

**Analysis of the Socio-Economic Impact of  
the Western Development Commission  
Western Investment Fund: 20 Years of  
Innovative Regional Investment**

**Report**

Submitted to

**Western Development Commission  
(WDC)**

Prepared by

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### **Glossary of Terms and Abbreviations**

AEC	Atlantic Economic Corridor
BERD	Business Expenditure on Research and Development
BIF	Business Investment Fund
CSO	Central Statistics Office
Direct Impact	The direct economic output generated by companies and organisations supported by the WIF, through purchases of goods and services (including labour) from the Irish economy in which it operates, and its contribution to GVA and Exchequer (tax payments).
FTE	Full-time equivalent
GDP	Gross Domestic Product
GVA	Gross Value Added
Indirect Impact	The economic output that arises through purchases of goods and services inputs by companies and organisations supported by the WDC from other businesses/sectors in the economy to support their activities in Ireland.
Induced Impact	The economic output that arises through the roles of companies and organisations supported by the WIF as employers. Wages and salaries paid to employees provide incomes used to purchase consumer goods and services within the economy.
NDP	National Development Plan
NWRA	Northern and Western Regional Assembly
RSES	Regional Spatial and Economic Strategy
SIF	Strategic Investment Fund
SME	Small and medium-sized enterprises
WDC	Western Development Commission
WDC WIF	Western Development Commission Western Investment Fund
WRAP Fund	Western Region Audiovisual Producers Fund

## Executive Summary

### Introduction

Indecon International Research Economists were appointed by the Western Development Commission to conduct an independent socio-economic impact of its Western Investment Fund ('WIF'). Established in 1997, the Western Development Commission ('WDC') is a statutory body promoting economic and social development in the Western Region which covers counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare (hereafter the Western Region).

The WIF made its first investment in 2001 and received €31.75m in exchequer funding for investment under the WIF over the period 2001-2010. The WIF is an Evergreen Fund with all proceeds reinvested back into enterprises and projects in the Western Region. The WIF is unique from a non-commercial semi-state agency perspective, having generated a financial return on investment as well as generating the socio-economic impact outlined in this report. To date, the fund has achieved a financial return on investment of almost 2.5 times the original Exchequer allocation of €31.75m and the fund value is currently €73m.

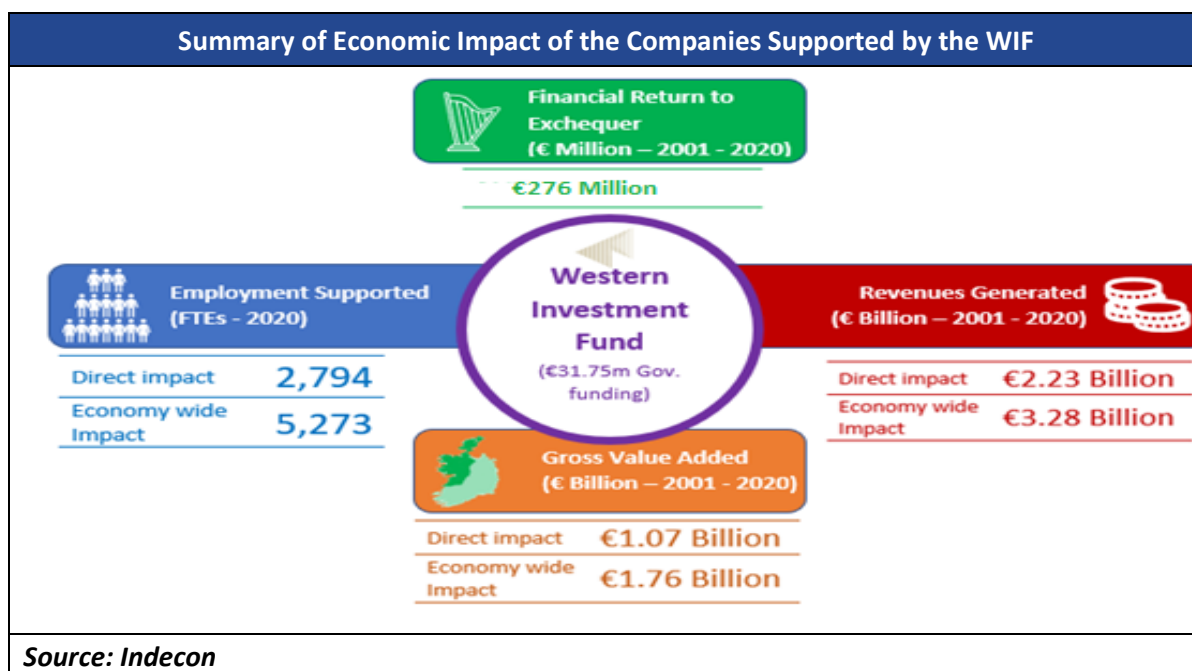
The WDC Western Investment Fund ('WIF') provides risk capital on a commercial basis by way of equity investment and loans to businesses and social/community organisations. The WIF applies the market economy investor principle, co-investing with private sector investors on a *pari passu* basis so it is a commercial investment and that there is no element of state aid in its funding, and it also applies commercial interest rates to commercial lending.

In interpreting the detailed findings, Indecon believes it is important to note the wider context for the Western Development Commission and the Western Investment Fund. The Western Region is a 'lagging' region which is why the WDC was established and WIF is one of its key delivery mechanisms. Addressing regional disparity is aligned with national and EU policy objectives. As part of the research an investigation has been undertaken of the role of WIF in addressing regional deficiencies and in the creation of knowledge-based employment and the facilitation of business R&D. We have also examined the role of the Fund in graduate retention and in fostering an enterprise ecosystem and in community/social enterprise development.

### Summary of Key Findings on Socio-Economic Impact

Companies supported by the Western Investment Fund have achieved major success in Irish and export markets. Over the period 2001 to 2020, over €61 million has been invested/lent by the WIF to 217 unique entities. This has resulted in an impressive contribution to economic activity in the Western Region and has made a significant contribution to the national economy. The following figure contains a summary of the direct and wider economic impacts of the WIF from 2001 to 2020.

- Companies and organisations directly supported by the WIF employed almost 2,800 full-time equivalents (FTEs) in 2020 and almost 5,300 FTEs when indirect impacts are taken into account.
- Between 2001 and 2020, the WIF has supported companies that generated over €2.2 billion in direct revenues (€3.28 billion economy wide impact).
- Direct Gross Value Added of €1.07 billion (€1.76 billion economy wide impact).
- €276m in taxes to the Irish Exchequer.



The Fund has also impacted significantly on regional development and has had a positive social impact on local communities within the region. The WIF has had positive impacts on wider society through its Community Loan Fund enhancing the quality of life of its citizens. WIF funding has enabled almost 100 social enterprises and community organisations, the vast majority in rural areas, to develop new facilities and services. This has been achieved while also growing the WIF almost 2.5 times through its successful evergreen investment strategy. A summary of the some of the key social benefits of the WIF are outlined below:

- ❑ The WIF has helped to foster an enterprise ecosystem in the Western Region, helping companies grow and develop. 96% of companies surveyed indicated that securing funding from the WIF was either very significant or significant for their business, highlighting the importance of the WIF to them. A high proportion of companies that it was applicable to also stated that WIF as a source of Series A funding was also very important.
- ❑ Indecon's survey research suggests that the WIF has had a significant impact on the development of an equity culture and a social finance culture in the Western Region. The majority of respondents indicated that WIF funding had enabled them to leverage additional funding sources. WDC data indicates that a total of over €273 million was leveraged from the €61.3 million invested by WIF since 2001. This indicates that for every €1 of WIF funding, over €4.5 in additional funding was leveraged. All recipients of social finance viewed securing funding the WIF as being very significant (77%) or significant (23%).
- ❑ Companies surveyed indicated that the WIF had a significant benefit in terms of contribution to smart specialisation. Such smart specialisation is a key component of overall industrial strategic objectives for the region. The Lifescience/medtech and Creative Sectors are examples of such smart specialisation supported by the WIF.
- ❑ WIF funding has enabled organisations to develop new facilities, offer new services/events to members, refurbish existing facilities, retain existing members and attract new members.



Many of the organisations and projects funded are multi-purpose community facilities or are linked to sport and recreation and other uses.

- ❑ The direct economic impact has supported regional development. One example of this is through the strategic investment in the Ireland West Airport Knock which has facilitated an increase in passenger numbers in the airport.
- ❑ When comparing the average gender breakdown of Senior Management of respondent companies funded by the WIF with CSO data, companies supported by the WIF tend to have a more gender-balanced leadership team than typical companies. On average, 35.8% of Senior Management roles in respondent companies were held by women, compared to an average of just 29.7% of females in senior executive roles in companies surveyed by the CSO in 2021.
- ❑ Over 80% of respondents indicated that there was a benefit from the WIF through supporting the retention of graduates and promoting links with third level institutions. Over 70% of employees in these companies had graduate qualifications and over 40% with a postgraduate qualification which is significantly higher than the national average. This indicates that the workforce in companies supported by the WIF attracts high-skilled individuals and is in line with the aims of the WDC to support smart specialisation in the region and highlights the WIF's alignment with the NSOs in the NDP to strengthen rural economies through enterprises, innovation and skills.
- ❑ The retention of such skills is critical in a knowledge-based economy. In a review of the conditions for economic growth in Ireland, the US Nobel Prize-winning economist Kenneth Arrow noted that, "Graduate education plays a special role in facilitating the acquisition of advanced technologies."<sup>1</sup>
- ❑ Indecon estimates that the R&D expenditure by companies supported by the WIF had positive spillover effects on the economy. Indecon's modelling suggests an annual social return of between €2.53 million and €5.05 million for the research and development expenditure of companies supported by the WIF in 2020. Indecon has estimated that the present value of twenty years' worth of spillover from R&D expenditure to be between €34.4 and €68.6 million.

### Policy Context and Analysis of the Demographics of the Western Region

The population in the Western Region has grown more slowly over the last 30 years than the overall population of the State. Household disposable income is lower in the Western Region than in other parts of the country. The Western Region has faced a number of difficulties with divergence in economic growth, household incomes and employment growth when compared to other regions following the economic crisis<sup>2</sup>. The region has a comparatively low employment accessibility score reflecting low population and low employment density locally and longer distances and greater travel time to key concentrations of employment<sup>3</sup>. In addition, the Western Region has a lower share of its employment in knowledge intensive sectors. Expenditure on research, development and innovation is also significantly lower in the Western Region compared to other regions. Funding raised by start-

<sup>1</sup> See Arrow, Kenneth J., Stanford University, 'Economic Growth Policy for a Small Economy' in Gray, A. W. (1997) "International Perspectives on the Irish Economy", Indecon Public Policy Services, ISBN O 953131807.

<sup>2</sup> McGrath, Frost and McHenry (2021) "Policy Briefing No. 8 – The Revised National Development Plan: Key Regional Issues"

<sup>3</sup> *ibid*

ups in the Western Region also accounts for a small percentage of total funding raised in the country. It is against this background that the contribution of the Western Investment Fund is of particular importance.

Key Statistics Concerning Irish NUTS 2 Regions – Economic and Enterprise Indicators			
	Western Region	Southern	Eastern and Midland
GVA (2019 – euro million)*	23,834	136,738	172,303
GVA per-capita (2019 – euro)*	26,536	82,701	72,704
Disposable Income per Person (2019 – euro)*	18,791	21,378	24,781
Unemployment Rate (Q2 2021)*	6.4%	8.0%	7.2%
Labour Force Participation Rate (Q2 2021)*	61.6%	61.5%	64.7%
Unemployment Rate (Q4 2019)*	4.0%	4.9%	4.4%
Number of Engaged Persons per Enterprise (2019)	4.91	5.59	7.93
European Innovation Scoreboard Score (2021)*	111	118	132
<b>Source: Various CSO databases, Eurostat and GeoDirectory data</b>			
<b>Note: * Where data is not available at the county level the Northern and Western Region has been used as a proxy for the Western Region.</b>			

The role of the Western Development Commission is to “*promote, and procure the promotion of, and assist in, foster and encourage economic and social development in the Western Region.*” This is in alignment with the National Development Plan’s aims for balanced growth, as well as the vision set out in Our Rural Future: Rural Development Policy 2021-2025. The WIF’s investment in companies and organisations in the Western Region aims to foster economic and social development through optimising digital connectivity, supporting employment and careers in rural areas, revitalising rural towns and villages and enhancing public services in rural areas, in line with Our Rural Future. Investments in high-skilled sectors which attract knowledge-intensive employment are also align with the national strategic objectives of the NDP, including National Strategic Outcomes (NSO) 3 (Strengthened Rural Economies and Communities) and NSO 5 (A Strong Economy, supported by Enterprise, Innovation and Skills). Such investments in high-skilled sectors would also align with the future Smart Specialisation Strategy being prepared by Department of Enterprise, Trade and Employment (DETE) which aims to boost regional innovation. The current strategy of the WDC focuses on three strategic themes - Regional promotion, Regional Leadership and Sustainable Enterprise. These themes are consistent with national policies. The WIF’s considerable impact on the Western Region in terms of facilitating growth in job numbers, economic growth, improving citizens’ quality of life and regional development is aligned with the EU’s Cohesion Policy whose central objective is to improve the economic well-being of regions and to reduce regional disparities.

### Analysis of Investment by Fund Type, Location and Sector

The Business Investment Fund (BIF) is the largest of several WIF sub-funds, accounting for over 41% of projects and over 76% of the amount disbursed. This fund provides equity investment and loan finance to SMEs in the Western Region. The Community Loan Fund has supported a similar number of projects, with 89 projects receiving €8.5 million of funding under the WIF’s Community Loan Fund. Investment in the Creative Industries accounts for 18.4% of projects totalling €1.5 investment. Five strategic projects account for 2.1% of projects and €4.5 investment.

Breakdown of Number of Investments Supported by Sub-Fund		
	Number of Projects	Percentage of Projects
Business Investment Fund	97	41.1%
Community Investment	89	38.0%
Creative Industries/WRAP	43	18.4%
Strategic Investment Fund	5	2.1%
<b>Total</b>	<b>234</b>	<b>100%</b>
<b>Source: WDC data</b>		

The amounts dispersed are more concentrated in Galway, Galway City in particular, reflecting the existing base of companies in this area. Medtech/Lifescience companies in particular are heavily concentrated in Galway City and tend to have much larger funding requirements and skew the investment figures in Galway City. It should also be noted that the Medtech/Lifescience sector has delivered outsized financial return to the WIF.

Breakdown of Projects Supported by County						
Sector	Number of Projects	Percentage of Projects	Number of Projects per 1,000 Population	Amount Dispersed (€m)	Percentage of Total Dispersed	Total Dispersed per 1,000 Population (€)
Clare	13	5.6%	0.10	2.28	3.7%	17,908
Donegal	20	8.5%	0.12	5.85	9.5%	34,645
Galway City	50	21.4%	0.59	21.13	34.4%	249,610
Galway County	38	16.2%	0.20	11.86	19.3%	61,675
Leitrim	17	7.3%	0.48	1.72	2.8%	48,237
Mayo	34	14.5%	0.24	10.56	17.2%	76,079
Roscommon	37	15.8%	0.54	4.93	8.0%	71,711
Sligo	25	10.7%	0.35	3.04	4.9%	42,707
<b>Total</b>	<b>234</b>	<b>100%</b>	<b>0.26</b>	<b>61.36</b>	<b>100%</b>	<b>69,147</b>
<b>Source: WDC data</b>						
Note: Calculations based on CSO estimates of population living in each county in 2020.						

When combined Galway City and County account for over half of the business investments made by the WIF between 2001 and 2020. However, when looking at investments in social enterprises and community development there is a broader spread across the counties in the Western Region. This is also the case, albeit to a lesser extent for the investment in creative enterprises in the region.

Geographic Spread of Number of Projects by Organisation Type				
	Business	Social Enterprise / Community Development	Creative Enterprises	Overall
Clare	3%	7%	8%	6%
Donegal	12%	7%	4%	9%
Galway City	35%	5%	23%	21%
Galway County	19%	11%	19%	16%
Leitrim	3%	15%	2%	7%
Mayo	14%	16%	13%	15%
Roscommon	9%	26%	10%	16%
Sligo	4%	13%	21%	11%
<b>Number of Projects</b>	<b>99</b>	<b>87</b>	<b>48</b>	<b>234</b>
<b>Source: WDC data</b>				

The WIF supports a wide range of sectors, with MedTech/Life Sciences sector (€21.6m) and Technology sector (€12.8m) the largest two sectors in terms of the amount disbursed by the WIF. The two sectors combined to receive over half of the amount disbursed by the WIF. Social enterprises and community development projects combined to account for almost 40% of projects supported, but the smaller nature of the investments mean that they combine for only 13.4% of the amount disbursed by the WIF. The performance of the Creative sector should also be noted and nearly 21% of projects supported were in this sector. Other sectors supported included Manufacturing, Natural Resources/Food and Tourism which accounted for nearly 25% of the overall funding disbursed.

Breakdown of Projects Supported by Sector (2001 – 2020)					
Sector	Number of Projects	Percentage of Projects	Amount Disbursed (€m)	Percentage of Total Disbursed	Average Disbursal Per Project
MedTech and Life Sciences	38	16.2%	21.65	35.3%	569,656
Technology	25	10.7%	12.76	20.8%	510,592
Social Enterprise / Community Development	87	37.2%	8.25	13.4%	94,783
Manufacturing	16	6.8%	6.92	11.3%	432,742
Natural Resources / Food	14	6.0%	5.43	8.8%	387,784
Creative Industries	48	20.5%	2.84	4.6%	59,063
Tourism	6	2.6%	3.52	5.7%	586,452
<b>Total</b>	<b>234</b>	<b>100%</b>	<b>61.36</b>	<b>100%</b>	<b>262,241</b>
<b>Source: WDC data</b>					

### Results on Direct Economic Impact of the WIF

The scale of the direct impact of the WIF from 2001-2020 is outlined below and demonstrates the economic contribution in terms of the following metrics:

Summary of Direct Economic Impacts of the Companies Supported by the WIF		
	2020	2001 – 2020
Employment (FTEs)	2,794	24,606*
Employment incomes supported (€m)	135.2	965
Turnover / Revenue (€m)	287.6	2,232
Exports (€m)	207.5	1,611
R&D Expenditure (€m)	72.2	396
Tax and PRSI Expenditure (€m)	35.9	276
<b>Source: Indecon analysis of survey data, data provided by WDC and annual reports.</b> <b>Note: Figure based on FTE-years. For example, if an FTE was employed in 2018 and 2019, they would count as two FTE-years</b>		

### Results on Wider Economic Impact of the WIF

In addition to the direct economic impacts, the WIF has had wider economic impacts through what economists call indirect and induced effects. Indecon has applied its input-output model of the Irish economy to quantify these wider economic impacts, with the model taking into account the direct, indirect and induced economic impacts of the activities of companies and organisations supported by the WIF. Further details on this methodological approach are included in the main report.

A summary of the economy-wide impacts estimated by Indecon can be found in the following table. Indecon presents the economy-wide impacts in 2020, as well as the twenty-year impacts. Including the additional employment supported in enterprise centres supported by the WIF, would push the economy-wide employment impact to between 5,500 and 6,000 FTEs in 2020.

Summary of Economy-wide Economic Impacts of the Companies Supported by the WIF		
	2020	2001 – 2020
Employment (FTEs)	5,273	45,594*
Employment incomes supported (€m)	217.7	1,611
Turnover / Revenue (€m)	395.0	3,277
GVA (€m)	218.4	1,759
<b>Source: Indecon analysis of survey data, data provided by WDC, annual reports and CSO data.</b> <b>Note: Figure based on FTE-years. For example, if an FTE was employed in 2018 and 2019, they would count as two FTE-years</b>		

### Results on Wider Socio-Economic Impact of the WIF

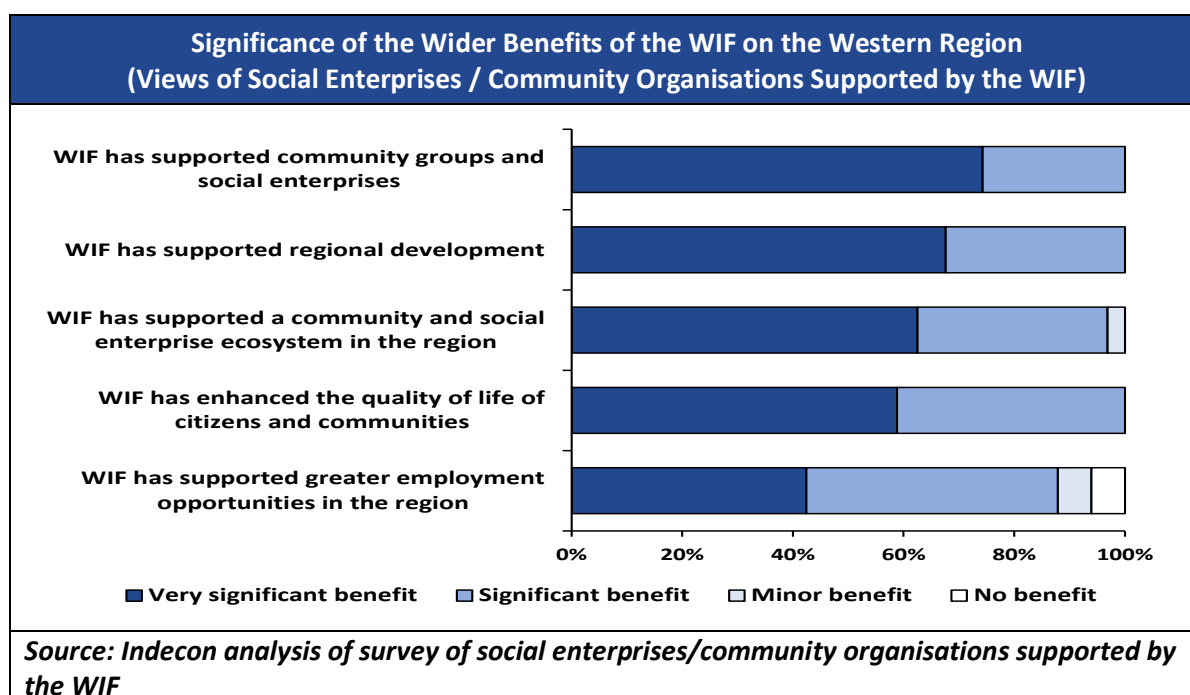
The WIF has also had positive impacts on wider society in the Western Region through its Community Loan Fund. WIF funding has enabled almost 100 social enterprises and community organisations, the vast majority (95%) in rural areas, to develop new facilities, offer new services/events to their communities, refurbish existing facilities, retain existing members and attract new members. Many

of the organisations and projects funded are multi-purpose community facilities and are linked to enterprise space, sport and recreation, childcare and other users.

Portrayed in the following figure are respondents' views on the significance of the wider benefits of the WIF in the Western Region. All respondents viewed the WIF's support of the following to be a very significant or significant benefit:

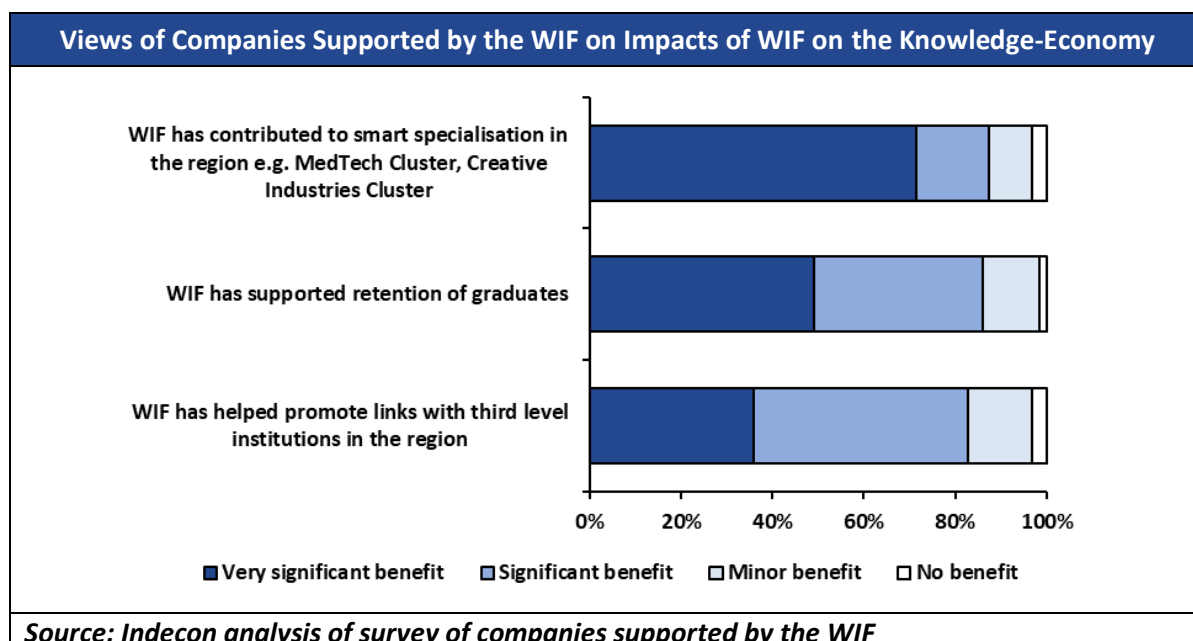
- Community groups and social enterprises;
- Regional development; and
- Quality of life of citizens and communities.

Similarly, a very high percentage of respondents perceive that the WIF has supported a community and social enterprise ecosystem in the region and greater employment in the region. In terms of user profile, 86% of respondents state that their organisation serves the entire community. This may demonstrate the broad spectrum of benefits that the WIF has on communities in the wider western region. Some organisations serve specific user groups, with almost one-third of respondents indicating that they serve children and young people with a further 29% indicating that they serve older people.



Companies surveyed indicated that the WIF has had a significant benefit in terms of **contribution to smart specialisation**. Such smart specialisation is a key component of overall industrial strategic objectives for the region. DETE is currently open for submissions to its National Smart Specialisation Strategy which will aim to boost regional innovation, driving sustainable regional growth. Additionally, over 80% of respondents indicated that there was a benefit from the WIF through supporting the **retention of graduates** and **promoting links with third level institutions**, in line with the NDP's NSO 10 (Access to Quality Childcare, Education and Health Service). The retention of such skills is critical in a knowledge-based economy. In a review of the conditions for economic growth in Ireland, the US Nobel Prize-winning economist Kenneth Arrow noted that "Graduate education plays

a special role in facilitating the acquisition of advanced technologies.”<sup>4</sup> Indecon believes this is a pre-condition for measures to assist in reducing the underperformance of the Western Region.



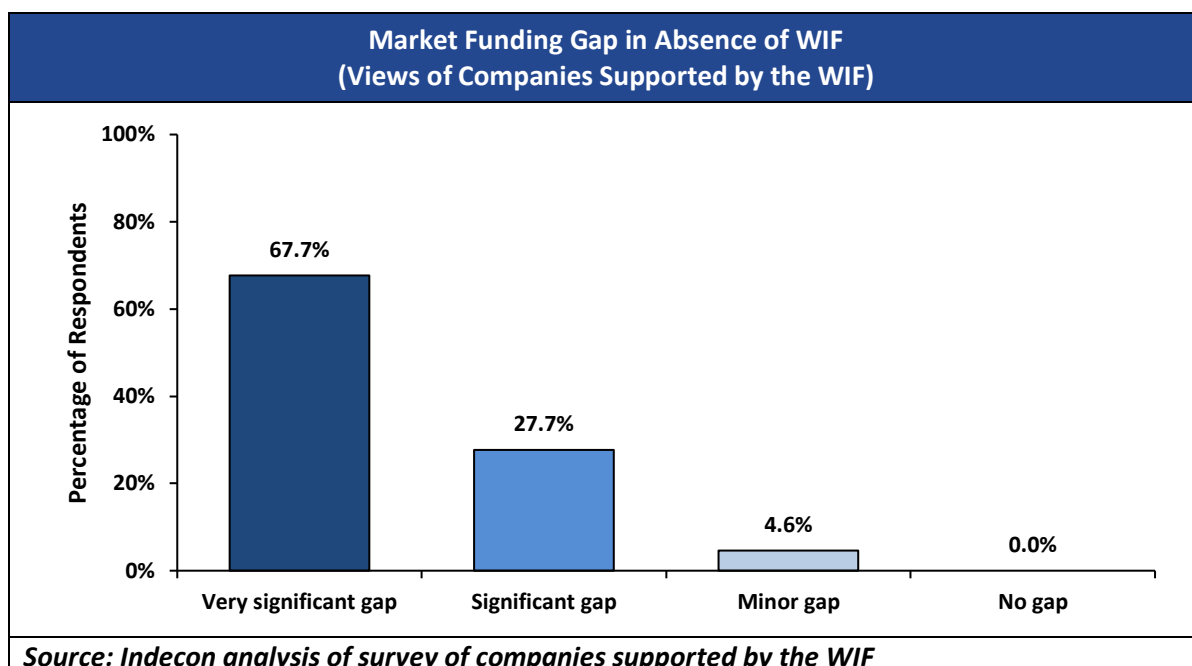
The WIF has also helped to **foster an enterprise ecosystem** in the Western Region, helping companies grow

and develop, in line with the NDP's NSO 5 (Strong Economy supported by Enterprise, Innovation and Skills) and NSO 3 (Strengthened Rural Economies and Communities). Ninety-six per cent of companies indicated that securing funding from the WIF was very significant or significant for their business, highlighting the importance of the WIF to them. Of note is the WIF's impact on securing seed funding and developing technology/products/services for business development. Indecon notes, in its case study in Section 5, the impact the WIF has had on the MedTech and Life Sciences sector and its growth in the Western Region. Indecon's survey research suggests that the WIF has had a very significant impact on the **development of an equity culture**. The majority of respondents indicated that WIF funding had enabled them to leverage additional funding sources. WDC data indicates that a total of over €273 million was leveraged from the €61.4 million in WIF funding since 2001. This indicates that for every €1 of WIF funding, approximately €4.5 in additional funding was secured by WIF portfolio companies.

