



EXCELLENCE INNOVATION CREATIVITY



ANNUAL REPORT



CONTENTS

Chairperson's Foreword	1
Chief Executive's Report	2
■ Introduction	4
■ Section 1 Promoting the Region	8
■ Section 2 Economic Infrastructure	14
■ Section 3 WDC Investment Fund	18
■ Section 4 Rural Development	22
■ Section 5 Corporate Services	28
■ Appendices	
Appendix 1 WDC Members	35
Appendix 2 WDC Staff	36
Appendix 3 FAP Members	37
Appendix 4 2006 Investments	38
■ Abbreviations	40

CHAIRPERSON'S FOREWORD

Creating an environment where the Western Region can participate fully in a modern economy continues to be the driving force behind the Western Development Commission WDC Strategy 2004-2006. The Annual Report for 2006 details the final year of this three year strategy.

Four strategic aims underpin the WDC strategy: promoting the positive living and working conditions that the Western Region has to offer; advocating the development of strategic regional infrastructure; continuing to support an enterprise environment and develop a venture capital culture through the WDC Investment Fund; and creating innovative approaches to supporting, developing and sustaining rural enterprises.

I am satisfied that the WDC, through its work in 2006, has made a significant contribution to creating a positive future for the people of the Western Region.

In 2006 the WDC members continued their commitment to achieving the highest standards of corporate governance, commensurate with the organisation's responsibilities as a statutory body. In doing so the WDC applies the principle of good governance, as set out in the Code of Practice for the Governance of State Bodies. The WDC members and management are committed to ensuring that all of their activities are governed by the considerations implicit in the Code.

I would like to thank all those who worked with and supported the WDC in 2006, in particular Mr Éamon Ó Cuív, TD, Minister for Community, Rural and Gaeltacht Affairs, my fellow Commission members and all those who participated in the various advisory panels, workshops and seminars that enabled the WDC to carry out its remit in partnership with the public, private and community sectors. I would also like to compliment Chief Executive Gillian Buckley and her predecessor Lisa McAllister, and the staff on their dedication and accomplishments in 2006. The WDC looks forward to the development of a new three year strategy in 2007 which will build on the successes to date and continue to improve the social and economic development of the Western Region.



Michael Farrell
Chairperson

CHIEF EXECUTIVE'S REPORT

2006 was another significant year for the WDC and the final year of our 2004-2006 strategic planning period.

It was also an important year for national policy developments and at the start of the year one of the WDC's key areas of work was the preparation of our submission to the new National Development Plan (NDP) 2007-2013. Our submission emphasised that balanced regional development needed to be central to the new Plan, not just for the benefit of the regions but to ensure the sustainable future of the country as a whole. We were therefore pleased that regional development and the rural economy are both prioritised in the new NDP 2007-2013.

In 2006 the WDC continued to argue for the improvement of the road linkages between the gateway and hub centres in our region. We consider the development of such links, in particular upgrading the Atlantic Road Corridor to dual-carriageway standard, as critical to strengthening the western counties' competitiveness as locations for investment. 2006 also saw the announcement of the re-opening of the Western Rail Corridor of which the WDC has been an advocate. This environmentally sustainable piece of infrastructure will further enhance inter-regional connectivity.

There were particular achievements in the area of energy provision this year, with the WDC playing a key role in the decision to amend the gas connections policy of the Commission for Energy Regulation. This policy amendment

means that eleven towns in counties Mayo and Galway now qualify for connection to the gas grid.

A new initiative under our 2004-2006 strategic statement was the development of the WDC's LookWest.ie campaign. The campaign has been highly successful in promoting the positive living and working benefits of the Western Region. In 2006 we saw an increased level of activity with the number of visits to our website, increasing by 82% over the 2005 level. We also introduced a registration facility which attracted hundreds of people who are interested in moving to the Western Region. Information gathered on these people's skills will strengthen the case for attracting indigenous and foreign investment into the region.

At the very core of the WDC's remit is the development of rural areas. In 2006 we continued to work with partners from the private, public and voluntary sectors to progress innovative projects in the rural tourism, organic agri-food and renewable energy sectors. The Green Box, Walking in the West and the Tourism Tastes Trail each of which cover large geographical areas in the region are now a significant part of the tourism product offering. The WDC has played a proactive development role in each of these initiatives.

CHIEF EXECUTIVE'S REPORT

In 2006 the WDC moved into an exciting new area when we began researching the Biomass sector. This research indicates huge potential for employment and wealth creation in the rural economy and the WDC will continue to deepen its strategic regional role in the development of this sector into the future.

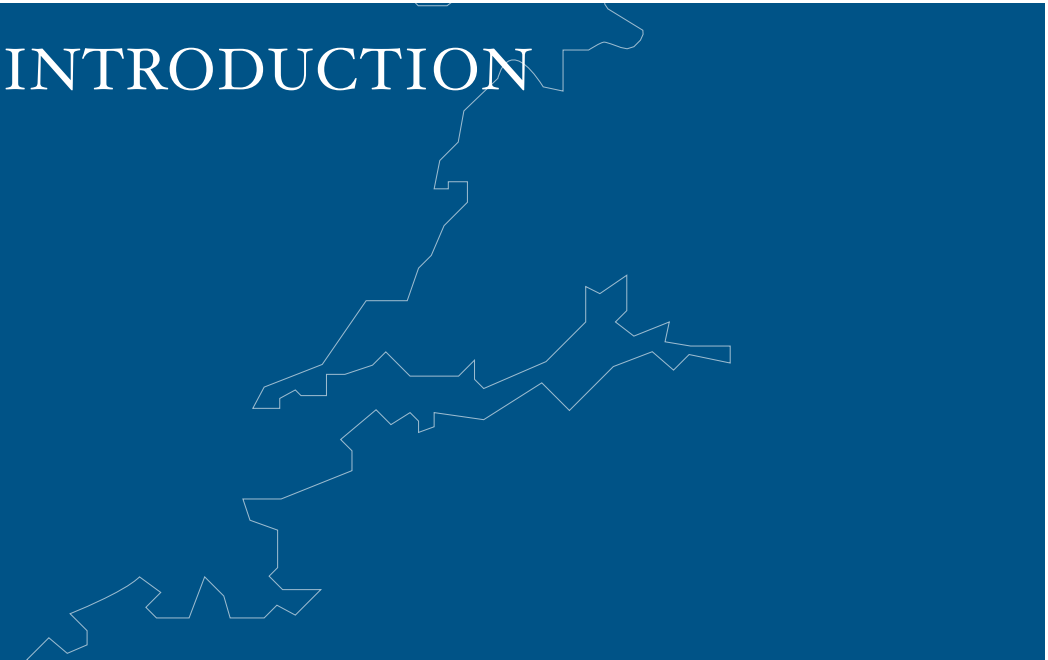
The WDC Investment Fund made a significant level of investment during 2006 in small and medium-sized enterprises and community projects, as well as strategic investments in Maoiniú Mara Teoranta and Ireland West Airport at Knock. These investments are spread throughout the region with over 61% in rural areas outside the gateway and hub centres. Many of these projects are in the knowledge economy and will compete globally from a western base. To date the WDC has invested €21 million in 70 projects. The WDC's model of investment means that over time all monies will revolve back into the WDC Investment Fund to be reused for new projects resulting in a cost neutral situation for the exchequer.

