

WEALTH INNOVATION EXPORT SALES R&D VALUE-ADDED ENTERPRISE WEALTH INNOVATION
SECTORAL SHIFT FRONTIER TECHNOLOGIES RESEARCH
PRODUCTIVITY INVESTMENT COMPETITIVENESS

Our aim is to increase business productivity, the means by which wealth can be created for the benefit of the whole community.

NOVATION EXPORT SALES R&D VALUE-ADDED ENTERPRISE WEALTH INNOVA
-ALISING POTENTIAL SECTORAL SHIP
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SHIFT FRONTIER TECHNOLOGIES REALISING POTENTIAL SECTORAL SHIFT
INVESTMENT COMPETITIVENESS BUSINESS PRODUCTIVITY

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Invest 
Northern
Ireland

Building Locally
Competing Globally

FOREWORD

In January 2008, the Northern Ireland Executive approved its Programme for Government, associated budget and Investment Strategy, in which the economy was identified as the number one priority of Government policy. An overarching goal is to halve the private sector productivity gap with the UK average (excluding the Greater South East of England (GSE)) by 2015.

Along with the Department of Enterprise Trade and Investment's (DETI) Corporate Plan (2008-2011), these documents provide the strategic framework for Invest Northern Ireland's third Corporate Plan. In developing this Plan, we have been assisted by an extensive pre-consultation with our clients, staff and a wide range of stakeholders.

In this Plan, Invest NI's aim is to increase business productivity, the means by which wealth can be created for the benefit of the whole community. Focusing the organisation on boosting Northern Ireland's gross value added (GVA) per employee entails prioritising our support to increase wealth and quality of employment.

We will do this in full compliance with our Equality Scheme and Section 75 commitments. One of our tasks is to support job opportunities that increase salaries for a range of people with varying skills. Quality investments can only be delivered as skills are upgraded to meet the demand and as businesses develop further the capacity to innovate, market and sell.

Our enhanced partnership with the Department for Employment and Learning (DEL) will concentrate on the need to ensure that there is a supply of the requisite skills. This work is informed by, and is an element of, Success Through Skills, the Skills Strategy for Northern Ireland.

The gap in GVA per head between Northern Ireland and the UK as a whole is due, in similar proportions, to lower productivity (essentially salaries and profits) from businesses within existing sectors; from the nature of the sectoral mix in the regional economy; and from the highest rate of economic inactivity in the UK.

In order to help close these gaps, our efforts will focus on three priority actions for economic growth, which will enhance the capability of existing and new businesses based in Northern Ireland to sell more products and services in export markets. We have defined these as:

Realising Client Potential:

This is the pathway for growth which offers the greatest impact over the short-term. Essentially, it means helping Invest NI's clients to become better at growing profitably.

Shifting the Sectoral Focus:

This requires a shift in the sectoral mix towards higher value-added activities. Primarily, this will come from foreign direct investment (FDI) in target sectors such as financial services and information and communication technology (ICT), especially software development.

Northern Ireland also has niche manufacturing excellence within domestically and overseas-owned companies, whose contribution to the economy we aim to increase. The impact here will take longer to achieve and can be viewed as a medium-term goal.

Frontier Technologies:

These are technologies at the leading edge of research and development. Progress will depend on relatively intensive support mechanisms to deliver commercial outcomes from the technologies. Activity will occur in both existing companies and high-potential start-ups, sometimes with university or overseas-investor origins. Frontier opportunities will deliver outcomes over the longer term. They are both people and knowledge-intensive, requiring high calibre mentoring and specialist expertise, notably, in sales and marketing.

Invest NI has been evolving towards this approach throughout the period of our last Corporate Plan and our continued success will depend on the strong execution of clear policy objectives.

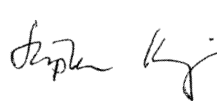
Client and advisory executives' performance will be measured by client satisfaction levels and their success in achieving economic outcomes, such as export sales, generation of premium salaries and increases in value-added from a changing portfolio of clients. We will seek to bring more ambitious businesses into our client base and, through time, will devote fewer resources to those that do not wish to pursue business growth.

Accordingly, our Accelerating Entrepreneurship Strategy, which is currently under review, will increasingly emphasise the acceleration of high-potential existing and start-up companies. These provide the supply line for future exports based upon new product and process innovation, and improved marketing and selling techniques.

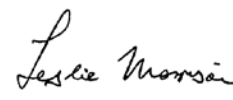
The competitive bar is rising at a time when the world economy is entering a phase of slower growth and of significant readjustment in financial markets. Also, the rules governing Selective Financial Assistance, a main vehicle of EU Regional Aid through which we have historically supported clients, are set to become gradually more restrictive from 2011 onwards.

Political stability and devolved government have imparted a new priority to economic growth, which is closely aligned with the EU's Lisbon Agenda and has boosted the confidence to invest in Northern Ireland. The success of the USNI Investment Conference in May 2008 is testament to that confidence and we aim to grasp this opportunity.

There is a broad business and political consensus on the need to drive the economy forward. Invest NI will play its full part in building on our rich history of innovation and entrepreneurship.



Chairman
Stephen Kingon



Chief Executive
Leslie Morrison

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Invest NI will work with any manufacturing and tradable services business in Northern Ireland which has the potential and ambition to export, to improve its productivity and to become more internationally competitive.

During the three-year period of this Corporate Plan our main short-term priority will be to realise the potential of existing businesses across all sectors.

In addition, we propose to put in place the building blocks for future productivity improvement by allocating resources to higher value-added sectors and by supporting frontier businesses at the leading edge of innovation and technology.

