WDC

WESTERN DEVELOPMENT COMMISSION
COIMISIÚN FORBARTHA AN IARTHAIR

EXCELLENCE INNOVATION CREATIVITY





ANNUAL REPORT 2007

NDP
National Development Plan 2007 - 2013

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Chairperson's Foreword

Like the rest of Ireland, the seven western counties have seen many positive changes since the establishment of the Western Development Commission on a statutory basis in 1999. Economic growth has led to the ending of emigration and stimulated significant population growth.

Public investment under the National Development Plan (NDP) 2000-2006 has brought about much needed improvements in infrastructure, positioning the region to change negative perceptions and to present itself as a thriving and diverse place.

At a time when global forces increasingly dictate the fate of countries and regions, much needs to be done to reverse the outcomes of decades of underdevelopment and to build on the Western Region's strengths. This is why the Western Development Commission (WDC) sees the commitment to balanced regional development in the new NDP 2007-2013 Transforming Ireland as fundamental to its work. Realising the economic, social and cultural potential of our predominantly rural region requires investment, hard work and creativity. The WDC is keenly aware that the Western Region offers an attractive quality of life and many economic opportunities. We are confident that with the right supports, the region can build on its resources and maximise its potential.

The year 2007 saw the development of the WDC's third Strategic Plan. In the strategic planning period 2007-2009, the WDC will focus its organisational efforts on those key areas where we believe our strengths and expertise can bring benefit to the Western Region and to the country as a whole.

Five key goals underpin the WDC strategy:

- Contribute to balanced regional development by working to ensure that the Western Region maximises its full potential for economic and social development.
- Promote the benefits of living, working and doing business in the Western Region.
- Support the sustainable economic and social development of the rural economy.
- Provide risk capital to SMEs and social enterprises.
- Operate the WDC as a competent and effective organisation.

In 2007, the WDC members have 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 principles 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 have worked with and supported the WDC in 2007, in particular An tUsual 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 the staff for their dedication and accomplishments in 2007.

I am satisfied that the WDC, through its work in 2007, has made a significant contribution to creating a positive future for the people of the Western Region.

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 Strategy 2007-2009. The Annual Report for 2007 details the first year of this three year strategy.

Michael Farrell
Chairperson

Chief Executive's Report

2007 was the first year of a three year strategic plan for the WDC. This plan seeks to build on our previous successes, as well as beginning work on new and exciting areas such as the creative sector, thus building on the existing strengths and considerable potential in the Western Region.

The National Development Plan 2007-2013 (NDP) was launched early in the year. The NDP presents a very positive framework for the WDC's work, as balanced regional development, all-island economic and sectoral co-operation, and the development of the rural economy are priority objectives. During 2007, the WDC continued its policy analysis and developmental role with the compilation of a set of indicators to measure progress towards balanced regional development. This was submitted to the Department of Finance, which is responsible for monitoring the NDP. Another important area of our policy work in 2007 was an analysis of economic project appraisal methodologies to investigate how regional development benefits could be included in public investment decision-making. Both this and the indicators paper are part of a continuing work programme, which aims to make practical and constructive inputs into approaches to public investment that can support balanced development.

In 2007, significant progress was made in the improvement of road, rail, air and energy infrastructure in the Western Region. The WDC particularly welcomes the commitment to re-opening the Western Rail Corridor to Claremorris by 2014. In addition, the Regional Airport Fund, the connection of towns and villages in the region to the natural gas pipeline and the commitment in the Programme for Government to developing the Atlantic Road Corridor connecting Letterkenny and Waterford to motorway standard all provide examples of positive infrastructural commitment to the Western Region.

The WDC is concerned however at the pace of progress on infrastructure, and in particular regrets that timelines are not available for major parts of key routes that would greatly improve inter-regional connectivity. While welcoming the National Broadband Scheme, which is intended to provide a minimum broadband service throughout rural areas, we are concerned that, as bandwidth and speed requirements increase, the level of service proposed will not allow rural areas to fully exploit the opportunity broadband offers.

Promoting the benefits of living, working and doing business in the Western Region continues to form a fundamental part of the strategic plan. In 2007, we built on our very successful LookWest.ie campaign. A new focus of the campaign was on promoting the region to the enterprise sector, working in partnership with the local authorities in the region. There continues to be very positive reaction to the LookWest.ie campaign, with two independent surveys commissioned by the WDC showing a high level of interest in moving to the Western Region and a high level of awareness of the quality of life on offer here.

At the very core of the WDC's work is the development of rural areas. The WDC works on a partnership basis to progress innovative projects in the creative, rural tourism and renewable energy sectors. In 2007, the Western Development Tourism Programme (WDTP), in which the WDC was a key strategic participant, reached its planned conclusion and has left a very significant, positive legacy. This pilot programme has brought together key stakeholders from the public and private sectors to co-ordinate agency activity and develop innovative rural tourism pilot projects. An evaluation of the programme, commissioned by Fáilte Ireland claimed that "For a very modest level of expenditure considerable real achievements were made." Pilot projects such as Walking in the West and the Western Food Trail initiated by the WDTP have been mainstreamed by agencies such as Fáilte Ireland, Sligo Institute of Technology and LEADER. In addition, the Green Box, a stand-alone project which is emerging as Ireland's first genuine ecotourism destination continues to go from strength to strength, winning several awards and making it to the finals of the international 'Tourism for Tomorrow' destination award. The finalists were the Great Barrier Reef in Australia and the State of Vermont in the United States.

In 2007 the WDC oversaw the completion of a wood energy development strategy and action plan for the western region. With the implementation of the strategy, the wood energy sector has the potential by 2020 to generate savings of 619,000 tonnes of CO_2 emissions, increase Gross Value Added by €15 million annually, create almost 900 jobs, and contribute €1.7 million to the farming sector from the sale of timber. The projected carbon savings are equivalent to taking 147,000 cars off the road for a year.

The WDC Investment Fund invested €6.2 million in 17 projects in 2007. Seventy percent of the funds invested were in the Life Science and Information and Communications Technology (ICT) sectors, demonstrating the important role the WDC Investment Fund has in funding the knowledge economy in the Western Region. A very significant milestone for the WDC Investment Fund was reached in 2007 with monies revolving back into the Fund being reinvested. This supports the WDC's view that over time the Fund will be cost-neutral for the Exchequer.

Operating the WDC as a competent and effective organisation is a key goal in our Strategic Plan 2007-2009. We endeavour to comply with all legislative requirements, public sector modernisation and best practice in the areas of Corporate Governance, Financial Management, Human Resources and Customer Care.

I would like to thank the Chairperson, Michael Farrell, and the Commission for their dedication, the staff for their passion and commitment to western development, and the Minister and his officials for their ongoing support of the work of the WDC.

The WDC is deeply committed to working in partnership with other public, private and community sector bodies, 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 have worked with us in 2007.

Gillian Buckley
Chief Executive

INTRODUCTION

INTRODUCTION

Members of the Western Development Commission and CEO.

Our Vision

A confident and ambitious Western Region where excellence, innovation and creativity are rewarded, and the rich quality of life, clean environment and unique heritage are valued and safeguarded.

Our Mission

To be the signature agency for the Western Region helping to build on the region's strengths, address weaknesses and create a reputation for excellence.