I would like to thank the Chairman, Michael Farrell and the board for their dedication, the staff for their passion and commitment to western development, and the Minister for his ongoing support of the WDC. I would like to extend a very special acknowledgement to Lisa McAllister, who took a three year leave of absence from the organisation in September, for her leadership.

The WDC is a strong proponent of working in partnership with other public bodies, the private and community sectors, to progress the social and economic development of the Western Region. I would like to extend my most sincere thanks to all those organisations and individuals who worked with us and supported our work in 2006.



*Gillian Buckley
Chief Executive*



INTRODUCTION

INTRODUCTION



Western Development Commission Members and CEO

The WDC's remit under the terms of the 1998 Western Development Commission Act, is to promote, foster and encourage economic and social development in the Western Region. The WDC responds to its statutory responsibilities by working to ensure that economic and social policy and practice effectively meet the development needs of counties Donegal, Sligo, Leitrim, Mayo, Roscommon, Galway and Clare. The WDC operates under the aegis of the Department of Community, Rural and Gaeltacht Affairs.

Functions of the WDC

Through its promotion, policy, development and investment activity, the WDC focuses on highlighting opportunities and supporting initiatives in the Western Region's productive sectors, its economic infrastructure and in its rural communities. Co-operating with Government departments and agencies, local and regional authorities, the private sector and its representative bodies, as well as with the community and voluntary sectors, the WDC works to:

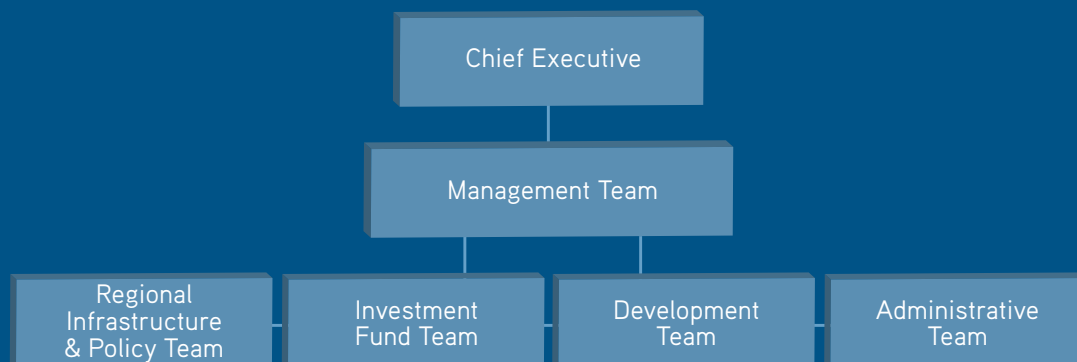
- ensure that the development needs and interests of the Western Region are considered at the highest levels of Government;
- identify, monitor and promote policies which are effective in meeting the region's need for sustainable development and which maximise the use of its human and physical resources;
- foster and encourage regional initiatives in the public, private and community sectors;
- support the development of commercial enterprises that can compete globally, and social enterprises that deliver quality of life, by managing the dedicated €34.4 million WDC Investment Fund.

Structure of the WDC

The WDC is made up of twelve members appointed by the Minister for Community, Rural and Gaeltacht Affairs.

The WDC is supported by an executive located in Dillon House, Ballaghaderreen, County Roscommon. The structure of the executive appears below. Work activity is delivered by project teams. When necessary, full-time executives are supported by contract staff.

Figure 1. Organisational Structure of the WDC



The WDC's Strategic Aims 2004-2006

2006 was the final year of the WDC's Strategic Statement 2004-2006.

Throughout the year the WDC continued to base its work programme on initiatives that support its strategic aims of:

- fostering and promoting job creation and the transfer of skills to the Western Region;
- contributing to the creation of a quality economic and social environment by highlighting and supporting opportunities for improvements in the Western Region's transport, communications and energy infrastructure;
- stimulating the creation of a quality business and community-based enterprise environment across the Western Region;
- creating vibrant and sustainable enterprises in the rural areas of the Western Region.



SECTION I



PROMOTION OF THE REGION
AND LOOKWEST

THE LookWest.ie CAMPAIGN



Lisa McAllister CEO with Mr. Éamon Ó Cuív, Minister for Community Rural and Gaeltacht Affairs at the launch of the Look West campaign 2006.

2006 was the second year of the Look West campaign. The aim of the campaign is to encourage people outside of the region, in Ireland and overseas, to 'look west' for a better working life.

Key achievements in 2006 included:

- Two national and international promotional campaigns.
- The setting up of an online skills registration questionnaire on LookWest.ie
- Partnering with the key agencies and private sector interests in the region.
- Targeting a wider audience particularly the emigrant market.

The WDC LookWest.ie campaign and Collins McNicholas Recruitment Agency co-hosted a Recruitment Fair in May 2006 in Dublin which hundreds of people interested in moving West attended.



Attendees at the Recruitment Fair

The Look West team participated at the FÁS Jobs Ireland Expo held in New York in October. FÁS organised the two day event to provide information to people considering moving to Ireland, particularly Irish people living on the east coast of the US. This was the first time LookWest.ie exhibited at an overseas event and it was a huge success with strong interest among people to return or move to the West of Ireland. Sharing knowledge of these people's skills and expertise with our partner agencies will be a huge asset in attracting new companies and employment to the region.



Participating in the FÁS Jobs Ireland Expo held in New York were: Gillian Buckley CEO, Pauline White, Theresa Higgins, Sinéad Ní Mháille staff of the WDC with Mr. Tony Kileen T.D., Minister of State at the Department of Enterprise, Trade and Employment.

In 2006 the LookWest.ie advertising campaign took place in June and September. This involved national radio, outdoor, newspaper and internet advertising. Irish people living abroad were targeted through emigrant publications and advertising on national and international websites. An advertising campaign was also carried out over the Christmas 2006 period targeted at those returning home or visiting the West for Christmas.

Additional design and development of LookWest.ie was completed in April 2006 and the site attracted an increasing number of users. From January to December 2006 the total number of visits recorded was almost 86,000. This represented an 82% increase over the previous year and brought the total number of visits to the site by the end of 2006 to almost 143,000.

Following the establishment of the Skills Register on the website over 1,400 people registered an interest in moving West. Over

half are aged 26-35 years (the main target group of the campaign), three-quarters have a third-level qualification and 40% have over ten years work experience. Finance, IT/Media/Software and Services are the largest sectors in which respondents are working. A significant number who registered were interested in establishing or relocating a business to the west.