The targets we are responsible for delivering on behalf of DETI are to:

- increase sales outside Northern Ireland per employee of Invest NI manufacturing clients by an average of 6 per cent per annum in real terms;
- increase sales outside Northern Ireland per employee of Invest NI tradable services clients by an average of 4 per cent per annum in real terms;
- increase by 3 percentage points sales outside the United Kingdom as a proportion of total sales by Invest NI client companies, excluding the top 25 exporting companies;
- secure total annual wages and salaries of £345 million from inward investment and locally owned clients. This represents an 8 per cent increase over the three-year period ended 2006-07;
- promote 6,500 new jobs from inward investment, of which:
 - 5,500 will provide salaries above the Northern Ireland Private Sector Median; and
 - 2,750 will have salaries at least 25 per cent above the Northern Ireland Private Sector Median.
- increase the business expenditure on R&D by Invest NI client companies with less than 250 employees by an average of 8 per cent per annum in real terms;
- increase the business expenditure on R&D by Invest NI client companies with 250 employees or above by an average of 5 per cent per annum in real terms;
- support 45 new start-ups selling outside the United Kingdom;
- support 300 start-up businesses selling to Great Britain;
- 75 per cent of land acquisition (acres) to be in areas of economic disadvantage; and
- 70 per cent of new FDI projects secured to locate within 10 miles of an area of economic disadvantage.

1. PLANNING CONTEXT

This Corporate Plan for the three-year period 2008-2011 has been prepared within the context of the economic and political developments that are impacting Northern Ireland. It also reflects feedback from clients, staff and other stakeholders on the main issues affecting economic development.

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In addition to DETI and DEL, we have liaised with colleagues in the Departments of Education (DE), Agriculture and Rural Development (DARD) and Social Development (DSD) and are committed to developing these links as we implement this Corporate Plan.

Economic Background

In recent years, Northern Ireland has had the best record of any UK region in generating jobs and has one of the lowest unemployment rates. Net immigration is now a feature of the labour market and the employment rate has risen steadily.

Northern Ireland's growth in GVA has equalled the UK average growth rate since the mid-1990s. Manufacturing output has also outperformed the UK average since the late 1990s, with proportionally fewer job losses than the UK as a whole.

However, this relatively strong economic performance masks a number of underlying structural weaknesses within our regional economy. These include:

- an underdeveloped private sector, which is mainly composed of micro-firms and lacks scale;
- low productivity per head compared with the UK average;
- low innovation and R&D expenditure;
- low levels of business formation;
- the highest rate of economic inactivity in the UK;
- proportionately high long-term unemployment; and
- an overdependence on the public sector.

There is no quick fix for the Northern Ireland economy. Rather, it requires a managed transition over a 10 to 15 year time horizon towards a private-sector-dominated economy. This transition has to take place within an increasingly competitive global arena where technology and new participants have removed many market boundaries.

We also recognise fully the regional imbalances in prosperity and areas of economic disadvantage that exist across Northern Ireland. These disparities are addressed specifically in two of the targets set out in this Corporate Plan. While we are, by and large, a demand-led organisation, we remain committed, inter alia, to play our part in mitigating these regional imbalances.

The US economy remains a major driver of global demand but economic growth in a number of emerging markets, such as China and India, is robust and much less reliant on the US than before. Nevertheless, most commentators are forecasting a period of much slower economic growth, triggered by recent turmoil in financial markets.

In particular, the US, the UK and the Irish economies are predicted to fall below recent trend growth rates and this will have a knock-on effect on the Northern Ireland regional economy.

Political Developments

The new political environment, including the re-establishment of the Northern Ireland Executive and Assembly, the North South Ministerial Council and the British Irish Council, have provided political stability and ensured that Northern Ireland is entering a more optimistic and promising era.

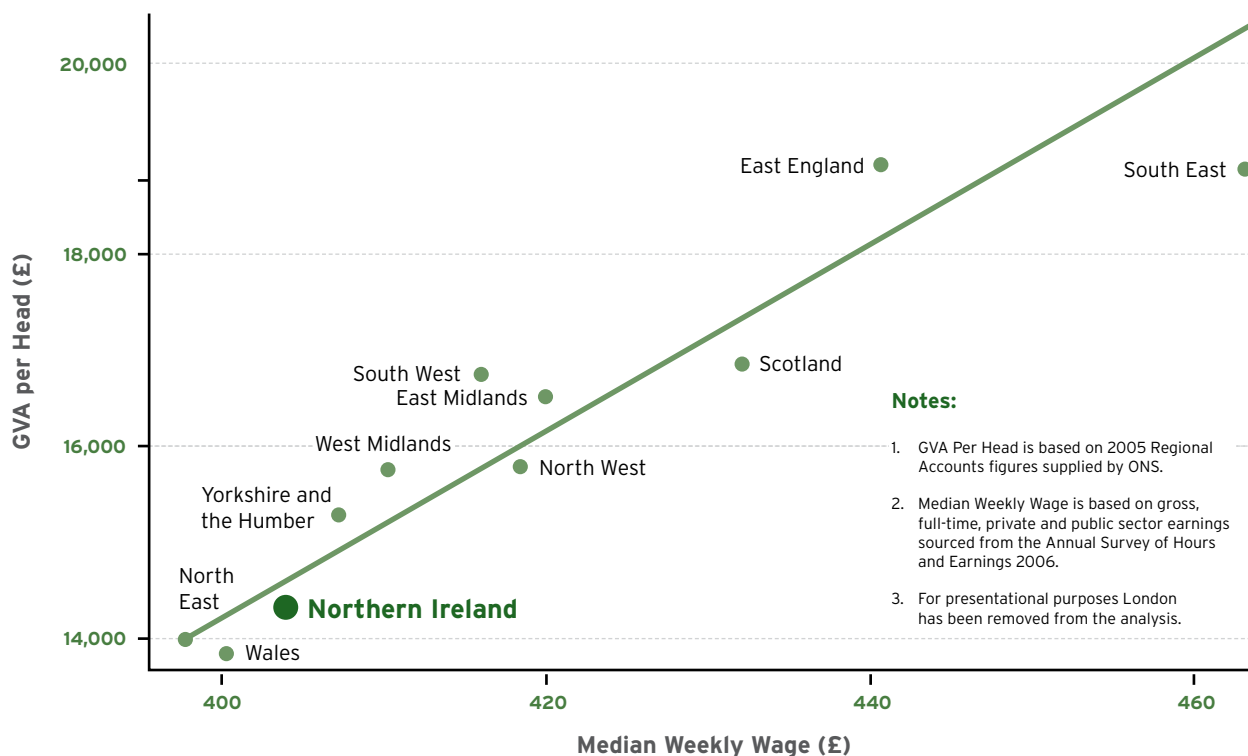
In its Programme for Government, the Executive has indicated that growing the economy will be its top priority. The Investment Strategy for Northern Ireland 2008-2018 sets out the framework that will create the infrastructure to support this growth. In particular, the Executive emphasises increasing productivity and supporting the growth of well paid, skilled jobs.