The figure below shows respondents' views when asked if, in the absence of the WIF, they believe that there would be a market gap in the availability of financing, to help start-up businesses to commercialise. **Ninety-five per cent think that there would be a significant or very significant gap, demonstrating the high importance companies bestow on the WIF to lower the market gap. This indicates that the growth experienced by companies may not have happened or may not have happened as quickly in the absence of the WIF.**

<sup>4</sup> See Arrow, Kenneth J., Stanford University, 'Economic Growth Policy for a Small Economy' in Gray, A. W. (1997) "International Perspectives on the Irish Economy", Indecon Public Policy Services, ISBN O 953131807.





The WIF's support of start-ups and innovative businesses in the Western Region has contributed to the strong performance by start-up companies in the region.

Funding Raised by Start-ups in the Republic of Ireland (2021 H1)		
	Number of Companies	Funding Raised (€m)
Galway	8	52.0
Mayo	2	10.0
Sligo	2	1.7
Donegal	1	0.5
Leitrim	0	0
Clare	0	0
Roscommon	0	0
<b>Western Region</b>	<b>13</b>	<b>64.2</b>
<b>Companies raising funding (as per TechIreland)</b>	<b>87</b>	<b>904.7</b>
<i>Western Region as Percentage of Total</i>	<i>14.9%</i>	<i>7.1%</i>
<b>Companies outside of Dublin raising funding</b>	<b>31</b>	<b>130.7</b>
<i>Western Region as Percentage of Total Outside Dublin</i>	<i>41.9%</i>	<i>49.1%</i>

*Source: TechIreland data<sup>5</sup>*

The direct economic impact has supported **regional development**. One example of this is through the strategic investment in the Ireland West (Knock) Airport which has facilitated an increase in passenger numbers in the airport. These investments have enabled tourists to visit the area, as well as increased transport options for those living in the Western Region, supporting the NDP's NSO 2 (Enhanced regional accessibility) and NSO 6 (High Quality International Connectivity).

Companies supported by the WIF appear to have a **more gender-balanced leadership team** than typical companies. On average 35.8% of C-suite/Senior Management roles in respondent companies were held by women, compared to an average of just 29.7% of females in senior executive roles in

<sup>5</sup> <https://www.techireland.org/content/snapshots/TechIreland%20H1%202021%20Startup%20Funding%20Review.pdf>



companies surveyed by the CSO in 2021. This, however, remains an area for further development both in the region and nationally.

Average Gender Breakdown of C-suite / Senior Management of Respondents Compared to CSO Figures	
	Percentage who are Female
C-suite / Senior Management amongst survey respondents	35.8%
CSO data:	
- Chief Executive Officers (CEOs)	13.4%
- Senior Executives	29.7%
- Chief Financial Officers (CFOs)	28.1%
<b>Source: Indecon analysis of survey of companies supported by the WIF and CSO data</b>	

### Feedback from Key Stakeholders

Indecon received a number of submissions from stakeholders in the area, as well as comments from a number of organisations who have been supported by the WIF. A selection of views from stakeholders, businesses, social enterprises and community organisations on the impact the WIF has had on business and community development and the enterprise ecosystem is presented in the following table.

Views on Impact of WIF on Business Development and the Enterprise Ecosystem
"The WIF is an essential provider of finance and a great champion of companies particularly early-stage ones in a geographic region that might otherwise get less attention."
"The WIF has a very positive impact on the enterprise ecosystem and equity/risk capital culture in the Western Region. This funding enabled XXX to leverage further funding from angels in the region. The WIF also provides expert business development advice and networking opportunities."
"The funding from the WIF was provided to our business at a critical time, helping us to develop products, processes, know-how and allowing us to recruit and retain strong team players, many of whom are still employed in the business. The support and guidance provided to the company at a Board level has been instrumental to us as a business. The WIF has also provided access to a network of similar businesses and opportunities."
"We are an Investment Syndicate with our main focus on the Life Sciences Sector. We have co-invested with the WDC in several companies. The Venture Capital companies do not cover seed capital and without the WIF the Western Region would not be as successful as it is in attracting and growing Life Science Companies."
"WIF have always been very supportive of the company throughout its development from its initial stage through an elongated R&D phase and has participated through 3 major rounds of investment. The people we interact with are both professional and supportive without interfering with the operation of the company. The company is very happy to have WIF as an investor in the company."
<b>Source: Indecon consultation programme with stakeholders/Indecon survey</b>

Individual comments on the role of the WIF in supporting social enterprises and community groups are presented below.

### Views on Impact of WIF on the Social Enterprises and Community Groups

"In addition to the provision of support for larger projects and initiatives, I am also keenly aware of enterprises and community groups who simply would not have progressed and developed without access to the WDC's supports."

"The WIF allowed this organisation to develop projects many other organisations would not entertain. At a time when this region was struggling economically, socially and in terms of infrastructure investment, the WIF provided a catalyst for enhancement in all of the above as well as aesthetically improving our area. The visibility of investment through the WIF brought both optimism and further investment to the region."

"The money from the WIF was fundamental to our organisation being able to respond to covid-19, increased costs and adapt to open a new premises saving the organisation from going under during covid."

"WIF is accessible for community groups, without which we would not be in the position we are in today. It looks at the community and how the fund benefits the community therefore being community led. WIF staff working in the area and being extremely helpful. Without this fund we would not be in a position to receive LEADER funding, we would not have had the ability to complete a refurbishment on a new building and have a centre for the whole community to use."

"An Organisation like WIF is very important in a rural community. Creating employment in a rural area both from a financial and social aspect is crucial in keeping rural Ireland alive. Providing funding to the different social groups ensures inclusion for every need in a community."

"We used the WIF to support the purchase of major new infrastructure for people with disability. This ground-breaking project could not have been carried out without WIF."

"Without the funding provided to us, we would not be able to provide the same services to the community that we do now."

**Source: Indecon consultation programme with stakeholders**

### Overall Conclusion

Indecon's independent research suggests that the Western Investment Fund has had a significant economic and social impact on the Western Region since its inception. The empirical evidence examined show that over the 20 years from 2001 to 2020 companies supported by the WIF have:

- Generated over €2.23 billion in direct revenues, including over €1.6 billion in exports;
- Generated over €1.06 billion in gross value added (GVA); and
- Made over €276 million in exchequer tax contributions.

When indirect and induced impacts are included the economy-wide output impact of the WIF is estimated to be almost €3.3 billion, with economy-wide GVA estimated to be €1.76 billion.

The employment supported through investments made by the WIF is outlined below:

- In 2020 companies and organisations supported by the WIF directly supported almost 2,800 FTEs directly, with economy-wide employment of almost 5,300 supported through indirect and induced effects.
- When employment in companies supported by enterprise centres that the WIF has invested in is included, the WIF is estimated to have supported between 5,500 and 6,000 FTEs in the wider economy in 2020.

In addition to these economic benefits, there are also a number of wider societal benefits that are supported by the WIF. These were outlined previously and include supporting regional development, assisting in the retention of graduates in the region, contributing to the knowledge economy and smart specialisation, fostering an enterprise ecosystem and providing supports to social enterprises and community groups.

The following table provides a summary of the recommendations for consideration by the Board of the WDC.

Recommendations for Consideration	
1.	Indecon recommends that the WDC continues to operate the Western Investment Fund in the light of the economic and social impacts achieved to date.
2.	In order to maximise the regional contribution of the WIF, Indecon recommends that every measure should be taken to enhance the impact on the whole of the Western Region and support more investment opportunities in the counties in the region outside of Galway.
3.	Indecon recommends that the WDC should publish a regular review of the companies assisted by the Fund. This should examine, on a regular basis, the metrics included in this overall socio-economic impact report.
<b>Source: Indecon</b>	

# 1 Introduction and Methodology

## 1.1 Introduction

Indecon International Research Economists were appointed by the Western Development Commission to conduct a socio-economic impact of its Western Investment Fund ('WIF').

## 1.2 Overview of the Western Development Commission

Established in 1997, the Western Development Commission (WDC) is a statutory body promoting economic and social development in counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare (hereafter the Western Region). The WDC 'Work Smarter, Live Better' Strategy runs from 2019 – 2024. It is made up of three strategic pillars based on the short, medium and long term.

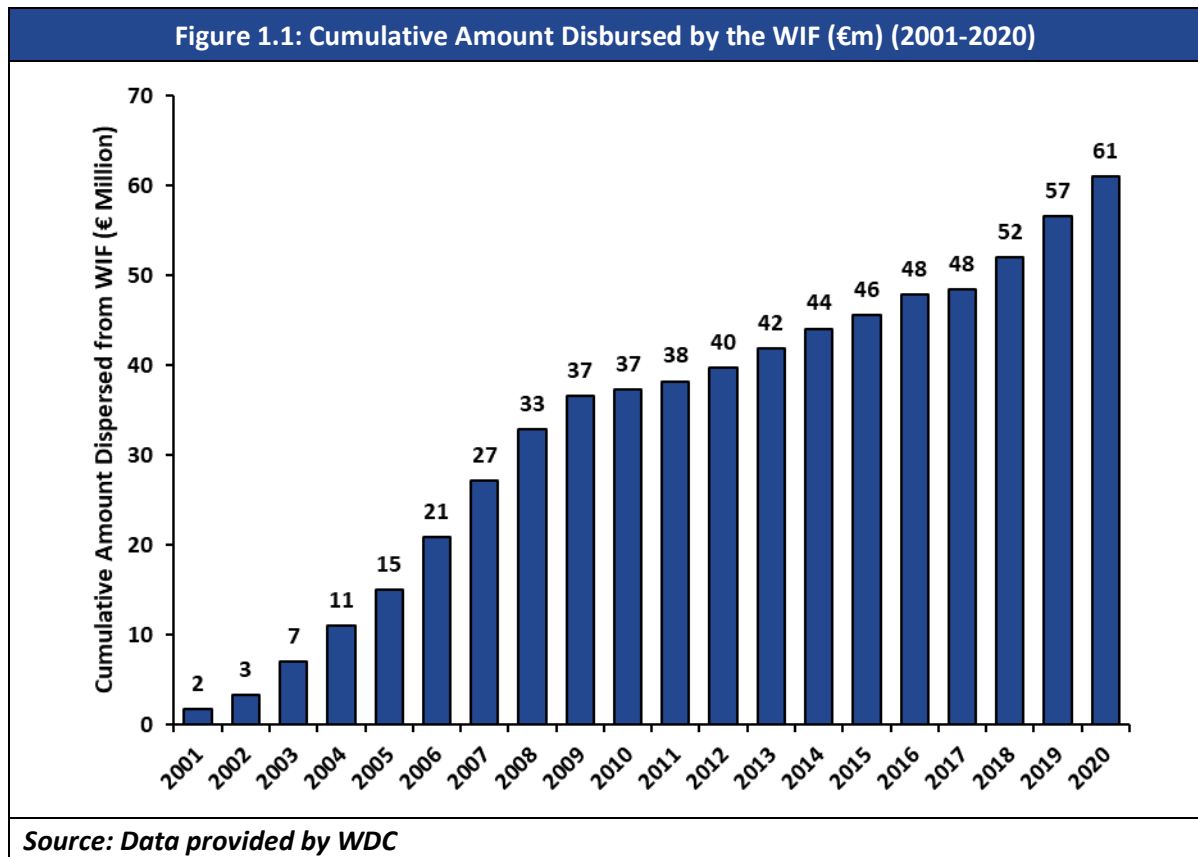
- **Regional Promotion:** In the short term, the WDC seeks to raise the profile of the region, creating a coherent narrative that highlights the benefits of living and working on Ireland's Atlantic Coast.
- **Regional Leadership:** In the medium term, this work focuses on positioning the west as an innovation testbed. The extension of the Atlantic Economic Corridor [Donegal to Kerry] Hubs Network pilot to the rollout of the National Hubs Network and Connectedhubs.ie platform is an example.
- **Sustainable Enterprise:** The WDC manages the Western Investment Fund with a portfolio value of €73m to invest and lend in enterprise and community projects in the Western Region. Sustainable Enterprise seeks to create a global competitive advantage in one or two sectors in the long term.

The Western Investment Fund (WIF), managed by the Western Development Commission (WDC), marked 20 years of investment in Q1 2021. The WIF operates several sub-funds, as outlined below:

- Strategic Investment Fund which provides risk capital to projects that have a strategic impact across the region;
- Business Investment Fund which provides equity and debt finance to SMEs;
- Community Loan Fund which provides loan finance to community projects and social enterprises; and
- WRAP Fund and Micro-Loan Fund dedicated to investing in the Creative Industries.

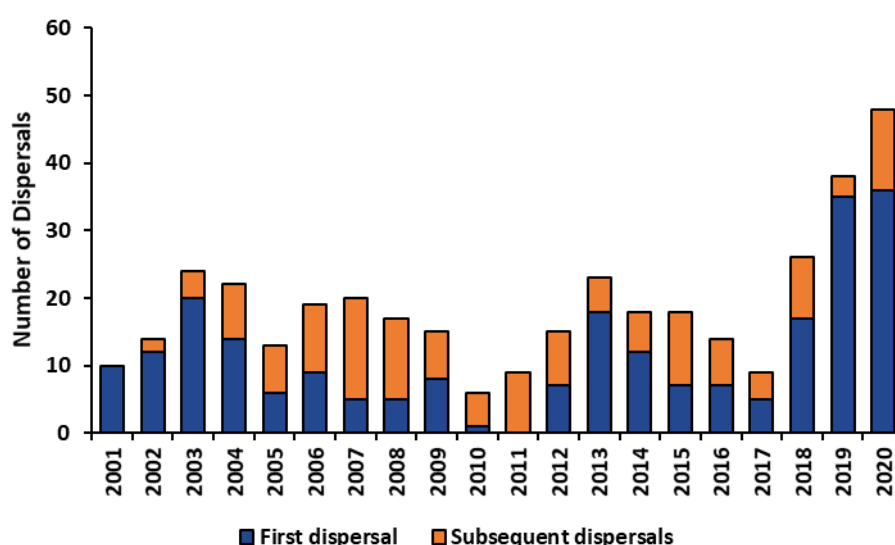
The WIF is currently valued at €73 million and has grown to almost 2.5 times its original exchequer funding for €31.75m through returns made on investments and loans. The WIF has to invest commercially and applies the market economy investor principle, co-investing with private sector investors on a pari passu basis and that there is no element of state aid in its funding, and it also applies commercial interest rates to commercial lending.

Between 2001 and 2020 over €61 million has been invested/lent by the WIF to 217 unique entities. The following figure portrays how the amount disbursed has grown over time. The total amount disbursed grew by over €3.7 million a year between 2003 and 2009, with the impact of the economic crisis evident between 2010 and 2012, with just over €3 million disbursed across the three years. Since 2013 there has been a steady return to growth, with over €4 million disbursed by the WIF in each of the last three years.



The increased amount disbursed in recent years is driven by a large number of projects receiving support through the WIF. There have been over 90 projects supported by the WIF for the first time since the start of 2019, accounting for almost one-third of all of the projects that have been supported by the WIF since 2001. Whilst there were few new projects receiving support during the economic crisis, the WIF continued to support existing projects.

Figure 1.2: Number of Dispersals from the WIF Per Year



*Source: Data provided by WDC*  
*Data refers to year of dispersals*

The Business Investment Fund (BIF) is the largest of several WIF sub-funds, accounting for over 40% of projects and over 76% of the amount disbursed. This fund provides equity investment and loan finance to SMEs in the Western Region. The Community Loan Fund has supported a similar number of projects, with 89 projects receiving funding under the WIF's Community Loan Fund.

Table 1.1: Breakdown of Number of Investments Supported by Sub-Fund

	Number of Projects	Percentage of Projects
Business Investment Fund	97	41.5%
- Equity	76	32.5%
- Term Loan	21	9.0%
Community Investment	89	38.0%
- Bridging Facility	48	20.5
- Term Loan	41	17.5%
Creative Industries	43	18.4%
- Micro-Loan	22	9.4%
- WRAP Development	14	6.0%
- WRAP Production	7	3.0%
Strategic Investment Fund	5	2.1%
<b>Total</b>	<b>234</b>	<b>100%</b>
<i>Source: WDC data</i>		

The Business Investment Fund accounts for over 76% of the amount disbursed by the WIF, indicating that investments in these projects tend to be larger than for the Community Loan Fund. The Community Loan Fund, which was developed to provide community groups and social enterprises with access to finance, accounts for almost €8.5 million of WIF investment. Support for the creative

industries comes in the form of the Creative Industries Micro-Loan Fund and the Western Region Audio-visual Producer's (WRAP) Fund. The WRAP Fund is a joint initiative with the Galway Film Centre with the WDC providing all the capital invested under the WRAP Fund, with the local authorities in the region and Údarás na Gaeltachta also collaborating on the initiative. Indecon will discuss the impact of the WRAP Fund later in this report.

**Table 1.2: Breakdown by Sub-Fund of Amount Disbursed**

	<b>Amount Disbursed (€m)</b>	<b>Percentage of Total Disbursed</b>
Business Investment Fund	46.86	76.4%
- Equity	40.51	66.0%
- Term Loan	6.34	10.3%
Community Investment	8.46	13.8%
- Bridging Facility	3.64	5.9%
- Term Loan	4.82	7.9%
Creative Industries	1.50	2.4%
- Micro-Loan	0.42	0.7%
- WRAP Development	0.15	0.2%
- WRAP Production	0.94	1.5%
Strategic Investment Fund	4.54	7.4%
<b>Total</b>	<b>61.36</b>	<b>100%</b>
<b>Source: WDC data</b>		

The amounts dispersed are more concentrated in Galway, Galway City in particular, reflecting the existing base of companies in this area. Medtech/Lifescience companies in particular are heavily concentrated in Galway City and tend to have much larger funding requirements and skew the investment figures in Galway City. It should also be noted that the Medtech/Lifescience sector has delivered outsized financial return to the WIF.

**Table 1.3: Breakdown of Projects Supported by County**

<b>Sector</b>	<b>Number of Projects</b>	<b>Percentage of Projects</b>	<b>Number of Projects per 1,000 Population</b>	<b>Amount Dispersed (€m)</b>	<b>Percentage of Total Dispersed</b>	<b>Total Dispersed per 1,000 Population (€)</b>
Clare	13	5.6%	0.10	2.28	3.7%	17,908
Donegal	20	8.5%	0.12	5.85	9.5%	34,645
Galway City	50	21.4%	0.59	21.13	34.4%	249,610
Galway County	38	16.2%	0.20	11.86	19.3%	61,675
Leitrim	17	7.3%	0.48	1.72	2.8%	48,237
Mayo	34	14.5%	0.24	10.56	17.2%	76,079
Roscommon	37	15.8%	0.54	4.93	8.0%	71,711
Sligo	25	10.7%	0.35	3.04	4.9%	42,707
<b>Total</b>	<b>234</b>	<b>100%</b>	<b>0.26</b>	<b>61.36</b>	<b>100%</b>	<b>69,147</b>
<b>Source: WDC data</b>						
Note: Calculations based on CSO estimates of population living in each county in 2020.						

When combined Galway City and County account for over half of the business investments made by the WIF between 2001 and 2020. However, when looking at investments in social enterprises and community development there is a broader spread across the counties in the Western Region. This is also the case, albeit to a lesser extent for the investment in creative enterprises in the region.

**Table 1.4: Geographic Spread of Number of Projects by Organisation Type**

	<b>Business</b>	<b>Social Enterprise / Community Development</b>	<b>Creative Enterprises</b>	<b>Overall</b>
Clare	3%	7%	8%	6%
Donegal	12%	7%	4%	9%
Galway City	35%	5%	23%	21%
Galway County	19%	11%	19%	16%
Leitrim	3%	15%	2%	7%
Mayo	14%	16%	13%	15%
Roscommon	9%	26%	10%	16%
Sligo	4%	13%	21%	11%
<b>Number of Projects</b>	<b>97</b>	<b>89</b>	<b>48</b>	<b>234</b>
<i>Source: WDC data</i>				

The WIF supports a wide range of sectors, with MedTech/Life Sciences sector (€21.6m) and Technology sector (€12.8m) the largest two sectors in terms of the amount disbursed by the WIF. The two sectors combined to receive over half of the amount disbursed by the WIF. Social enterprises and community development projects combined to account for almost 40% of projects supported, but the smaller nature of the investments mean that they combine for only 13.4% of the amount disbursed by the WIF. The performance of the Creative sector should also be noted and nearly 21% of projects supported were in this sector. Other sectors supported included Manufacturing, Natural Resources/Food and Tourism which accounted for nearly 25% of the overall funding disbursed.

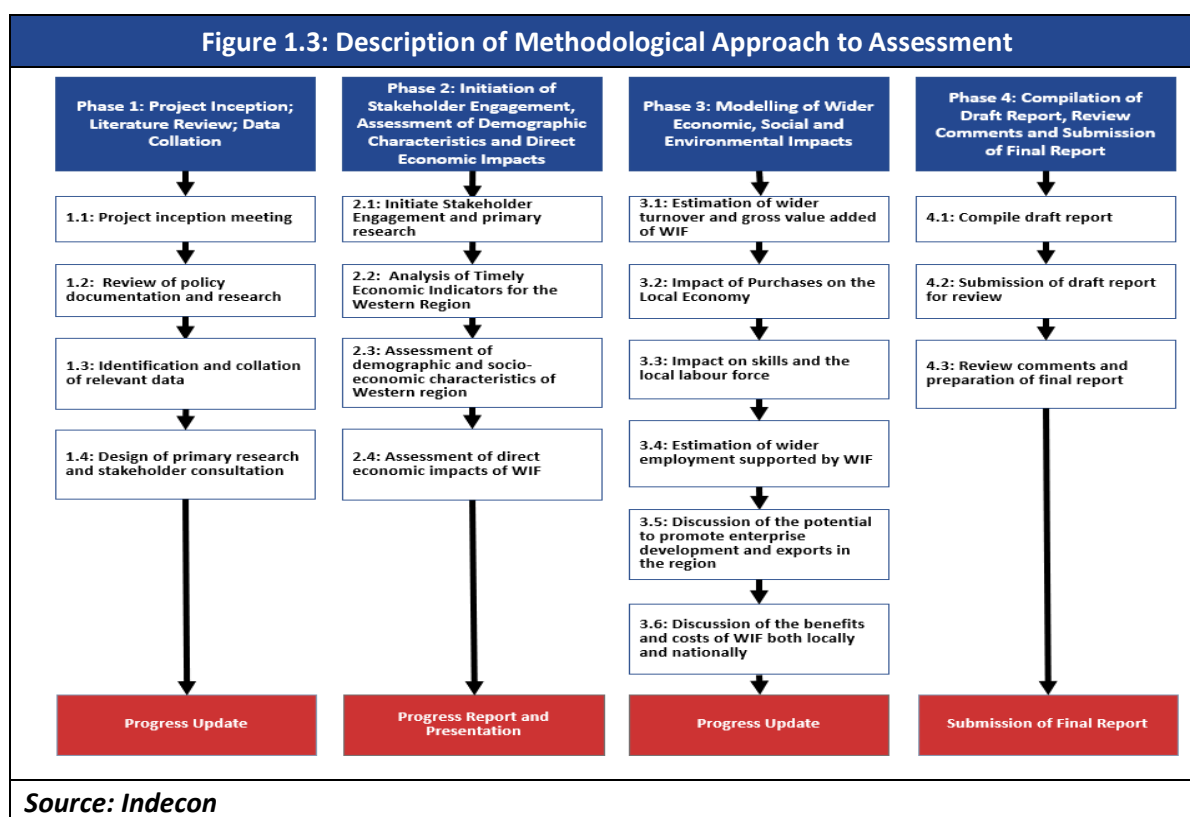
**Table 1.5: Breakdown of Projects Supported by Sector (2001 – 2020)**

<b>Sector</b>	<b>Number of Projects</b>	<b>Percentage of Projects</b>	<b>Amount Disbursed (€m)</b>	<b>Percentage of Total Disbursed</b>	<b>Average Disbursement Per Project</b>
MedTech and Life Sciences	38	16.2%	21.65	35.3%	569,656
Technology	25	10.7%	12.76	20.8%	510,592
Social Enterprise / Community Development	87	37.2%	8.25	13.4%	94,783
Manufacturing	16	6.8%	6.92	11.3%	432,742
Natural Resources / Food	14	6.0%	5.43	8.8%	387,784
Creative Industries	48	20.5%	2.84	4.6%	59,063
Tourism	6	2.6%	3.52	5.7%	586,452
<b>Total</b>	<b>234</b>	<b>100%</b>	<b>61.36</b>	<b>100%</b>	<b>262,241</b>
<i>Source: WDC data</i>					



### 1.3 Approach and Methodology

Figure 1.3 outlines our four-phased methodological approach for conducting the socio-economic impact of the Western Investment Fund.



Indecon sent 193 surveys to companies and community organisations still in existence, that had received funding through the WIF as part of this primary research. This does not capture all of the companies and organisations that have received WIF funding as a number of the companies have ceased trading. In addition, some organisations have received separate rounds of funding for different projects. A very strong response rate of over 52% was achieved, providing significant coverage of the population of companies and organisations that have received WIF funding. Market research conducted by survey platforms<sup>6</sup> indicates that a response rate of between 20-35% would be typical.

Table 1.6: Total Response Rates			
	Respondents	Total Sent	Response Rate
Businesses	66	114	57.9%
Community Organisations / Social Enterprises	35	79	44.3%
<b>Total</b>	<b>101</b>	<b>193</b>	<b>52.3%</b>
<b>Source: Indecon</b>			
<b>Note: Figures exclude companies and organisations who have ceased trading</b>			

<sup>6</sup> <https://www.questionpro.com/blog/good-survey-response-rate/>

## 1.4 Report Structure

The remainder of this report is structured as follows:

- Section 2 provides background policy context and analysis on the socio-demographics of the Western Region;
- Section 3 assesses the direct economic impact of the WIF;
- Section 4 analyses the wider economic impacts of the WIF;
- Section 5 considers the societal impacts; and
- Section 6 summarises the economic and societal impacts of the WIF.

## 1.5 Acknowledgements

We wish to acknowledge the valuable inputs provided by the Western Development Commission. In particular, Indecon would like to thank Gerry Finn (Chair of the Board), Tomás Ó Síocháin (CEO), Gillian Buckley (Investment Manager) Luke McGrath (Economist) and Cait Dunstan (Clerical Officer) for their very helpful inputs and insights throughout this assessment. We would also like to thank John Nugent (IDA), David Murphy (NUIG), Mark Lyons (HookeBio), Paddy Tobin (GMIT), Sinead Ni Fhatharta (Údarás na Gaeltachta), John Dillon, Aidan O'Driscoll and John O'Shaughnessy and Sarah-Jane Larkin (Irish Venture Capital Association). We would also like to thank Sinead Byrne and Sam Rush (Yield Lab) for providing some useful data.

We would particularly like to express our gratitude to the companies and organisations who took the time to complete the survey and who have provided valuable inputs to this assessment.

**The usual disclaimer applies and the views and analysis in this independent report are the sole responsibility of Indecon International Research Economists.**

## 2 Policy Context and Analysis of the Demographics of the Western Region

### 2.1 Introduction

In this section, Indecon assesses the socio-economic and demographic characteristics of the Western Region before discussing the policy context for the Western Investment Fund.

### 2.2 Socio-economic and Demographics Characteristics of the Western Region

The following table shows that the Western Region accounted for 17.4% of the population of the country as of the most recent census. Population growth in the Western Region from 1986 to 2016 has led to over 170,000 more people living in the region, but growth has been slower when compared to the State, as demonstrated in the table below. Galway is an exception to the lower population growth of the region with a 44% increase in population over thirty years compared to a 34.5% increase in the state population over the same period. This greater population increase in Galway may be due to it being a city with more development and infrastructure in place to enable it. Project Ireland outlines targets for population growth by 2040, with 75% of the growth aimed to be outside of Dublin and its suburbs. The Strategy also aims for a 50:50 split in growth between the Eastern and Midland Region, and the Southern and Northern and Western Regions. The Western Region accounted for less than 15% of the growth in the population between 1986 and 2016. This would have to increase in order to achieve balanced growth between the regions. However, as noted by McGrath, Frost and McHenry (2021)<sup>7</sup>, there are a number of challenges facing the region, including a lower share of employment in knowledge intensive sectors in the Western Region and regional infrastructure deficits. This report also highlights the low share of private sector employment in the region, which may constrain growth and the WIF has attempted to address this by facilitating the expansion of start-up firms. The WIF has supported companies in high-skilled sectors, such as MedTech, Technology, Creative Industries which are knowledge intensive sectors.