LookWest.ie

PROMOTING BALANCED REGIONAL DEVELOPMENT

Submission to the National Development Plan 2007-2013

The WDC made its submission to the National Development Plan (NDP) 2007-2013 consultation in March 2006. This was subsequently published as *Western Development for Ireland's Future* in May. The submission contained an overview of the key regional issues including population growth, employment patterns, education levels, infrastructure and social exclusion. The main challenges for achieving balanced regional development were identified and detailed recommendations for the Western Region covered:

- Transport infrastructure (road, rail and air access)
- Energy infrastructure (electricity and gas)
- Broadband infrastructure
- Enterprise and employment
- Renewable energy
- Tourism
- Organic agri-food
- Cross-border co-operation

The WDC also held regional consultation seminars with public, private and community interests across the region to discuss priorities for the Western Region for the new NDP.

A copy of *Western Development for Ireland's Future* can be downloaded from www.wdc.ie



Submission to the Rural Development Programme 2007 2013

During 2006, the Departments of Agriculture and Food, and Community, Rural and Gaeltacht Affairs were responsible for preparing a new seven year Programme for Rural Development in Ireland. This Programme is financed by the European Fund for Agriculture and Rural Development of the EU Common Agricultural Policy (CAP), as well as the national exchequer.

In February 2006, the WDC responded to the Department's call for submissions on the strategy to underpin the Programme (Rural Development National Strategy Plan 2007-2013). Subsequently, the Department prepared a draft Rural Development

Programme 2007-2013 and, in December, the WDC made detailed comments on that draft.

The proposed areas of support under the Rural Development Programme that the WDC focussed upon in its submissions mainly relate to the wider rural economy including promotion of rural enterprise, rural tourism activities and diversification of on-farm activities. Other areas of relevance include support for biomass energy production and organic agri-food.

A copy of the above submission can be downloaded from www.wdc.ie



Rural Enterprise Case Studies

At a time of rapid change in rural areas, relatively little is known about the dynamics of the non-farm rural economy and about rural enterprises in particular. The WDC is conscious that indigenous enterprises have accounted for the bulk of employment growth in the Western Region in recent years and that more than half of the businesses supported by the WDC's Investment Fund have been located in rural areas.

In September 2006, the WDC commissioned an exploratory study of rural enterprises based on ten case studies of businesses located in

a range of sectors and areas. The primary purpose of this study was to explore the context in which rural enterprises currently operate, their impact on their localities and the advantages and challenges of a rural location.

This work will be completed and published in early 2007 and it is expected that it will help the WDC to achieve a better understanding of the significance of businesses in the rural economy of the Western Region.





SECTION 2



ECONOMIC INFRASTRUCTURE

TRANSPORT INFRASTRUCTURE



The WDC tracked progress in transport infrastructure in the region throughout 2006, concentrating particularly on roads, rail and air access.

While completion of the road programme under Transport 21, including the Major Inter Urban (MIU) routes, will be of major benefit, it will also make the deficiencies in the road network in the region more apparent. At present this area has very few roads of dual-carriageway standard. In its submission to the NDP 2007-2013, the WDC argued that if the Atlantic Road Corridor is to contribute to the creation of an effective economic counterbalance to the east of the country it should be of dual-carriageway standard for its entire length. We also argued that priority should be given to upgrading roads which link gateways and hubs, and roads which link gateways and hubs with Dublin (not currently classified as MIUs), to dual-carriageway standard.

In September 2006 the Government announced the re-opening of the Western Rail Corridor (WRC) from Ennis to Athenry. The WDC has long maintained that further investment in developing infrastructure like the WRC will improve accessibility and underpin economic and social progress in the West. However, the true value of the Corridor will only be realised when it is fully re-opened to Sligo as this would link the North West to the South East and will also link the existing rail lines that emanate from Dublin.

Improved rail services on the existing rail lines serving the Western Region are also very important. In light of increasing road congestion and environmental concerns, rail transport is often a superior alternative. In 2006 much needed additional services were introduced on the Sligo and Galway lines. Much of the rolling stock serving these routes is inadequate and the planned new rolling stock is urgently needed. Further improvements in service frequencies are also necessary to ensure that rail travel is a realistic alternative, particularly for business travellers.

International Air Access

Air access is extremely important in enabling access to peripheral regions, particularly quality international air access to support inward investment and tourism. The Western Region is host to two international airports – at Ireland West Airport Knock and Shannon. The City of Derry International Airport also serves Donegal. There are also three regional airports at Galway, Sligo and Carrickfinn (Donegal). In its submission to the NDP 2007-2013 the WDC advocated funding to support the development of air access serving the region.



Telecommunications Broadband Infrastructure

In 2006 the WDC continued to be proactive on broadband issues both at national and regional level. We pointed out the continuing access difficulties in rural areas in particular, including problems with implementation of the County and Group Broadband Scheme. In its NDP submission, the WDC called for a Government commitment to 100% broadband coverage, arguing that this infrastructure is essential to attract and retain knowledge-based businesses and innovative home-grown enterprises in the regions. The WDC was represented on the Forfás Broadband Steering Group which advised on two reports published in 2006. These were *Broadband Policy Directions*, published in July and the *2006 Broadband Benchmarking Report*, which came out in November.

ENERGY INFRASTRUCTURE

In 2006 the WDC continued to emphasise the importance of quality energy infrastructure and supply as essential in underpinning the economic development of the region.

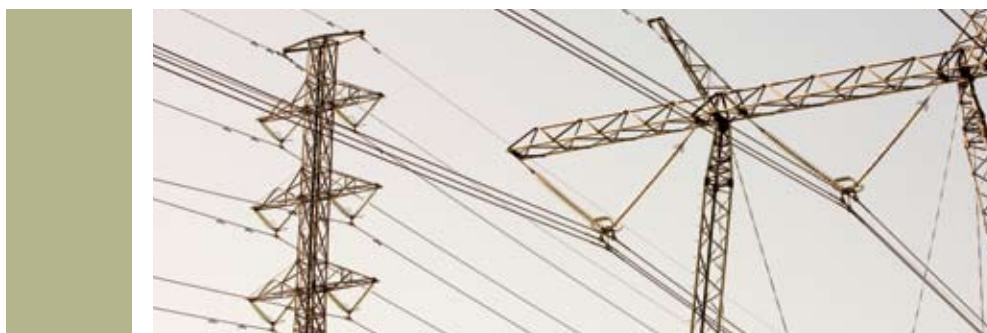
Natural Gas

In January 2006 the WDC made a submission on the *Bord Gáis Networks Connections Policy Consultation Document* which set out a new policy being considered by the Commission for Energy Regulation (CER). In its submission the WDC highlighted the importance of natural gas provision in regional development, and the necessity of ensuring that the CER takes this into account in any decision on a natural gas connection policy for new towns. The previous connection policy had meant that no western town could connect to the Mayo-Galway gas

pipeline. Following this submission, and other work by the WDC the CER amended its policy. Once the new policy was issued by the CER, Bord Gáis Éireann (BGÉ) conducted an analysis of western towns and a report was issued in November 2006. It found that eleven towns and villages in Mayo and Galway now qualify for connection. A second phase of this study will examine towns in the rest of the country, including towns in Roscommon and Leitrim in 2007.