Functions of the WDC

The WDC's main functions are to:

- Foster and promote economic and social development in the Western Region.
- Manage the WDC Investment Fund, a multi-million euro evergreen fund which provides risk capital (equity and loans) on a commercial basis to business and community projects in the Western Region.

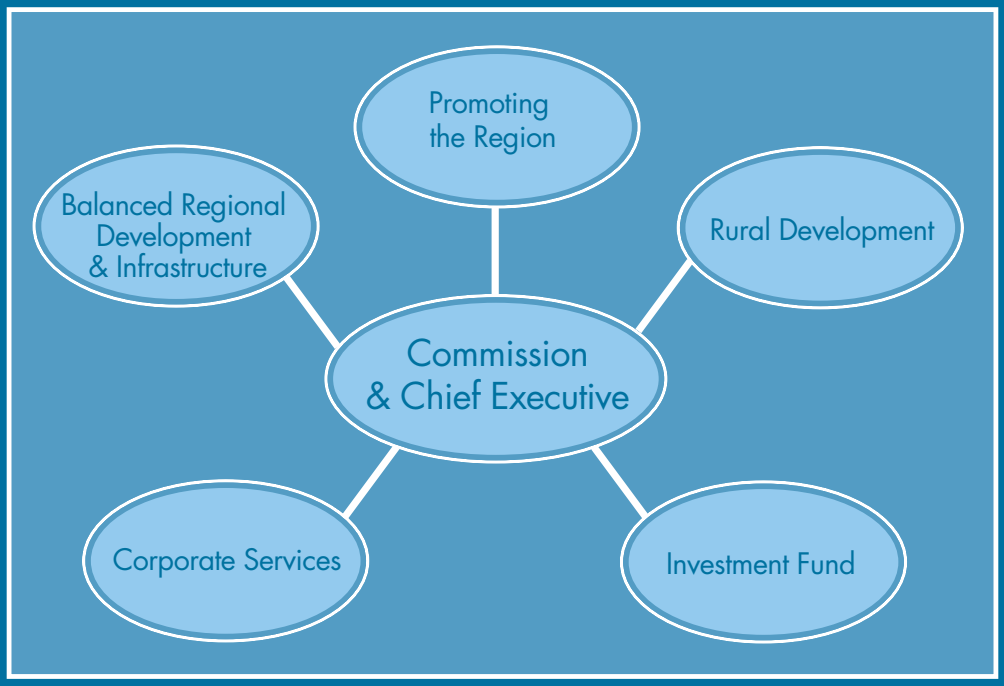
Structure of the WDC

The WDC is made up of twelve members appointed by the Minister for Community, Rural and Gaeltacht Affairs, Éamon Ó Cuív TD. *(See Appendix 1).*

The Commission is supported by an executive located in Dillon House, Ballaghaderreen, County Roscommon. We have a core permanent staff of 15 with expertise in policy analysis, regional and rural development, investment and administration.

We also enlist the support of special advisory panels with representatives from the public, private and voluntary sectors to assist us with various projects. *(See Appendices 2 and 3).*

Organisational Structure



The WDC's Strategic Aims 2007-2009

- Contribute to balanced regional development by ensuring that the Western Region maximises its full potential for economic and social development.
- Promote the benefits of living, working and doing business in the Western Region.
- Support the sustainable economic and social development of the rural economy.
- Provide risk capital to SMEs and social enterprises.
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SECTION I

BALANCED REGIONAL DEVELOPMENT

BALANCED REGIONAL DEVELOPMENT

Goal 1: Contribute to balanced regional development by ensuring that the Western Region maximises its full potential for economic and social development.

Policy Analysis and Policy Development

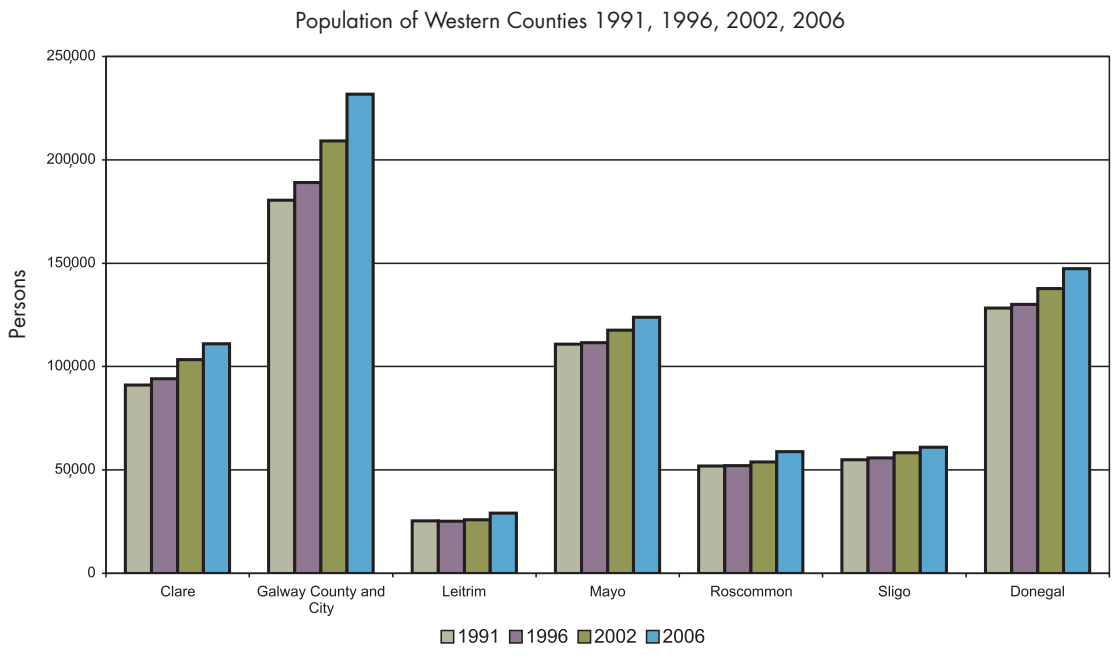
Census 2006

The publication of results from Census 2006 throughout the year provided an important framework for the WDC's policy work during 2007. The population of each of the western counties has grown in the four years since 2002, with Leitrim recording the highest percentage increase. Growth in all counties was driven more by migration than natural increase. Most of the Western Region's towns have also had significant population gains, with the most rapid increases generally occurring in larger centres and those towns closest to them.

There were 53,000 more people employed in the region in 2006 than in 2002 - an increase of 19%. The proportions with third-level education have also risen in all counties since 2002. These positive trends represent a welcome continuation of the reversal of years of decline.

The data from the census also remind us of the very significant challenges for the region. These include its predominantly rural character, the occupational mix and the need to retain more third-level graduates. Continued analysis of census data will inform the WDC's work during 2008.

Census 2006



Indicators, Balanced Regional Development and the National Development Plan 2007-2013

The process of monitoring and evaluating policy in terms of its impact and the extent to which it achieves its objectives is greatly facilitated by the use of indicators. Up to now, there was limited focus on measuring progress towards achieving the national objective of balanced regional development but the National Development Plan 2007-2013 (NDP), in its monitoring and management arrangements, provides for a monitoring template which will "measure the impact of investment on regional development" (NDP 2007-2013 p.280).