A principal goal is to halve the private sector productivity gap with the UK average (excluding GSE) by 2015. This is reflected in *Public Service Agreement 1: Productivity Growth - Improve Northern Ireland's Manufacturing and Private Services Productivity*, which DETI has responsibility for delivering.

Productivity Gap

Northern Ireland GVA per head relative to the UK average narrowed during the early to mid-1990s but, since 2000, the gap has remained at roughly 20 per cent. Excluding the high-income regions in the GSE reduces the gap to 10 per cent.

Relative to the UK as a whole, Northern Ireland has a larger share of employees in the public sector, construction, manufacturing and agriculture and is under-represented in certain high-productivity sectors, such as some business and financial services. As a result, Northern Ireland sits near the bottom of the 12 UK regions.



Manufacturing productivity has shown convergence with the UK and the sector has clearly benefited from government intervention in recent years. This trend is forecast to continue, albeit at a reduced rate. Removing the GSE also improves Northern Ireland's relative manufacturing productivity, although the change is marginal due to the small proportion of manufacturing industry in the region.

In contrast, productivity in the services sector in Northern Ireland has been in steady decline relative to the UK average since the 1970s. Rapid employment growth in locally focused sectors with lower productivity, such as retail and hotels and restaurants, has been a factor behind this trend since the mid-1990s.

Progress has been made in developing internationally tradable services such as financial services, software development, ICT and other professional services. These remain underdeveloped and have real potential for further growth, especially in higher-value segments.

Dynamic companies with the potential to provide increasingly complex services to multinational companies will continue to be targeted as a source of FDI.

While highly skilled functions, such as software testing and development, funds administration, professional services and R&D, offer an immediate uplift in salary levels, other services pay lower salaries than the Northern Ireland Private Sector Median. However, these services are important and will be developed to an appropriate level, particularly where they introduce new business functions to Northern Ireland.

In addition, domestic companies providing internationally traded services will be targeted and suitable global opportunities brought to their attention.

The basic needs of the tradable services sector are suitable talent in adequate numbers, at a reasonable cost, and within a business-enabling environment.

The growth of our economy will rely increasingly on a strong supply of appropriately skilled people; on the potential to attract both expatriate and foreign skills; and on bringing more of the economically inactive into work.

Consequently, our Memorandum of Understanding with DEL, in furthering the skills agenda, defines an essential partnership that aims to produce tangible outcomes over the period of this Corporate Plan. Invest NI will ensure that its capability support programmes are relevant to the needs of the services sector.

The resource devoted to research and development is an indicator of the degree of innovation in a region. It is encouraging to note that growth in business expenditure on R&D (BERD) in Northern Ireland is coming from small and medium sized enterprises (SMEs).

However, Northern Ireland, at 0.55 per cent of GVA, spends considerably less on R&D than the UK as a whole, at 1.24 per cent, and is well adrift of the EU target of 3 per cent.

This Corporate Plan sets ambitious targets to increase business expenditure on R&D.

We are, therefore, helping to steer an economy in transition. The primary objective is to improve business productivity. This will take time, since the specific skills required to attract higher-value work, particularly in emerging sectors, need to be developed.

2. STRATEGIC RESPONSE

Invest NI will focus on three priority actions for economic growth:

- realising client potential;
- shifting sectoral focus; and
- frontier technologies.

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Greater wealth and economic growth within Northern Ireland will be generated by increasing the number and quality of businesses with sufficient scale to compete globally.

In addition to enhancing the competitiveness of existing businesses, we need to attract more activity in the higher-productivity sectors and to support the commercialisation of intellectual property from our public and private research bases.

Invest NI will work with any manufacturing and tradable services business that has export potential and the prospect of improving productivity by becoming more internationally competitive.

We also recognise the role tourism has to play in the future growth of our economy and will continue to work closely with the Northern Ireland Tourist Board to capitalise on suitable opportunities as they arise.

In this Corporate Plan the priority actions to increase productivity will be:

- to realise the potential of existing businesses (shorter-term focus);
- to shift the sectoral focus towards higher value-added sectors (medium-to-longer term focus); and
- to support frontier companies at the leading edge of innovation and technology (longer-term focus).

Realising Client Potential

In the short-term, the greatest opportunity to generate additional wealth lies in encouraging our existing client companies, most of which are locally owned SMEs, to realise their full potential. This approach will require our clients to innovate at all levels of their businesses.

Over the next three years, we will increase by one third our expenditure on innovation programmes and will place a greater emphasis on 'hands-on' support and advice.