A copy of this submission can be downloaded from www.wdc.ie

Electricity



The WDC monitors and comments on developments and policies for the electricity sector. In 2006 the WDC continued to work to ensure that appropriate investments in electricity transmission and distribution continue to be made in order to allow the region to compete in attracting industry. A reliable electricity infrastructure capable of meeting existing and new demand is essential to the development of the Western Region.

In March 2006 the WDC, in conjunction with IBEC West, made a submission on Eirgrid's draft *Transmission Development Plan 2006-2010*. The WDC and IBEC West have been working together over the last few years to highlight electricity infrastructural development and regulatory issues as they affect the West.

As part of this work the WDC and IBEC have together (with a number of IBEC members who have significant electricity demand) met with the CER, ESB National Grid and ESB Networks on a number of different occasions to highlight issues of concern.

The joint submission highlighted the importance of government policy on energy and regional development and considered the system planning process and the development objectives and strategies outlined in the *Transmission Development Plan*. It also commented on the issues relating to future network development needs and on specific network developments outlined in the *Transmission Development Plan*.

A copy of this submission can be downloaded from www.wdc.ie



SECTION 3



WDC INVESTMENT FUND

WDC INVESTMENT FUND



The WDC Investment Fund Team: Geraldine McLoughlin, Investment Manager, Conor McNamara, Investment Executive, Fiona Regan, Clerical Officer, Marie Duffy, Fund Administrator, Helen Grady, Investment Executive and John Allen, Investment Executive

The WDC Investment Fund is a provider of risk capital for small and medium sized enterprises SMEs , community enterprises and strategic projects in the Western Region.

It has twin objectives of achieving a financial return on its investments and a social dividend for the region. The Fund works closely with its clients, supporting them on a long-term basis and helping them to achieve their growth targets. Through its growing investment portfolio, the Fund demonstrates the viability of western-based investments to the private sector.

In 2006, the WDC Investment Fund disbursed a total of €5.9 million and approved €7.5 million. To date the WDC Investment Fund has invested almost €21 million in 70 projects in the region.

The Investment Fund has three sub funds:

- **Business Investment Fund:** funds knowledge-based high potential small and medium-sized enterprises (SMEs).
- **Local Investment Fund:** supports community-based and not-for-profit enterprises.
- **Special Projects Investment Fund:** targets flagship projects and initiatives which have the potential to have a major impact on the region.

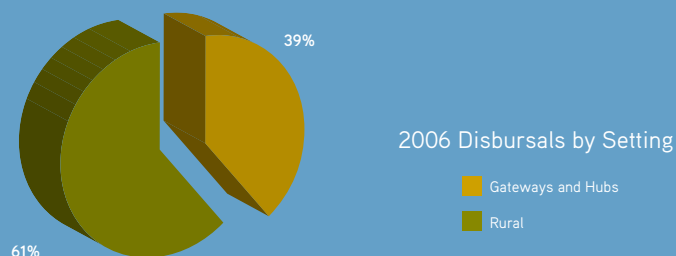
In 2006 the Investment Fund was supported by a voluntary Fund Advisory Panel (FAP) which carried out the commercial evaluation of the projects on behalf of the Commission. See Appendix 3 for membership of the FAP.

For further information on the WDC Investment Fund see www.wdc.ie

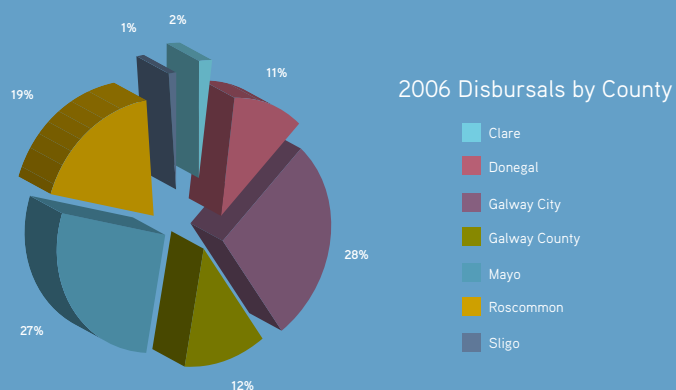
Investments Disbursed in 2006

Of the €5.9 million disbursed by the WDC's Investment Fund in 2006, the majority (69%) was invested under the Business Investment Fund. A further 25% was allocated through the Special Projects Investment Fund. 61% of the total went to projects located in rural areas, as defined by the National Spatial Strategy. The following tables and figures show the distribution of projects.

Setting	%	Amount
Gateways and Hubs	39	€2,300,000
Rural	61	€3,616,000
Total	100	€5,916,000

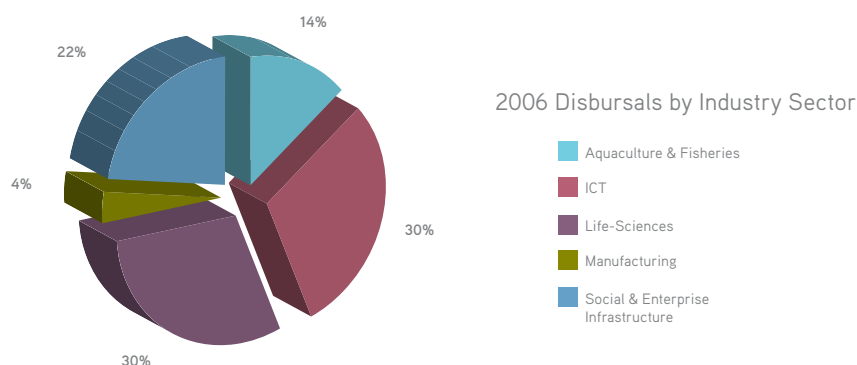


County	%	Amount
Clare	2	€150,000
Donegal	11	€637,500
Galway City	28	€1,650,000
Galway County	1	€700,000
Mayo	27	€1,608,500
Roscommon	19	€1,130,000
Sligo	1	€40,000
Total	100	€5,916,000



Investments Disbursed in 2006

Sector	%	Amount
Aquaculture & Fisheries	14	€830,000
ICT	30	€1,758,500
Life-Sciences	30	€1,750,000
Manufacturing	4	€250,000
Social & Enterprise Infrastructure	22	€1,327,500
Total	100	€5,916,000



Potential Jobs Created/Sustained and Funds Leveraged by the WDC Investment Fund

A total of €19 million in additional investment was leveraged into the region through the projects supported by the WDC Investment Fund. This means that for every €1 invested by the WDC another €3 was leveraged into the region.