**Table 2.1: Population Growth in the Western Region**

	1986	1996	2006	2016	Percentage Change 1986-2016	Percentage Change 2006-2016
Clare	91,344	94,006	110,950	118,817	30.1%	7.1%
Leitrim	27,035	25,057	28,950	32,044	18.5%	10.7%
Donegal	129,664	129,994	147,264	159,192	22.8%	8.1%
Sligo	56,046	55,821	60,894	65,535	16.9%	7.6%
Mayo	115,184	111,524	123,839	130,507	13.3%	5.4%
Roscommon	54,592	51,975	58,768	64,544	18.2%	9.8%
Galway	178,552	188,854	231,670	258,058	44.5%	11.4%
<b>Western Region</b>	<b>652,417</b>	<b>657,231</b>	<b>762,335</b>	<b>828,697</b>	<b>27.0%</b>	<b>8.7%</b>
<b>State</b>	<b>3,540,643</b>	<b>3,626,087</b>	<b>4,239,848</b>	<b>4,761,865</b>	<b>34.5%</b>	<b>12.3%</b>
<b>Western Region as Percentage of State</b>	<b>18.4%</b>	<b>18.1%</b>	<b>18.0%</b>	<b>17.4%</b>	-	-

*Source: Indecon analysis of CSO data*

<sup>7</sup> <https://westerndevelopment.ie/wp-content/uploads/2021/09/NDP-Briefing-Final.pdf?dl=1>

When contrasting the age breakdown of those living in the Western Region and those in the State, it appears that a greater percentage of the population living in the Western Region are of an older age group than those of the State, as visible in the table below. For example, Leitrim with 29.7% of its population being in the 55+ age category is nearly 6% greater in comparison to the state with 23% of its population in the same age category. In the 15-34 age category the State has 3.5% more people living in the region than that of the Western Region. Part of the reason for this distribution is the lack of employment opportunities, particularly high wage level opportunities, for young people who may as a result move to other parts of the country or abroad. As note in McGrath, Frost and McHenry (2021)<sup>8</sup> the “Western Region has a comparatively low employment accessibility score reflecting low population and low employment density locally and longer distances and greater travel time to key concentrations of employment.” Enhanced regional connectivity and employment accessibility may bring the Western Region more in line with the age profile of the rest of the country.

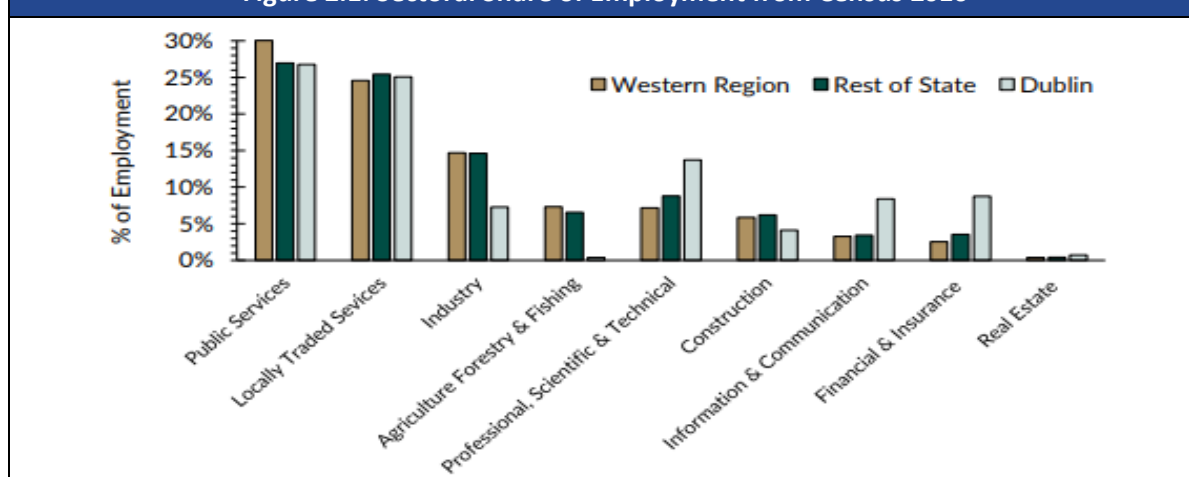
**Table 2.2: Age Breakdown of Those Living in The Western Region**

	<b>Under 15</b>	<b>15-34</b>	<b>35-54</b>	<b>55-74</b>	<b>75+</b>
Mayo	20.3%	21.8%	27.4%	23.2%	7.3%
Roscommon	21.2%	21.6%	27.9%	22.0%	7.3%
Leitrim	21.6%	20.6%	28.1%	22.4%	7.3%
Sligo	20.3%	23.6%	27.5%	21.8%	6.8%
Donegal	22.0%	22.8%	28.1%	20.6%	6.5%
Clare	21.5%	22.5%	29.3%	20.9%	5.8%
Galway	20.9%	26.1%	28.7%	18.7%	5.7%
<b>Western Region</b>	<b>21.1%</b>	<b>23.5%</b>	<b>28.3%</b>	<b>20.7%</b>	<b>6.4%</b>
<b>State</b>	<b>21.1%</b>	<b>26.0%</b>	<b>28.8%</b>	<b>18.5%</b>	<b>5.5%</b>

**Source: Indecon analysis of Census 2016 data**

The lower share of employment in the professional, scientific, and technical sector as well as other knowledge intensive sectors in the Western Region compared to Dublin (and Rest of State) supports the notion that there is a lack of employment opportunity in these sectors in the Western Region. This is particularly the case for young graduates who may not be able to stay in the region or move to the region if they completed their studies elsewhere, following completion of their studies.

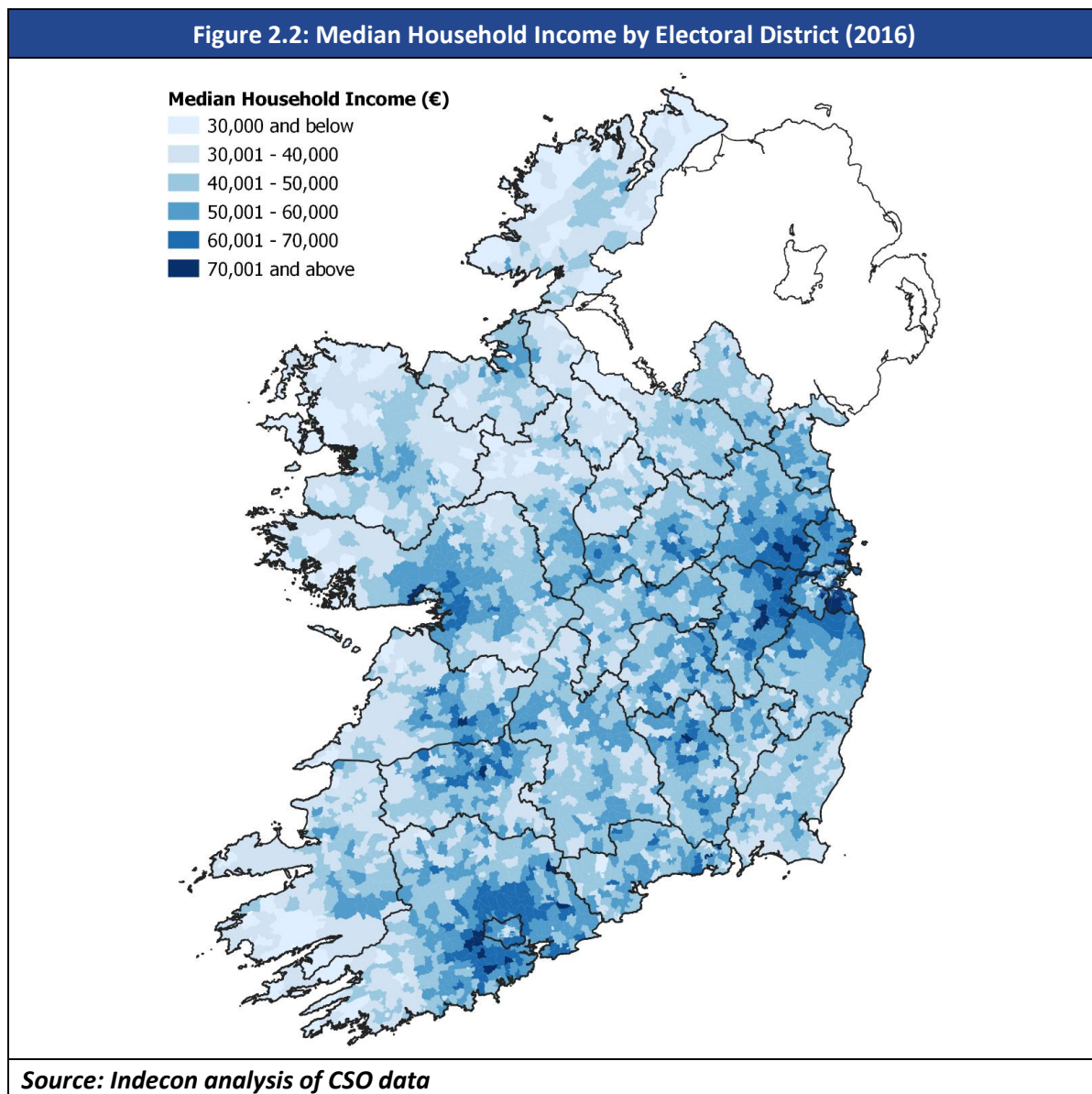
**Figure 2.1: Sectoral Share of Employment from Census 2016**



**Source: McGrath, Frost and McHenry (2021). Policy Briefing No. 8 The Revised National Development Plan: Key Regional Issues.**

<sup>8</sup> Ibid

Those in the Western Region also tend to have lower median household incomes, as demonstrated by the following figure. Whilst the area around Galway City is darker blue, indicating higher median household incomes, in the majority of the rest of the Western Region median household incomes are below €40,000.



The following table shows that as a percentage of the disposable income per person in the State, the disposable income per person in each county in the Western Region has been in decline. Whilst in 2010 disposable income per person was higher than across the State, it has since fallen to 90% of the state-wide figure. Donegal's disposable income per person was three-quarters of the State figure.

**Table 2.3: Disposable Income Per Person by County  
as a Percentage of Disposable Income Per Person in the State**

Year	Galway	Clare	Leitrim	Sligo	Mayo	Roscommon	Donegal
2004	96.3%	92.5%	95.5%	95.3%	90.8%	91.9%	81.8%
2007	97.6%	95.5%	95.3%	93.0%	87.4%	91.5%	81.0%
2010	101.1%	96.5%	100.7%	94.1%	92.5%	93.7%	84.7%
2013	93.8%	90.2%	94.3%	95.0%	90.0%	86.5%	82.0%
2016	93.6%	89.9%	88.4%	89.5%	85.5%	84.6%	76.5%
2019	89.5%	89.3%	86.0%	84.4%	82.1%	81.1%	74.9%

**Source: CSO data**

The divergence in income in the Western Region is, in part, a result of comparatively slow growth since the recovery from the previous recession as shown in the following figure. While it might have been expected that there would be conditional regional convergence (Sala-i-Martin, 1996)<sup>9</sup> where low-income regions could see incomes grow at a faster rate than high income areas, this is conditional on the region having access to skills, infrastructure, technology and investment. Divergence across economic metrics has been a key feature of the region's economic performance and is related to historical structural issues in employment and economic activity i.e., concentrated employment in tourism, agriculture and the public sector (Lydon and McGrath, 2021).<sup>10</sup> The WIF and wider work of the WDC, helps to address these historical structural issues. However, the scale of the challenge for the WDC in overcoming barriers to reducing the gap in economic performance for the Western Region should be recognised. These, as the US Nobel Prize Winner, Paul Krugman (1997) noted, relate to 'external economy' determinants of location of industrial clusters which are self-reinforcing. Also relevant is the issue of demonstration effects which as a result implies the success of firms assisted by the WDC's Western Investment Fund can have wider longer-term benefits. Krugman for example has suggested that, *"Firms considering opening production facilities in overseas countries, to a considerably greater extent than those remaining at home, face uncertainties about how will the operations actually run ... In these circumstances firms have a strong incentive to observe each other's decisions, and where possible experience, even if there is no direct linkage between these decisions. And these mutual observations can cause a tendency for investment to concentrate in a few destinations, over and above the usual external economy arguments."*<sup>11</sup>

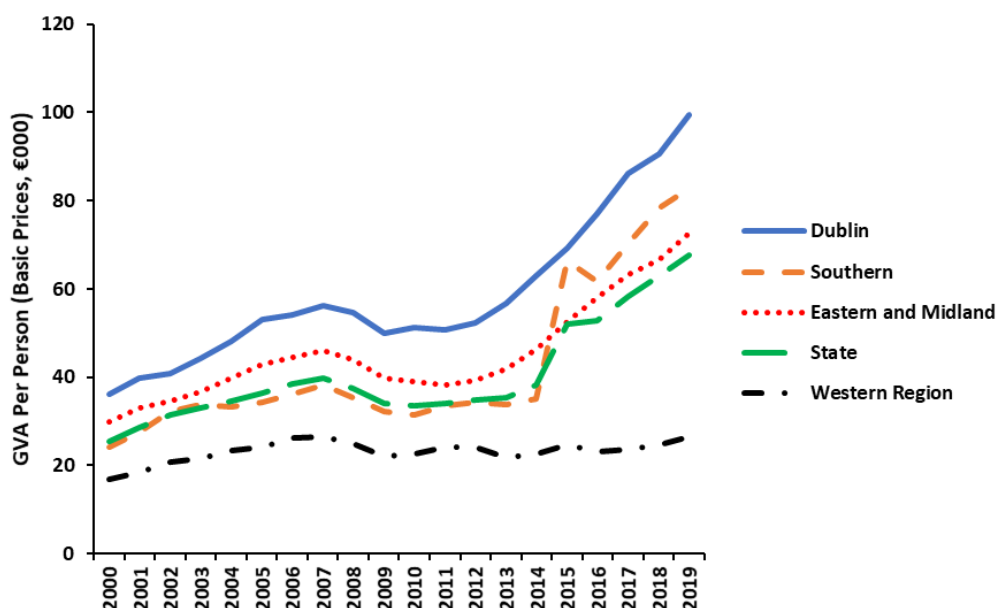
<sup>9</sup> Xavier Sala-i-Martin, (1996), The Classical Approach to Convergence Analysis, *Economic Journal*, 106, (437), 1019-36.

<sup>10</sup> Rea Lydon and Luke McGrath (2020). Regional impact of COVID-19: Western Region & Atlantic Economic Corridor, Central Bank of Ireland Economic Letter, 2020 (10) and Luke McGrath (2021). Regional Economic Impact of COVID-19 2020 in *Economic Statistics*. WDC Report

<sup>11</sup> Krugman, Paul R., Massachusetts Institute of Technology, Good News for Ireland: A Geographical Perspective, in Gray, A. W. (1997), ed. in *'International Perspectives on the Irish Economy'*, ISBN 0 953131807



Figure 2.3: Regional Breakdown of GVA per Person (2000 – 2019)

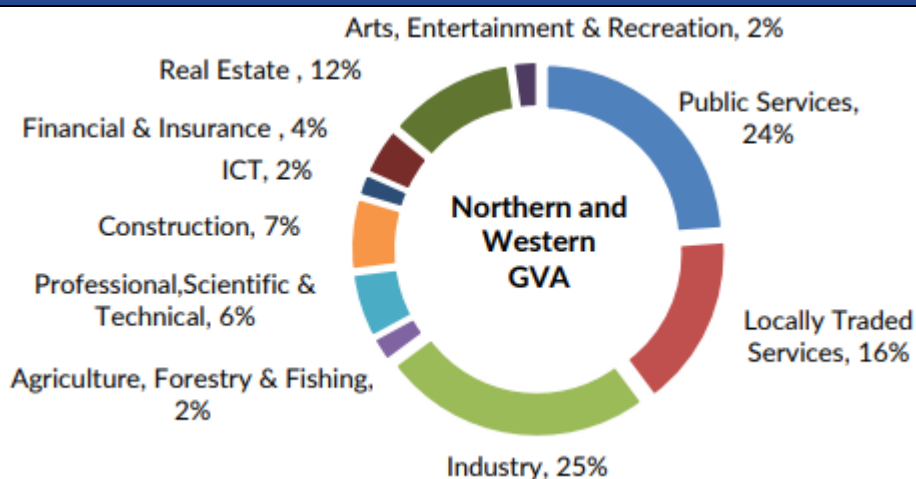


Source: Indecon presentation of CSO data

Note: Northern and Western Region used as proxy for Western Region due to lack of available data.

The following figure outlines the sectoral shares of GVA for 2018 in the Northern and Western Region, a close proxy for the Western Region. The region has a higher share of its GVA from public services than other regions, as well as a lower share from knowledge intensive sectors such as the professional, scientific and technical sector. This is in line with the lower levels of employment in those sectors in the region when compared to the rest of the country.

Figure 2.4: Sectoral Share of Gross Value Added in Northern and Western Region (2018)



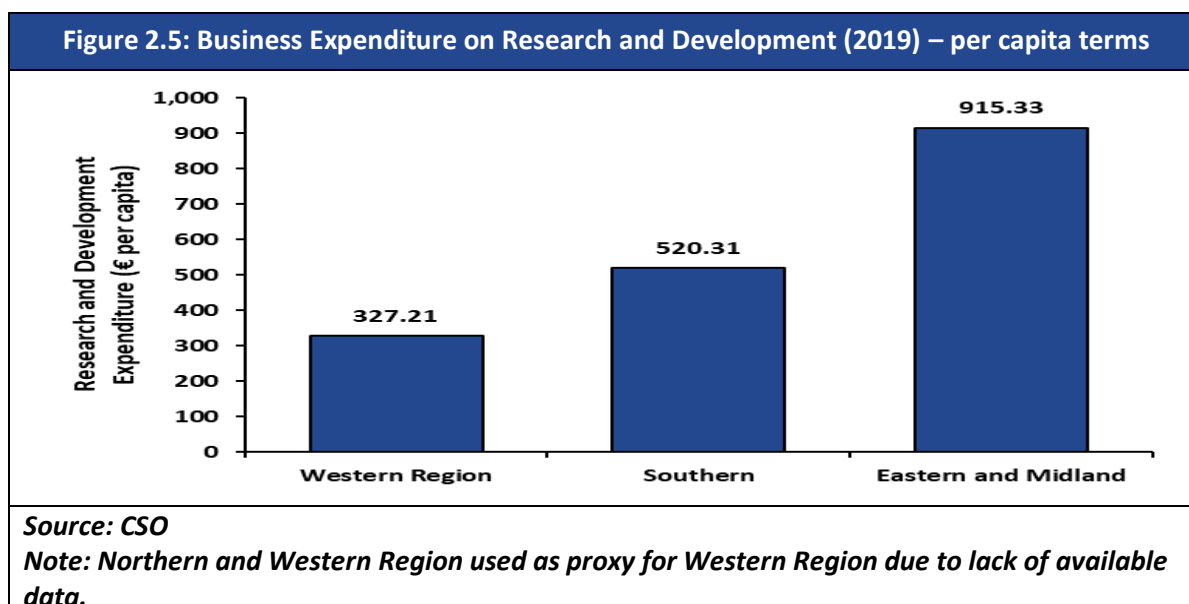
Source: McGrath, Frost and McHenry (2021). Policy Briefing No. 8 The Revised National Development Plan: Key Regional Issues.

Note: Northern and Western Region used as proxy for Western Region due to lack of available data.

The Western Region faces a number of other related challenges such as the number of enterprises and the levels of innovation. The number of enterprises per region is shown below. Table 2.4 indicates that the number of engaged persons per enterprise is lower in the Western Region. However, the commercial vacancy rate is highest in the Western Region. The region also has the lowest levels of innovation, according to the European Innovation Scoreboard, which supports the notion that much of the economic activity in the sector is in less knowledge intensive sectors than other sectors.

<b>Table 2.4: Key Statistics Concerning Western Region and Irish NUTS 2 Regions</b>			
<b>Enterprise Indicators</b>			
	<b>Western Region</b>	<b>Southern</b>	<b>Eastern and Midland</b>
Number of Enterprises (2019)	43,686	73,735	131,312
Number of Engaged Persons per Enterprise (2019)	4.91	5.59	7.93
European Innovation Scoreboard Score (2021)	111*	118	132
Commercial Property Vacancy Rate (End of 2020 - %)	17.0%	13.3%	13.2%
<b>Source: various CSO databases, Eurostat and GeoDirectory</b>			
<b>Note: * Indicates data only available for Northern and Western Region</b>			

It is also important to consider regional differences in business R&D investment. Over two-thirds of business R&D spending was in the Eastern and Midland region, where BERD was almost €2.2 billion. BERD in the Western Region was only €277 million while in the Southern region amounted to €796 million. Even when accounting population disparities highlights the relatively low levels of R&D investment in the Western Region (see Figure 2.5). The evidence on expenditure in part reflects the marked differences in the sectoral concentration of enterprises in each of the regions. Companies supported by the WIF have had high levels of R&D spend, as presented in Section 3 with the supporting of such innovation a key pillar in its attempts to develop the region as a Smart region.<sup>12</sup>



<sup>12</sup> The Smart Region concept is an extension of the EU Smart City initiative to enable the regions and is seen as important in achieving a more environmentally sustainable future. The European Commission defines smart cities as places where the efficiency of traditional networks and services is improved through the use of digital and telecommunication technologies to the benefit of the city's inhabitants and business



The following table presents the case study of Cora Systems which demonstrates the impact the WIF can have on research and development expenditure in the region.

**Table 2.5: Case Study: Funding Research and Development (Cora Systems)**

Based in Carrick-on-Shannon, Co Leitrim, Cora Systems provides enterprise project and portfolio management solutions to global organisations and government agencies such as Honeywell, Elanco, PwC, City of London and the UK's National Health Service. The company was founded by Philip Martin in 1999. Early on, the company received €392,000 in seed capital from the Western Investment Fund, and it gave the company the capital to invest in R&D.

*"That gave us a really strong foothold – for a relatively small company, that was a lot of cash to have to grow the business,"* Philip says. Twenty-one years on, he sees the WDC's early investment in the company as key to Cora System's success.

Staff numbers have grown from 10 when the WDC originally invested in the company to 125 off the launch of its flagship product Cora PPM. The company has announced the creation of 300 jobs over the next 3 years. Cora Systems provides employment for software developers working at the forefront of technological innovation in machine learning, artificial intelligence, predictive analytics and other emerging technologies. *"Those are all key areas in which tech people want to work, and we are using that technology,"* Philip says. *"The West offers opportunities for remote-working in safe, uncrowded spaces for employees of companies in the UK or Dublin. This key advantage of living and working in the West has been highlighted by the Covid-19 pandemic. If the WDC attracts a critical mass of people to an area, companies will set up in that area because the skillset is there."*

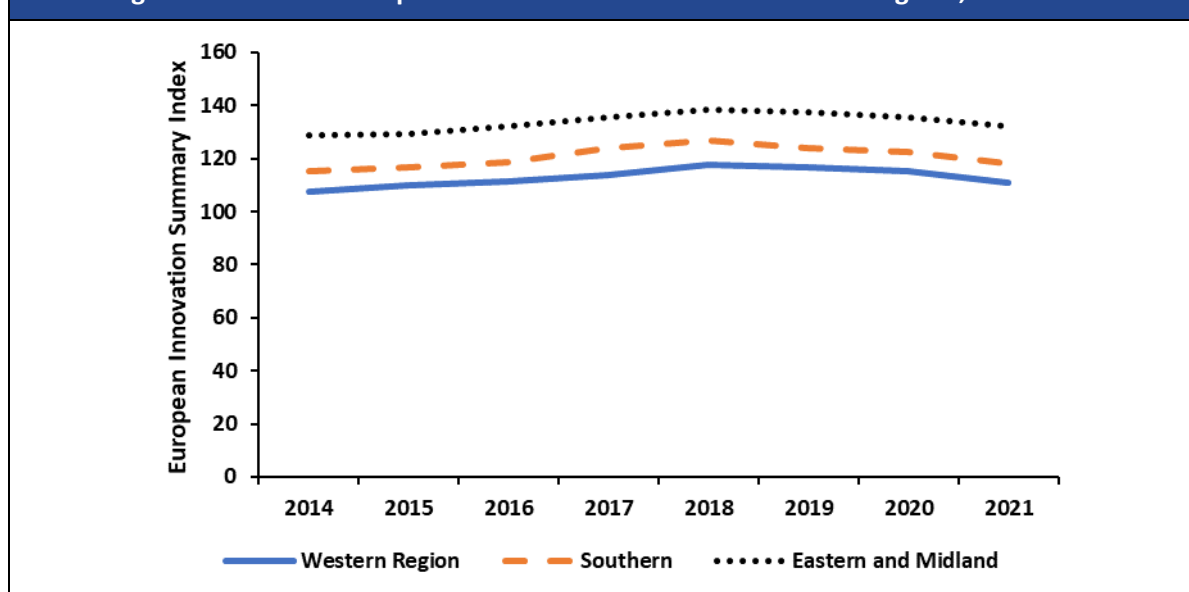


**Source: WDC**

A notable feature of the baseline situation in R&D and innovation is the regional disparities. The following figure shows the much lower level of innovation in the Western Region. This needs to be considered in the context of the past underperformance of this region and the fact that the region has a lower share of higher value sectors, as discussed previously. These sectors are higher performers in terms of R&D and innovation. The WIF is helping to close the gap with other regions through the promotion of human capital growth, digitalisation, entrepreneurial ecosystem and regional connectivity. The WDC recently announced as part of *"its submission to the National Smart*

Specialisation process, identified areas of existing and emerging regional strength that can create a sustainable competitive advantage in the long term. The three sectors identified are the Life Sciences (which includes MedTech), Artificial Intelligence, Data and Analytics (particularly in the area of sensors and mobility) and the Creative Industries and Creative Economy. If these and other regional strengths and areas of comparative advantage are considered in the implementation of the NDP, it is likely to be far more effective. Building up the global expertise in these sectors will have a spill over effect that will also support and develop other sectors.”<sup>13</sup> As part of its submission to the Department of Enterprise, Trade and Employment, the WDC stated “Smart Specialisation will build on existing competencies with global standing. The identified sectors of life sciences, mobility and sensors and the Creative Industries / Economy, with on-going supports and medium- and long-term planning will create a sustainable and resilient base for economic and social development in the West.”

Figure 2.6: Overall European Innovation Index Scores for Irish Regions, 2014-2021



Source: European Innovation Scoreboard, 2021.

Note: Northern and Western Region used as proxy for Western Region due to lack of available data.

When assessing the regional balance in funding for start-ups Indecon has used data published by TechIreland. Companies raised €905 million over the first half of 2021, almost equal to the total figure for 2019, but only a small portion of this money raised was for start-ups in the Western Region (7.1%). However, when funding raised by companies in Dublin is removed, the Western Region accounts for almost half of the funding raised by start-ups in the Republic of Ireland. Of this money, the majority was concentrated in Galway. After Dublin, companies in the Western Region raised the most funding in the first half of 2021. The WIF’s support of start-ups and innovative businesses in the Western Region has contributed to the strong performance by start-up companies in the region.

<sup>13</sup> <https://westerndevelopment.ie/2021/09/14/the-wdc-highlights-the-opportunities-and-challenges-for-the-western-region-ahead-of-the-publication-of-the-revised-national-development-plan>

**Table 2.6: Funding Raised by Start-ups in the Republic of Ireland (2021 H1)**

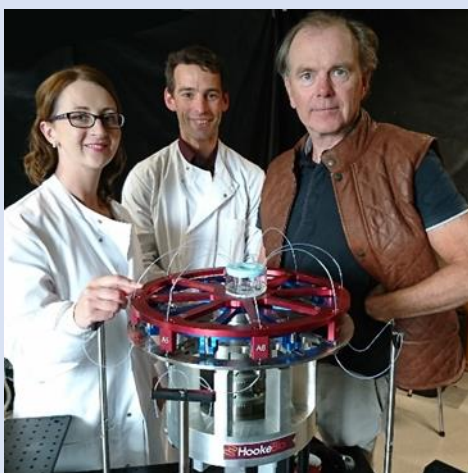
	Number of Companies	Funding Raised (€m)
Galway	8	52.0
Mayo	2	10.0
Sligo	2	1.7
Donegal	1	0.5
Leitrim	0	0
Clare	0	0
Roscommon	0	0
<b>Western Region</b>	<b>13</b>	<b>64.2</b>
<b>Companies raising funding (as per TechIreland)</b>	<b>87</b>	<b>904.7</b>
<i>Western Region as Percentage of Total</i>	<i>14.9%</i>	<i>7.1%</i>
<b>Companies outside of Dublin raising funding</b>	<b>31</b>	<b>130.7</b>
<i>Western Region as Percentage of Total Outside Dublin</i>	<i>41.9%</i>	<i>49.1%</i>
<b>Source: TechIreland data</b>		

A case study of Hooke Bio, a start-up supported by the WIF shows the impact the WIF has had in helping the company grow.

**Table 2.7: Case Study: Supporting Start-Ups (Hooke Bio)**

Hooke Bio, a University of Limerick spinout, based in Shannon, Co Clare, is developing a new drug screening platform called Epona which will help drug companies to screen their products, for example in drug trials, up to 20 times faster than currently is possible. *“That is a very exciting prospect,”* says Dr Finola Cliffe, the company’s Chief Operations Officer. *“This is an expensive and very time-consuming process for drug companies which is why Epona could be a real game changer for high-throughput screening.”*

Finola says the company is very grateful for the support of the Western Investment Fund, which she says has made the journey towards developing a product easier. *“We’ve been dealing with the WDC for four years and its role has been invaluable and not just from a funding perspective. The WDC team has helped with advice and support as well as giving us access to the amazing network that it has built.”* The business’s current staff of 12 including scientists and engineers are currently producing prototypes and CAD designs which are the next stages of its development. *“The staff love being in the West and there is a fantastic talent pool with four universities on our doorstep. Rent is cheaper and life is generally more affordable.”*



**Source: WDC**

## 2.3 Overview of the Policy Context

In interpreting the detailed findings, Indecon believes it is important to note the wider context for the Western Development Commission and the Western Investment Fund. The Western Region is a 'lagging' region which is why the WDC was established and WIF is one of its key delivery mechanisms. Addressing regional disparity is aligned with national and EU policy objectives. As part of the research an investigation has been undertaken of the role of WIF in addressing regional deficiencies and in the creation of knowledge-based employment and the facilitation of business R&D. We have also examined the role of the WIF in graduate retention and in fostering an enterprise ecosystem and in community/social enterprise development.