We will seek to promote and embed an innovation culture in our clients and will rationalise our innovation support programmes under the five themes of capability, product, process, export and investment, with potential actions including:

- simplifying and increasing the flexibility of our research, development and innovation programmes;
- increasing awareness of the benefits of innovation through role models and case studies;
- appointing a number of Innovation Advisers;
- introducing an Innovation Voucher Scheme, jointly managed with Enterprise Ireland;
- enhancing our design programme and doubling the target for participating companies;
- offering targeted development programmes aimed at improving productivity and business performance;
- increasing the relevance and quality of our mentoring and coaching support, particularly in developing leadership skills at the senior level; and
- increasing the number of strategic collaborative networks involving both business and knowledge institutions.

Shifting the Sectoral Focus

We will drive a shift towards high-value economic activity by attracting FDI in target industries, notably financial services, software and ICT, and by boosting indigenous businesses and start-ups in high-value sectors including certain tradable services, niche manufacturing, life sciences and the creative industries.

The common characteristics of the niche areas where we can remain competitive relate to the sophistication of production, process and procurement and to the design, product development and marketing that are carried out in Northern Ireland.

The successful models apply expertise and knowledge, which generate value-added to companies based here that is sufficient to offset the labour-cost advantages of developing countries. They are entirely market driven.

Businesses in these sectors will require more intense and differentiated client-support teams.

Over the course of this Corporate Plan, we will work with the private sector and its representative organisations to tackle barriers to growth on a sectoral and cross-sectoral basis.

We will:

- work proactively with DEL to help tackle specific skills needs and to align qualifications with market demand;
- enhance the role of technology missions in international markets to attract FDI and seek to secure internationally mobile R&D projects; and
- underpin the sectoral shift by supporting the development of an R&D infrastructure and by skewing our support towards those projects which offer the most commercial promise from innovation.

Frontier Technologies

The Northern Ireland economy is too small to be world-class in many sectors and research areas. However, it has specialist strengths in the private and public research bases which can be built upon to create, attract and sustain high-value companies.

We will commit an increased proportion of our resources to investments which seek to commercialise intellectual property from our public and private research bases.

Such investment will not yield large short-term results and will require a longer-term commitment.

Much of this activity will depend on relatively intensive support mechanisms to deliver commercial outcomes, often from new technology.

It will occur in both existing companies and high-potential start-ups, sometimes with university or overseas-investor origins. We will seek to marry market-led opportunities with emerging technologies.

In determining our research strengths, we will draw on the work of MATRIX, the Northern Ireland Science and Industry Panel. In realising these objectives our intent is to:

- secure increased commercial outcomes from our research base;
- support industrial research within companies and in collaboration with knowledge institutions;
- introduce new industry-led competence centres; and
- ensure a stream of risk capital for early-stage technology ventures to support indigenous and overseas-based entrepreneurs to locate in Northern Ireland.

The Board and Top Management team of Invest NI are indebted to Professor Andrew Scott of the London Business School for his contribution during the corporate planning process.

3. CLIENT FOCUS

Our client base represents most of the businesses in Northern Ireland that can take our economy to a higher level.

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We currently have some 2,500 clients and, while they equate to just 5 per cent of Northern Ireland's 64,350 VAT registered businesses, they account for over 90 per cent of Northern Ireland's exports and 95 per cent of business expenditure on research and development. Our client base, therefore, currently represents most of the businesses that can take our economy to a higher level.

Client Definition

To qualify as an Invest NI client, an enterprise must be able to demonstrate that currently, or over the next three years, it will:

- have total sales of over £100,000 per annum;
- have sales outside Northern Ireland greater than 25 per cent of turnover, or greater than £250,000 per annum; and
- be capable of, and willing to, work with Invest NI.

For indigenous businesses that we actively target in the tradable services sector, additional qualifying criteria are:

- knowledge-intensity, having the potential to sustain salaries above the Northern Ireland Private Sector Median; and/or
- a minimum gross margin of 20 per cent shown to be achievable.

These minimum criteria to become an Invest NI client allow us to strike a balance between support for larger and smaller companies, including start-ups.

Our Regional Office Network provides a clear pathway for new companies to become Invest NI clients. Their work will be complemented by our new team of Business Development Executives, who identify businesses currently outside our client base with the potential to become clients.

For those who do not meet our client criteria, we will continue to develop our comprehensive website, www.nibusinessinfo.co.uk, to cater for advisory needs and to offer access to programmes such as export-capability, market research and technical support.

Our priority segments during this Corporate Plan period will be:

Existing Businesses

- large indigenous businesses across all sectors;
- smaller indigenous businesses across all sectors; and
- externally owned businesses.

We will select from these segments those clients with the greatest potential to grow profitably in markets outside Northern Ireland.

New Businesses

- FDI, focusing on the higher value-added sectors; and
- global and export start-ups.

Enterprise and Local Economic Development

Recognising the importance of micro-businesses to our economy, we will work closely with DETI in developing an Enterprise Framework to map the wide range of support available to businesses across central and local government.

This Framework will help set the direction of an Enterprise Strategy which will enable Invest NI, over time, to concentrate its efforts on innovative entrepreneurship and growing existing small businesses with an export focus. We will liaise with DETI, DEL and DE to ensure entrepreneurship is embedded effectively at all levels of the education system.

We will continue to engage with government to agree the most appropriate transfer of functions from Invest NI to any new council structure resulting from the Review of Public Administration. To this end, we are committed to maintaining our close working relationship with local councils before, during and after any transfer of these functions.

In particular, we will seek to forge stronger links between the local councils and our Regional Office Network in order to improve the pull-through of a higher percentage of micro-businesses into the Invest NI client base.

Any transition of responsibility for local enterprise support is unlikely to take effect over the period of this Corporate Plan and, consequently, Invest NI will continue to manage delivery (through suitable third sector organisations) of a range of initiatives to promote entrepreneurship at a local level.

A new Enterprise Strategy will see a continuance of our Social Entrepreneurship Programme, which offers a range of assistance to develop new and existing social enterprises. This is Invest NI's major programme in support of the social economy.