Currently there are 331 people employed in the 18 enterprises (177 people in 12 small and medium-sized enterprises) which were funded by the WDC in 2006. These enterprises have the potential to create many more jobs in the coming years as they develop and expand. In 2006 62% was disbursed in high tech companies which provided highly skilled quality jobs.

In addition, a number of the projects the WDC invested in support social and enterprise activities which by themselves do not create

significant employment but add greatly to the quality of life in the region. In particular, our investment in Maoiniú Mara Teo has resulted in providing finance to strengthen fish farms on the West Coast, thus underpinning 491 jobs in this sector and ensuring a viable industry is developed. Our investment in Ireland West Airport Knock has contributed to 117 direct jobs in the airport in addition to the benefit to the local economy and infrastructure which improves access to and from the Western Region for business and tourists alike. It is now estimated that inbound passengers through the Airport will be spending in excess of €120 million per year in the region by 2010. It is expected that airport activity will lead to 1,600 jobs in the region by 2010.

SECTION 4



RURAL DEVELOPMENT

WDC MODEL OF RURAL DEVELOPMENT



Paul O'Toole, Tourism Ireland, Minister Éamon Ó Cuív, Lisa McAllister, WDC, Aidan Cotter Bord Bia, Fiona Candon, WDC and Shaun Quinn, Fáilte Ireland.

In 2006 the WDC published the *WDC's Model of Rural Development A guide to implementing a proactive and participatory model of rural development*. This publication documents our role in driving strategic rural development initiatives in the Western Region.

The WDC approach to rural development involves working collaboratively with the private, state and community sectors to facilitate and implement innovative and strategic development projects. This entails bringing all the stakeholders together to develop a shared strategy for a particular sector. An action plan is then set out and the WDC facilitates its implementation, in partnership with its stakeholders. As the sector's development progresses, the WDC gradually disengages from its 'hands on' role. In parallel with this process the WDC also engages at national level to input its regional experience into national policymaking.

The publication presents the approach, the critical success factors and key challenges faced throughout implementation of the model and two case studies – Atlantic Organics (organic agri-food sector) and the Western Development Tourism Programme (rural tourism sector).

A copy of the *WDC's Model of Rural Development* is available on www.wdc.ie.

ORGANIC AGRI FOOD

Atlantic Organics

Atlantic Organics Ltd evolved out of recommendations from the WDC's *Blueprint on Organic Agri-Food Production in the West*. It is a strategic partnership representing over 190 organic producers in the North West. The objective of Atlantic Organics is to proactively develop the organic food sector in the region through product and market development. The WDC has an ongoing involvement in this initiative through its participation on the board and the management committee. For further information on Atlantic Organics visit www.atlanticorganics.com

In 2006 Atlantic Organics finalised the branding of a range of organic food products Rossinver – Grass Roots Organics. The range includes organic speciality sausages, organic tomato relish and organic porridge oats. Atlantic Organics participates in farmers' markets in Sligo and Leitrim.

A very successful Organic Food Conference was held in November 2006 with an attendance of over 200 delegates. The conference, organised by Atlantic Organics in association with the WDC and key conference partners, was the flagship event for National Organic Week.



National Organic Steering Committee NOSC

The WDC is a member of the NOSC. The NOSC's aim is to act as a driving force for the development of the organic sector and provide a basis for advancing the partnership between the organic sector and other principal interests.

In March 2006 Ms Mary Coughlan, TD, Minister for Agriculture and Food reconvened the NOSC for a further three year term. Revised Terms of Reference were adopted and a three year marketing plan for the sector was approved with an overall budget of €1.5 million.

TOURISM

Western Development Tourism Programme WDTP

In 2001 the WDC published the *Blueprint for Tourism Development in the West: An Action Plan for Rural Areas*. The Blueprint recognised that dispersal of tourism growth to rural areas requires a major shift in policy and practice, and that development could be achieved by co-ordinated intervention from a wide range of existing agencies in the Western Region.

The Western Development Tourism Programme (WDTP), 11 member multi-organisation steering group, was established to co-ordinate agency activity and develop innovative rural tourism projects. The WDC continued its active participation on the WDTP in 2006.

Key joint WDC-WDTP projects are outlined below:



Walking in the West

Walking in the West was launched in 2005 and it aims to assist community groups and product service providers to commercialise walking routes in the region by developing, promoting and selling walking holiday packages, which are based on models of international best practice.

In February 2006 the WDTP began its training work under the *Walking in the West* model on three pilot walks in the region; East Clare Way, the Tochar Valley Way and the Bluestacks. In conjunction with the stakeholders each walk will:

- put a Local Walking Partnership in place;
- complete an audit of the walk;
- initiate a local walk action plan to identify how gaps will be filled and by whom;
- look at opportunities to fund professional staff for the walk
(a recommendation of *Walking in the West*).

Tourism Tastes Trail

This project was created to explore opportunities for the development of new and innovative food-related tourism products within the region. The WDC actively participated on the Tourism Tastes Trail Steering Group. The programme was financially supported under the EU ADEP project.

A pilot food tourism trail was developed with private enterprises in Galway and the Aran Islands and work began in March 2006 with a commercial tour operator (Golf and Incentive Travel) to package a quality short break with emphasis on traditional, local food and cultural products. For more information on this initiative see www.tastestrailireland.com

Agencies supporting the pilot include Fáilte Ireland, LEADER, Bord Bia and the WDC.

The Green Box

The Green Box is a defined region containing environmentally sustainable tourism products within the context of clean natural resources. The WDC and WDTP have played a key role in driving the initiatives of the Green Box.

The launch of the Kingfisher Cycle Trails was held in Breesy Centre, Ballyshannon in May 2006. This community resource centre is one of the first accommodation providers in the Green Box to receive the EU Flower, the accredited standard eco-label for accommodation. In total, 14 providers in the Green Box achieved the EU Flower in 2006, the first in Ireland.

For further information on the Green Box visit www.greenbox.ie

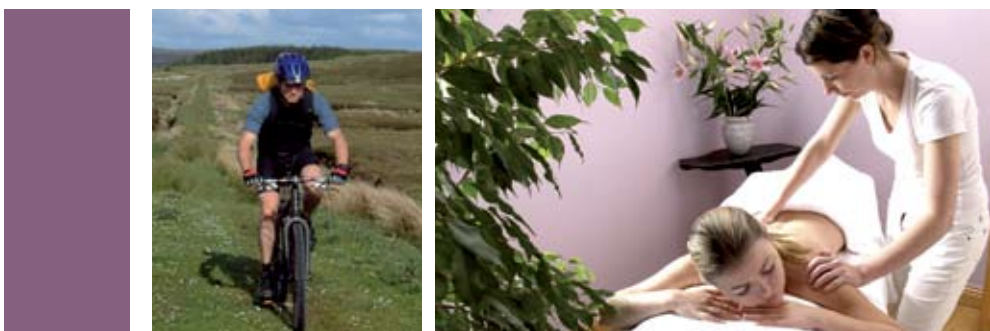


EU ECO Flower Awards

WDC and Tourism Policy

In 2006 the WDC was active in communicating to national policymakers its experience in the development of rural tourism over the past five years. In February the WDC was invited to make a presentation to the Tourism Product Development Review Group set up by Fáilte Ireland to develop a strategy for enhancing Ireland's tourism product. The WDC's submission in March to the NDP 2007-2013 also contained detailed recommendations for supporting rural tourism.