Accordingly, the WDC considered it opportune to use its experience with identifying regional indicators to provide an input into the NDP monitoring process. A paper proposing a set of indicators to measure progress towards achieving balanced regional development was prepared and submitted to the Department of Finance, which is responsible for monitoring the NDP.

In the paper, nineteen indicators are set out under six themes, namely: Demography; Labour Market; Economic Structure and Performance; Education; Income and Poverty; Innovation and Technology. Each indicator is discussed in terms of its relevance to the NDP 2007-2013 and balanced regional development.

The paper, which was circulated to over forty key personnel in the relevant government departments and state agencies, was very positively received as a constructive input to the development of a monitoring process. As part of the follow-up, members of the executive meet regularly with officials at the Department of Finance and the Spatial Planning Unit at the Department of the Environment, Heritage and Local Government (which is responsible for overseeing and promoting the implementation of the National Spatial Strategy).

Travel to Work and Regional Labour Markets

In Ireland, up to now, there was limited analysis of regional labour markets. This was due partly to poor data availability at a sub-national level. However, new Place of Work data from Census 2002 and 2006 were made available by the CSO and these are a hugely valuable resource for labour market research. For the first time, detailed data on where people live and work are available at sub-county level.

The WDC commissioned the National Institute for Regional and Spatial Analysis (NIRSA) at NUI Maynooth to undertake an analysis of these data and this work began in October 2007. This analysis will identify, map and document the extent and scale of travel to work areas nationally and in the Western Region. It will also identify and map the regional labour markets arising out of the travel to work patterns, distinguishing areas of geographic overlap. This work is to be completed in early 2008. It will help identify commuting patterns and local and regional labour markets and their characteristics and should be particularly useful for enterprise agencies and planning authorities.

Project Appraisal and Regional Development

The WDC has some concerns that current project appraisal techniques are not good at taking full account of the regional development benefits of investment in infrastructure projects. In the case of projects located in less congested regions, where revenues or quantifiable benefits may be lower than in areas of higher population density or greater economic activity, the contribution of a project to regional development can be very significant but there are difficulties in placing a value on many of the effects of such projects. The WDC therefore commissioned a study of the application of economic project appraisal techniques (particularly Cost Benefit Analysis) to infrastructure projects located in less developed regions to consider how some of the difficulties could be addressed. This report, Project Appraisal Techniques and their Application to Regional Infrastructure Projects, points to the lack of information to provide a firm, quantitative basis for the assessment of the impact of infrastructure investment on regional development. It concludes that there is evidence of the benefit of infrastructural investment for regional development and that research in this area should continue. Considerable progress has already been made in assessing impacts such as employment, accessibility and integration, especially in the UK.

The study identifies various quantifiable and qualitative impacts that are currently not assessed in a standard appraisal in Ireland. However, the consultants feel that in many cases the significance of these impacts and the method of evaluating them have yet to be established. There is a need for further research on the ways such impacts should be measured. The WDC's work in this area is intended to be a constructive contribution to the process of developing effective tools to guide public investment in infrastructure and ensure value for money in achieving more balanced regional development. A non-technical summary of the report was circulated widely.

TRANSPORT INFRASTRUCTURE

Roads

The quality of road infrastructure is vital to facilitating growth within the Western Region and the WDC was active in highlighting road infrastructure needs since its establishment. A number of important national road developments in the region including the Ennis, Charlestown and Dromod-Roosky bypasses were completed in 2007. The major inter-city motorway from Galway to Dublin is also on schedule for completion by 2010.

The WDC's main concerns for the future, in relation to road infrastructure, are the timelines for upgrading the N5/N26 primary road serving Roscommon and Mayo, the N16 linking the gateway towns of Sligo and Dundalk, and the Atlantic Road Corridor particularly north of Galway. Throughout 2007, the WDC has continued to monitor the progress of these projects and to engage with relevant stakeholders to highlight key road infrastructure issues and priorities; this will continue into 2008.

Rail

Work began on the first phase of the Western Rail Corridor from Ennis to Athenry in 2007. The WDC, in conjunction with West on Track, held a conference in Claremorris on the Western Rail Corridor: Promoting Regional Balance in April 2007. The conference hosted a range of high-quality speakers and attracted well over 200 attendees. Speakers from Iarnród Éireann and the Department of Transport detailed the planned rollout of services and investment in the region. Representatives from industry and tourism highlighted the potential benefits of the corridor for the region. Other speakers presented perspectives on the environment, the importance of integrating transport modes, examples of international best practice and the potential for rail freight.

International Air Access

Air access is critical for a modern knowledge-based economy and good air services into and out of the Western Region allow the region to compete for mobile investment and tourism.

The funding for regional airports under the NDP, particularly the Government allocation of €27 million capital funding to Ireland West Airport Knock, is an acknowledgement of the airport's success, its role in regional development and its growth potential.

The WDC is disappointed at the cessation of the Shannon-Heathrow route, which had been an important link for both tourism and business for the south of the region, linking it with London and providing the opportunity for extensive onward connections. The introduction of the Shannon-Paris route in early 2008 should provide opportunities for better international connectivity for the region.

ENERGY INFRASTRUCTURE

In 2007, the WDC continued to emphasise the importance of quality energy infrastructure and supply to underpin economic growth and to facilitate the development of renewable energy enterprises in the Western Region.

Gas

The WDC regards natural gas provision as important for regional development, and has continued its work in relation to policy for gas connections to towns in 2007. The particular focus was the situation of towns which would not qualify for natural gas connections under current policy.

The WDC produced a report Gas for Ineligible Towns in which the importance of natural gas as an element of the infrastructure required to stimulate regional development was examined. This report contains international examples of where the natural gas grid was extended in order to stimulate regional development, as well as an examination of the policy options for supporting such infrastructural investment in towns which do not qualify for natural gas under the policy established by the Commission for Energy Regulation (CER).

A comparison of the cost of different fuels for use in commercial and domestic premises was commissioned. This analysis found that natural gas and wood fuels are the most competitive.

These reports were presented to the Ministers for Communications, Energy and Natural Resources and Community, Rural and Gaeltacht Affairs at a meeting in October. Copies are available from www.wdc.ie.

Electricity

Throughout the year, the WDC has again highlighted electricity infrastructural development and regulatory issues as they affect the West. A reliable electricity infrastructure capable of meeting existing and new demand is essential, both to the development of the region, including retention and attraction of enterprises, and to facilitate transmission of energy from renewable sources to meet demand.

In November 2007, the WDC issued its response to Eirgrid's draft Transmission Development Plan 2007-2011. A copy of this submission is available from www.wdc.ie.

Telecommunications Infrastructure

In 2007, the WDC continued to draw attention to broadband issues. Although there was considerable growth during the year, Ireland lags behind in international league tables both in terms of broadband penetration and speed levels. Data from Census 2006 highlights the continuing digital divide between the Western Region and the large urban areas. The WDC welcomed the launch of a new National Broadband Scheme in May but remains concerned about whether such a scheme can deliver broadband access at sufficient speeds and quality to ensure the region's competitiveness. The WDC continues to press the broadband issue through its representation on the Forfás Broadband Steering Group and at meetings with Ministers and policy-makers.

Rural Enterprise

The Western Region is predominantly rural with 77% of its population living outside of gateways and hubs. However, relatively little is known about the dynamics of the non-farm rural economy and about the rural enterprises contributing to it.