Addressing Client Needs

Not all of our clients have the same needs. Smaller developing companies require different skills, support and programmes than high-potential start-ups. These, in turn, differ from larger, domestically owned companies and from the subsidiaries of multinationals.

Our Business Health Check will increasingly become the primary tool used to identify the most appropriate support.

To apply our staff, programmes and resources effectively, our clients are segmented according to their needs. These may change in line with the value our interventions can bring over time.

As new, ambitious businesses are brought into the client base, our resources will be reallocated from clients that are not actively committed to pursuing growth.

Client executives will manage a portfolio of economic outcomes gained from effective management of clients, largely on a sectoral basis, and will direct their efforts to where our economy can benefit most. These outcomes will include measures such as value-added, export sales, premium salaries generated and investment levered, rather than company-specific activity targets.

Pathways for Growth

Since the client segments are based on size, growth potential and strategic importance, they will cut across the three pathways for growth. For example, the sectors where we can help realise potential contain clients of very different scales, while sectors that will lead to a sectoral shift because of the higher value-added they bring are not all growing at a rapid rate. Frontier projects can be undertaken within larger, mature clients or in high-growth-potential start-ups.

The pathways for growth are conceptual in nature and designed to assist understanding of the strategic direction of this Corporate Plan. While we do not intend to report progress against these pathways, they do, however, represent the strategic framework which will inform and support the implementation of this Plan.

We will continue to organise our primary client relationships by industrial sector, since sectoral knowledge adds value to these relationships and enhances operational effectiveness.

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The power of Invest NI's matrix structure is that our capability programmes have much in common that can be applied across our clients.

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We can, therefore, utilise our Innovation Specialists in trade, R&D, business improvement and energy and technology and tailor delivery through client teams.

Northern Ireland has relatively few sectors of scale. Our expertise is concentrated in sectors that are either important to the regional economy or are priority sectors for inward investment. These sectors are highlighted in the diagram on Page 20, which plots productivity against time to outcomes.

Within Sectoral Shift, we will target predominantly middle and back office functions. These have lower value-added than high revenue-generating front office activities, which will be located close to global financial centres. They do, however, enhance the overall quality of the economy in the short term or have the potential to do so as they mature and develop capability.

Our inward-investment marketing effort will very explicitly target the sectors of main opportunity such as financial services, software and ICT, business processing and areas of niche manufacturing.

We will strengthen existing target sectors through company interventions that increase innovation, by proactively supporting:

- supply chains;
- industry associations, where effective;
- sectoral trade missions;
- university and non-university R&D co-operation;

- the alignment of future skills provision with business needs; and
- centres of R&D competence structured as partnerships between industry, third-level educational and other organisations.

Recognising the important role of the agri-food sector in Northern Ireland, our well established relationship with DARD will continue.

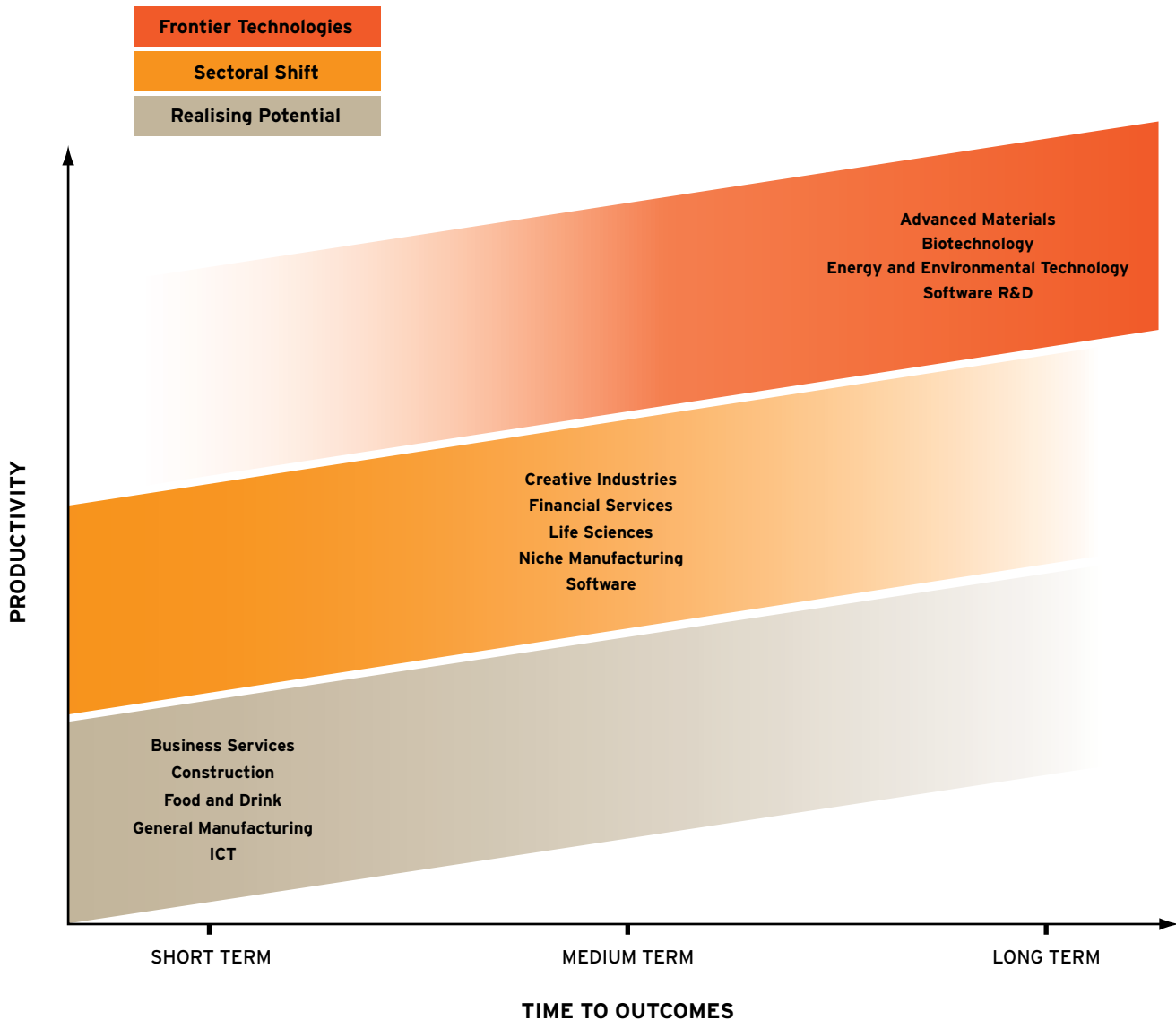
Through our Memorandum of Understanding with Enterprise Ireland, we will continue to co-operate closely on a range of trade promotion activities. Also, along with this agency, we will continue our support of InterTradeIreland's Acumen programme, which seeks to stimulate cross border trade between SMEs in both parts of the island.