In April the WDC met with the Department of Arts, Sport and Tourism to outline its approach and experience with the development of tourism in rural areas and to highlight the ongoing need for development of this sector.



RENEWABLE ENERGY

Community Ownership of Wind Farms

This project aims to establish Ireland's first wind farm incorporating a community investment vehicle. This ownership model was proposed in the WDC's 2004 report *To Catch the Wind*.

The feasibility phase of the wind farm, located at Killala Co Mayo, was grant aided by Sustainable Energy Ireland (SEI). It commenced in 2006 and will be complete by mid-2007. Killala Community Wind Farm Ltd is the lead private developer and Killala Community Council is the community group that will act as the conduit for community investment in the proposed wind farm. The WDC plays a co-ordination and facilitation role within the partnership and will continue to do so for the duration of this feasibility phase.



Participants at the Biomass Roundtable in Athlone.

Biomass

The term biomass refers to fuel resources, such as wood, grasses, energy crops and agricultural and municipal waste, which can be used to produce renewable energy to substitute for fossil fuels such as oil. Biomass fuels are environmentally beneficial as they provide energy from resources that can be continually replaced and are carbon-neutral.

In 2006 the WDC conducted an initial review of the biomass sector within the Western Region and as part of this work held a consultation process with industry partners/specialists. This review established that the biomass sector has significant potential, particularly with regard to wood resource, and that a reasonable level of activity was already underway in the region. However the feedback identified notable barriers to development and established that a role existed for the WDC, particularly through the application of its development approach, to progress the biomass sector in the region.

The WDC established the Biomass Regional Advisory Group (made up of key experts from the public and private sector) whose function is to guide and advise the WDC on development initiatives to support the sector.

The next phase of the development project was to carry out baseline research on the biomass sector with a specific focus on wood energy. The final report *Wood Energy Development in the Western Region* is due for completion in early 2007. This report will form the knowledge base on which to build a strategy and action plan for the sector in the Western Region.



SECTION 5



CORPORATE SERVICES

CORPORATE SERVICES



Corporate Governance

During 2006 the WDC continued to develop and implement various policies and operating procedures required under the Sustaining Progress Agreement and Towards 2016 and in compliance with the Code of Practice for the Governance of State Bodies. In line with these requirements a detailed set of procurement guidelines were prepared and implemented in 2006.

Human Resources

Under the provisions relating to the Public Service Pay Agreement the WDC reported progress on its Sustaining Progress and Towards 2016 Action Plans to the Department of Community, Rural and Gaeltacht Affairs, as part of the performance verification system.

Through the active participation of the WDC Partnership Committee the organisation continued its commitment to the modernisation programme. Examples of this in 2006 included the continued application of the Performance Management Development System and upward feedback and the participation of all staff in training and development.

The WDC's Strategy promotes cross-functional working as part of its work ethos. This was reflected in the organisation's work throughout 2006 in various arrangements involving staff from different teams.

In 2006 the WDC continued its commitment to promoting a positive work-life balance for its staff.

Customer Care

The WDC Customer Charter sets out the standard of service which customers can expect in their dealings with the organisation. The WDC is committed to providing its customers with a professional, efficient and courteous service, in accordance with the Principles of Quality Customer Service approved by Government.

The WDC regularly updated its website (www.wdc.ie) in 2006 to keep its customers up-to-date on its work, including press releases, publications, submissions and recruitment.

In evaluating its service commitments in 2006, the WDC found that:

- it had delivered on all its customer care commitments in relation to meetings, visitors, information, website, publications and the Official Languages Act;
- all applications to the WDC Investment Fund were dealt with consistently and impartially, and in accordance with Investment Fund guidelines;
- it was committed to a policy of equal opportunity;
- it respected and maintained the confidentiality of information it was entrusted with;
- no customer complaints were reported or recorded during 2006.

Financial Management

In 2006 the WDC continued to use its in house Financial Management System enabling it to operate a comprehensive budgeting and financial reporting process and to comply with best practice under the Code of Practice for the Governance of State Bodies.

A clearly defined set of procedures for all aspects of the organisation including the operation of the Investment Fund was completed in 2006.

Freedom of Information Acts, 1997 & 2003

During the year the WDC received one FOI request and this was granted.

Data Protection Acts 1988 & 2003

The WDC is registered as a data controller under the Data Protection Acts.

Official Languages Act 2003

The WDC comes under the remit of the Official Languages Act 2003 to provide a statutory framework for delivery of services through the Irish language. In accordance with Section 10 of the Act this Annual Report is published simultaneously in Irish and English.

Report on WDC Compliance with the Code of Practice for the Governance of State Bodies in 2006

1. Code of Business Conduct for Directors and Employees of the WDC

Codes of business conduct for all directors and employees are in place, have been signed by all relevant parties and were complied with in 2006.

2. Internal Audit Function

I confirm that all appropriate procedures for internal audit as set out in the Code of Practice were complied with by the WDC in 2006. The following work was carried out in relation to internal audit:

(i) *Internal Audit*

Following completion of a two year internal audit work programme a tender was issued to outsource the WDC internal audit function in 2006 and a new contract was issued. A new draft internal audit work plan was drafted and submitted for approval by the Audit Committee.

(ii) *WDC Audit Committee*

The WDC Audit Committee met three times during 2006 and reported on its activity to the WDC.

(iii) *WDC Audits*

A full financial audit relating to the 2005 WDC financial statements by the Comptroller and Auditor General (External Auditors) was carried out in 2006.

3. Procurement

In 2006 the WDC complied fully with relevant procurement procedures as set out in the WDC Procurement Guidelines and in the 2004 Government Procurement Guidelines.

4. Disposal of Assets and Access to Assets by Third Parties

There were no disposals of assets above the agreed threshold by the WDC in 2006.

5. Guidelines for the Appraisal and Management of Capital Expenditure

These guidelines are not applicable to the WDC.

6. Pay to Chief Executives and State Body Employees

The WDC adhered to Government guidelines and to the Department of Community, Rural and Gaeltacht Affairs' arrangements in relation to the remuneration of the Chief Executive and employees in 2006.

7. Payment of Directors' Fees and Expenses

The WDC adhered to Government guidelines and the Department of Community, Rural and Gaeltacht Affairs' arrangements in relation to the payment of Directors' fees in 2006. Details of these fees and aggregate expenses are given in the annual accounts.