As discussed previously the role of the Western Development Commission is to *"promote, and procure the promotion of, and assist in, foster and encourage economic and social development in the Western Region"*.<sup>14</sup> The functions laid out for the WDC as per the Statute establishing the Commission include the provision of *"assistance in such form as it considers appropriate for business and social enterprises and projects, whether established or being or to be established, in the Western Region, and to foster and encourage the establishment, maintenance and expansion of such enterprises and projects"* as well as the co-operation with national, regional and local bodies to foster and encourage the development of these organisations in the Western Region. The Western Investment Fund is a key element that the WDC uses to foster this development in the Western Region and demonstrate that targeted regional initiatives work and can have very significant impact.

The National Development Plan (NDP) *"provides enabling investment to implement the strategy and promote balanced growth"* according to a recent review of the NDP.<sup>15</sup> Together, the NDP and the National Planning Framework (NPF),<sup>16</sup> the vision and strategy set out for the development of Ireland for all regions, towns and cities, form Project Ireland 2040. The aim of Project Ireland 2040 is to make Ireland a better country for coming generations through the *"creation of thousands of jobs, new homes, more cultural and social amenities, better regional connectivity and improved environmental sustainability."*<sup>17</sup> The creation of jobs, cultural and social amenities and better regional activities are all in line with the WDC's long term policy goals and the WIF (a key delivery mechanism). The WDC argues that the Western Region needs high-quality transport infrastructure which would enable tourism development and ensure entrepreneurs in the region are not disadvantaged compared to those of urban areas.<sup>18</sup>

Project Ireland 2040 denotes the 'National Road Network', 'Airports and Ports' and 'Environmentally Sustainable Public Transport' as strategic investment priorities for the future, indicating that the development of regional airports such as Ireland West Airport Knock<sup>19</sup> is important for tourism in the area and can function as a gateway to the region. The development of high-quality international connectivity is outlined in the Northern and Western Region Update for Project Ireland 2040<sup>20</sup>, which acknowledges how important improvements to airport connections to the rest of the world are to ensuring Ireland remains competitive.

<sup>14</sup> <https://www.irishstatutebook.ie/eli/1998/act/42/section/8/enacted/en/html#sec8>

<sup>15</sup> Review of National Development Plan (NDP) <https://assets.gov.ie/94408/6f2b9069-1b63-4226-905f-299dda9e5822.pdf>

<sup>16</sup> National Planning Framework (NPF) <https://npf.ie/wp-content/uploads/Project-Ireland-2040-NPF.pdf>

<sup>17</sup> Review of National Development Plan (NDP) <https://assets.gov.ie/94408/6f2b9069-1b63-4226-905f-299dda9e5822.pdf>

<sup>18</sup> <https://westerndevelopment.ie/policy/policy-areas/transport-accessibility>

<sup>19</sup> Ireland West (Knock) Airport has received funding from the WIF and a case study on the airport can be found in Section 5.6.

<sup>20</sup> <https://www.gov.ie/en/collection/17fbf0-project-ireland-2040-region-by-region>



The National Development Plan highlights the need to transition to a climate-neutral and climate-resilient society. This is aligned with the WDC strategy vision to “Work Smarter” which states that *“Connectivity and sustainability are key drivers, supporting and creating sustainable business that supports communities across the Western Region, in a way that protects our unique environment.”*<sup>21</sup> The WDC aims to develop, through the WIF, renewable energy enterprises in the Western Region and make sure that they bring jobs and investment to the region. As well as this, *“providing competitive local energy sources”* and safeguarding *“energy spending”* within the western region are benefits that will arise from addressing the issue of climate change.<sup>22</sup> The following NSOs outlined in the National Development Plan are aligned with the investments made by the WIF, which aim to foster economic development in the region, particularly in high-skilled sectors which attracted a highly educated workforce (Section 5 of this report outlines Indecon’s assessment of the impact of the WIF in these areas):

- NSO 2 – Enhanced Regional Accessibility
- NSO 3 – Strengthened Rural Economies and Communities
- NSO 5 – A Strong Economy, supported by Enterprise, Innovation and Skills
- NSO 6 – High-Quality International Connectivity
- NSO 10 – Access to Quality Childcare, Education and Health Services

Achieving these NSOs would help the Western Region overcome some of the challenges outlined in the previous section, with the investments made by the WIF to date aiming to help achieve these objectives. The WDC’s Creating an Atlantic Innovation Ecosystem report outlines plans to develop an Atlantic Innovation Region along the Atlantic Economic Corridor, with the WDC as the orchestrator of the development. The plan places a strong focus on smart specialisation, hubs, accelerators, education and innovation, in line with the existing WIF investment strategy and the NSOs in the NDP.

The vision of Our Rural Future: Rural Development Policy 2021-2025 is for a rural Ireland that flourishes and is vital to *“our national economic, social, cultural and environmental wellbeing and development”*.<sup>23</sup> This policy is an attempt by the Irish government to issue a post-COVID-19 roadmap for rural Ireland to recover and develop over the next five years. Section 5 of this report outlines the impacts of the WIF in terms of optimising digital connectivity, supporting employment and careers in rural areas, revitalising rural towns and villages and enhancing public services in rural areas. Through the WIF, the WDC is aligned with these aims as outlined in Our Rural Future, as it supports and develops business and community organisations in the region. One particular policy aspect that the WDC has been developing over the past 20 years is ‘remote working’ which would be supported by the ambitions of Our Rural Future to *“transform digital connectivity for rural communities and enterprises through the delivery of high speed broadband to every part of the country, ensuring equality of access to digital services and supporting the diversification of rural economies and jobs through digital technologies.”*<sup>24</sup> This intends to support “urban-rural connectivity” and facilitate rural businesses to broaden their customer base through online trade. Achieving these ambitions would enable the WDC to better pursue their policy areas such as balanced regional development and the creative economy. The National Remote Working Survey 2021<sup>25</sup> indicated that over 75% of respondents had been working remotely since the outbreak of the COVID-19 outbreak, with over half

<sup>21</sup> <https://westerndevelopment.ie/about/our-strategy>

<sup>22</sup> <https://westerndevelopment.ie/policy/policy-areas/low-carbon-environment>

<sup>23</sup> <https://assets.gov.ie/132413/433aebac-f12a-4640-8cac-9faf52e5ea1f.pdf>

<sup>24</sup> <https://westerndevelopment.ie/policy/policy-areas/remote-work/>

<sup>25</sup> <http://whitakerinstitute.ie/wp-content/uploads/2014/02/Remote-Working-National-Survey-Phase-III-Report-final.pdf>

of those who were working remotely having never done so before. The vast majority of respondents (95.5%) indicated that they would like to work remotely for some or all of the time following the crisis. It is important that the infrastructure is in place to facilitate these wishes, particularly in the Western Region. Almost one in five respondents indicated that they would like to work remotely from a hub or shared working space part of the time, with some of the organisations supported by the WIF providing these facilities. The following table outlines a case study of a company, Lidan Designs, supported by the WIF which aims to support those working remotely. The current WDC strategy highlights a number of strategic themes that are important for WDC's work to support and promote economic and social development in the Western Region.<sup>26</sup> These strategic themes include:

- ☐ Regional Promotion:
- ☐ Regional Leadership:
- ☐ Sustainable Enterprise:

The theme of Sustainable Enterprise is particularly important from the point of view of the WIF given its profile of investment in a significant number of enterprises in the region. The WIF also supports regional promotion in the region and demonstrates successful previous examples of enterprise in the region.

**Table 2.8: Case Study: Sustainable Design and Innovation  
(Lidan Designs – multi-purpose modular buildings)**

Lidan Designs specialises in the design, manufacture and installation of rapid-build, sustainable solutions for home working, housing, education, offices, and many other purposes, which are built offsite at their Roscommon factory. The company launched in 2017 with seed funding from the Western Investment Fund. Its CEO Dan O'Brien indicated that. *"The WIF investment was critical to us at the time. It gave us breathing space for research and development and innovation, and it allowed us to grow faster than we could have otherwise."*

Award-winning Lidan has a strong focus on innovation and is one of the most sustainable construction companies in Ireland. A recent project completed by Lidan achieved one of the lowest Embodied Carbon scores ever achieved in Ireland - almost half the 2030 Climate Target set by the RIAI and now part of National Policy. As well as the home office market, the company has also experienced demand, for larger offices, schools, housing and community centres. Clients include the Department of Education, Local Authorities, the Office of Public Works and private sector clients.

<sup>26</sup> <https://westerndevelopment.ie/about/our-strategy>



Source: WDC

Indecon has also considered the alignment of the WIF with wider EU policy, particularly the EU's Cohesion Policy 2021-2027, which "contributes to strengthening economic, social and territorial cohesion in the European Union"<sup>27</sup>. Its main aim is to correct imbalances between countries and regions, with five policy objectives which aim to do so:<sup>28</sup>

1. a more competitive and smarter Europe
2. a greener, low-carbon transitioning towards a net zero carbon economy
3. a more connected Europe by enhancing mobility
4. a more social and inclusive Europe
5. Europe closer to citizens by fostering the sustainable and integrated development of all types of territories

The policy's main ambition is to help structurally weak regions reduce their disadvantages compared to other regions and assist them to become more on par with the other regions. Funding through the ERDF, ESF+ and other funds is in place to make the regions, towns and cities of Europe more balanced. In that sense, the WIF is very much in line with the goals and principles of the European Union with regards to Ireland and the Western Region through their promotion of balanced regional development and focus on employment and labour in the region. As discussed in greater detail in Section 5 of this report, the WIF has had a considerable impact on the Western Region in terms of facilitating growth in job numbers, economic growth, improving citizens' quality of life and regional development. The Cohesion Policy aims to target all regions in the EU in order to achieve each of these goals, and as such the WIF is in line with the aims of the wider European policy.

## 2.4 Summary of Key Findings

The key findings of this section are summarised below:

<sup>27</sup> [https://ec.europa.eu/regional\\_policy/EN/2021\\_2027/](https://ec.europa.eu/regional_policy/EN/2021_2027/)

<sup>28</sup> [https://ec.europa.eu/regional\\_policy/en/policy/how/priorities](https://ec.europa.eu/regional_policy/en/policy/how/priorities)

- The population in the Western Region has grown more slowly over the last thirty years than the overall population of the State.
- The Western Region has faced a number of difficulties with divergence in economic growth when compared to other regions following the economic crisis. The region has a comparatively low employment accessibility score reflecting low population and low employment density locally and longer distances and greater travel time to key concentrations of employment. Expenditure on research, development and innovation is also significantly lower in the Western region compared to other regions.
- Funding raised by start-ups in the Western Region also accounts for a small percentage of total funding raised in the country. However, when funding raised by companies in Dublin is removed, the Western Region accounts for almost half of the funding raised by start-ups in the Republic of Ireland. The WIF's support of start-ups and innovative businesses in the Western Region as a whole, is one of the reasons for this strong performance by start-up companies in the region.
- The role of the Western Development Commission is to *"promote, and procure the promotion of, and assist in, foster and encourage economic and social development in the Western Region."* This is in alignment with the National Development Plan's aims for balanced growth, as well as the vision set out in Our Rural Future: Rural Development Policy 2021-2025.
- The WIF's investment in companies and organisations in the Western Region aims to foster economic and social development through optimising digital connectivity, supporting employment and careers in rural areas, revitalising rural towns and villages and enhancing public services in rural areas, in line with Our Rural Future.
- The WIF's considerable impact on the Western Region in terms of facilitating growth in job numbers, economic growth, improving citizens' quality of life and regional development is aligned with the EU's Cohesion Policy, aims to target all regions in the EU in order to achieve each of these goals.



## 3 Results on Direct Economic Impact of the WIF

### 3.1 Introduction

In this section, Indecon estimates the economic impact of the WIF over time. The scale of the impact of the WIF from 2001-2020 is outlined in this section and demonstrates the economic contribution in terms of the following metrics:

- Employment supported in companies/organisations supported by the WIF
- Wages supported in companies/organisations supported by the WIF
- Revenue/income and exports generated by companies/organisations supported by the WIF
- Gross Value Added (GVA) generated by companies/organisations supported by the WIF
- Tax and PRSI expenditure of companies/organisations supported by the WIF
- Research and development expenditure of companies/organisations supported by the WIF

Indecon used a range of sources to estimate the above metrics including new survey evidence, data provided by the WDC and company/organisation annual reports.

### 3.2 Employment Supported in Companies/Organisations Supported by the WIF

Indecon's primary research, which was issued to all companies and organisations who had received support from the WIF, asked respondents to indicate the number of full-time equivalents (FTEs) supported by the WIF in the year they first received WIF support as well as the number of FTEs supported. For those that did not respond, Indecon used data provided by the WDC, as well as annual reports and CRO data, to generate a total figure of employment directly supported in companies who had received WIF funding. Indecon have developed figures for 2020 through data provided by the WDC as well as other sources. Where 2020 data was unavailable Indecon assumed that 2020 employment was equal to employment in 2019 <sup>29</sup>.

The following figure shows the growth in employment in companies supported by the WIF. The red element of each column indicates the employment supported in companies newly supported by the WIF in the year. Thus, two factors are influencing the growth of employment:

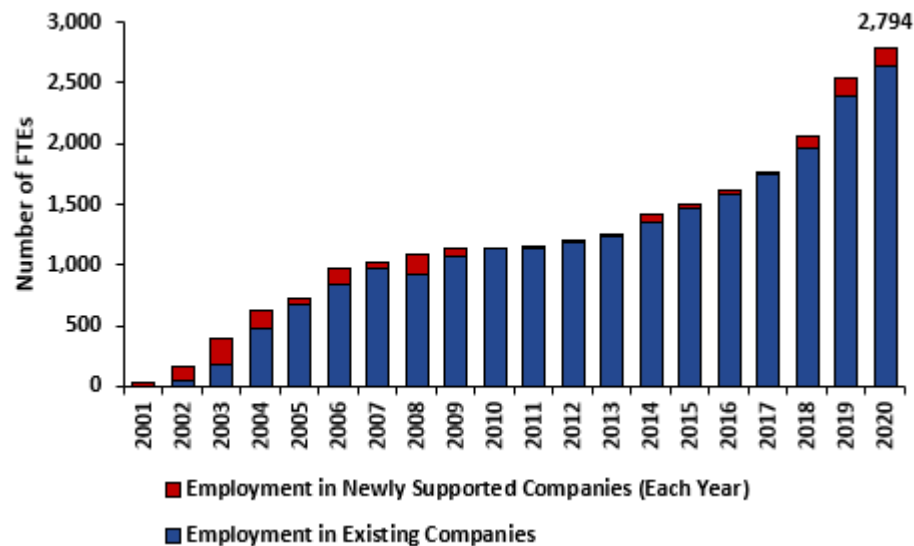
- The growth in the number of companies and organisations supported by the WIF. As more companies and organisations have received WIF funding the number of FTEs supported has increased.
- The growth in employment in companies already supported by the WIF in previous years. As companies supported by the WIF in previous years have grown, the overall employment in companies supported by the WIF has grown.

Indecon estimates that almost 2,800 FTEs were directly employed in 2020 within companies and organisations in receipt of WIF funding. When compared to CSO data on employment in the Western Region, it is estimated that in 2019 companies supported by the WIF accounted for 1.36% of the

<sup>29</sup> Whilst some companies' employment might have declined in others there was a considerable increase in employment. Among 12 of the highest employers (accounting for over 1,200 FTEs) there was an increase of 5% in employment between 2019 and 2020. Thus, Indecon are conservatively assuming no change for companies where 2020 data was not available.

employment in the region. This would place in between the financial and insurance activities sector and the real estate activities sector in terms of employment share in the region. Strong growth between 2018 and 2020 in existing companies, as well as several new companies supported by the WIF, led to the increase of approximately 750 FTEs between 2018 and 2020.

**Figure 3.1: Direct Employment in Companies / Organisations who Had Received WIF Funding (2001-2020)**



*Source: Indecon analysis of survey data, data provided by WDC and annual reports.*

Employment in companies directly supported by the Business Investment Fund accounted for the majority (75%) of employment supported in companies supported by the WIF, which is to be expected given that the sub-fund accounts for just over 76% of the money disbursed by the WIF.

**Table 3.1: Breakdown of Employment Supported by Sub Fund (2020)**

	FTEs	Percentage of Total	Amount Dispersed (€m)	Percentage of Total Dispersed
Business Investment Fund	2,094	75.0%	46.86	76.4%
Community Loan Fund	372	13.3%	8.46	13.8%
Strategic Investment Fund	104	3.7%	4.54	7.4%
Creative Industries/WRAP Fund	224	8.0%	1.5	2.4%
<b>Total</b>	<b>2,794</b>	<b>100%</b>	<b>61.36</b>	<b>100%</b>

*Source: Indecon analysis of survey data, data provided by WDC and annual reports.*

As shown in the following table, over half of the employment supported was in companies that are mainly based in Galway City and County (56.4%). The remaining 1,217 FTEs are located in companies that are mainly based outside of Galway with Roscommon and Mayo the next largest counties.

**Table 3.2: Breakdown of Employment Supported by Location of Company**

	FTEs	Percentage of Total
Clare	54	1.9%
Donegal	88	3.1%
Galway City	792	28.3%
Galway County	785	28.1%
Leitrim	128	4.6%
Mayo	295	10.5%
Roscommon	461	16.5%
Sligo	192	6.9%
<b>Total</b>	<b>2,794</b>	<b>100%</b>

**Source: Indecon analysis of survey data, data provided by WDC and annual reports.**

The majority of this employment is in SMEs and micro-enterprises supported by the WIF, rather than social enterprises and community organisations. This is important to acknowledge because the average response from companies to Indecon's survey indicated that over 70% of employees in companies had graduate qualifications and over 40% with a postgraduate qualification. As per the most recent Labour Force Survey, approximately 55% of those in employment in Ireland in Q2 2021 had some form of third-level degree. This indicates that the workforce in companies supported by the WIF attracts high-skilled individuals when compared to the national average and is in line with the aims of the WDC to support smart specialisation in the region. This demonstrates the WIF's alignment with the NSOs in the NDP to strengthen rural economies through enterprises, innovation and skills.

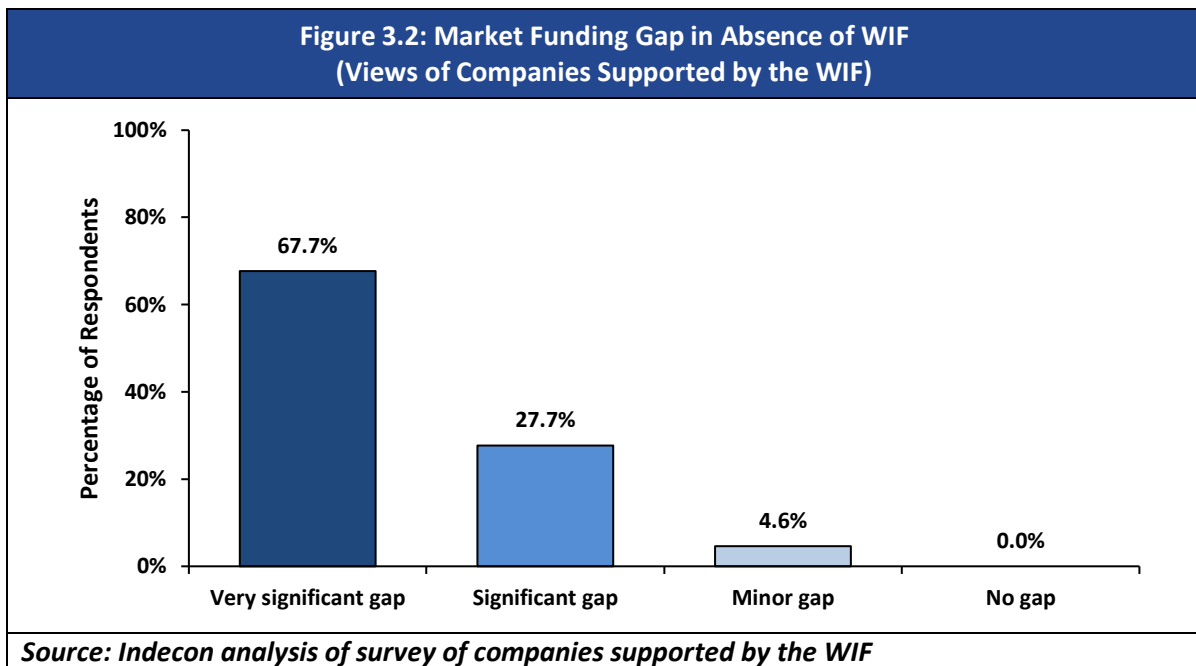
**Table 3.3: Percentage of Employees of Companies / Organisations Supported by the WIF with a Graduate or Postgraduate Qualification**

	Companies		Social Enterprises and Community Organisations	
	Percentage with a graduate qualification	Percentage with a postgraduate qualification	Percentage with a graduate qualification	Percentage with a postgraduate qualification
Average response	71.1%	41.3%	25.8%	9.7%
Median response	80.0%	33.3%	10.5%	0.0%
National Average	55% of those in employment had some form of 3 <sup>rd</sup> Level degree			

**Source: Indecon analysis of survey of companies and organisations supported by the WIF**

Whilst it is important to note that this does not mean that the WIF has directly led to 2,794 FTEs, the WIF has made a significant contribution to the growth of these companies and organisations and the employment supported in these organisations. Figure 3.2 below shows respondents' views when asked if, in the absence of the WIF, they believe that there would be a market gap in the availability of financing, to help start-up businesses to commercialise. **Ninety-five per cent think that there would be a significant or very significant gap, demonstrating the high importance companies bestow on the WIF**

to lower the market gap. This indicates that the growth experienced by companies may not have happened or may not have happened as quickly in the absence of the WIF.



In addition to the above, there is considerable employment supported in the creative industries which may not be completely captured by the previous analysis due to the nature of the industry. Research conducted by Dr Patrick Collins into the audio-visual sector in the Western Region indicates that the WRAP Fund has led to an increase in employment supported in the sector of 160.<sup>30</sup> These additional jobs would account for an overall 10% increase in the number of employees in the sector in 2018. Indecon will present more of the findings of this research in Section 5.8.

CSO enterprise survival rate statistics are shown in the following table, with just under two-thirds of new enterprises surviving five years after their birth. On average, 86% survive the first year, with 79.5% and 74% surviving years two and three also. In comparison, approximately 90% of those who received BIF investment survived at least five years. It is important to acknowledge the sample size of WIF companies compared to CSO enterprises, but **the evidence suggests that companies receiving support from the WIF have greater survival rates than the national average.**

<sup>30</sup> Dr Patrick Collins (2020) "The Audio-visual Industry in The West of Ireland, The Role Of The WRAP Fund & The Case For Future Growth."

Table 3.4: CSO Enterprise Survival Rate (2008-2019)

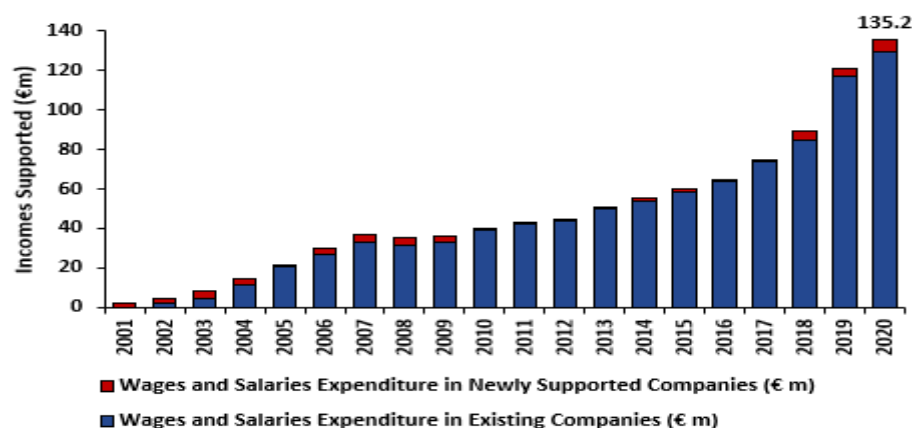
Year	Enterprise Births in Year	Enterprises Surviving ...				
		One Year	Two Years	Three Years	Four Years	Five Years
2008	15,442	86.0%	78.4%	72.1%	68.1%	64.7%
2009	17,846	84.6%	77.2%	72.4%	67.6%	61.4%
2010	13,954	87.3%	83.7%	77.2%	69.8%	66.9%
2011	14,344	90.4%	83.3%	74.7%	70.8%	66.5%
2012	15,080	87.9%	77.5%	72.5%	67.2%	66.2%
2013	13,824	84.7%	79.1%	73.4%	70.6%	67.3%
2014	16,257	85.8%	78.0%	75.2%	71.3%	66.9%
2015	18,100	83.6%	80.3%	75.3%	70.3%	-
2016	19,249	86.7%	80.3%	73.6%	-	-
2017	22,241	86.4%	77.3%	-	-	-
2018	14,458	84.3%	-	-	-	-
2019	14,113	-	-	-	-	-
Average survival rate		86.2%	79.5%	74.0%	69.5%	65.7%

Source: Indecon analysis of CSO data

### 3.3 Wages Supported in Companies/Organisations Supported by the WIF

The significant employment supported in the region by companies and organisations who are or were in receipt of WIF funding has also led to considerable incomes in the region. Incomes supported in companies and organisations that received WIF funding reached over €135 million in 2020, as a result of the growth in the number of companies supported and growth in companies that were already supported in previous years. As was the case with employment, there was a degree of stagnation in the years surrounding the economic crisis, with incomes first dipping slightly before returning to 2007 levels and then growing more swiftly from 2013 onwards. The maintenance of incomes supported over this time would be viewed as an achievement when considering the economic difficulties facing the region at the time.

**Figure 3.3: Direct Wages Supported in Companies / Organisations who received WIF Funding (2001-2020)**

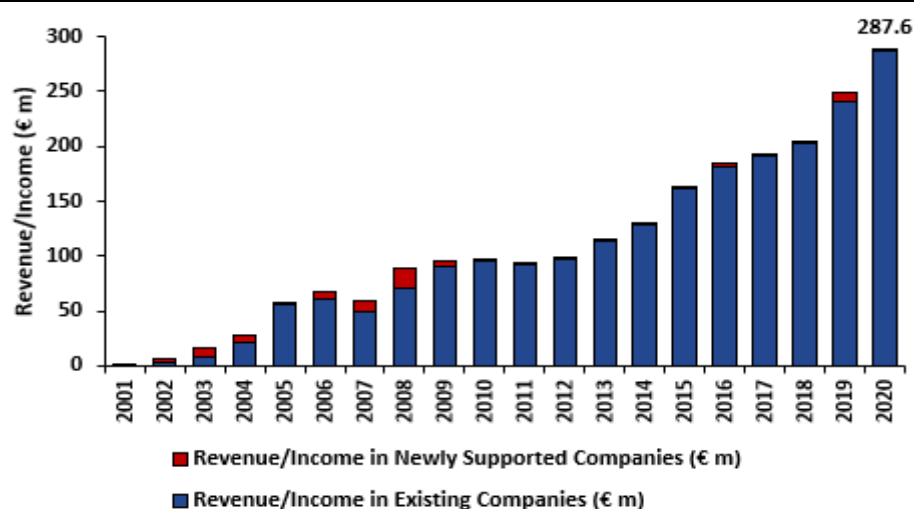


*Source: Indecon analysis of survey data, data provided by WDC and annual reports.*

### 3.4 Turnover/Revenues and Exports Generated by Companies/Organisations Supported by the WIF

Companies and organisations that have received WIF funding have generated high levels of revenue since the inception of the WIF. In 2020 Indecon estimates that approximately €288 million in revenue was generated by companies who received WIF funding. As was the case with other metrics there was strong growth initially, through the addition of new companies and growth amongst existing companies before a period of little growth from 2008 to 2012. Whilst much of this revenue is accounted for by a small number of large companies there are significant revenues generated by a wide range of companies supported by the WIF. The WIF tends to invest in very early-stage start-ups which can take a number of years to grow revenues, particularly in the MedTech and life sciences sector. **Over the 20 years from 2001 to 2020 Indecon estimates that companies and organisations supported by the WIF generated over €2.2 billion in revenue.**

**Figure 3.4: Revenues Generated in Companies / Organisations who received WIF Funding (2001-2020)**



*Source: Indecon analysis of survey data, data provided by WDC and annual reports.*

Indecon has also estimated the breakdown of the revenues generated by companies supported by each sub-fund over the twenty-one years from 2001 to 2020. Companies supported by the Business Investment Fund (BIF) accounted for over 80% of the revenues generated by companies supported by the WIF. This is a slightly higher percentage than the percentage of all WIF funding that is accounted for by the BIF, but it is to be expected given that many of the projects supported by the Community Fund would be community organisations with little revenue.