In order to explore some of these issues, the WDC commissioned ten case studies of rural enterprises in different sectors across the western counties, augmented by background research on rural enterprises and relevant policies. The resulting report, Rural Businesses at Work: Case Studies of Rural Enterprises in the Western Region, was launched in July 2007.

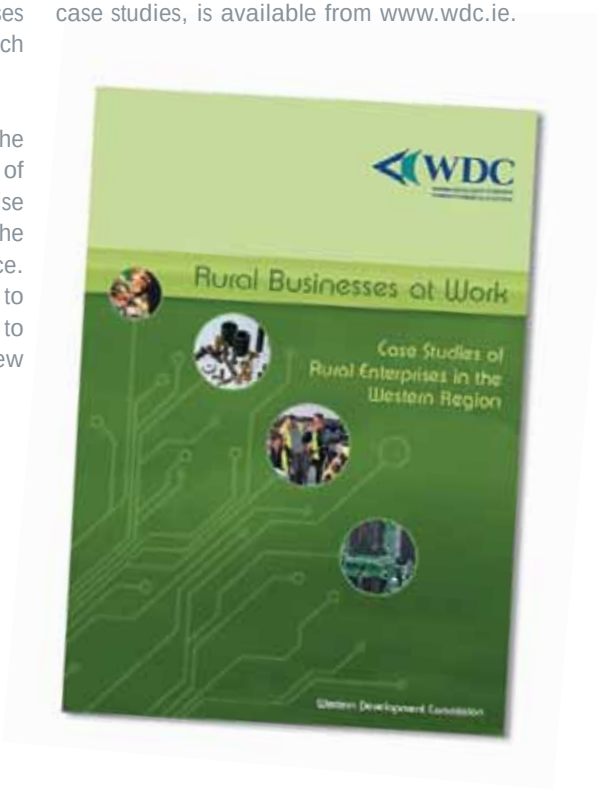
The case studies provide an insight into very different kinds of enterprises in rural areas, ranging from retail and craft-based businesses to internationally-traded services and high-tech manufacturing.

The issues that emerge offer insights into the positive aspects, as well as the challenges, of doing business in a rural location. Enterprise development in rural areas often reflects the close ties of the owner to their native place. Retaining young people or attracting them to return to rural areas is therefore critical to ensuring the continued establishment of new enterprises in rural areas.

For some rural entrepreneurs, isolation can be an issue and there is considerable variation in the strength of the linkages which rural enterprises have with other businesses and with higher education institutions. The need for improved transport infrastructure was identified as critically important, with road linkages beyond the gateways and hubs and air access emerging as priority concerns.

Quality telecommunications infrastructure is seen as important in helping to overcome perceived or actual isolation from suppliers and customers, and the poor quality of the rural broadband infrastructure is also a major concern.

The report, as well as a background document containing more detailed versions of the case studies, is available from www.wdc.ie.



Attitudes Towards the West

At the end of 2007, the WDC commissioned an opinion poll in order to gauge current opinion and attitudes towards development issues for the Western Region. The poll, carried out by RED C, surveyed a representative sample of 400 people in western counties and 400 in the East (Dublin, Kildare, Meath and Wicklow).

The findings show that 36% of those living in the East say they would like to live in the West, while an even higher share, 41%, of those under 35 expressed the same wish. One of the main attractions of living in the Western Region is 'a superior quality of life relative to Dublin' according to 54% of those in the East and 75% of those living in the West.

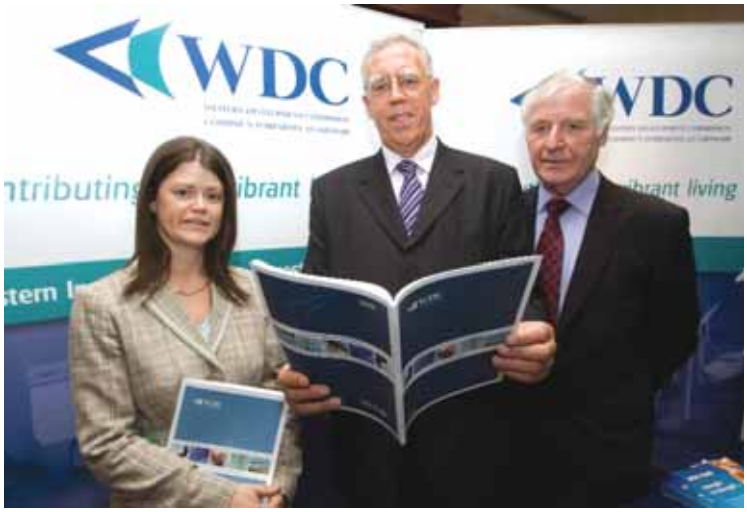
42% of those in the East and 46% of those in the West believe the economic gap between East and West has widened in the past five years. Up to 70% are also of the opinion that job opportunities are poorer in the West, relative to Dublin. This is an indication that despite job growth, high levels of investment and improvements in infrastructure, the perception remains that the West is falling behind the East. The poll also shows a significant shift in work practices, with 41% in the West, and 43% in the East saying that it is possible to work remotely in their job. These results are being used to inform the policy work of the WDC, as well as its LookWest.ie campaign.

SECTION 2

PROMOTING THE REGION

THE LookWest.ie CAMPAIGN

Goal 2: Promote the benefits of living, working and doing business in the Western Region.



Ms Gillian Buckley CEO (WDC), Mr Tony Killeen, Minister of State at the Department of the Environment, Heritage and Local Government and at the Department of Communications, Energy and Natural Resources and Mr Michael Farrell Chairperson (WDC)

In 2007, the LookWest.ie campaign demonstrated significant progress in promoting the Western Region as a place for people and business to locate and succeed. Overall engagement has increased significantly in the LookWest.ie campaign and research commissioned shows a 50% increase in those actively considering moving to the region.

Key achievements in 2007 included:

- 55% more visitors to LookWest.ie in 2007, with 131,000 people logging on to the site.
- LookWest.ie Jobs and Enterprise Expo on 20th September in Dublin attended by 500 people, with 40 companies and organisations exhibiting.
- Increase from 6% to 9% in those with a high level of interest in moving to the West from the Dublin and Leinster area according to a Behaviour an Attidtudes survey for the WDC. Based on the population of the area surveyed this represents approximately 171,000 people with a high level of interest in moving West.
- Regional 'Skills Register' with 2,700 entries from individuals including a significant portion interested in moving West to relocate or set up a business.

In 2007, the LookWest.ie advertising campaign took place in June and again in September/October. Irish people living abroad were targeted through publications and advertising in national and international websites. The campaign was launched at the beginning of June 2007 and that month saw the highest ever number of visitors to the website, with over 16,000 people logging on.

Signalling a new enterprise focus for the LookWest.ie campaign, a high-quality brochure was produced to promote the region as a location for new and expanding businesses. This works both as a stand-alone initiative and also as a complementary asset for partners in the Local Authorities, the IDA, Enterprise Ireland, Udaras na Gaeltachta and other interested parties. In tandem, the business section of www.lookwest.ie was also redeveloped and significant additional information was added to ensure that entrepreneurs and business owners can obtain all the information and contacts they need to establish an enterprise in the West. With co-operation from the Local Authorities in the region, LookWest.ie will prioritise enterprise attraction in its 2008 campaign. A copy of the brochure "Enterprising people Enterprising place" is available to download on www.wdc.ie

SECTION 3

RURAL DEVELOPMENT

RURAL DEVELOPMENT

Goal 3: Support the sustainable economic and social development of the rural economy.

