will leverage over £7.5bn of private sector investment and deliver around 330,000 jobs.

Appendix 2

Jersey Enterprise Inward Investment Performance 2008 – 11

Jersey Enterprise Inward Investment recently rebranded as located Jersey, despite being a newcomer to a highly competitive market and with no financial incentives to attract investment, has achieved excellent early results. Enquires from overseas investors has increased from 83 in 2008 to 119 in 2011. This has resulted in 128 businesses locating to Jersey that in total have created 937 new employment opportunities.

The success to date has resulted in new businesses being created in both existing and new sectors. The table below shows the number and type of new businesses locating to Jersey in the past 4 years and the number of job opportunities created.

SECTORS AND JOB OPPORTUNITIES CREATED

	Number of firms	Locally Qualified	Non-Locally Qualified
Finance	35	261.5	7
Fulfilment	20	21	2
Oil and Gas/Mining	9	36	2
IT	12	49.5	5
IP	2	11	0
Recruitment/HR/Payroll	10	48	2
New Media/Marketing	3	19	2
Telecoms	3	13	0
Retail	14	383	53
Aviation	1	5	0
Building/Construction	2	16	0
Business Consultancy	3	8	0
Insurance	2	8	0
Procurement	3	18	0
Tourism	1	1	1
Other	8	39	0
	128	937	74

Inward Investment Case Study

epitomii

Specialist IT services business *epitomii*, opened its doors in early 2012.

Large Jersey corporations operating from multiple bases typically for each office use services of a different IT supplier in each jurisdiction, which leads to all sorts of unnecessary complications, limitations and extra costs.

epitomii provides a single source of service, through one worldwide contract, with one service agreement and exactly the same service in every location, providing a high-quality, sophisticated, comprehensive service including:- infrastructure management; proactive monitoring and alerting; a managed service desk; data backup; disaster recovery and operational resilience.

epitomii employ 12 locally qualified people and have plans to increase this number to 16 by the end of 2012.

The directors of *epitomii* chose Jersey, not just because of the huge opportunity they identified, but because the island has superb communication links and a strong profile & reputation internationally

4Insight

4Insight is a specialist marketing support agency, run by Ray and Dorothy Parker, who have world-class expertise in qualitative marketing research having worked globally in the qualitative marketing research and competitive intelligence sectors for over 25 years.

4Insight saw a timely opportunity to provide local expertise to businesses in Jersey, with the help of local contractors, from a new Jersey HQ, which includes a suite of offices and studios.

Areas of expertise include providing companies with in-depth qualitative marketing research, which delves into the rationale behind customers' reasoning so that a business can understand its market intimately and thoroughly and therefore optimise its market offering.

Sectoral expertise includes financial services, IT and telecoms. *4Insight* operate a preferred worldwide marketing research agency for 5 of the top pharmaceutical companies globally. Along with our sister company, which remains in Cheshire, we carry out in-depth marketing research analyses within our clients' relevant market-places internationally.

4Insight has already recruited a local marketing Research Executive and we are aiming to recruit and train more local personnel as our business grows on-Island. Future employees are likely to be science graduates, especially in disciplines such as psychology and sociology.