Land Strategy

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We have a modest stock of land zoned for industrial use. We lease serviced sites to clients requiring property solutions to implement their growth projects. In recent years demand for sites has been high, in particular from locally owned clients, and this shows no sign of abating. The current level of property letting suggests that our stock will be fully let within five to seven years unless new land is acquired within the three-year planning cycle.

We will, therefore, intervene in the commercial property market in locations where there is demonstrable market failure. By 2012, we will acquire and/or develop a further 200 acres of serviced land for our clients in a small number of priority locations within main hubs as identified within the government's Regional Development Strategy.



Sustainable Development

Sustainable development provides a major contribution to greater wealth and economic growth. For economic growth to be sustainable it must be achieved in ways which respect the environment, using resources and energy as efficiently as possible.

This brings both opportunities and challenges for Northern Ireland businesses. Resource efficiency not only results in improved business competitiveness but contributes to enhanced environmental performance.

We will develop programmes relating to this growing area of importance and further the Northern Ireland Sustainable Development Strategy, including:

- establishing a team of Specialist Advisers to work with our clients to implement suitable environmental and energy strategies;
- providing support to a number of capital demonstration projects; and
- supporting companies to commercialise new energy and environmental technologies with export potential.

Interface with Europe

In the context of the new EU Competitiveness and Innovation Programmes (2007-2013) and with the support of the Northern Ireland Executive and the EU President, we will work more closely with the European Commission to maximise the benefits of EU funding, focused on the priorities of the Lisbon Agenda.

Good Governance

As an organisation, our work is underpinned by the principles of:

- equality of opportunity;
- anti-poverty and social inclusion;
- the highest standards of corporate governance; and
- transparency through the regular publishing of performance information and compliance with Freedom of Information legislation.

Equality of Opportunity

Since its inception, Invest NI has embraced the principles and practices attached to Section 75 which provide a structured mechanism for equality-proofing our business activities. These ongoing activities ensure that we continue to adhere to principles of equality of opportunity. This relates, both to our own work, and where we commission external consultants to deliver programmes on our behalf.

Good progress has been made in implementing our Equality Scheme, revised in 2006, and in mainstreaming equality of opportunity throughout our business. We await further direction from the Equality Commission in relation to its review of the effectiveness of Section 75. We will then carry out a major review of our own Equality Scheme.

The principle of equality of opportunity underpins our work and, to date, we have carried out a comprehensive range of Equality Impact Assessments (EQIAs) and Progress Reports on a number of policy and programme areas including Recruitment & Selection, the Accelerating Entrepreneurship Strategy and our Business Development suite of programmes. The outcomes of these assessments have highlighted how, by integrating equality of opportunity into all stages of a policy or programme life cycle, we can better serve our staff, our clients and our stakeholders.

Looking forward, Invest NI will continue to promote existing good practice to demonstrate that effective business systems and equality of opportunity go hand-in-hand.

As an integral part of this process, we will continue to carry out timely, open and inclusive consultation in accordance with Equality Commission guidelines. We will remain responsive to structural inequalities in the labour market and will aim to address these issues with appropriate positive actions, particularly in relation to gender, race and disability.

We will also implement our Equality Monitoring Strategy and develop our own Good Relations Strategy.

4. OPTIMISING RESOURCES

Delivery of this Corporate Plan depends upon access to funding and having the right people to execute the Plan.

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The delivery of this Corporate Plan depends upon:

- access to funding in order to deliver our strategies and operational activities; and
- the right people to execute the plan.

The Northern Ireland Executive Priorities and Budget 2008-11 allocated to Invest NI a total resource budget of £567 million across the three-year planning cycle.

Over the three-year period, the main features of this high-level forecast, when compared to the 2007-08 baseline, are as follows:

- a 34 per cent increase in expenditure in support of Research, Development and Innovation schemes in support of all client companies to assist in achievement of challenging BERD targets;
- a 25 per cent increase in expenditure in support of business starts primarily targeted on those with potential to compete in external (outside Northern Ireland) and global (outside UK) markets;
- a 39 per cent increase in expenditure in support of locally owned clients with growth projects; and
- an 8 per cent decrease in expenditure in support of FDI, for both new projects and projects from existing, externally owned clients.

The table on Page 24 provides estimates of Invest NI's expenditure over the corporate planning period.

As well as relating to our proposed activities over the next three years, a large element of this expenditure is a result of financial commitments which we have agreed with clients prior to this corporate planning period. Budget allocations within Invest NI will be finalised on an annual basis following Board and Ministerial agreement of annual Operating Plans.