TOURISM

Rural tourism has significant economic potential for the Western Region. It is a key focus of the WDC's work and this continued in 2007 through the support of the following initiative.

The Greenbox

The WDC continued to play a key role in the Greenbox under the work of the Western Development Tourism Programme (WDTP). In 2007, the Greenbox continued to consolidate its position as Ireland's ecotourism destination with extensive web marketing and considerable publicity and recognition at home and abroad. Under the Standards and Certification programme, the Greenbox developed an Eco-Label to certify the environmental and conservation quality of tourism products. The label draws on expertise and best practice from around the world and is certified by an independent panel of assessors. In 2007, the Greenbox won several awards and made it to the finals of the international 'Tourism for Tomorrow' destination award, in the same category as the State of Vermont, United States and the Great Barrier Reef, Australia.

As well as participating fully in the strategic planning of the Greenbox, the WDC will also facilitate Ireland's first all-island ecotourism conference in January 2008. This is designed to underpin commitment to the growing area of ecotourism which incorporates organic food, tourism, and renewable energy amongst other elements. For further information on the Greenbox visit www.greenbox.ie

Western Development Tourism Programme (WDTP)

In 2007, the Western Development Tourism Programme (WDTP), in which the WDC was a key strategic participant, came to its planned conclusion and has left a significant positive legacy. This pilot programme has brought together key stakeholders to co-ordinate agency activity and develop innovative rural tourism pilot projects. An evaluation of the Programme by TTC International was carried out and the pilot projects developed by the WDTP have been mainstreamed by Fáilte Ireland, Institute fo Technology Sligo and LEADER.

RENEWABLE ENERGY

The WDC continues to address the key issues to ensure that the sustainable development of the renewable energy sector in the Western Region yields benefits not only for the current generation but also for generations to come. Significant developments were made in 2007 to identify, along with business and regional partners, innovative areas of potential growth in energy generation and use, that are renewable and cleaner than those in current use.

Wood Energy Development Project

The WDC led a regional programme with public and private sector partners to exploit the fact that 40% of the nation's afforested land is located in the Western Region. A Wood Energy Advisory Group was established to guide the development of this project. (See Appendix 3 for members).

The first phase of the WDC Wood Energy Development Project concluded in February 2007 with the completion of the research report Wood Energy Development in the Western Region. This research provides baseline information on the region's potential wood fuel resource, market opportunities and barriers to development. The report establishes that the sector offers significant development opportunities for the region and recommends that a strategy be developed to realise this potential. Sustainable Energy Ireland supported the strategy under the Renewable Heat Deployment Programme.

In May 2007, the WDC appointed consultants to devise a wood energy strategy and action plan; this is phase two of the project. The purpose of the strategy is to underpin and support market growth and ensure the potential economic benefits of wood energy are realised in the region. The strategy provides a clear roadmap for the development of the sector. It is based upon extensive consultations and was delivered under the guidance of the WDC and the Wood Energy Advisory Group.

The strategy recommends a regional target of generating 477MW of heat energy by 2020 and the three-year action plan is designed to achieve this. The WDC carried out an economic impact study of the strategy and achieving the target would:

- Increase annual Gross Value Added (GVA) in the Western Region by €15 million by 2020.
- Create 887 Full Time Equivalent (FTE) jobs by 2020.
- Utilise 472,000 tonnes of timber with an estimated minimum annual value of €1.7 million to the farming sector.

- Generate CO_2 savings of 619,000 tonnes per annum by 2020 (this would be a benefit of €6.9million in 2020 if carbon were valued at €15 per tonne. It is also the equivalent of taking over 147,000 cars off the road for a year).

Phase three of the project, delivery of the action plan, commences in 2008 with the impact being dependant on the level of finance available to fully implement the project details.

Community Ownership Model

Local community support for the renewable energy sector is important if the sector is to realise its full potential as an energy resource and to achieve government goals and targets. To Catch the Wind (2004), a report by the Renewable Energy Partnership, established that an increased level of community participation in the sector is desirable in order to overcome fears of the impact of projects on the landscape and a community's lifestyle, and to ensure that communities benefit from projects and have a commitment to them. This report proposed a community ownership model to allow direct community investment in renewable energy projects. An example is the Killala Community Wind Farm, a partnership project between a private local developer and a community group in Killala, Co. Mayo who came together to pilot a renewable energy project involving direct community investment, as proposed in To Catch the Wind.

The two partners are Killala Community Wind Farm Ltd (KCWF) and the Killala Community Council (KCC). KCWF is the lead developer of a proposed 23MW wind farm project in north Co. Mayo – enough to supply power for almost 22,000 homes. KCC is the local community development company and is committed to securing the community's involvement in the proposed wind farm. The partners aim to set up a community investment vehicle that will allow as many people as possible in their community to invest in the wind farm. This project involved the completion of the feasibility phase, with a planning application submitted to Mayo County Council during the summer of 2007. The WDC has acted as project facilitator for the feasibility phase, and supported KCC's involvement in this phase. The WDC and Sustainable Energy Ireland have provided financial support to the community group.

A guide outlining the steps taken by KCC and KCWF and the lessons learned from the experience was published. This guide provides direction to other communities looking at investing in or setting up a renewable energy project, and gives an insight into what is needed to encourage community involvement and investment in the renewable energy sector.

A copy of the guide is available for download on www.wdc.ie.

ORGANIC AGRI-FOOD

In 2007, the WDC continued to represent the region in the national development of this sector both directly through its participation in the National Organic Steering Committee and indirectly through the related tourism programmes such as the Greenbox.

The WDC also made a submission to the Department of Agriculture and Food as part of the consultation process for the Medium-Term Action Plan of the Organic Sector.

Within the region, the WDC supported regional partners to carry out a strategic review of the organic sector. The review provides direction on future development needs and highlights opportunities for regional co-ordination to support growth.

In June 2007, Atlantic Organics Ltd (www.altanticorganics.com) nationally launched 'Rossinver-Grass Root Organics' (www.rossinverorganics.com) as a new brand of organic speciality food, with organic oats and organic tomato relish available in speciality stores nationwide. Upon completion of the Atlantic Organic INTERREG- funded project contract, the North West Organic Co-operative has taken over the management of the Rossinver brand product range. The WDC was a member of the Atlantic Organics Ltd. management team.

SECTION 4

WDC INVESTMENT FUND

WDC INVESTMENT FUND

Goal 4: To provide risk capital to SMEs and social enterprises.

The WDC Investment Fund (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 generating 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 2007, the WDC Investment Fund disbursed a total of €6.2 million and approved €9 million. To date, the WDC Investment Fund has invested over €27 million in 75 projects in the region.

The Investment Fund has two sub-funds:

- Business Investment Fund: for knowledge-based, high potential small and medium-sized enterprises (SMEs).
- Local Investment Fund: for community-based and not-for-profit enterprises.