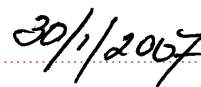
8. A separate Chairperson's report has been submitted to the Minister with the 2006 Annual Report.

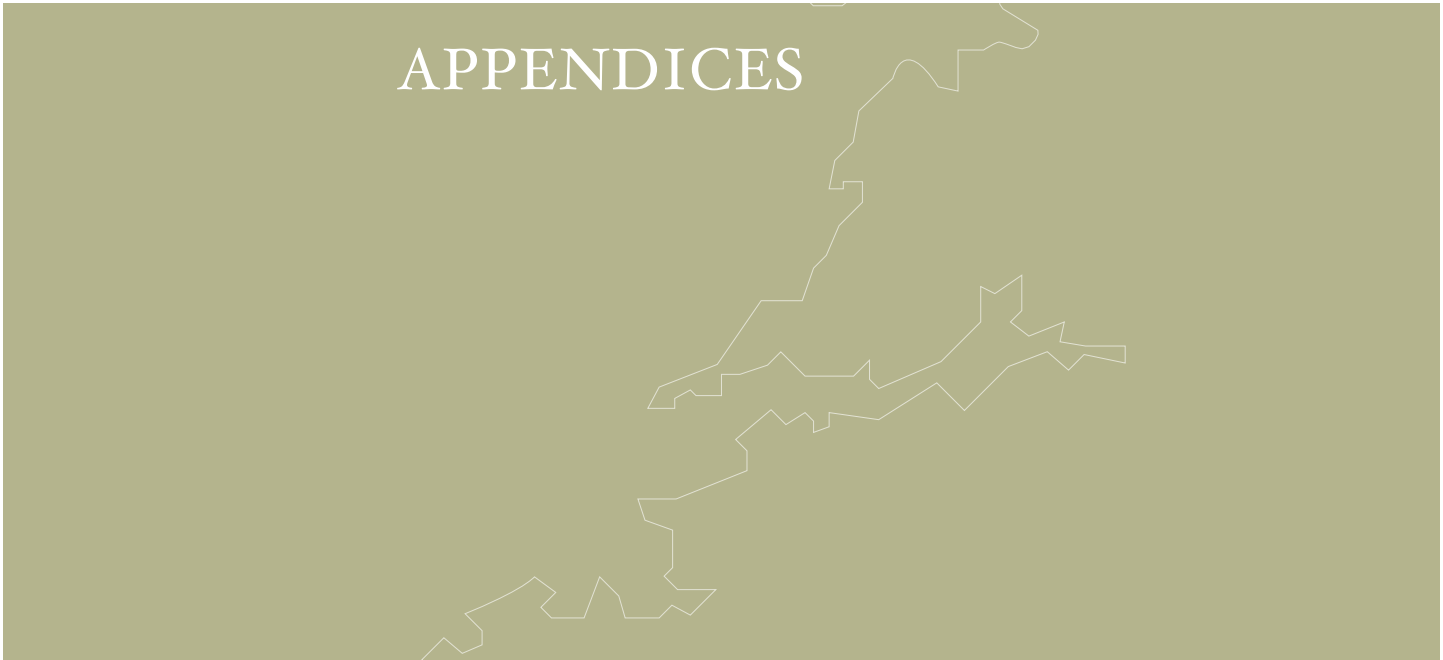
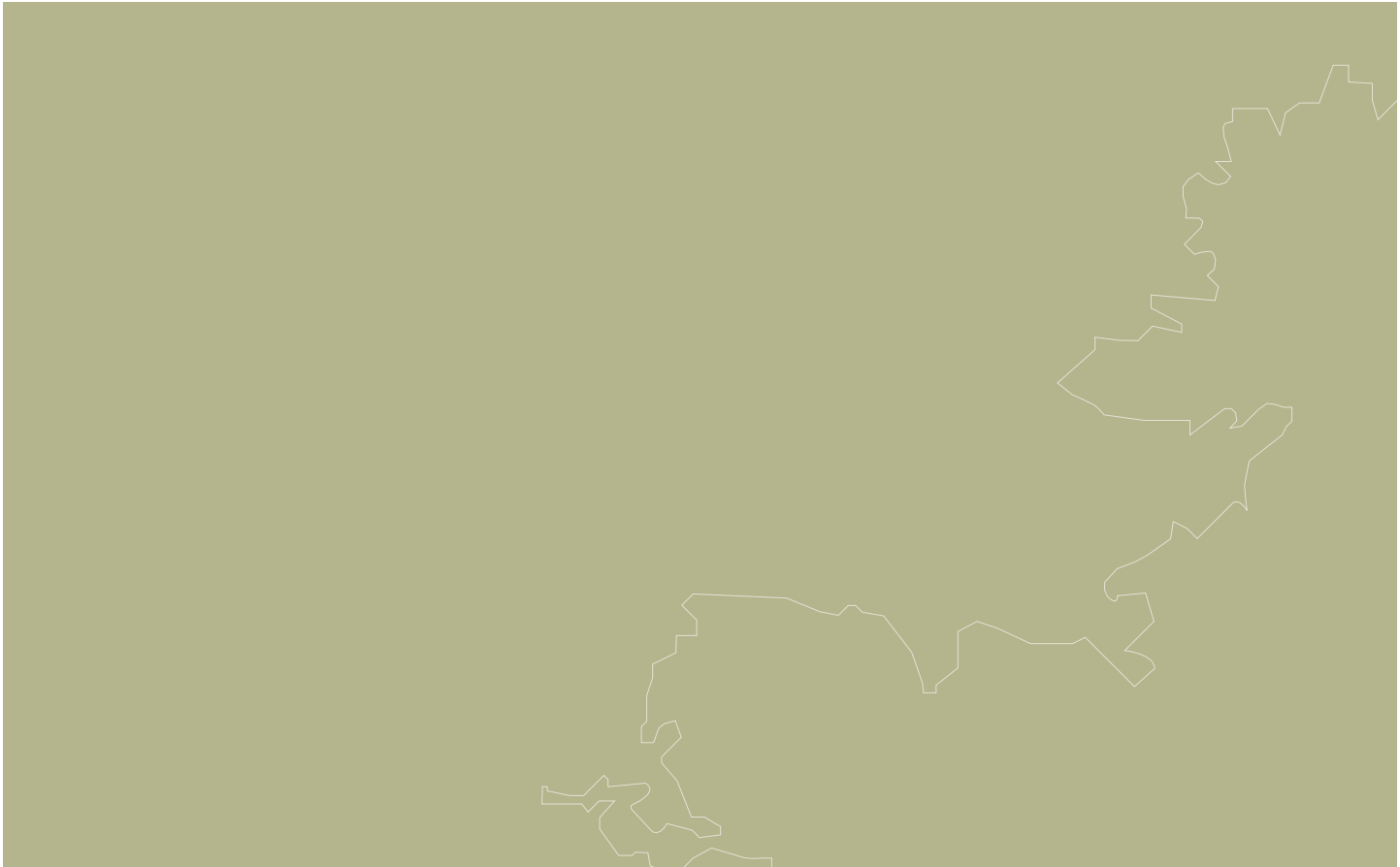
9. I confirm that the WDC complied in full with the appropriate tax laws and with its tax obligations in 2006 and that there were no issues reported.