The proportion of expenditure directed towards high value-added inward investment projects is set to increase. However, a decrease in the overall expenditure directed toward FDI is expected for two reasons.

Firstly, the volume and size of contestable projects is likely to decline, partially influenced by the reduced levels of EU State Aid available to encourage their location in Northern Ireland. Secondly, the volume and large scale capital-intensive projects, which have been one feature of Northern Ireland's inward investment successes in the past, are not likely to be repeated.

The three-year planning cycle will also see a large scale increase in expenditure focused on our land acquisition strategy. Our land holding is reducing rapidly as clients require property solutions to implement growth projects. We will initiate various projects to acquire land in priority locations across Northern Ireland.

We will retain a motivated and productive workforce and strive to be an employer of choice. To this end, we will provide suitable training for staff in response to identified need and embed leadership and best management practice as part of our daily activities.

INDICATIVE BUDGET ALLOCATIONS: 2008-09 to 2010-11

| BUDGET CATEGORY (£ Million) | Forecast Outturn 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|--|--------------------------------|------------|------------|------------|
| Locally Owned | 18 | 20 | 21 | 25 |
| FDI - Existing | 25 | 35 | 28 | 22 |
| FDI - New | 23 | 21 | 21 | 22 |
| Business Starts | 12 | 15 | 16 | 15 |
| Research, Development and Innovation Schemes | 41 | 42 | 50 | 55 |
| Property - Land and Estate Development | 3 | 11 | 27 | 27 |
| TOTAL PROGRAMME EXPENDITURE | 122 | 144 | 163 | 166 |
| Running costs | 31 | 32 | 32 | 33 |
| Non-Cash Costs (see Note 3) | 7 | 13 | 13 | 13 |
| Receipts (see Note 4) | -32 | -25 | -15 | -16 |
| TOTAL BUDGET ALLOCATION | 128 | 164 | 193 | 196 |

Note 1: The 2007-8 forecast represents a provisional outturn position for the year that may be adjusted on completion of the audit on the 2007-08 Financial Statements.

Note 2: The numbers displayed in the table exclude programme activity that attracts EU Competitiveness programme funding.

Note 3: Non-Cash costs relate to the budget assigned for depreciation, cost of capital charge, and impairment. An impairment budget relates to the amount of provisions calculated for bad or doubtful debts relating to trade debtors, loan and share investments, and grant clawback. It also refers to the calculation for grant provisions to recognise the liability to client companies for grants earned but unclaimed at the year-end.

Note 4: Receipts relate to the disposal of loan and share investments in client companies, the sale of property assets, and to the clawback of grant assistance.

Note 5: The above table represents indicative allocations in the draft budget and may be subject to change.

ANNEX

TARGETS AND OUTCOMES

The main targets and outcomes of this Corporate Plan have been developed in the context of the Programme for Government 2008-2011. We have worked closely with DETI and DEL to ensure maximum consistency in our approach.

INNOVATION EXPORT SALES R&D VALUE-ADDED ENTERPRISE WEALTH INNOVATION EXPORT SALES R&D VALUE-ADDED ENTERPRISE WEALTH INNOVATION
SHIFT FRONTIER TECHNOLOGIES REALISING POTENTIAL SECTORAL SHIFT
INVESTMENT COMPETITIVENESS BUSINESS PRODUCTIVITY

Public Service Agreement 1: PRODUCTIVITY GROWTH

Improve Northern Ireland's manufacturing and private services productivity.

| Objective | Target |
|--|--|
| Promote a competitive and outward looking economy. | <ul style="list-style-type: none"> • Increase external sales* per employee of Invest NI manufacturing clients by an average of 6 per cent per annum. • Increase external sales* per employee of Invest NI tradable-services clients by an average of 4 per cent per annum. • Increase by 3 percentage points export sales* as a percentage of total sales by Invest NI client companies, excluding the top 25 exporting companies. <p>* External sales are those outside Northern Ireland and export sales are those outside the United Kingdom.</p> |
| Attract and support high quality investment, both foreign and locally owned. | <ul style="list-style-type: none"> • Secure total annual wages and salaries of £345m, reflecting inward investment successes and growth from locally owned clients. • Promote 6,500 new jobs from inward investment, of which: <ul style="list-style-type: none"> - 5,500 will provide salaries above the NI Private Sector Median. - 2,750 will have salaries at least 25 per cent above the NI Private Sector Median. <p>Note : The Northern Ireland Private Sector Median salary is £17,000 based on 2006 figures.</p> |
| Promote higher value-added activity through innovation and the commercial exploitation of R&D. | <ul style="list-style-type: none"> • Increase by 8 per cent the average annual growth in BERD expenditure in Invest NI client companies with fewer than 250 employees. • Increase by 5 per cent the average annual growth in BERD expenditure in Invest NI client companies with 250 employees or above. |

Public Service Agreement 3: INCREASING EMPLOYMENT

Increase employment levels and reduce economic inactivity by addressing the barriers to employment and providing careers advice at all levels.

| Objective | Target |
|--|--|
| Increase employment opportunities by attracting high quality inward investment and supporting domestic reinvestment. | <ul style="list-style-type: none"> • Secure total annual wages and salaries of £345m, reflecting inward investment successes and growth from locally-owned clients. • Promote 6,500 new jobs from inward investment, of which: <ul style="list-style-type: none"> - 5,500 will provide salaries above the NI Private Sector Median. - 2,750 will have salaries at least 25 per cent above the NI Private Sector Median. <p>Note : the Northern Ireland Private Sector Median salary is £17,000 based on 2006 figures.</p> |
| Promote business growth. | <ul style="list-style-type: none"> • Support 45 new start-ups selling outside the United Kingdom. • Support 300 start-ups selling to Great Britain. |