In 2007, the Investment Fund was supported by a voluntary Fund Advisory Panel (FAP) which advises the Commission on investment decisions. (See Appendix 2 for membership of the FAP). For further information on the WDC Investment Fund see www.wdc.ie. A significant feature of this year's sectoral spread is that half the monies invested were in life sciences, for which the West of Ireland has gained an international reputation as a centre of excellence. Another 20% was invested in Information and Communications Technologies (ICT), demonstrating the growing presence of knowledge economy projects in the region. Over 25% of the Fund was invested in economic and social infrastructure in 2007.

There were 209 people employed in the 17 enterprises funded by the WDC in 2007. These enterprises have the potential to create many more jobs in the coming years as they develop and expand. In 2007, 71% was disbursed to high-tech companies that provide highly-skilled, quality jobs. In addition, two key areas of economic infrastructure were supported - enterprise space and renewable energy. A total of €45.6 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 €7.37 was leveraged into the region. A further milestone for the WDC Investment Fund was reached in 2007 with monies revolving back into the Fund being reinvested.

SECTION 5

CORPORATE SERVICES

CORPORATE SERVICES

Goal 5: Operate the WDC as a competent and effective organisation.

As an inherent part of its strategic goals, the WDC strives to run an efficient and effective organisation complying with legislative requirements, public sector modernisation and best practice.

Corporate Governance

As part of its continuing compliance with the Code of Practice for the Governance of State Bodies, the commission approved revised financial and procurement procedures for the WDC in 2007.

Human Resources

Through the active participation of the WDC Partnership Committee, the organisation continued its commitment to the modernisation programme. The Committee agreed on its second progress report on "Towards 2016".

Customer Care

The WDC is committed to providing its customers with a professional, efficient and courteous service in accordance with the WDC Customer Charter and the Principles of Quality Customer Services approved by the Government.

The WDC's website www.wdc.ie is regularly updated and in 2007 customers were kept up-to-date with WDC work through press releases, publications, submissions and recruitment notices posted on www.wdc.ie. No customer complaints were reported or recorded in 2007.

Financial Management

In 2007, the WDC's in-house Financial Management System was updated with effect from January 2008. The new Financial Management System enables the WDC to operate a comprehensive budgeting and financial reporting process and comply best practice under the Code of Practice for the Governance of State Bodies.

Freedom of Information Acts, 1997 & 2003

There were no requests under the Freedom of Information Act in 2007.

Data Protection Acts 1988 & 2003

The WDC had one query under the Data Protection Act in 2007.

Official Languages Act 2003

Under the Official Languages Act (2003), the WDC has adopted the WDC Language Scheme 2007-2010. This scheme is published in English and Irish and is available on www.wdc.ie.

Chairperson's Report on WDC Compliance with the Code of Practice for the Governance of State Bodies in 2007

1. **Code of Business Conduct for Directors and Employees of the WDC**
   Codes of business conduct for all directors and employees were signed by all relevant parties and complied with in 2007.

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 2007. The following work was carried out in relation to internal audit:

   (i) Internal Audit: The Internal Auditor completed the 2007 Internal Audit Work Programme.

   (ii) WDC Audit Committee: The Audit Committee met five times during 2007 and reported on its activity to the WDC.

   (iii) WDC Audits: A full financial audit relating to the 2006 WDC financial statements by the Comptroller and Auditor General (External Auditors) was carried out in 2007.

3. **Procurement**
   In 2007, 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 2007.

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 has 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 2007.

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 2007. Details of these fees and aggregate expenses are given in the annual accounts.

8. **A separate Chairperson's report was submitted to the Minister with the 2007 Annual Report.**

9. **I confirm that the WDC has complied in full with the appropriate tax laws and with its tax obligations in 2007 and that there were no issues reported.**

Signed: ..... Date: 31/1/2008

WDC Chairperson

APPENDICES

APPENDIX 1

Members of the Western Development Commission 2007

Chairperson

Michael Farrell

Members

Mary Bohan
Mary Devine O'Callaghan
Tish Gibbons*
Pat Gilmore
Billy Grimes
Greg Jackson
Des Mahon
Martina Minogue
Pádraig Ó Caomhánaigh
Ray O'Donoghue
Katie Sweeney
Mary Hoade**

* Retired October 2007
** Appointed November 2007

Audit Committee

Chairperson

Martina Minogue

Members

Mary Devine O'Callaghan
Greg Jackson
Michael Farrell
Ray O'Donoghue

APPENDIX 2

Fund Advisory Panel

Chairperson

Michael Farrell

Members

John Dillon
Judy Greene
Seán Hannick
John MacNamara
Martina Minogue
Willie O'Brien*
Ray O'Donoghue
Katie Sweeney
Colm MacFhionnlaoich**

* Retired September 2007
** Appointed September 2007

APPENDIX 3

Other Advisory Panels

Regional Wood Energy Advisory Group Members

Pearse Buckley
Barry Caslin
Doirin Graham
Frank Conlon
Peter Keavney
Billy Fitzgerald
Kathleen Stack
Richard Browne
Philip Carr
Christine Hutton
Hugo McCormick
Paula Keelagher
Michael Heaney

Project Appraisal Advisory Group Members

David Croughan
John Fitzgerald
Kathleen Stack
Maria Ginnity
Niall Cussen
Michael Keane

APPENDIX 4

2007 Project Portfolio

Project	County	Investment Type/ Amount	Description
Stamford Devices Ltd	Galway	Equity - €750,000	Speciality medical device company creating superior devices for respiratory disorders.
Cambus Teo	Galway	Equity - €500,000	Global supplier of technologically advanced micro components used in the manufacture of minimally invasive surgical devices.
Crospon Ltd	Galway	Equity - €490,000	Develops minimally invasive medical devices for monitoring, diagnosis and therapy of endocrinology and gastroenterology related illnesses.
FMC Technologies Ltd	Clare	Equity - €100,000	Development and marketing of a network management system for electrical utilities.
Instinct Technology	Donegal	Equity - €250,000	Development of a 3D rendering engine platform for the gaming industry.
Keywater Fisheries Ltd	Roscommon	Loan - €70,000	The growing of our native perch, from egg to market size fish, for sale to the European market.
Maisiu Urlar Teo	Donegal	Loan - €100,000	Manufacture of Decorative Laser Cut Flooring.
Airoshin Wind Energy Ltd	Donegal	Loan - €1,000,000	11.9 MW Windfarm located at Killybegs, Co. Donegal.
Meiticheol Teo	Galway	Equity - €200,000	Software development of a video-driven soundtrack composer.
Neutekbio Ltd	Galway	Equity - €250,000	Biotechnology company commercialising biological assays and test kits useful in diagnostic and clinical medicine.
Nooked Ltd	Sligo	Equity - €100,000	Web 2.0 company offering online marketing solutions such as RSS and widget marketing.
Proxy Biomedical Ltd	Galway	Equity - €299,901	Develop and manufacture next generation soft tissue implants using proprietary bio-medical technology.

APPENDIX 4

2007 Project Portfolio Cont.

Project	County	Investment Type/ Amount	Description
Vysera Ltd	Galway	Equity - €650,000	Medical device company developing products to address the growing niche gastrointestinal medical devices market.
IRD North Mayo/ West Sligo Moyvalley Resources	Mayo	Loan - €600,000	The development of an Enterprise Centre of 16,500 sq.ft for manufacturing and service projects requiring up to 1,000 to 4,000 sq. ft of workspace.
Zerusa Ltd	Galway	Equity - €175,000	Less invasive medical device to make it safer, easier and quicker for physicians to access the vascular system.
Xancom Ltd T/A Lightstorm Ltd	Galway	Equity - €654,955	Research & Development, for the marketing, sale of integrated circuit devices to international semiconductor, telecommunications markets.