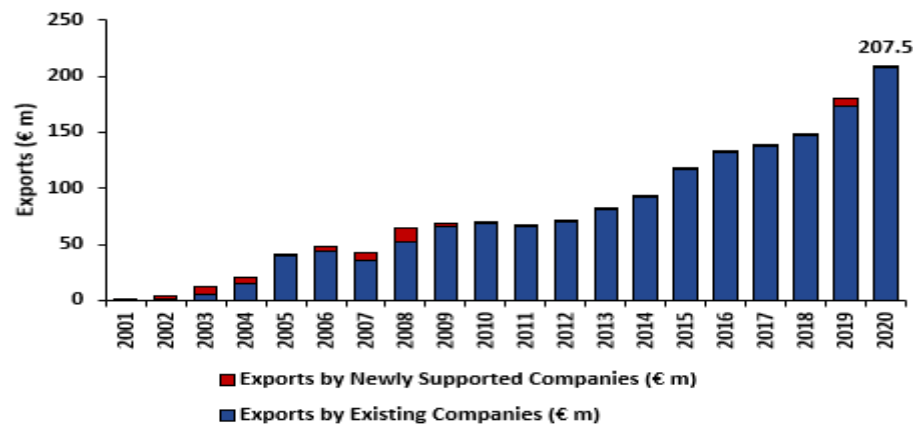
Table 3.5: Breakdown of Revenues Generated by Companies Supported by Sub Fund (2001-2020)		
	€ Million	Percentage of Total
Business Investment Fund	1,821	81.6%
Community Fund	31	1.4%
Strategic Investment Fund	373	16.7%
Creative Industries	8	0.3%
<b>Total</b>	<b>2,232</b>	<b>100%</b>
<i>Source: Indecon analysis of survey data, data provided by WDC and annual reports.</i>		

To estimate the level of exports generated by companies supported by the WIF, Indecon asked respondents to indicate the percentage of their revenues that were generated by exports. When summed across all respondents, **exports accounted for over 72% of revenues generated by respondents**. These respondents accounted for approximately 80% of the revenues estimated in the figure above, suggesting that they may be representative of the wider companies that did not respond. Indecon also assumed that this figure of 72% remained constant over time to estimate the exports generated over time by companies supported by the WIF.

Table 3.6: Exports as a Percentage of Revenue Amongst Survey Respondents	
Exports as % of Revenue	72.2%
<i>Source: Indecon analysis of survey of companies supported by the WIF</i>	

Using the assumption of exports accounting for just over 72% of revenues generated by organisations in receipt of WIF funding Indecon estimates that approximately €207 million in exports were generated in 2020. This is an increase of approximately €27 million from the previous year. **Over the twenty years, Indecon estimates that over €1.6 billion in exports were generated by companies and organisations supported by the WIF.**

**Figure 3.5: Exports Generated in Companies / Organisations who received WIF Funding (2001-2020)**

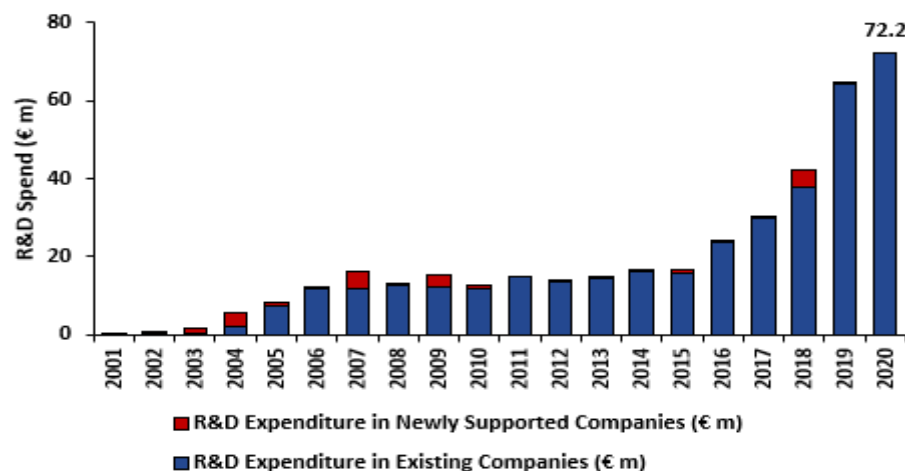


*Source: Indecon analysis of survey data, data provided by WDC and annual reports.*

### 3.5 Research and Development Expenditure

As noted previously a significant portion of the companies that are or were in receipt of WIF support are in the technology sector or other related sectors. These sectors spend a considerable amount on research and development to develop new products and services. Indecon asked survey respondents for their expenditures on research and development and used data provided by the WDC to populate the historical figures for R&D expenditure. A large increase in 2019 was fuelled by big increases in research and development expenditure by companies in receipt of WIF funding before 2019. Between 2007 and 2015 there were small variations, but research and development expenditure remained at similar levels each year. **Indecon estimates that the companies and organisations supported by the WIF spent over €396 million on research and development over the period 2001-2020.** This expenditure is likely to generate spillovers that benefit society, and these potential spillovers will be addressed in Section 5.4.

**Figure 3.6: Research and Development Expenditure by Companies who Had Received WIF Funding (2001-2020)**

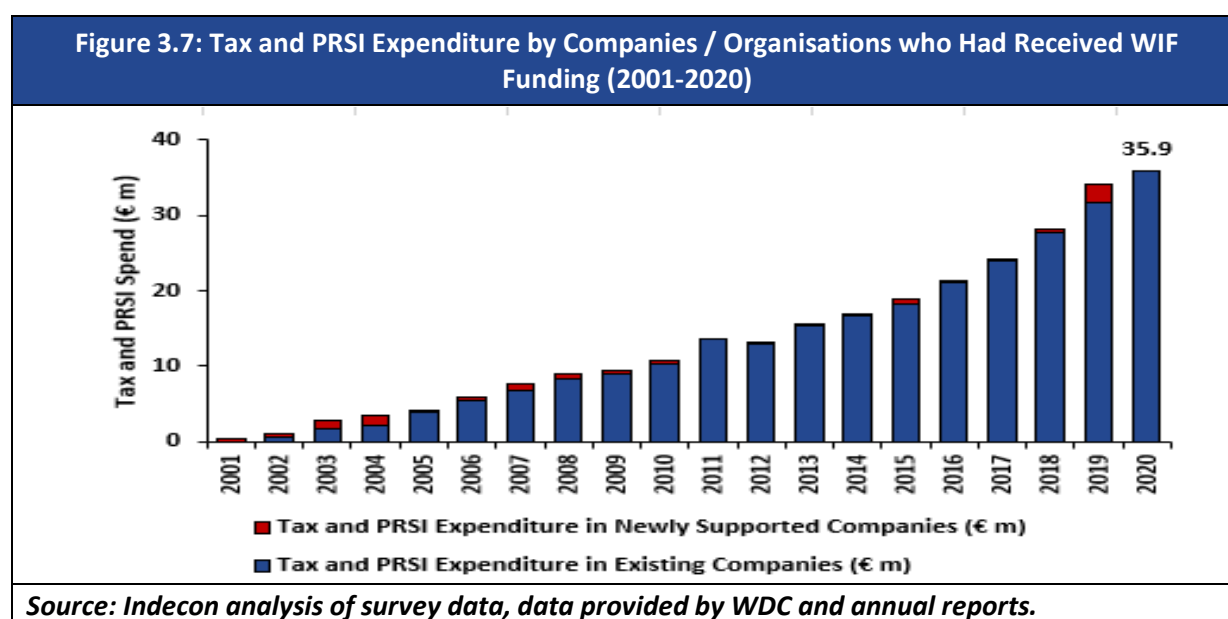


*Source: Indecon analysis of survey data, data provided by WDC and annual reports.*



### 3.6 Tax and PRSI Expenditure of Companies Supported by the WIF

An important element of the economic impact of the WIF is the taxes paid and generated by companies and organisations that have received WIF funding. The following table shows that in 2020 there were tax and PRSI expenditures of €36 million by companies and organisations that received WIF funding in or before 2020. **Across the period from 2001 to 2020, there was an estimated exchequer contribution of approximately €276 million by companies that received WIF funding.** It is important to note that Indecon is only including the tax expenditure of companies in the year the company first received WIF funding, as well as in the following years as long as the company remained in existence. As such if a company received WIF funding in 2008, any tax expenditures from previous years are not included in the following figure. This is the same for each of the metrics presented by Indecon.



### 3.7 Summary of Key Findings

The following table summarizes the key direct economic impacts of the WIF, through the employment, turnover, exports and expenditures supported by companies and organisations in receipt of WIF funding.

	<b>2020</b>	<b>2001 – 2020</b>
Employment (FTEs)	2,794	24,606*
Employment incomes supported (€m)	135.2	965
Turnover/Revenue (€m)	287.6	2,232
Exports (€m)	207.5	1,611
R&D Expenditure (€m)	72.2	396
Tax and PRSI Expenditure (€m)	35.9	276

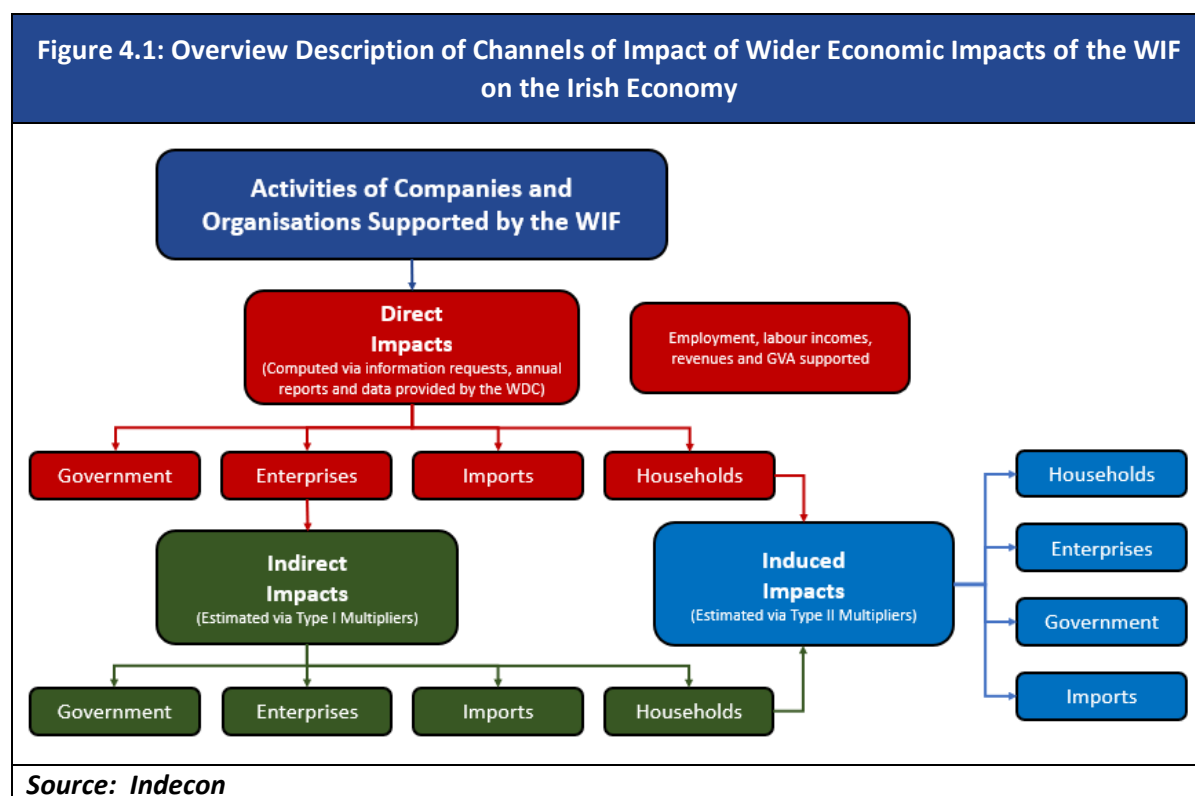
**Source: Indecon analysis of survey data, data provided by WDC and annual reports.**  
**Note: Figure based on FTE-years. For example, if an FTE was employed in 2018 and 2019, they would count as two FTE-years**

## 4 Results on Wider Economic Impacts of the WIF

### 4.1 Introduction

In addition to the direct economic impacts presented in the previous section, there are wider economic benefits that are presented in this section. The overall economic impact contains the wider impacts that arise due to the intersectoral multiplier impacts of the activities of companies and organisations supported by the WIF.

Indecon has applied its input-output model of the Irish economy to quantify these wider economic impacts, with the model taking into account the direct, indirect and induced economic impacts of the activities of companies and organisations supported by the WIF. Figure 4.1 outlines the connection between these different effects. A further description of these components is described below. It is important to note that these effects change over time due to structural changes in the Irish economy, and Indecon has taken account of this applying different input-output models to the different years.



The description of the overall wider impacts of the WIF on the Irish economy can be the following:

- **Direct impacts** – the direct economic output generated by companies and organisations supported by the WIF, through purchases of goods and services (including labour) from the Irish economy in which it operates, and its contribution to GVA and Exchequer (tax payments). Indecon computes/estimates direct economic impacts via information requests to companies, data provided by the WDC and annual reports.
- **Indirect impacts** – arise through purchases of goods and services inputs by companies and organisations supported by the WIF from other businesses/sectors in the economy to support

their activities in Ireland. These purchases generate income for the supplying enterprises, which in turn support spending on their own inputs. Indirect impacts are estimated by applying Type I multipliers from Indecon's sectoral model to the direct revenue, employment, income and GVA impacts and subtracting the direct impacts.

- **Induced impacts** – arise through the roles of companies and organisations supported by the WIF as employers. Wages and salaries paid to employees provide incomes used to purchase consumer goods and services within the economy. This in turn generates wage income for employees within the industries producing these goods and services, who in turn spend their own income on other goods and services. Induced impacts are estimated by applying Type II multipliers from Indecon's sectoral model to the direct impacts and then subtracting the direct and indirect impacts.

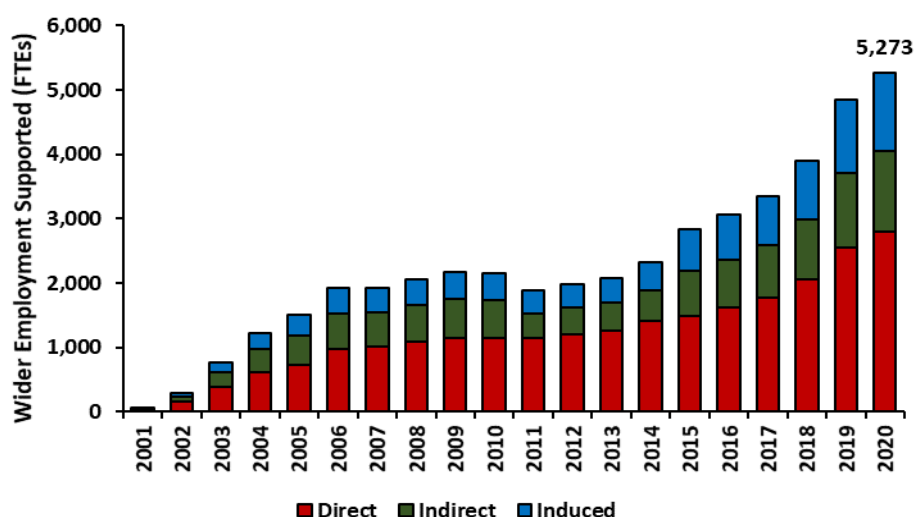
Indecon presents the results of the modelling of these wider economic impacts in the following sections of the report. The analysis provides the impacts in terms of:

- Employment
- Employment incomes
- Revenues/output
- GVA

## 4.2 Wider Impacts on Employment

As discussed previously the direct employment in organisations and companies supported by the WIF has knock-on impacts on the wider economy. **Indecon estimates that in 2020, the direct employment of approximately 2,800 led to wider employment of 5,273.** The following figures are based only on the direct employment in companies supported by the WIF.

**Figure 4.2: Economy-Wide Employment Supported by Companies/Organisations Supported by the WIF (FTEs)**



**Source: Indecon analysis, based on survey data, data provided by WDC, annual reports and CSO data.**

The WIF invests in accelerator funds in the Western Region, which have in turn invested in start-up enterprises, some of which are now in the main WIF portfolio. These accelerators are the BioExel MedTech accelerator in NUI Galway, The Yield Lab (European Ag Tech Accelerator Fund) and the NDRC@Portershed accelerator.

Indecon also notes that the WIF has supported several enterprise centres in different areas of the Western Region.

**Table 4.1: Case Study: Supporting an Enterprise Hub Network**

One of the key aims of the WDC's strategy is to connect hubs for remote working to support job creation in rural communities and urban settings. As noted previously the WIF has invested in a number of enterprise hubs in the Western Region, including Drumshambo Enterprise Centre, Cairn International Trade Centre and the Roscommon Chamber of Commerce Enterprise Centre amongst others. These enterprise centres act as hubs for individuals and businesses in the region to use as office space and can also help support the growth in these businesses through guidance and advice. Whilst these businesses are not in direct receipt of WIF funding the employment in these enterprises has been enabled by WIF investment in this important enterprise infrastructure in rural and urban communities. It is estimated that these enterprise centres/hubs are home to 300/400 FTEs across the businesses that use the hubs.

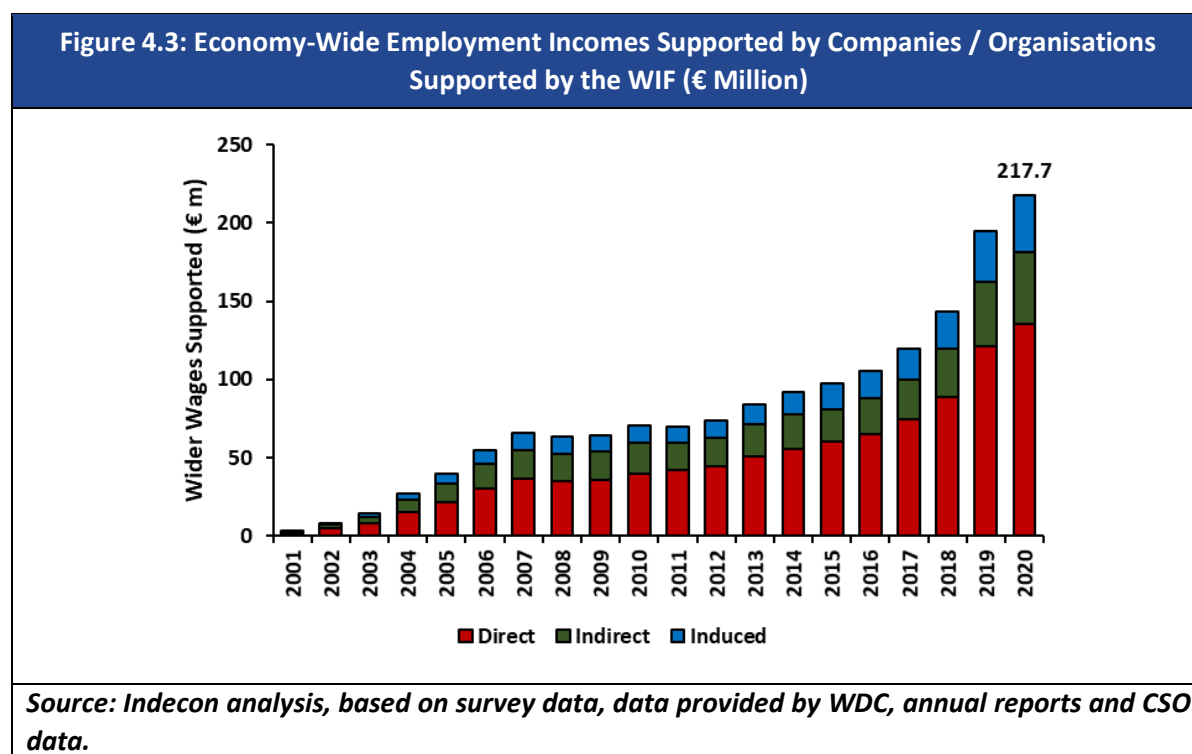


**Source: WDC**

Including this additional employment supported in enterprise centres and accelerators supported by the WIF, would push the economy-wide employment impact to between 5,500 and 6,000 FTEs in 2020.

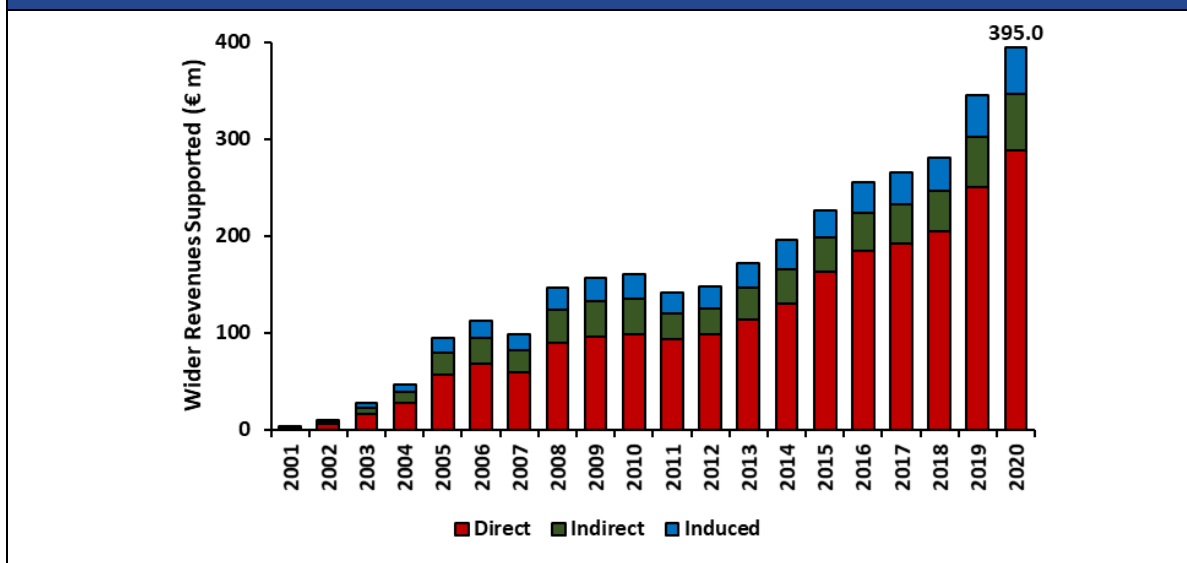
### 4.3 Wider Impacts on Employment Incomes

The following figure shows that the companies and organisations supported by the WIF supported economy-wide incomes of almost €220 million in 2020 when indirect and induced effects are considered. This is likely to exceed €220 million should incomes supported by enterprise centres and accelerators be included.



### 4.4 Wider Impacts on Turnover/Revenues

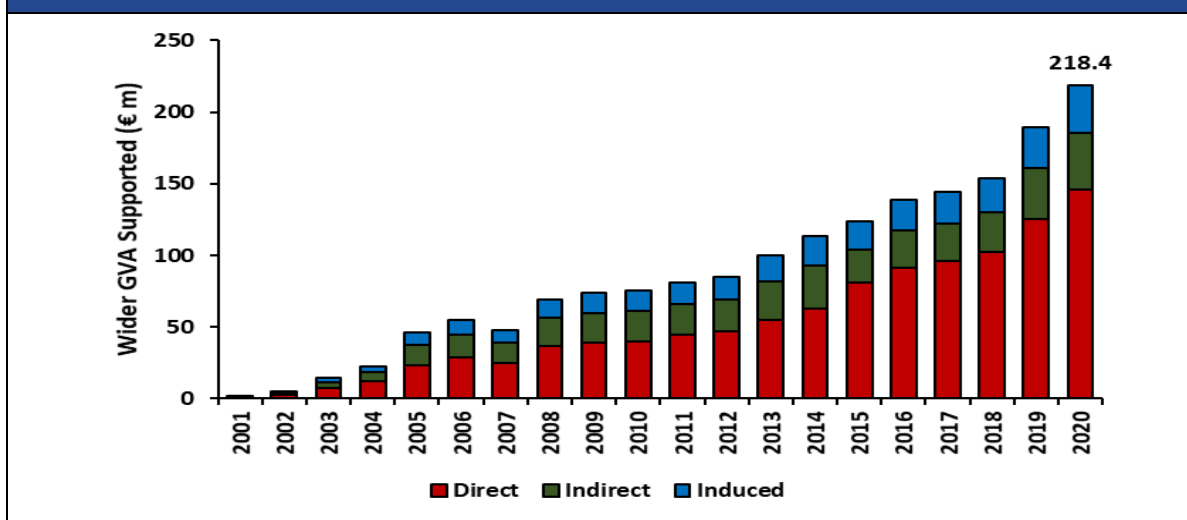
Indecon estimate that economy-wide revenues generated by companies and organisations supported by the WIF were approximately €395 million in 2020 due to the knock-on impacts of their activities. Over the twenty years, Indecon estimates that almost €3.3 billion in turnover was generated by companies and organisations in receipt of WIF funding.

**Figure 4.4: Economy-Wide Revenues Supported by Companies / Organisations Supported by the WIF (€ Million)**

*Source: Indecon analysis, based on survey data, data provided by WDC, annual reports and CSO data.*

#### 4.5 Wider Impacts on Gross Value Added

Indecon's estimation of the Gross Value Added (GVA), which is a representation of the Irish economy GDP contribution of the companies and organisations supported by the WIF, is presented in the following figure. An estimated direct GVA of €146 million due to the activities of companies and organisations supported by the WIF generated an estimated economy wide GVA of €218 million in 2020. When compared to the GVA of the overall Northern and Western Region, the wider GVA supported in 2018 (the most recently available data from the CSO) by companies supported by the WIF would account for approximately 0.7% of the GVA of the region.

**Figure 4.5: Economy-Wide GVA Supported by Companies / Organisations Supported by the WIF (€ Million)**

*Source: Indecon analysis, based on survey data, data provided by WDC, annual reports and CSO data.*

## 4.6 Summary of Key Findings

A summary of the economy-wide impacts estimated by Indecon can be found in the following table. Indecon presents the economy-wide impacts in 2020, as well as the 20-year impacts.

Table 4.2: Summary of Economy-wide Economic Impacts of the Companies Supported by the WIF		
	2020	2001 – 2020
Employment (FTEs)	5,273	45,594*
Employment incomes supported (€m)	217.7	1,611
Turnover / Revenue (€m)	395.0	3,277
GVA (€m)	218.4	1,759
<b>Source: Indecon analysis of survey data, data provided by WDC, annual reports and CSO data.</b> <b>Note: Figure based on FTE-years. For example, if an FTE was employed in 2018 and 2019, they would count as two FTE-years</b>		

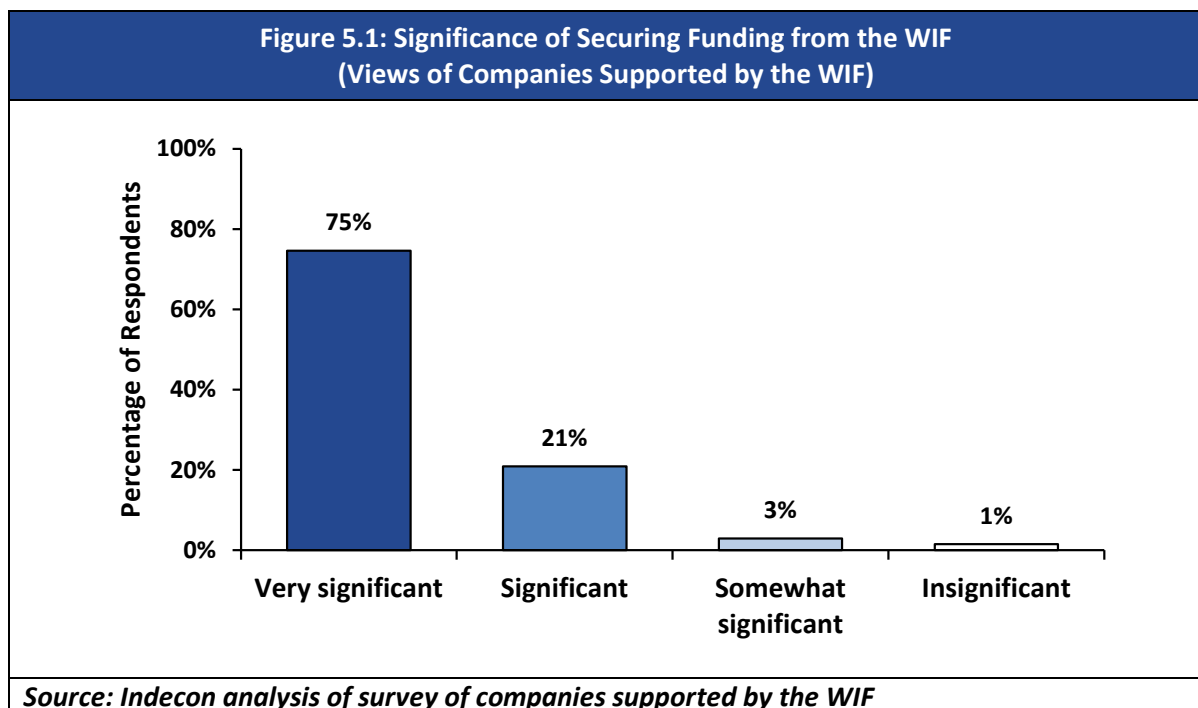
## 5 Findings on Wider Societal Impacts of the WIF

### 5.1 Introduction

In addition to the quantifiable economic impacts Indecon presented previously, the WIF has also had wider societal benefits which are presented in this section. Indecon discusses findings of the impact of the WIF on the regional development, enterprise ecosystem, equity culture, the knowledge economy (including research and development spillovers), the creative industry, and the gender balance of leadership teams of companies and organisations, community development and social enterprise, stakeholder groups supported by organisations.