Signed:


WDC Chairperson

Date:





APPENDIX I

Members of the Western Development Commission 2006

Chairperson

Michael Farrell

Ballymote, Co Sligo

Members

Mary Bohan

Member, Leitrim County Council

Mary Devine O'Callaghan

Office Manager, Co Roscommon

Tish Gibbons

Branch Secretary, SIPTU, Co Mayo

Pat Gilmore

Publican and Farmer, Co Galway

Billy Grimes

Lecturer, Killybegs Tourism College, Co Donegal

Greg Jackson

Auctioneer, Co Mayo

Des Mahon

County Manager, Mayo County Council

Martina Minogue

Director, eTeams (International) Ltd, Co Clare

Pádraig Ó Caomhánaigh

Community Activist, Co Galway

Ray O'Donoghue

Council for the West, Co Galway

Katie Sweeney

CEO, Mayo VEC

Audit Committee

Chairperson

Martina Minogue

Director, eTeams (International) Ltd, Co Clare

Members

Mary Devine O'Callaghan

Office Manager, Co Roscommon

Greg Jackson

Auctioneer, Co Mayo

Michael Farrell

Ballymote, Co Sligo

Ray O'Donoghue

Council for the West, Co Galway

APPENDIX 2

Staff of the Western Development Commission

Lisa McAllister	<i>Chief Executive*</i>
Gillian Buckley	<i>Chief Executive**</i>
John Allen	<i>Investment Executive</i>
Fiona Candon	<i>Development Manager</i>
Caroline Coffey	<i>Clerical Officer</i>
Deirdre Frost	<i>Policy Analyst</i>
Helen Grady	<i>Investment Executive</i>
Theresa Higgins	<i>Head of Administration</i>
Breda Joyce	<i>Finance Officer</i>
Mary Keaveney	<i>Clerical Officer</i>
Helen McHenry	<i>Policy Analyst</i>
Geraldine McLoughlin	<i>Investment Manager ***</i>
Sinéad Ní Mháille	<i>Development Executive</i>
Claire Normanly	<i>Clerical Officer</i>
Patricia O'Hara	<i>Policy Manager</i>
Bernadette Phelan	<i>Development Executive</i>
Fiona Regan	<i>Clerical Officer</i>
Pauline White	<i>Policy Analyst</i>

* Leave of absence from September 2006

** Chief Executive from September 2006

*** Investment Manager from September 2006

The WDC has a core staffing level of 15, additional staff are engaged on fixed term or specified purpose contracts to facilitate atypical working arrangements, acting up arrangements and workload.

APPENDIX 3

Fund Advisory Panel

Chairperson

Michael Farrell

Ballymote, Co Sligo

Members

John Dillon

New Enterprise Manager, Shannon Development, Limerick

Judy Greene

Judy Greene Pottery, Galway

Billy Grimes*

Lecturer, Killybegs Tourism College, Donegal

Seán Hannick

MD, Killala Precision Components, Mayo

John MacNamara

Economist, Galway

Martina Minogue

Director, eTeams (International) Ltd, Clare

Willie O'Brien

Head of Commercial Evaluation,

Enterprise Ireland, Dublin

Ray O'Donoghue**

Council for the West, Galway

Katie Sweeney

CEO, Mayo VEC

* Retired: June 2006

** Appointed: June 2006

APPENDIX 4

Investments Disbursed in 2006

Business Investment Fund

Project	County	Investment Type/ Amount	Description
3Touch Ltd	Roscommon	Equity - €500,000	Seamless conference management system
AMT3D Ltd	Mayo	Equity - €158,500	Software producing geometrically accurate 3D visualisation of the built environment
ANSamed Ltd	Roscommon	Equity - €600,000	Development & manufacture of complex, customised, plastic extrusions for the medical device industry
Ezo Teo	Mayo	Equity - €300,000	The growth of abalone, a prized shellfish delicacy for the Japanese and European market
FMC Tech Ltd	Clare	Equity - €150,000	Controls/monitoring system for medium voltage electricity networks
Instinct Technology	Donegal	Equity - €400,000	3D rendering engine platform for the computer games industry
Keywater Fisheries Ltd	Roscommon	Loan - €30,000	Development of a native Irish perch fish farm targeting the European market
Maisiú Urlár Teo	Donegal	Loan - €100,000	Manufacturer of inlaid wooden borders, centrepiece medallions, floors & panels for new and existing floors
Meiticheol Teo	Galway County	Equity - €200,000	Software development of a video-driven soundtrack composer
Neutekbio Ltd	Galway City	Equity - €650,000	Biological assays and test kits for use in diagnostic and clinical medicine
Xancom Ltd t/a Lightstorm Networks	Galway City	Equity - €500,000	Carrier ethernet semi conductor products
Zerusa Ltd	Galway City	Equity - €500,000	Medical device company producing haemostasis valves for use in less invasive surgery

Local Investment Fund

Project	County	Investment Type/ Amount	Description
Ardara Sheltered Housing Ltd	Donegal	Loan - €137,500	Development of a social housing project
Easkey Community Council Ltd	Sligo	Loan - €40,000	To provide services for the elderly and after school childcare
Foxford Sports & Leisure Centre Ltd	Mayo	Loan - €75,000	The development of a community owned sports and leisure complex
Ionad Ealaíona Iorras Teo	Mayo	Loan - €75,000	Development of a multi-purpose art-centre

Special Projects Investment Fund

Project	County	Investment Type/ Amount	Description
Connaught Airport Development Company Ltd t/a Ireland West Airport Knock	Mayo	Loan - €1,000,000	Acquisition of land for Business Park
Maoiniú Mara Teo	Galway County	Loan - €500,000	Development of the farmed salmon Industry



ABBREVIATIONS



ABBREVIATIONS

Abbreviations Used In This Report

ADEP	Action pour Développer Expérimenter et Pérenniser <i>(Action to Develop Experiment and Mainstream innovative schemes to support territories)</i>
BGÉ	Bord Gáis Éireann
CAP	Common Agricultural Policy
FAP	Fund Advisory Panel
FOI	Freedom of Information
IBEC	Irish Business Employers Confederation
ICT	Information Communications Technology
NDP	National Development Plan
NOSC	National Organic Steering Committee
SEI	Sustainable Energy Ireland
SMEs	Small and Medium-sized Enterprises
WDC	Western Development Commission
WDTP	Western Development Tourism Programme
WRC	Western Rail Corridor



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