FINANCIAL STATEMENT 2007

TABLE OF CONTENTS

Members of the Western Development Commission 2007

Chairperson

Michael Farrell	Co Sligo

Members

Mary Devine O'Callaghan	Co Roscommon
Tish Gibbons*	Co Galway
Pat Gilmore	Co Galway
Billy Grimes	Co Donegal
Mary Hoade**	Co Galway
Greg Jackson	Co Mayo
Des Mahon	Co Mayo
Martina Minogue	Co Clare
Pádraig Ó Caomhánaigh	Co Galway
Ray O'Donoghue	Co Galway
Katie Sweeney	Co Mayo

* Retired October 2007
** Appointed November 2007

Bankers

Bank of Ireland, Ballaghaderreen, Co. Roscommon

Auditors

The Comptroller and Auditor General
Treasury Building, Dublin Castle, Dublin 2

Statement of Commission's Responsibilities

Section 22 of the Western Development Commission Act, 1998, requires the Commission to prepare financial statements in such form as may be approved by the Minister for Community, Rural and Gaeltacht Affairs with the concurrence of the Minister for Finance and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements the Commission is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless that basis is inappropriate;
- disclose and explain any material departures from applicable accounting standards.

The Commission is responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Commission and which enable it to ensure that the financial statements comply with Section 22 of the Act. The Commission is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson ..... Michael Farrell

Chief Executive ..... Gillian Buckley

Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of the Western Development Commission for the year ended 31 December 2007 under the Western Development Commission Act, 1998.

The financial statements, which were prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Western Investment Fund Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective Responsibilities of the Commission and the Comptroller and Auditor General

The Commission is responsible for preparing the financial statements in accordance with the Western Development Commission Act, 1998, and for ensuring the regularity of transactions. The Commission prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Commission are set out in the Statement of Commission's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account were kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Commission's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

I read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Commission's affairs at 31 December 2007 and of its income and expenditure for the year then ended.

In my opinion, proper books of account were kept by the Commission. The financial statements are in agreement with the books of account.

Gerard Smyth

For and on behalf of the Comptroller and Auditor General

Date 11th August 2008

Statement on Internal Financial Control 2007

1 On behalf of the Commission of the Western Development Commission I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

2 The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely period.

3 The following procedures were put in place by the Commission designed to provide effective internal financial control:

i) The Commission has taken steps to ensure an appropriate control environment is in place by establishing :

- a clearly defined organisational structure;
- with defined lines of responsibility; authority limits; segregation of duties and delegated authority; a clearly documented system of financial procedures;
- reporting mechanisms to management, Audit Committee and to the Chairperson and Commission.

ii) The Commission has established processes to identify and evaluate business risks by:

- identifying the nature, extent and financial implications of risks facing the Commission;
- assessing the likelihood of identified risks occurring (detailed risk assessment carried out by internal auditors);
- working closely with Government and relevant agencies to ensure that there is a clear understanding of the Commission's strategy.

iii) The Commission uses an in-house Financial Management System enabling it to operate a comprehensive budgeting process and ensure that any budgetary variances are promptly identified, examined and addressed. Monthly budget and expenditure reports are prepared for management and for the Department.

iv) The Commission has in place procedures for addressing financial implications of major business risks. These include:

- an annual budget approved by the Commission;
- clearly defined set of operation financial procedures;
- clearly defined and Commission approved investment procedures for the operation of the Western Investment Fund; including post investment procedures;
- defined authorisation limits, segregation of duties.

Statement on Internal Financial Control 2007

v) In 2007 the Commission had in place the following procedures to monitor the effectiveness of the internal financial control system:

a) An Internal Audit Function, which was outsourced and operated in accordance with the internal audit work plan including a risk analysis. This audit plan and risk analysis was endorsed by the Audit Committee. The Internal Audit Function reported to the Audit Committee on its organisational expenditure reviews and this report reflected the internal auditors' opinion on the adequacy and effectiveness of the system of internal financial control in the WDC.

b) The Commission monitoring and review of the effectiveness of the system is informed by:
- the work of the internal auditor;
- the Audit Committee (which oversees the work of the internal auditor);
- the Commission executive who have responsibility for the development and maintenance of the financial control framework; and comments made by the Comptroller and Auditor General in his management letter.

4 Annual Review of Controls

I confirm that the Commission carried out a review of the effectiveness of the internal financial controls in 2007.

Signed ..... Chairperson

Statement of Accounting Policies

1 Basis of Accounting

The financial statements are prepared under the accruals method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards recommended by the recognised accountancy bodies are adopted as they become operative.

2 Oireachtas Grants

Oireachtas Grants are accounted for on a cash receipts basis.

3 Fixed Assets

Fixed Assets are stated at their historical cost or valuation less accumulated depreciation. Depreciation is charged to the income and expenditure account on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for estimated residual value, over the expected useful lives.

Fixtures and Fittings 15%
Computers & IT 33%

4 Pensions

The Commission operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Community, Rural and Gaeltacht Affairs and from contributions deducted from staff salaries. Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are paid over to the Department in accordance with the Commission's funding arrangements.

Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Community, Rural and Gaeltacht Affairs. Pension liabilities represent the present value of future pensions payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Community, Rural and Gaeltacht Affairs.

5 Capital Account

The Capital Account represents the unamortised value of income used for capital purposes.

6 Western Investment Fund

An overall fund of €28 million was committed to by the Department of Community, Rural and Gaeltacht Affairs under the NDP 2007 - 2013. On approval of a project by the Commission, funds are drawn down from the Department and loans and investments are issued to the relevant body.

Statement of Accounting Policies

7 Investment Income

Investment income earned on the Western Investment Fund is credited to the Fund. Interest on loans is calculated on a reducing balance basis and is taken to the Income and Expenditure account over the period of the agreement.

Interest on loans in arrears is not accrued and is only taken to the Income and Expenditure account when received. Dividends on equity investments are taken to the Income and Expenditure account as they are received.

8 Unquoted Investments

Unquoted investments are stated at fair value (Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on management's assessments following a review process of each portfolio company using the latest available audited accounts and recent management accounts and other relevant business information.

The guidelines followed by the WDC in arriving at valuations are in accordance with the valuation principles of the European and Irish Venture Capital Associations. Where the reasons for provisions in respect of impairment of value have ceased to apply, those provisions are reversed. Where management's assessment of the value of an investment is nil, due to insolvency or otherwise, these investments were written off.

9 Provisions for Loan Losses Policy

Specfic provisions are made for loans when the WDC considers that the creditworthiness of a borrower has deteriorated such that the recovery of whole or part of the outstanding loan is in serious doubt. The amount of the specific provision is equivalent to the amount necessary to reduce the carrying value of the loan to its expected ultimate net realisable value.

10 Gains and Losses

Realised gains and lossses are recognised in the Income and Expenditure Account when they are realised.