### 5.2 Supporting an Enterprise Ecosystem and Developing an Equity Culture

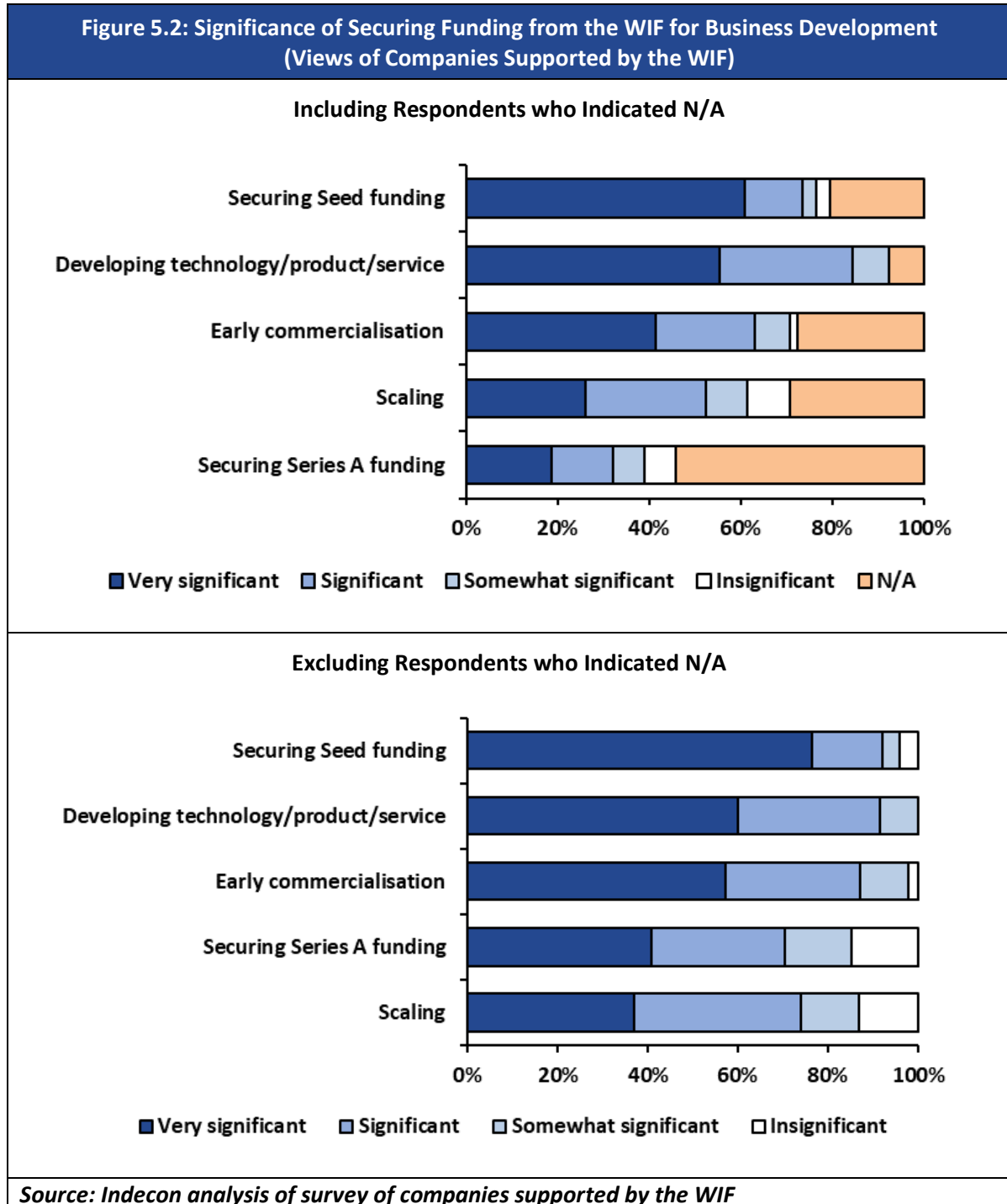
One of the aims of the WDC is to foster economic and business development. Thus, it is important to understand whether or not WIF funding was important to businesses who received it. The following figure shows the views of respondents on the significance of securing funding from the WIF for their business. **Ninety-six per cent of respondents indicated that securing funding from the WIF was very significant/significant for their business, highlighting the importance of the WIF according to respondents.** Less than 5% of respondents indicated that securing WIF funding was either insignificant or somewhat significant for their business.



In terms of the importance of securing funding from the WIF at different stages of business development, securing seed funding was viewed by respondents to be very significant by approximately 60% of respondents. This was followed closely in significance to developing technology/product/service for business development with 55% of respondents viewing this as very significant. Whilst still important for early commercialisation, scaling and securing Series A funding,

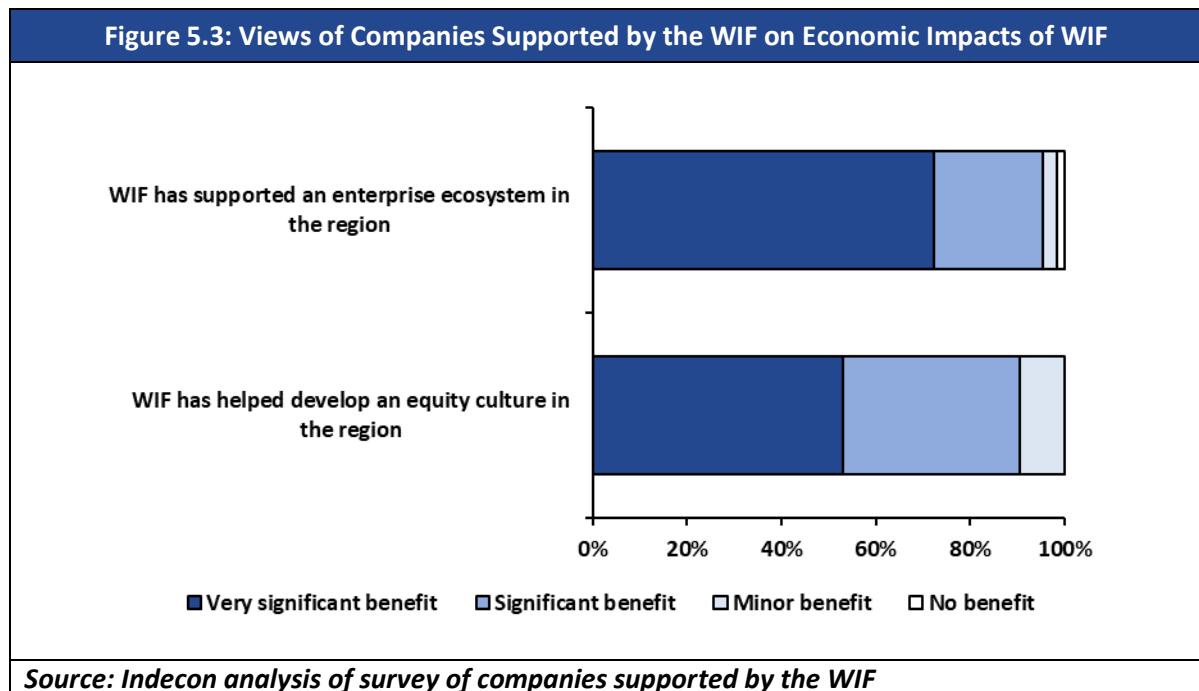


fewer respondents indicated that it was very significant for them with many indicating that it was not applicable for them. It is important to take into account that for some respondents securing Series A funding, or other types was not applicable to them. When removing those who it was not applicable to over two-thirds of respondents indicated that WIF funding was very significant or significant for early commercialisation, scaling and securing Series A funding.



Ninety-five per cent of respondents view the WIF's support of an enterprise ecosystem in the region to be a very significant or significant benefit. Over half of respondents also indicated that there was

a very significant benefit in the form of the development of an equity culture in the region, with a further 38% indicating a significant benefit.



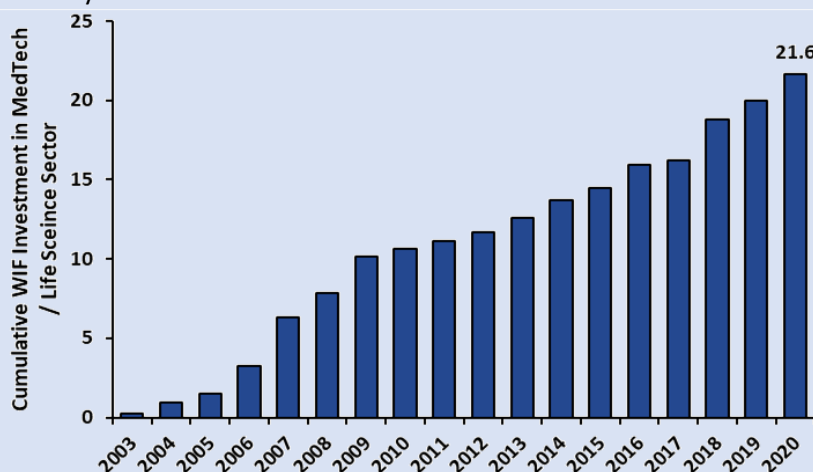
The following are a selection of comments from Indecon’s consultation with key stakeholders on the impact of the WIF on business development in the Western Region.

Table 5.1: Views on Impact of WIF on Business Development and the Enterprise Ecosystem
“The WIF is an essential provider of finance and a great champion of companies particularly early-stage ones in a geographic region that might otherwise get less attention.”
“The WIF has a very positive impact on the enterprise ecosystem and equity/risk capital culture in the Western Region. This funding enabled XXX to leverage further funding from angels in the region. The WIF also provides expert business development advice and networking opportunities.”
“The funding from the WIF was provided to our business at a critical time, helping us to develop products, processes, know-how and allowing us to recruit and retain strong team players, many of whom are still employed in the business. The support and guidance provided to the company at a Board level has been instrumental to us as a business. The WIF has also provided access to a network of similar businesses and opportunities.”
“We are an Investment Syndicate with our main focus on the Life Sciences Sector. We have co-invested with WDC in several companies. The Venture Capital companies do not cover seed capital and without the WIF the Western Region would not be as successful as it is in attracting and growing Life Science Companies.”
“WIF have always been very supportive of the company throughout its development from its initial stage through an elongated R&D phase and has participated through 3 major rounds of investment. The people we interact are both professional and supportive without interfering with the operation of the company. The company is very happy to have WIF as an investor in the company.”
<b>Source: Indecon consultation programme with stakeholders/Indecon survey</b>

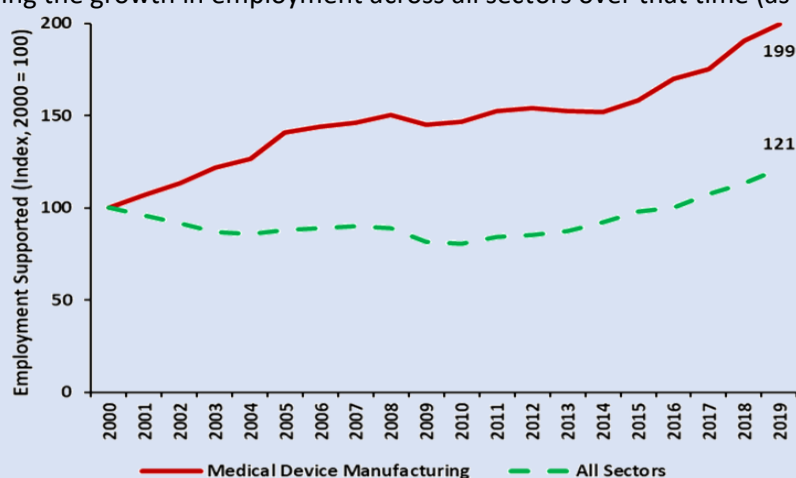
A case study on the WIF’s investment in the Life science/ MedTech sector and its growth is outlined below.

**Table 5.2: Role of WIF in the Evolution of the MedTech/Life Sciences Cluster in the West**

The MedTech and Life Science sector is one which the WIF has been investing in since the early 2000s. The following figure shows that over the years, the WIF has invested over €21 million in the sector, accounting for over one-third of the total amount invested by the fund.



The 38 projects that have received investment from the WIF have gone on to grow and take in outside investment which has further accelerated their development. The wider MedTech sector in Ireland has grown from approximately 50 companies in the early 1990s to approximately 450, with 60% of these companies indigenous to Ireland. The following figure shows how employment in the medical device manufacturing sector has almost doubled since 2000, far outstripping the growth in employment across all sectors over that time (as per latest ABSEI figures)



The role played by the WIF in helping the sector grow should not be understated with an estimated 1,083 employed in companies in the sector who received WIF funding. Stakeholder views highlighted the specific feature of the fund as it is viewed primarily as seed or early investing seed fund. Stakeholders with detailed knowledge of the sector also noted that medical device startups differ significantly from startups in the ICT, media, food and agri business in that it requires much higher seed type financing with typical funding needs at least €1.5 million to develop proof of principal, initial prototypes and to attract key medical opinion leaders to its scientific boards. These stakeholders also noted that without the WDC fund many startups would find it extremely difficult to attract others such as Enterprise Ireland or angel investors to co-invest. It is important to consider the potential for the investment in the MedTech sector to act as a blueprint for how to grow a sector and cluster of firms in other industries, such as FinTech, Cleantech, AI, Big Data and Analytics and Advanced Manufacturing and Robotics which have been identified by the WDC as important strategic areas.

**Source: Indecon analysis of WDC and DETE data**

In the following table Indecon presents a case study on Neuravi, a medical device company set up in 2005 which has grown with the support of the WDC.

**Table 5.3: Case Study: Investment in the Life Sciences /MedTech Sector (Neuravi)**

Neuravi was founded by Eamon Brady, David Vale and John O'Shaughnessy all former colleagues at another Galway-based medical device business, MedNova, that was acquired in 2005 by Abbott Laboratories. In 2008, while researching another brain product, Eamon became intrigued by the treatment for acute strokes – caused when blood clots become lodged in blood vessels of the brain – and he realised that there was no good treatment option for these patients that was effective across the global population.

In the middle of 2009 Eamon and his colleagues began a grueling round of pitching for private investors. Eamon said *“The WDC invested €400k of a €1.4million round at the end of 2009 and followed in every single funding round thereafter. That first round enabled us to keep our R&D going for three years. It gave us time to work on an incredibly good solution. Having investors like the WDC Investment Fund that do take those early risks is a fundamental part of a functioning tech eco-system.”*

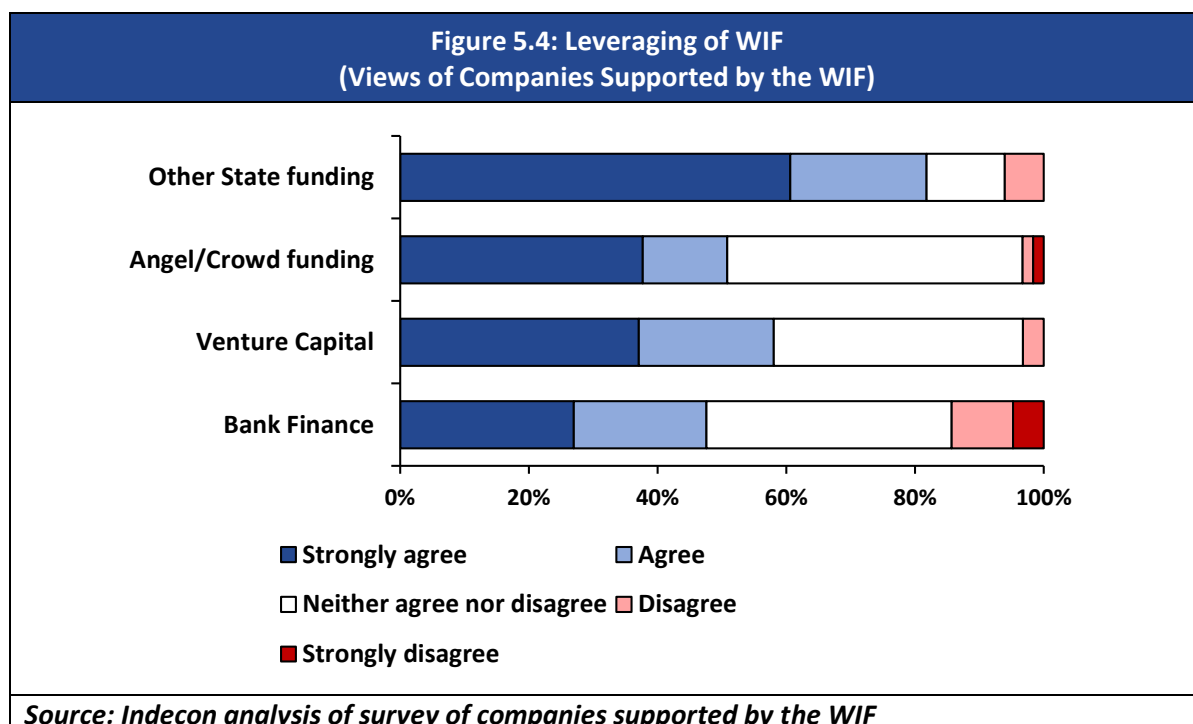
In 2012, Fountain Healthcare Partners and Delta Partners (both based in Dublin) invested in a series A funding round for Neuravi and in 2015 Life Science Partners (Amsterdam) invested in a high-profile series B funding round. Two years later, in 2017, Neuravi, was sold to a subsidiary of Johnson & Johnson. The WDC Investment Fund, along with other investors, recouped a significant return on investment. Today Neuravi employs one hundred people in Galway and Eamon is working on his third start up, Whiteswell, in which the WIF has also invested. The company is developing a new therapy system for treating acute decompensated heart failure (ADHF). The WDC Investment Fund was the leading Irish institutional investor in a \$30m series B funding round in 2018 as part of a broad syndicate that included investors from China, South America, and the US.



**Source: WDC**

### 5.3 Funds Leveraged Through WIF Funding

The WIF also has an impact by enabling companies to attract other sources of funding. The leveraging power of the WIF can be seen in the following figure where 82% of respondents strongly agreed or agreed that they could obtain other state funding. Over 58% strongly agreed or agreed that funding from venture capital was made easier with the presence of WIF. However, around 14.3% respectively disagreed or strongly disagreed that there was a correlation between the leveraging power of WIF and bank financing indicating that pre-revenue and early-stage companies continue to struggle to secure bank finance.

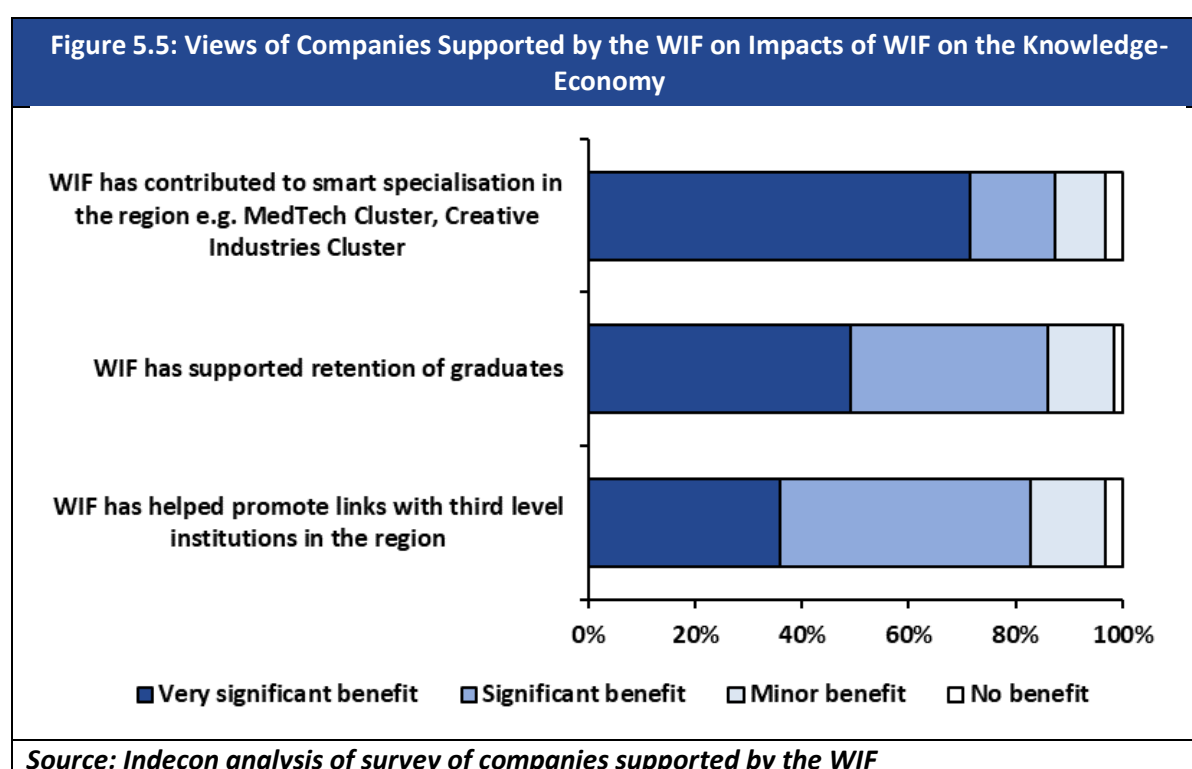


The following table shows that the total amount disbursed by the WIF (€61.4 million) has been leveraged with other sources of funding to get a total amount leveraged of over €273 million.

Table 5.4: Leveraging of WIF Funding	
	€ Million
Total Disbursed by WIF	61.36
Other State Funding	56.12
Promoter Funding	29.62
Other Private Funding	162.61
Bank Borrowings	24.42
<b>Total Amount Leveraged</b>	<b>273.13</b>
<i>Source: WDC data</i>	

## 5.4 Impact on the Knowledge-Economy

The majority of companies who responded indicated that the WIF has had a very significant benefit in terms of contribution to smart specialisation in the region. The WDC's Smart Atlantic Way project aims to deliver a pipeline of investments to the WIF through supporting innovative start-ups and the development of a "Smart" region. **Over 80% of respondents indicated that there was either a very significant or significant benefit from the WIF through supporting the retention of graduates and promoting links with third level institutions.** These benefits can be seen in the high levels of staff in companies that have graduate qualifications. The retention of such skills is critical in a knowledge-based economy. In a review of the conditions for economic growth in Ireland, the US Nobel Prize-winning economist Kenneth Arrow noted that "Graduate education plays a special role in facilitating the acquisition of advanced technologies."<sup>31</sup> Indecon believes this is a pre-condition for measures to assist in reducing the underperformance of the Western Region.



In the following table Indecon presents a case study of Peroptyx, a global technology company headquartered in Castlebar, Co. Mayo which provides specialised data with human insight for machine learning systems. The case study provides an example of how the WIF has supported development in the knowledge economy in the region and has enabled smart specialisation in the region.

<sup>31</sup> See Arrow, Kenneth J., Stanford University, 'Economic Growth Policy for a Small Economy' in Gray, A. W. (1997) "International Perspectives on the Irish Economy", Indecon Public Policy Services, ISBN O 953131807.

**Table 5.5: Case Study: Development of the Knowledge Economy (Peroptyx)**

Managing Director Paul McBride says, "Our platform and global network helps customers ensure their machine learning driven applications work as originally intended, from more locally relevant search results to safer directions from online maps to more reliable predictive models used in online retail."

Paul says the support and investment received from the WDC was invaluable. "From the outset, the WDC investment team were a trusted sounding board, from ideation through to the inception of the business" says Paul. "After the WDC investment, the level of interest in Peroptyx began to accelerate. The timing gave us the platform to raise additional funding from investors in Ireland, Europe and North America, allowing us to accelerate our global expansion plans."

From its headquarters in Castlebar, Co Mayo, Peroptyx continues to grow and is using the investment to hire for a number of roles in data science, data quality, instructional design, software engineering and global recruitment. The company is on track to grow its network to 30 countries over the next 12 months, with a longer-term objective to reach 100 countries over the next 5 years.

**Source: WDC**

### *Social Rate of Return on R&D Investment*

As noted in Indecon's recent study for the Department of Business Enterprise and Innovation (now Department of Enterprise, Trade and Employment):<sup>32</sup>

*"The merits of attempting some measure of R&D benefits reflects the fact that many of the gains from RD&I are thought to be external to the firm. Knowledge spillovers are an important aspect of agglomeration economies (Bottazzi and Peri, 2003). Evidence suggests that RD&I activities of one firm appear to have a positive influence on the productivity of RD&I by other firms."*

A range of studies that empirically examined both private and social rates of return to RD&I, suggested that the social rate of return is significantly higher than the private rate of return. Hill, Mairesse, and Mohnen conducted an analysis of econometric and other research measuring both economic and private returns to R&D and covering 50 years of economic research. The following table contains the findings of a number of the studies which estimate the private and social returns to R&D.

<sup>32</sup> <https://enterprise.gov.ie/en/Publications/Publication-files/Review-of-the-Enterprise-Agencies-Economic-Appraisal-Model.pdf>



Table 5.6: Sample of Papers Estimating Rate of Return on R&D Investment		
Private Rate of Return Estimate on R&D		
Study	Sample	Estimated Return
Bernstein and Nadiri (1990)	US, 35 firms	9% to 20%
Mohnen-Lepine (1991)	Canada, 12 manufacturing industries 1975, 77, 79, 81-83	5% to 275%
Mohnen-Nadiri-Prucha (1986)	1965-77	11% (US) 15% (Japan) 13% (Germany)
Bernstein-Mohnen (1998)	11 industries	44% (US) 47% (Japan)
Mohnen (1992)	OECD 5 countries	6% to 9%
Nadiri-Kim (1996)	7 countries	14% to 16%
Social Rate of Return Estimate on R&D		
Mansfield et al. (1977)	17 industrial innovations	Median social ROR: 56% Median private ROR: 25%
Tewksbury et al. (1980)	20 innovations	Median social ROR: 99% Median private ROR: 27%
Mohnen (1990)	Canadian manufacturing	29%
Mohnen (1992)	OECD 5 countries	4% to 18%
Coe-Helpman (1995)	22 countries	32%
<b>Source: Hill, Mairesse, and Mohnen</b>		

Indecon notes that the Enterprise Agencies Economic Appraisal Model includes a measure of the positive externalities arising from spillover benefits of research and development expenditures, using conservative estimates based on the previous table. The model suggests that the annual social rate of return of such expenditure would be between 3.5% and 7%. This would suggest a figure of between €2.53 million and €5.05 million annually for the research and development expenditure of companies supported by the WIF in 2020. The model suggests that spillovers from R&D expenditure extend beyond the year of the expenditure. Indecon has estimated that the present value of 20 years' worth of spillover from R&D expenditure to be between €34.4 and €68.6 million, using the conservative estimates of 3.5% and 7% for the social rate of return. It is important to note that these figures are based solely on R&D expenditure in 2020, with the lifetime of R&D expenditure having larger spillovers than one individual year<sup>33</sup>.

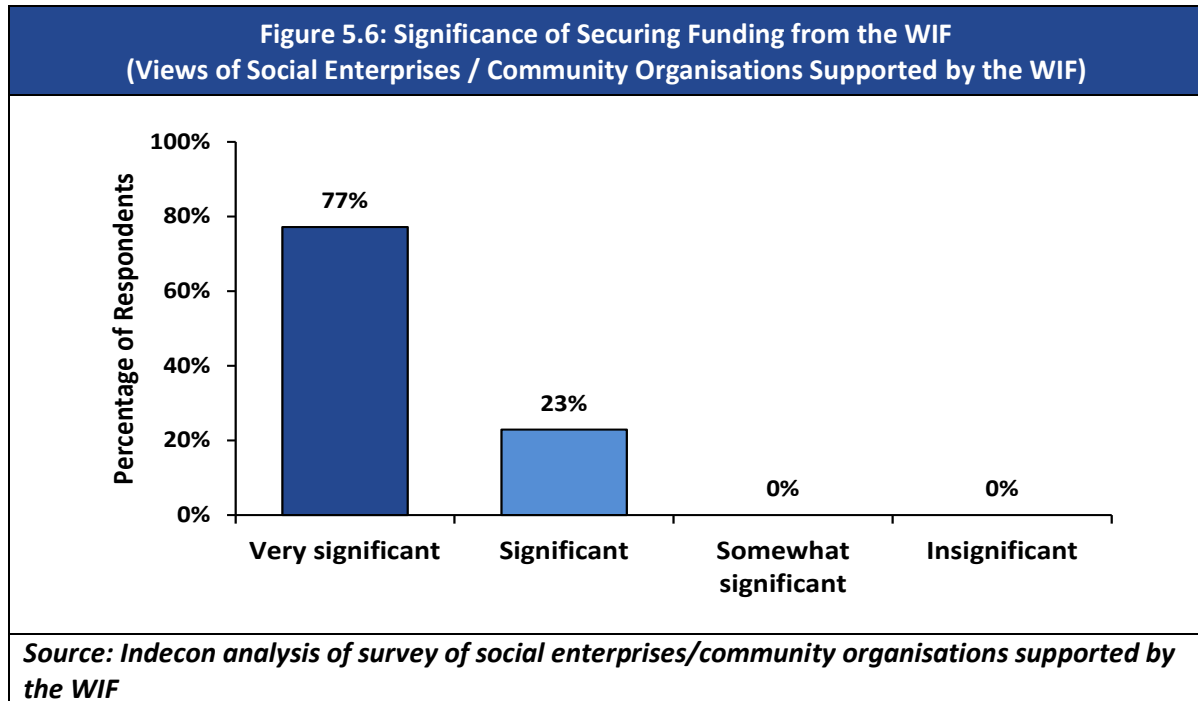
Table 5.7: Estimate of Social Rate of Return on R&D Expenditure in 2020		
	€ Million	
2020 R&D Expenditure	72.2	
Annual social rate of return based on:	2020 return	Twenty-year return*
3.5%	2.53	34.38
7.0%	5.05	68.63
<b>Source: Indecon analysis</b>		
<b>Note: * Discounted at 4% per year as per the Public Spending Code.</b>		

<sup>33</sup> This figure is subject to significant uncertainty but based on R&D expenditure of €396 million between 2001-2020 would indicate that the societal return could be between €13.9-27.7 per annum.