| | Activities and Outcomes |
|--|---|
| | <p>Invest NI will assist businesses that have a focus, or ambition to focus, on markets outside Northern Ireland or are seeking to generate wealth from outside Northern Ireland.</p> <p>Specific outputs:</p> <ul style="list-style-type: none"> • Assist 600 new first time exporters. • Support companies to diversify into new markets. • Improve the sales and marketing capability of Northern Ireland businesses. • Support 45 new start-ups selling outside the United Kingdom. • Support 300 start-ups selling to Great Britain. |
| | <p>Invest NI will prioritise its resources on:</p> <ul style="list-style-type: none"> • Existing client companies whose investment plans demonstrate increasing productivity. • Attracting inward investment projects that will promote jobs and salaries above the Private Sector Median or increase the value added in the relevant sector. • New inward investment marketing activity that seeks to secure contestable projects that promote jobs with salaries above the NI Private Sector Median or increase the value added in the relevant sector. • Implementing an international sales strategy that identifies regions and sectors to promote a positive image of Northern Ireland and create opportunities for new economic development, education, the benefits of science and technology and to promote expertise in the region. <p>Specific outputs:</p> <ul style="list-style-type: none"> • Secure investment commitments of £1.2bn. • Support 90 inward investment projects. • Support 45 new start-ups exporting outside the United Kingdom. • Support 300 start-ups with external sales. |
| | <p>Invest NI will:</p> <ul style="list-style-type: none"> • Secure Research & Development investment commitments of £120m. • Assist 300 companies to engage in Research & Development for the first time. • Increase the commercialisation of intellectual property from NI's university and company research base. • Support MATRIX (the NI Science and Industry Panel), which will advise DETI on policies to better target resources to technology areas of greatest future potential and exploit core niche strengths in the R&D and science base. |

| | Activities and Outcomes |
|--|--|
| | <p>Invest NI will:</p> <ul style="list-style-type: none"> • Prioritise its resources on promoting value-added growth projects from locally-owned clients, including external and global start-ups. • Prioritise its resources on increasing the competitiveness of client businesses in global markets with a view to increasing employment opportunities. • Focus new inward investment marketing activity on projects that promote jobs with salaries above the NI Private Sector Median or increase the value added in the relevant sector. • Consider projects that will bring specific benefits to areas of economic disadvantage. |
| | <p>Invest NI will:</p> <ul style="list-style-type: none"> • Promote growth projects from locally owned clients, including global start-ups and start-ups selling externally. |

CONTACT US

Our clients can find out more about the full range of Invest NI services by contacting their Client Executive.

All other businesses can find out about the support open to them, or make an enquiry about our services, by contacting their nearest regional or international Invest NI office.

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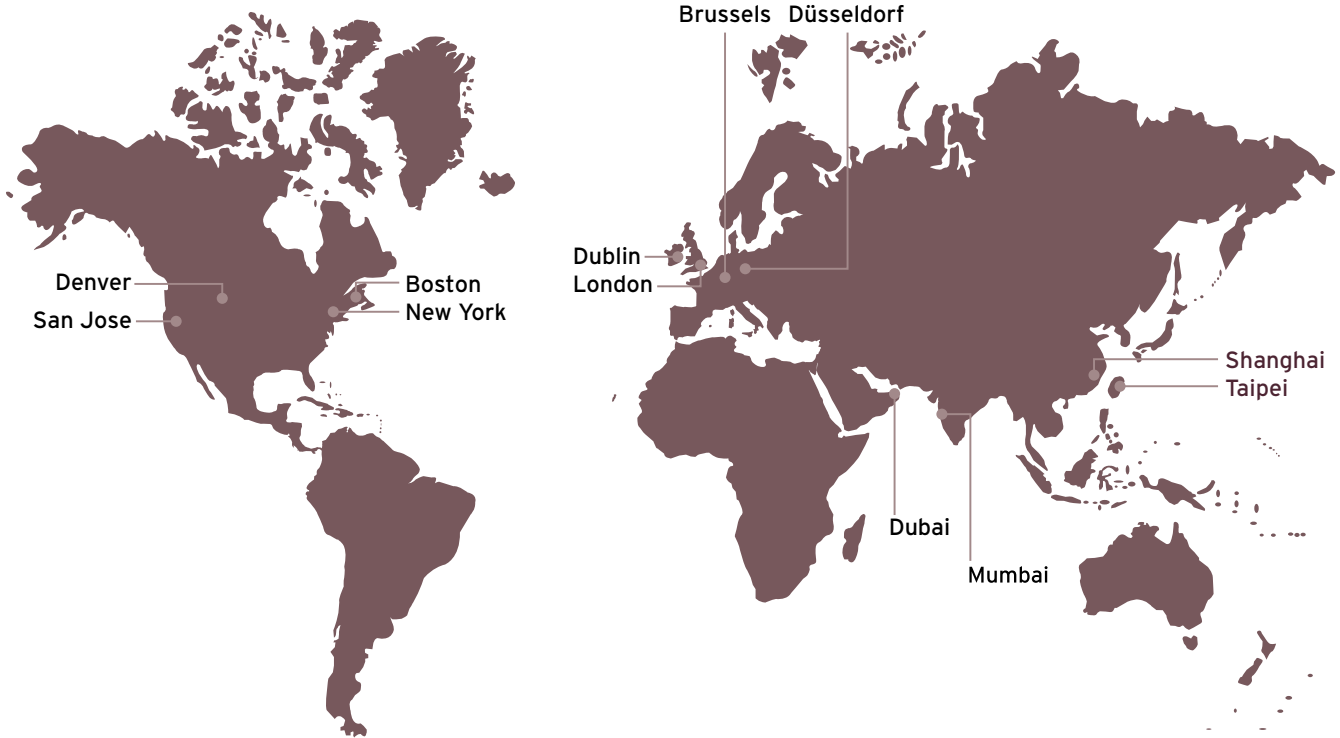
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