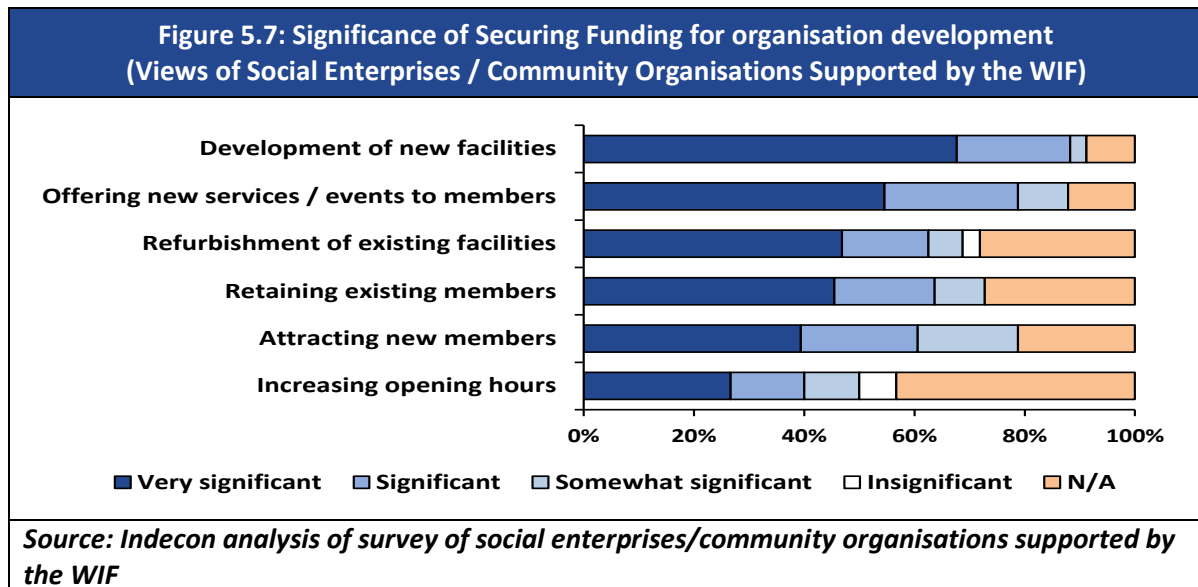


## 5.5 Impact on Society, Community and Quality of Life

It is also important to capture the impacts of the WIF on social enterprises and community organisations. Views of respondents on the significance of securing funding from the WIF for their organisation can be found in the following figure. **All respondents view securing funding from the WIF as being very significant (77%) and significant (23%).**



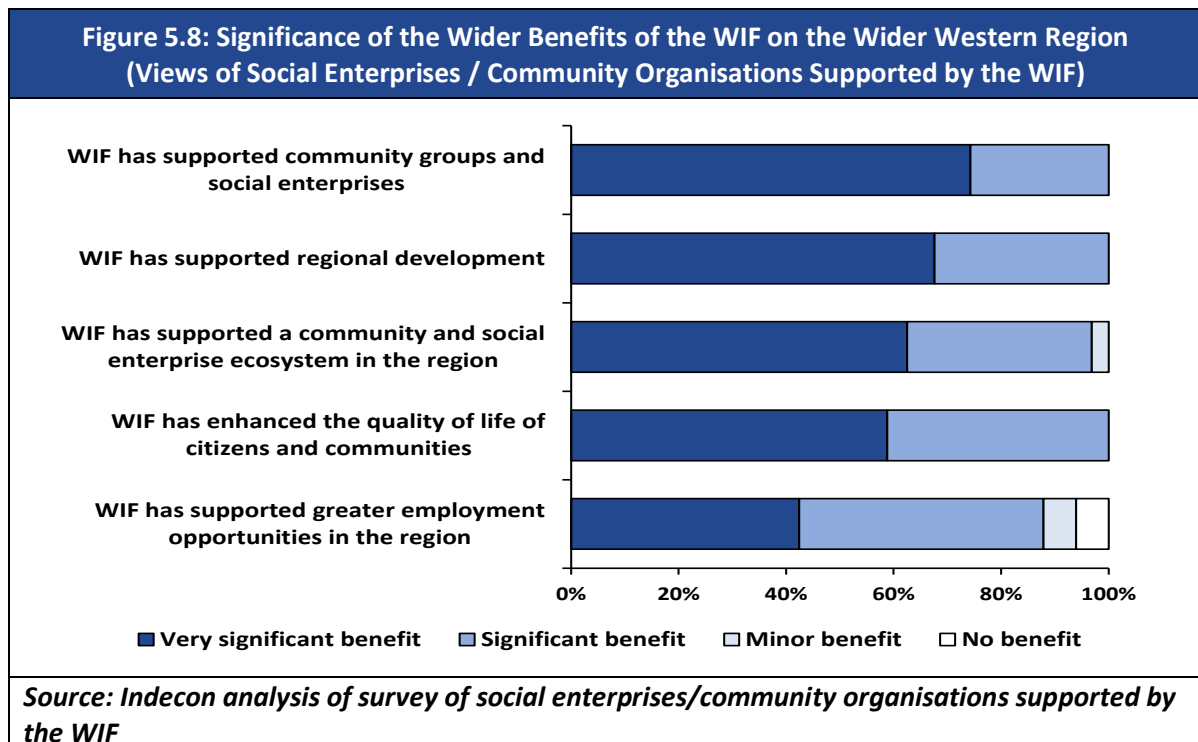
As depicted in the following figure, respondents regarded the development of new facilities to be a very significant or significant element at 88.2% and offering new services/events to members at approximately 80%. There were also very significant or significant impacts for over half of respondents concerning the refurbishment of existing facilities, retaining existing members and attracting new members.



Portrayed in the following figure are respondents' views on the significance of the wider benefits of the WIF in the Western Region. **100% of respondents viewed the WIF's support of the following to be a very significant or significant benefit:**

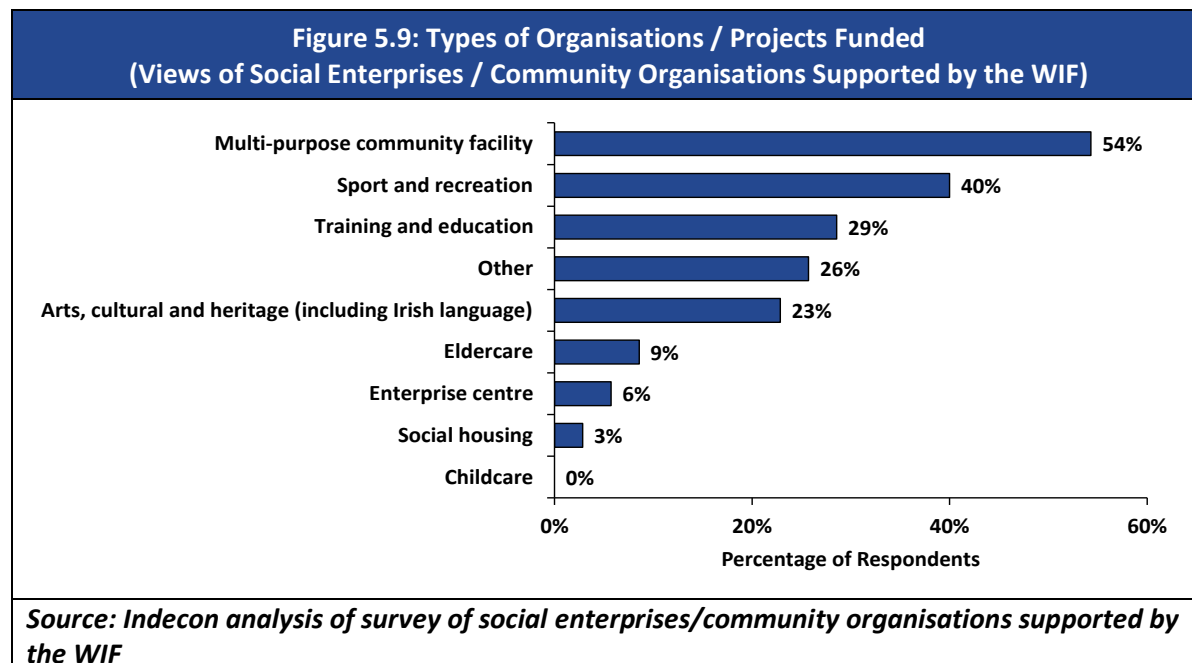
- Community groups and social enterprises;
- Regional development; and,
- Quality of life of citizens and communities.

Similarly, a very high percentage of respondents perceive that the WIF has supported a community and social enterprise ecosystem in the region and greater employment in the region.

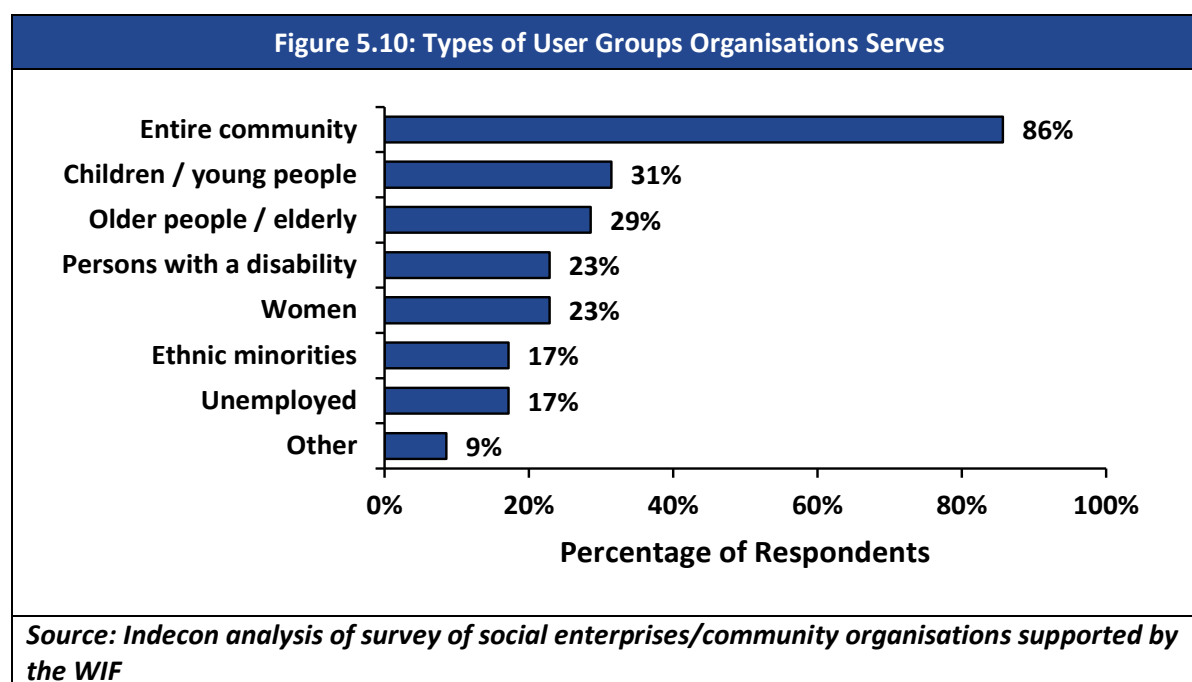


### Number and Types of User Groups Supported by Community Projects / Social Enterprises

The table below depicts the types of organisations and projects funded by the WIF. A majority (54%) of organisations and projects funded are multi-purpose community facilities and 40% are linked to sport and recreation, both of which encapsulate the largest percentages of organisations or projects funded, with 29% in training and education, and 23% in Arts, culture and heritage.



Represented in the table below is the type of user groups that respondent organisations serve. Over 85% of respondents state that their organisation serves the entire community. This may demonstrate the broad spectrum of benefits that the WIF has on communities in the wider western region. Some organisations serve specific user groups, with almost one-third of respondents indicating that they serve children and young people with a further 29% indicating that they serve older people.



The following table shows that community organisations had a significant number of users, members and volunteers. On average, respondent community organisations had almost 5,600 users a year. The median of 450 users/members a year indicates there are several large community organisations with user numbers above 10,000.

<b>Table 5.8: Average Number of Users and Volunteers of Organisations/Facilities (2019)</b>		
	<b>Mean</b>	<b>Median</b>
Number of users/members	5,589	450
Number of volunteers	23	12
<b>Source: Indecon analysis of survey of social enterprises/community organisations supported by the WIF</b>		

A selection of views from stakeholders, social enterprises and community organisations on the impact the WIF has on them, and the wider community is presented in the following table.

<b>Table 5.9: Views on Impact of WIF on the Social Enterprises and Community Groups</b>
“In addition to the provision of support for larger projects and initiatives, I am also keenly aware of enterprises and community groups who simply would not have progressed and developed without access to the WDC’s supports.”
“The WIF allowed this organisation to develop projects many other organisations would not entertain. At a time when this region was struggling economically, socially and in terms of infrastructure investment, the WIF provided a catalyst for enhancement in all of the above as well as aesthetically improving our area. The visibility of investment through the WIF brought both optimism and further investment to the region.”
“The money from the WIF was fundamental to our organisation being able to respond to COVID-19, increased costs and adapt to open a new premises saving the organisation from going under during COVID.”
“WIF is accessible for community groups, without which we would not be in the position we are in today. It looks at the community and how the fund benefits the community, therefore being community led. WIF staff working in the area are being extremely helpful. Without this fund we would not be in a position to receive LEADER funding, we would not have had the ability to complete a refurbishment on a new building and have a centre for the whole community to use.”
“An Organisation like WIF is very important in a rural community. Creating employment in a rural area both from a financial and social aspect is crucial in keeping rural Ireland alive. Providing funding to the different social groups ensures inclusion for every need in a community.”
“We used the WIF to support the purchase of major new infrastructure for people with disability. This ground-breaking project could not have been carried out without WIF.”
“Without the funding provided to us, we would not be able to provide the same services to the community that we do now.”
<b>Source: Indecon consultation programme with stakeholders</b>

The following table outlines a series of examples of how the WIF has supported community and social development.

**Table 5.10: Case Study: Supporting Community and Social Development**

**Muileann Coirce Leitir Teoranta**

Leitir Corn Mill was built in 1825 on the southern bank of the Glenaddragh River, in Kilcar, Co Donegal and reflects the artisanal and industrial heritage of rural Donegal. Few, if any, of Ireland's traditional corn mills have survived to the present day. A local community group, Muileann Coirce Leitir Teoranta are restoring the mill as a cultural heritage site with loan finance from the WIF.



**Lough Ree Access For all**

In 2021 Lough Ree Access for All celebrated the arrival of their new specialised boat, one that can accommodate up to eight wheelchair users at a time as well as the crew. The boat, which came all the way from Estonia, is the first of its kind in Ireland and Britain and was supported by a bridging loan through the WDC's investment fund. The project which took six years to complete was born out of ensuring people with disabilities feel included, equal and independent and to focus on their abilities and not their disabilities.





### Dungloe Tidy Towns

Dungloe Tidy Towns with the support of bridge finance from the Western Investment Fund developed a Riverwalk amenity in the town with a children's trail to create an enchanting and magical visitor attraction. The children's trail is a magical living storybook devised to take visitors through a trail of intertwined troll houses and art features, creating a childhood land with dragons, giants and bog trolls inspired by legend and mystical folklore. The trail is designed to encourage children to explore and investigate the forest/ riverwalk as a natural play environment while the art features will offer engagement and interaction, creating a unique space for adventure and creative play.



### Kilballyowen Development Company CLG

WDC provided loan finance to Kilballyowen Development Company in West Clare to renovate and refurbish Loophead Cottage as self-catering accommodation with sensory room for intellectually and physically challenged holiday makers and their families, a facility that did not exist in the county. The community is developing links with Irish Society for Autism, Irish Wheelchair Association, Brothers of Charity and Care Organisations.



### An Mheitheal Rothar

An Mheitheal Rothar – Galway’s Bike Workshop – was born from the idea that people could come together in a group or a cooperative, helping each other as part of a community. It sprang from humble beginnings with a workshop on the campus of NUIG where volunteers helped students repair their bikes, salvage old machines and pass on their mechanical skills to others. Since then, An Mheitheal Rothar – which is officially a cooperative – has become an unqualified success story. 10 years after its inception, the service acquired a new home at Galway Shopping Centre on the Headford Road. The workshop is funded from sales of second-hand bikes, paid repairs and services of bikes, and donations from those attending DIY workshops on a “pay what you can afford” basis. It has now widened its remit to become a multi-faceted community offering, with the support of the Western Development Commission.



### Eastern Harps GAA Club, Co Sligo

GAA is at the heart of many rural communities and none more so than the Eastern Harps GAA club in rural Co Sligo, a community-based volunteer organisation promoting Gaelic Games and Culture and lifelong participation in sport. The club is dedicated to ensuring that the activities promote and enrich the lives of the members, families and the entire community. They are committed to active lifelong participation for all, and to providing the best facilities possible. With support from the Western Investment Fund the Club built a club facility providing meeting rooms, training facilities and dressing rooms.

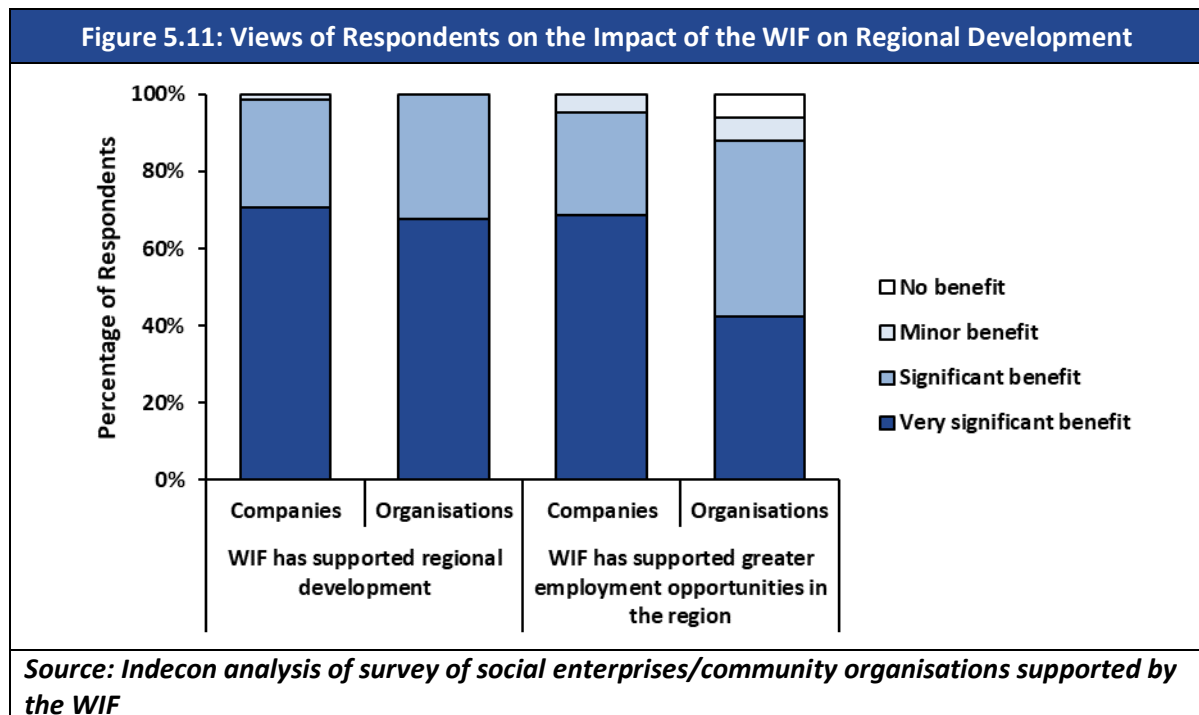


Source: WDC



## 5.6 Impact on Regional Development

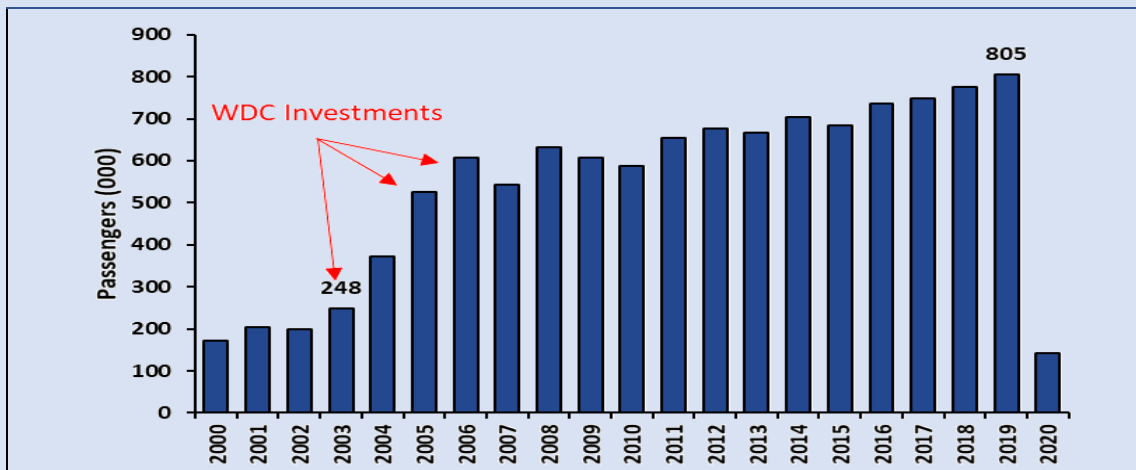
The WIF has had an impact on the development of the Western Region through supporting businesses, social enterprises and community organisations. The following figure shows the views of companies and organisations on the **impact of the WIF on regional development, with 100% of both cohorts indicating that the WIF has had a significant or very significant benefit**. Over 80% of respondents also indicated that the WIF had either a very significant or significant benefit of facilitating greater employment opportunities in the region.



The following table contains a case study on Ireland West (Knock) Airport in which WIF invested three times in the mid-2000s. The case study is an example of how the WIF has facilitated regional development and enabled sectors such as tourism to grow, whilst increasing connectivity for residents of the Western Region.

**Table 5.11: Case Study: The Impact of Ireland West Airport Knock**

The WIF made three investments in Ireland West Airport Knock in 2003, 2005 and 2006. The airport is currently the fourth largest in the Republic of Ireland, behind Dublin, Shannon and Cork airports. As shown in the following figure there has been significant growth in passenger numbers since the year in which the WIF first invested in the airport, with passenger numbers in 2019 225% higher than they were in 2003. Whilst this increase is not solely due to the investments made by the WIF, the investments did come at an important time in the growth of the airport. The pandemic has had a significant impact on passenger numbers, which saw a return to levels common at the start of the century.



**Source: Indecon analysis of WDC and CSO data**

The airport acts as a gateway to the Western Region for tourism and enterprise, as well as providing transport facilities for those living in the region. In terms of the economic impact of the airport, the following table shows estimates of the output, GVA, employment and exchequer impacts of the airport in 2018. The WDC's role in the development of the airport has assisted in achieving the economic impact of the airport. Research undertaken by EY indicates that the airport supported almost 3,200 jobs and had a GVA impact of over €130 million in 2018.

Estimated Economic Impact of Ireland West Airport Knock	
Output impact (€m)	€217m
GVA impact (€m)	€131m
Employment impact (FTEs)	3,177 jobs
Exchequer revenue (€m)	€34m
<b>Source: EY Research of Economic Impact of Knock Airport</b>	

**Source: Indecon analysis of WDC data**

## 5.7 Gender Balance of Companies and Organisations Supported by the WIF

The following table shows the average gender breakdown of Founders, C-suite, Senior Management and Boards of companies surveyed. There is a higher percentage of males across all areas of businesses responding, but there are a significant minority of females across the different positions. On average over a third of C-suite/senior management are female.

Table 5.12: Average Gender Breakdown of Founders / C-suite / Senior Management / Boards of Respondents			
	Female	Male	Rather not say
Founders	24.7%	73.7%	1.6%
C-suite / Senior Management	35.8%	64.2%	0.0%
Board	27.3%	72.7%	0.0%
<i>Source: Indecon analysis of survey of companies supported by the WIF</i>			

When comparing the average gender breakdown of C-suite/senior management of respondent companies funded by the WIF with CSO data, **companies supported by the WIF tend to have a more gender-balanced leadership team than typical companies**. On average 35.8% of C-suite/Senior Management roles in respondent companies were held by women, compared to an average of just 29.7% of females in senior executive roles in companies surveyed by the CSO in 2021.

Table 5.13: Average Gender Breakdown of C-suite / Senior Management of Respondents Compared to CSO Figures	
	Percentage who are Female
C-suite / Senior Management amongst WIF survey respondents	35.8%
CSO data:	
- Chief Executive Officers (CEOs)	13.4%
- Senior Executives	29.7%
- Chief Financial Officers (CFOs)	28.1%
<i>Source: Indecon analysis of survey of companies supported by the WIF and CSO data</i>	

In the following table Indecon presents a series of case studies of companies founded by women who have been supported by the WIF.

Table 5.14: Case Study: Supporting Female Founders

**Cerebron Technologies**

Cerebreon Technologies is a Fintech company that provides automation and analytics for the consumer debt recovery sector. Cerebreon provides early identification of financial distress and is critical for both the recovery of the debt but equally to protect the consumer and enable new financial trajectories. The availability of investment from the Western Investment Fund and the ability to create high-tech, progressive career opportunities outside of the traditional digital hubs was behind the move to Co Donegal for Gillian Doyle CEO and co-Founder. *“Investment from the WIF allowed us to unlock other private sector venture capital and this seed investment enabled the company to invest in the R&D required to develop the platform technology. There was also a strong appetite for improved work life balances when we founded the company and Donegal was a location that would provide this in abundance for our employees. Since starting, we have found more experienced people looking to return to the Northwest with their families and hence our retention with our local employees is much higher than those in the more urban settings.”* says Gillian.

**Good4U**

Good4U, set up in Sligo in 2013 focused on the production and marketing of the value-added ambient functional ingredients and snacks. The company now has a product range of more than 40 health food snacks made from natural ingredients and export globally. A family business, Bernie Bulter is the CEO, her daughters Michelle and Laura look after product development and sales and marketing, respectively, while her son Karol is head of the finance department. Combined, the operations have a staff of 37 and a customer base that includes Tesco UK, Waitrose, Sainsburys, Morrisons and Ocado.

Although the Sligo site had been a food plant, it needed considerable investment to meet the standards required by Good4U's flagship clients. *“In that situation, you need one party to say yes, and then another party will say yes. The WDC were the first to say yes to us, and I think we will be forever grateful to them for that. They were extremely supportive of us.”* Bernie Butler



Concerning board members, respondent companies supported by the WIF again appear to have a higher degree of gender balance than data available from the CSO. **On average 27.3% of board members of respondent WIF companies were female compared to 21.8% of boards of directors in the wider CSO data.**

**Table 5.15: Average Gender Breakdown of Boards of Respondents Compared to CSO Figures**

	Percentage who are Female
Board members amongst WIF survey respondents	27.3%
CSO data	
- Chairpersons	14.0%
- Boards of Directors	21.8%
<b>Source: Indecon analysis of survey of companies supported by the WIF and CSO data</b>	

Presented in the below table is the average gender breakdown of board/committee and management of respondents' organisations (the community and social enterprise sector). There is a slightly greater percentage of males in Board/Committee and management levels, 57% compared to 43% females but is approaching equal gender representation. This suggests that the **WIF-supported social enterprises and community organisations are close to achieving gender parity on the boards / committees and management.**



**Table 5.16: Average Gender Breakdown of Board / Committee / Management of Respondents' Social Enterprises and Community Organisations**

	Female	Male	Rather not say
Board / Committee	42.7%	57.3%	0.0%
Management	43.3%	56.7%	0.0%

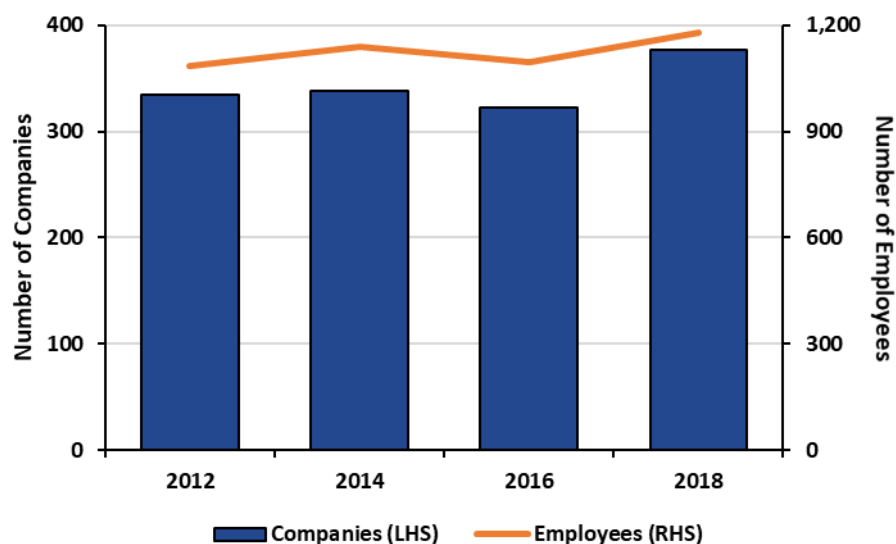
**Source: Indecon analysis of survey of social enterprises/community organisations supported by the WIF**

## 5.8 Impact on the Creative Industry

As noted previously the WIF has two dedicated sub-funds for the creative industries:

- WRAP Fund which is a dedicated investment fund for the audio-visual sector; and
- Micro-Loan Fund for the Creative Industries.

Estimates from Dr Patrick Collins indicate that approximately 160 additional jobs have been supported by the WRAP Fund and has increased the value of the industry to the region by over €11 million. These additional jobs would account for an over 10% increase in the number of employees in the sector in 2018.

**Figure 5.12: Number of Companies and Employees in the Audiovisual Industry in the West of Ireland**

**Source: Dr Patrick Collins (2020) "The Audiovisual Industry In The West of Ireland, The Role Of The WRAP Fund & The Case For Future Growth."**

The following table shows an example of the levels of employment supported in some WRAP funded productions in the region. Whilst not all of the employment supported in these productions would have been as a direct result of the WRAP Fund, the WRAP Fund would have been an important element in ensuring the production had the funding to be completed.

**Table 5.17: Example of Employment Supported by WRAP Productions in the Western Region**

	Production in Galway & Clare	Production in Mayo	Production in Galway
Crew member	69 (21 regional)	113 (20 regional)	60 (34 regional)
Cast members	16 (2 regional)	20	20 (5 regional)
Regional extras	234	274	23

**Source: Dr Patrick Collins (2020) "The Audiovisual Industry In The West of Ireland, The Role Of The WRAP Fund & The Case For Future Growth."**

The following table shows a selection of quotations from stakeholders and companies who responded to Indecon's stakeholder engagement and information requests.

**Table 5.18: Views on Impact of WIF on the Creative Industry**

"The WDC's direct support for the creative sector, in initiatives such as CREW, the WRAP fund, studio facilities, and the Creative Micro-loan initiative, has contributed to the increased recognition of the sector as an industry with significant future growth potential and to the recognition of the West as a creative region ideally suited to these industries. As well as attracting more Irish industry to the west, this is also fuelling significant FDI interest."

"The establishment of the WRAP Fund was crucial to attracting the screen industry to the region and in establishing a pool of talented professionals in the region."

"The WIF has been critical for the development of the creative industries in the West of Ireland. In the case of XXX, the WIF development funding for our XXX series provided invaluable financial support in the early stages of the project. This led to follow on funding from Screen Ireland and the series was pitched at Cartoon Forum 2020, which was held online due to the Covid pandemic. A Canadian Co-producer is now attached to the project and the ongoing development work is being carried out with them. The WIF funding provided the initial momentum to move the project forward. The WIF is also focused on the West of Ireland which provides much needed early stage and growth funding for businesses in the region without having to compete for funding with other more established companies on a national level."

**Source: Indecon consultation programme with stakeholders**



The following table outlines a case study on how the WDC and the WIF have helped support the creative economy in the Western Region.

**Table 5.19: Case Study: Supporting the Creative Economy**

The WDC has championed the growth of the Creative Economy in the Western Region since the late noughties with the publication of a Blueprint for the development of the sector, Creative West [Report] in 2009. The WDC identified the inherent strength of the creative assets unique to the region, and also because for innovators, entrepreneurs and visitors alike, a vibrant Creative Economy immeasurably adds to the value and opportunities of life in the region. The Creative Economy continues to be a Flagship project in the WDC's current strategy "Work Smarter Live Better." Examples of the actions undertaken by the WDC and the WIF in the development of the sector are outlined below.

#### **WRAP (Western Region Audio-visual Producers) Fund**

The WRAP Fund was set up to help build the region's audio-visual sector. It is a joint initiative between Ardán and WDC in association with local authorities in Clare, Donegal, Galway City, Galway County, Letirim, Mayo, Roscommon, Sligo and Údarás na Gaeltachta. The WRAP Fund is designed to provide strategic investment that encourages regional production activity across the film, television drama, animation and games sectors, to support local talent, create sustainable employment, build the audio-visual infrastructure and contribute to the culture and language of the Western Region. The WRAP Fund has supported acclaimed film and drama series such as the Irish crime thriller *Smother* (picture below) and *Calm with Horses*.



#### **WDC Micro-Loan Fund for the Creative Industries**

The Creative Industries Micro-Loan Fund began as an 'access to finance' initiative to help creative enterprises to start or grow their businesses. It makes funding available to sole traders, partnerships, businesses, co-operatives and groups operating in the creative industries sector by providing loan finance ranging from €5,000 to €25,000.

**Jackie Maurer** a ceramicist and educator who lives and works in the Burren near Ballyvaughan Co Clare received support from the micro loan fund to develop and expand her business. She has been educating and practising in the field of ceramics for over 15 years.



### CREW – Creative Enterprise West

CREW is a collaborative initiative between the Western Development Commission, GMIT and Galway Film Centre to develop and support the CreaTech sector along the Atlantic Economic Corridor. In addition to a flagship Innovation Hub which will be home to 180 creatives in indigenous start-ups and FDI companies, CREW will also cater for training, networking and business events which will bring together start-ups, the creative enterprise sector, students, academics and the local community. The initiative builds on the existing cluster of digital creatives in the region to support business growth, innovation competitiveness and job creation. The WIF is providing €1m in loan finance to the project.



**Source: WDC**

## 5.9 Summary of Key Findings

The key findings from this section are summarised below:

- 96% of companies indicated that securing funding from the WIF was very significant (75%) or significant (21%) for their business, highlighting the importance of the WIF to them. Of particular importance was the WIF's impact on them securing seed funding and developing technology/products/services for business development. But a high proportion of companies that it was applicable to stated that WIF as a source of Series A funding was also very important.
- Respondents supported the idea that the WIF has had a very significant impact on the development of an equity culture and has supported an enterprise ecosystem in the Western Region.
- The majority of respondents indicated that WIF funding had enabled them to leverage additional funding sources. WDC data indicates that a total of over €270 million was leveraged from the €66.2 million in WIF funding since 2001.
- The majority of companies who responded indicated that the WIF has had a very significant benefit in terms of contribution to smart specialisation, in the Life Sciences/MedTech and creative sectors in particular, in the region. Additionally, over 80% of respondents indicated that there was either a very significant or significant benefit from the WIF through supporting the retention of graduates and promoting links with third level institutions.
- Indecon estimates that the R&D expenditure by companies supported by the WIF has had positive spillover effects on the rest of the economy. Indecon's modelling suggests an annual social return of between €2.27 million and €5.54 million for the research and development expenditure of companies supported by the WIF in 2020. Indecon has estimated that the present value of ten years' worth of spillover from R&D expenditure to be between €19.1 and €38.3 million, using the conservative estimates of 3.5% and 7% for the social rate of return.
- The WIF has had a significant impact on community organisations and social enterprises. WIF funding has enabled organisations to develop new facilities, offer new services/events to members, refurbish existing facilities, retain existing members and attract new members. A majority (54%) of organisations and projects funded are multi-purpose community facilities and 40% are linked to sport and recreation. The vast majority of respondents indicated that they supported all members of the community whilst a significant minority had specific focuses on young people/children and the elderly.
- In terms of the impact on regional development, the majority of respondents indicated that the WIF has had a very significant impact on regional development in the Western Region. One example of this is through the strategic investment in Ireland West Airport (Knock) which has facilitated an increase in passenger numbers in the airport. These investments have helped to enable tourists to visit the area, as well as increased transport options for those living and businesses in the Western Region.
- Companies supported by the WIF tend to have a more gender-balanced leadership team than typical companies. On average 35.8% of C-suite/Senior Management roles in respondent companies were held by women, compared to an average of just 29.7% of females in senior executive roles in companies surveyed by the CSO in 2021.

- Through its funds supporting the creative industry, the WIF has had an impact on the audio-visual sector in the Western Region. Recent estimates suggest that the WRAP Fund has supported an additional 160 employees in the audiovisual sector in the Western Region.

## 6 Conclusions

### 6.1 Introduction

In this section, Indecon presents a summary of the key economic impacts of the WIF, as well as a summary of its social impacts. In interpreting the detailed findings, Indecon believes it is important to note the wider context for the Western Development Commission and the Western Investment Fund. The Western Region is a 'lagging' region which is why the WDC was established and the WIF is one of its key delivery mechanisms. Addressing regional disparity is aligned with national and EU policy objectives. As part of the research, an investigation has been undertaken of the role of WIF in addressing regional deficiencies and in the creation of knowledge-based employment and the facilitation of business R&D. We have also examined the role of the WIF in graduate retention and in fostering an enterprise ecosystem and in community/social enterprise development.

### 6.2 Summary of Key Economic Impacts

The following figure and table contains a summary of the direct and wider economic impacts of the companies supported by the WIF, as presented in Sections 3 and 4.

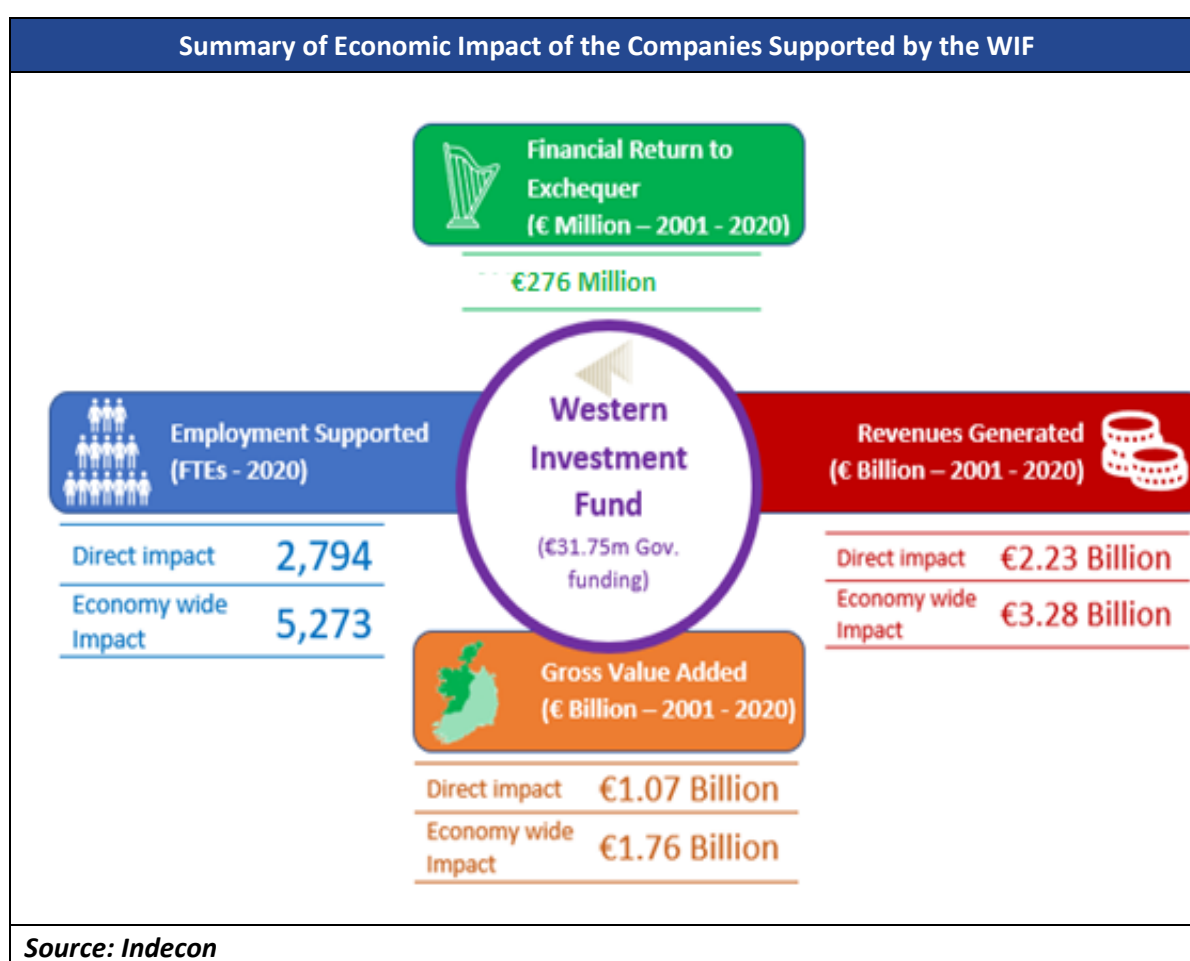


Table 6.1: Summary of Economic Impacts of the Companies Supported by the WIF		
	2020	2001 - 2020
<b>Direct Economic Impacts</b>		
Employment (FTEs)	2,794	24,606*
Employment incomes supported (€m)	135.2	965
Turnover / Revenue (€m)	287.6	2,232
Exports (€m)	207.5	1,611
R&D Expenditure (€m)	72.2	396
Tax and PRSI Expenditure (€m)	35.9	276
<b>Wider Economic Impacts</b>		
Employment (FTEs)	5,273	45,594*
Employment incomes supported (€m)	217.7	1,611
Turnover / Revenue (€m)	395.0	3,277
Exports (€m)	218.4	1,759
<b>Source: Indecon analysis of survey data, data provided by WDC and annual reports.</b> <b>Note: Figure based on FTE-years. For example, if an FTE was employed in 2018 and 2019, they would count as two FTE-years</b>		

### 6.3 Summary of Broader Social and Economic Impacts

The WIF has also had positive impacts on wider society in the Western Region. WIF funding has enabled organisations to develop new facilities, offer new services/events to members, refurbish existing facilities, retain existing members and attract new members. Many of organisations and projects funded are multi-purpose community facilities or are linked to sport and recreation and other uses. The vast majority of respondents indicated that they supported all members of the community whilst a significant minority had specific focuses on young people/children and the elderly.

The direct economic impact has supported regional development. One example of this is through the strategic investment in the Ireland West Airport (Knock) which has facilitated an increase in passenger numbers in the airport. These investments have helped to enable tourists to visit the area, as well as increased transport options for businesses and those living in the Western Region.

The WIF has also helped to foster an enterprise ecosystem in the Western Region, helping companies grow and develop. Ninety six percent of companies indicated that securing funding from the WIF was very significant (75%) or significant (21%) for their business, highlighting the importance of the WIF to them. Of particular importance was the WIF's impact on them securing seed funding and developing technology/products/services for business development. But a high proportion of companies that it was applicable to stated that WIF as a source of Series A funding was also very important. Indecon's survey research suggests that the WIF has had a very significant impact on the development of an equity culture and has supported an enterprise ecosystem in the Western Region. The majority of respondents indicated that WIF funding had enabled them to leverage additional



funding sources. WDC data indicates that a total of over €273 million was leveraged from the €61.3 million in WIF funding since 2001. This indicates that for every €1 of WIF funding, over €4.5 in additional funding was secured.

Companies surveyed indicated that the WIF has had a significant benefit in terms of contribution to smart specialisation. Such smart specialisation is a key component of overall industrial strategic objectives for the region. Additionally, over 80% of respondents indicated that there was either a benefit from the WIF through supporting the retention of graduates and promoting links with third level institutions. The retention of such skills is critical in a knowledge-based economy. In a review of the conditions for economic growth in Ireland, the US Nobel Prize-winning economist Kenneth Arrow noted that “Graduate education plays a special role in facilitating the acquisition of advanced technologies.”<sup>34</sup> Indecon believes this is a pre-condition for measures to assist in reducing the underperformance of the Western Region.

Indecon estimates that the R&D expenditure by companies supported by the WIF has had positive spillover effects on the economy. Indecon’s modelling suggests an annual social return of between €2.53 million and €5.05 million for the research and development expenditure of companies supported by the WIF in 2020. Indecon has estimated that the present value of ten years’ worth of spillover from R&D expenditure to be between €21.3 and €42.6 million.

## 6.4 Overall Conclusion

**Indecon independent research suggests that the Western Investment Fund has had a significant economic and social impact on the Western Region since its inception.** The empirical evidence examined shows that over the twenty years from 2001 to 2020, companies supported by the WIF generated over €2.2 billion in revenues and over €0.9 billion in gross value added (GVA). These companies have also paid approximately €276 million in exchequer tax contributions over the twenty years. When indirect and induced impacts are included, the economy-wide output impact of the WIF is estimated to be almost €3.3 billion, with economy-wide GVA estimated to be €1.76 billion. In terms of employment supported Indecon estimates that approximately 2,800 FTEs in 2020 were supported in companies and organisations supported by the WIF. The indirect and induced impacts of this employment lead to an estimated 5,273 FTEs in the wider economy. When employment in companies supported by enterprise centres that the WIF has invested in is included, the WIF is estimated to have supported around 5,500 to 6,000 FTEs in the wider economy in 2020.

## 6.5 Recommendations

The following table provides a summary of the recommendations for consideration by the Board of the WDC, with these recommendations discussed in greater detail below.

<sup>34</sup> See Arrow, Kenneth J., Stanford University, ‘Economic Growth Policy for a Small Economy’ in Gray, A. W. (1997) ‘International Perspectives on the Irish Economy’, Indecon Public Policy Services, ISBN O 953131807.



**Table 6.2: Recommendations for Consideration**

1. Indecon recommends that the WDC continues to operate the WDC Western Investment Fund in the light of the economic and social impacts achieved to date.
2. In order to maximise the regional contribution of the Fund, Indecon recommends that every measure should be taken to enhance the impact on the whole of the Western Region and support more investment opportunities in the counties in the region outside of Galway.
3. Indecon recommends that the WDC should publish a regular review of the companies assisted by the Fund. This should examine, on a regular basis, the metrics included in this overall socio-economic impact report.
<b>Source: Indecon</b>

**1. Indecon recommends that the WDC continues to operate the WDC Western Investment Fund in the light of the economic and social impacts achieved to date.**

As outlined previously, the Western Investment fund has had a significant impact on the Western Region, encouraging economic and social development in the region. Indecon estimates that companies and organisations supported by the WIF directly, supported almost 2,800 FTEs in 2020. These companies generated almost €290 million in revenues in 2020, with just over 70% of these revenues in the form of exports. The WIF has had positive impacts on wider society in the Western Region through its Community Loan Fund. WIF funding has enabled almost 100 social enterprises and community organisations, the majority in rural areas to develop new facilities, offer new services/events to their communities, refurbish existing facilities, retain existing members and attract new members. As noted previously these impacts are helping to achieving aims and objectives of national and European policies, such as the National Development Plan, Our Rural Future and the EU Cohesion Policy. As such, it is important that the WDC continues to operate the Western Investment Fund in order for these impacts to be generated in the future.

**2. In order to maximise the regional contribution of the WIF, Indecon recommends that every measure should be taken to enhance the impact on the whole of the Western Region and support more investment opportunities in the counties in the region outside of Galway.**

Indecon's analysis shows that whilst there is a significant regional spread across the regions in social enterprises and community organisations, there is a concentration of business-related investment in Galway. This is in part due to the success of the MedTech sector, which is predominantly located in Galway within the Western Region. Through the continued support of accelerators, hubs and enterprises centres, Indecon believes that a pipeline of potential investments in the wider Western Region will be generated, as start-ups are first supported by these enterprises centres and accelerators before applying to the WIF for investment funding. The WDC's report "Creating an Atlantic Ecosystem" highlights the potential for leveraging and integrating regional assets to develop an innovative region along the Atlantic coast.

**3. Indecon recommends that the WDC should publish a regular review of the companies assisted by the WIF.**

Indecon recommends that the WDC should publish a regular review of the companies assisted by the Fund. This should examine on a regular basis, the metrics included in this overall socio-economic impact report. This would ensure that the WDC is aware of the key trends in the economic impacts of its investments, and whether there have been major changes in the location of employment and economic activity supported. Indecon acknowledges that undertaking this kind of review on an annual basis is a very large undertaking especially due to the number of companies/projects that have exited the portfolio but who still generate economic impact in the region. The survey which informed much of this research was a significant undertaking, with Indecon ably supported by those in the WDC to ensure a high response rate. It should be possible to use the base data collected by Indecon and update for the Top 10 companies on an annual basis with a more comprehensive review done every three to five years potentially. This would enable the WDC to use the results for strategic planning, as well as for marketing and promotional purposes. This might help to attract potential companies for investment in areas that are currently not in receipt of as much investment as other areas.

## Annex 1 Views of Respondents on Potential Areas for Future Development

Table A1.1: Views on Potential Areas for Future Development
<b>Views of Companies</b>
"Help businesses compete on social media, upskill employees on newest trends."
"Mentorship opportunities would be great for those beginning businesses in the region."
"One area I believe could be improved is to have the opportunity to meet other portfolio companies as there are very distinct challenges to operating a business in the North/West and peer to peer learns would be really helpful under this lens. Although the companies operate in different markets, aspects such as employment, talent sourcing, wage disparity between city and rural etc. would be fantastic to hear about from other companies that are growth/scale businesses and not lifestyle."
"It might be interesting for WIF to become part of the wider European Regional Funding organisations (Cinerregio) to foster further European co-productions in the regions and to encourage reciprocity between the funds."
"Specific support for companies by way of consultation and mentorship to help companies grow and internationalise."
"Invest in Companies that might be headquartered in Dublin but open a West Ireland office doing R&D perhaps."
"For many software start-ups in the West of Ireland, the move to Series A is a very challenging. This means many software start-ups look for a trade exit rather than scaling up. It would be great if WIF could build a solid network with VCs capable of leading a Series A investment to enable companies to scale."
<b>Views of Social Enterprises and Community Organisations</b>
"Internet hubs and working centres to encourage repopulation of the rural community."
"The WIF support service for bridging funding is presently not available for non-state grant aid offers - we feel it would be beneficial if was made available to help support private funds such as wind farm community grants etc for the betterment of the community."
"To give competitive term loans to community groups."
"Perhaps low-interest long term loans, even if they were relatively small, up to 50k with simple applications. The complexity of business planning and manhours associated is completely off-putting for volunteers and often they are not motivated by microeconomics, e.g. door receipts. It's somewhat akin to the CU model, it's based on trust and track record of the people involved."
"The rural communities are in need of experienced, trained people to work on development however there are very few if any funding sources available for employment purposes. In developing future funding mechanisms, consideration should be given to the inclusion of employing those capable of delivering sustainable rural and community development remits."
"Majority of funding available to Community & Voluntary organisations specify that the funding will not be given to the organisation until the project has been completed and proof of receipts payment have been made. Therefore, Community & Voluntary groups are dependent on securing additional funds in their account to implement the project before they can draw down the grant. It would be great if WIF could provide bridging loans to smaller groups they do not have any other sources of income e.g. Men's Shed, Active Retirement groups etc."
"Need to concentrate on developing the natural resources in rural areas, small food businesses, alternative use of marginal land i.e. horticulture to focus on organic vegetables, fruit and flowers. Survey, business development and funding of tourist attractions in rural areas."

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“Provide assistance with feasibility studies for community projects. For example identifying walks and other projects can sometimes be a large cost for a community group before it gets to the funding stage.”

***Source: Indecon consultation programme with stakeholders***

## Annex 2 Sectoral Breakdown of Investments by County

Breakdown of Projects Supported by Sector (Clare)					
Sector	Number of Projects	Percentage of Projects	Amount Dispersed (€m)	Percentage of Total Dispersed	Average Dispersal Per Project
MedTech and Life Sciences	1	7.7%	0.50	21.9%	500,000
Technology	1	7.7%	0.99	43.3%	987,000
Social Enterprise / Community Development	6	46.2%	0.49	21.7%	82,380
Manufacturing	0	0.0%	0.00	0.0%	N/A
Natural Resources / Food	0	0.0%	0.00	0.0%	N/A
Creative Industries	4	30.8%	0.05	2.0%	11,250
Tourism	1	7.7%	0.25	11.1%	253,947
<b>Total</b>	<b>13</b>	<b>100%</b>	<b>2.28</b>	<b>100%</b>	<b>175,402</b>
<i>Source: WDC data</i>					

Breakdown of Projects Supported by Sector (Donegal)					
Sector	Number of Projects	Percentage of Projects	Amount Dispersed (€m)	Percentage of Total Dispersed	Average Dispersal Per Project
MedTech and Life Sciences	0	0.0%	0.00	0.0%	N/A
Technology	5	25.0%	3.10	53.0%	620,200
Social Enterprise / Community Development	6	30.0%	0.43	7.4%	72,109
Manufacturing	2	10.0%	0.40	6.8%	200,000
Natural Resources / Food	4	20.0%	1.58	26.9%	394,244
Creative Industries	2	10.0%	0.03	0.4%	12,500
Tourism	1	5.0%	0.32	5.4%	317,435
<b>Total</b>	<b>20</b>	<b>100%</b>	<b>5.85</b>	<b>100%</b>	<b>292,653</b>
<i>Source: WDC data</i>					

Breakdown of Projects Supported by Sector (Galway City)					
Sector	Number of Projects	Percentage of Projects	Amount Dispersed (€m)	Percentage of Total Dispersed	Average Dispersal Per Project
MedTech and Life Sciences	23	46.0%	14.20	67.2%	617,440
Technology	10	20.0%	4.86	23.0%	485,803
Social Enterprise / Community Development	4	8.0%	0.37	1.8%	92,900
Manufacturing	0	0.0%	0.00	0.0%	N/A
Natural Resources / Food	2	4.0%	0.38	1.8%	187,500
Creative Industries	11	22.0%	1.32	6.3%	120,341
Tourism	0	0.0%	0.00	0.0%	N/A
<b>Total</b>	<b>50</b>	<b>100%</b>	<b>21.13</b>	<b>100%</b>	<b>422,590</b>
<i>Source: WDC data</i>					

Breakdown of Projects Supported by Sector (Galway County)					
Sector	Number of Projects	Percentage of Projects	Amount Dispersed (€m)	Percentage of Total Dispersed	Average Dispersal Per Project
MedTech and Life Sciences	9	23.7%	4.58	38.7%	509,228
Technology	2	5.3%	0.90	7.6%	450,000
Social Enterprise / Community Development	10	26.3%	0.76	6.4%	75,712
Manufacturing	6	15.8%	2.70	22.8%	449,572
Natural Resources / Food	2	5.3%	2.65	22.4%	1,325,000
Creative Industries	9	23.7%	0.27	2.3%	29,861
Tourism	0	0.0%	0.00	0.0%	N/A
<b>Total</b>	<b>38</b>	<b>100%</b>	<b>11.86</b>	<b>100%</b>	<b>312,010</b>
<i>Source: WDC data</i>					

Breakdown of Projects Supported by Sector (Leitrim)					
Sector	Number of Projects	Percentage of Projects	Amount Dispersed (€m)	Percentage of Total Dispersed	Average Dispersal Per Project
MedTech and Life Sciences	0	0.0%	0.00	0.0%	N/A
Technology	1	5.9%	0.38	22.1%	380,487
Social Enterprise / Community Development	13	76.5%	0.96	55.8%	73,966
Manufacturing	0	0.0%	0.00	0.0%	N/A
Natural Resources / Food	1	5.9%	0.06	3.5%	60,000
Creative Industries	1	5.9%	0.07	4.1%	70,000
Tourism	1	5.9%	0.25	14.5%	250,000
<b>Total</b>	<b>17</b>	<b>100%</b>	<b>1.72</b>	<b>100%</b>	<b>101,297</b>
<i>Source: WDC data</i>					

Breakdown of Projects Supported by Sector (Mayo)					
Sector	Number of Projects	Percentage of Projects	Amount Dispersed (€m)	Percentage of Total Dispersed	Average Dispersal Per Project
MedTech and Life Sciences	4	11.8%	1.75	16.5%	436,250
Technology	2	5.9%	0.36	3.4%	181,744
Social Enterprise / Community Development	14	41.2%	2.89	27.4%	206,660
Manufacturing	3	8.8%	1.98	18.8%	661,333
Natural Resources / Food	3	8.8%	0.37	3.5%	122,333
Creative Industries	6	17.6%	0.57	5.4%	95,583
Tourism	2	5.9%	2.63	24.9%	1,317,218
<b>Total</b>	<b>34</b>	<b>100%</b>	<b>10.56</b>	<b>100%</b>	<b>310,608</b>
<i>Source: WDC data</i>					



Breakdown of Projects Supported by Sector (Roscommon)					
Sector	Number of Projects	Percentage of Projects	Amount Dispersed (€m)	Percentage of Total Dispersed	Average Dispersal Per Project
MedTech and Life Sciences	1	2.7%	0.62	12.5%	617,766
Technology	2	5.4%	1.12	22.8%	561,467
Social Enterprise / Community Development	23	62.2%	1.48	30.1%	64,428
Manufacturing	4	10.8%	1.33	26.9%	331,250
Natural Resources / Food	1	2.7%	0.10	2.0%	100,000
Creative Industries	5	13.5%	0.22	4.4%	43,400
Tourism	1	2.7%	0.06	1.3%	62,895
<b>Total</b>	<b>37</b>	<b>100%</b>	<b>4.93</b>	<b>100%</b>	<b>133,174</b>
<i>Source: WDC data</i>					

Breakdown of Projects Supported by Sector (Sligo)					
Sector	Number of Projects	Percentage of Projects	Amount Dispersed (€m)	Percentage of Total Dispersed	Average Dispersal Per Project
MedTech and Life Sciences	0	0.0%	0.00	0.0%	N/A
Technology	2	8.0%	1.05	34.7%	525,935
Social Enterprise / Community Development	11	44.0%	0.85	28.1%	77,618
Manufacturing	1	4.0%	0.52	17.0%	517,434
Natural Resources / Food	1	4.0%	0.30	9.9%	300,000
Creative Industries	10	40.0%	0.31	10.3%	31,200
Tourism	0	0.0%	0.00	0.0%	N/A
<b>Total</b>	<b>25</b>	<b>100%</b>	<b>3.04</b>	<b>100%</b>	<b>121,404</b>
<i>Source: WDC data</i>					