Income and Expenditure Account for the year ended 31 December 2007

WESTERN DEVELOPMENT COMMISSION	Notes	2007 €	2007 €	2006 €	2006 €
INCOME					
Oireachtas Grant	Note 1	5,836,586		8,241,182	
Other income		16,338			
Transfer to Western Investment Fund	Page 8a	(3,406,400)		(6,062,500)	
Transfer from/(to)Capital Account	Note 6	(25,691)		2,913	
Net Deferred Funding for Pensions	Note 8 (b)	176,155		149,682	
			2,596,988		2,331,277
EXPENDITURE					
Operating Costs	Note 2		2,608,536		2,346,783
Surplus/(Deficit) for the year			(11,548)		(15,506)
Surplus at beginning of year			4,856		20,362
Surplus/(Deficit) at end of year			(6,692)		4,856

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		2007 €	2006 €
Surplus/(Deficit) for the year		(11,548)	(15,506)
Experience losses/(gains) arising on the scheme liabilities	Note 8(f)	(115,000)	(125,000)
Changes in assumptions		-	-
Actuarial loss/(gain) on pension liabilities		(115,000)	(125,000)
Adjustment to deferred pension funding		115,000	125,000
Total recognised gain/(losses) for the year		(11,548)	(15,506)

The statement of accounting policies and the notes 1 to 11 form part of these financial statements.

Michael Farrell
Chairperson

Gillian Buckley
Chief Executive

Western Investment Fund Income and Expenditure Account for the year ended 31 December 2007

WESTERN INVESTMENT FUND	Notes	2007 €	2007 €	2006 €	2006 €
INCOME					
Transfer from the Commission		3,406,400		6,062,500	
Interest Earned		365,888		252,780	
Investment Fund Income		183,054		15,411	
Arrangement Fees		3,180		38,128	
			3,958,522		6,368,819
EXPENDITURE			0		0
Provision for write down on Investments	5		(2,252,173)		(2,616,381)
Increase/(Decrease) in the Fund			1,706,349		3,752,438
Balance of the fund At the beginning of The year			16,809,770		13,057,332
Balance of the Fund At the end of the Year			18,516,119		16,809,770

The statement of accounting policies and the notes 1 to 11 form part of these financial statements.

Michael Farrell
Chairperson

Gillian Buckley
Chief Executive

Balance Sheet as at 31 December 2007

	Notes	2007 €	2006 €
FIXED ASSETS			
Tangible Assets	4	56,529	30,838
Financial Assets	5	18,516,119	16,809,770
		18,572,648	16,840,608
CURRENT ASSETS			
Bank Current Account		141,213	113,845
Debtor being amount due from Western Investment Fund		-	0
Prepayments		38,160	11,551
		179,373	125,396
CURRENT LIABILITIES			
Creditors and Accruals		(186,065)	(120,540)
NET CURRENT ASSETS		(6,692)	4,856
Total Assets Less Current Liabilities before pensions		18,565,956	16,845,464
Deferred Pension funding		1,000,000	900,000
Pension liabilities		(1,000,000)	(900,000)
Total Assets Less Current Liabilities		18,565,956	16,845,464
FINANCED BY:			
Investment Fund		18,516,119	16,809,770
Income and Expenditure Account		(6,692)	4,856
Capital Account	6	56,529	30,838
		18,565,956	16,845,464

The statement of accounting policies and the notes 1 to 11 form part of these financial statements.

Michael Farrell
Chairperson

Gillian Buckley
Chief Executive

Cash Flow Statement at 31 December 2007

RECONCILIATION OF SURPLUS/(DEFICIT) TO CASHFLOW FROM OPERATING ACTIVITIES

	Notes	2007 €	2006 €
Surplus / (Deficit) for the year		(11,548)	(15,506)
Depreciation		23,630	16,898
Loss on disposal of assets		290	1,825
Transfer to capital account		25,691	(2,913)
(Decrease)/Increase in Prepayments		(3,033)	405
Increase/(Decrease) in Creditors & Accruals		63,306	55,742
CASH INFLOW FROM OPERATING ACTIVITIES		98,336	56,451
CAPITAL			
Funds to acquire fixed assets		(49,611)	(15,810)
NET CASH INFLOW		48,725	40,641

RECONCILIATION OF MOVEMENTS IN CASH BALANCES

	2006	Movement	2007
Bank Current Account	113,680	27,427	141,107
Petty Cash	165	(59)	106
	113,845	27,368	141,213

The statement of accounting policies and the notes 1 to 11 form part of these financial statements.

Notes to the Financial Statements

1. GRANT INCOME	Notes		2007 €	2006 €
Operating Grant*		2,456,155		
Less refund to Department re 2006		(25,969)	2,430,186	2,178,682
WIF Grant			3,406,400	6,062,500
			5,836,586	8,241,182

* Operating Grant is shown net of pension contributions

2. OPERATING COSTS	Notes	2007 €	2006 €
Salaries (including employers PRSI)		976,799	885,712
Travel and Subsistence - Staff		101,265	89,087
Pension Costs	Note 8c	176,155	149,682
Recruitment		23,252	61,511
Training & Development		64,215	48,915
Public Relations (incorporating Look West campaign)		106,040	106,088
Professional Fees		243,749	189,892
Professional Fees -Western Investment Fund		72,372	88,477
Commission Members			
Travel and Subsistence		12,195	16,515
Fees		86,333	87,500
Other		3,124	2,879
Meetings & Seminars		4,255	25,689
Commission Sub-committee's / Advisory Panels			
Travel and Subsistence		2,760	5,770
Other		2,022	2,189
Printing & Design		62,937	44,433
Office Expenses		51,149	55,356
Repairs and Maintenance		55,328	40,226
Insurance		13,480	16,375
Audit Fee		11,500	11,000
Accountancy and Internal Audit		40,761	6,402
Advertising, Marketing & Subscriptions (incorporating Look West campaign)		468,591	390,339
Depreciation		23,630	16,898
Sundry		6,334	4,023
Loss on Disposals		290	1,825
		2,608,536	2,346,783

Notes to the Financial Statements

3. PREMISES

The Western Development Commission is a tenant in Dillon House, a building owned by Roscommon County Council. A lease agreement between the County Council and the Office of Public Works is currently being finalised. It is understood that the Office of Public Works will pay rent on behalf of the Commission.

4. FIXED ASSETS	Notes	2007 €	2006 €
Cost/Valuation At 1 January		146,984	168,560
Additions in Year		49,611	15,810
Disposals		(42,205)	(37,386)
Balance at 31 December		154,390	146,984
Accumulated Depreciation		116,146	134,809
Charge for period		23,630	16,898
Disposals		(41,915)	(35,561)
Balance at 31 December		97,861	116,146
Net Book Value at 31 December		56,529	30,838

5A. FINANCIAL ASSETS	Notes	2007 €	2006 €
Equity Investments	Note 5b	12,575,389	10,871,340
Loans	Note 5b	4,711,576	3,364,929
Funds committed for investment		90,454	636,816
Balance available for reinvestment		1,138,700	1,936,685
		18,516,119	16,809,770

Notes to the Financial Statements

5B. EQUITY INVESTMENTS AND LOANS	Notes	2007 €	2006 €
Cost			
Opening Value at 1 January		18,231,689	13,742,449
Additions		6,195,790	5,916,000
Disposals/Repayments & Write Offs		(865,788)	(1,426,760)
Closing Cost at 31 December		23,561,691	18,231,689
Provision for Diminution in Value			
Opening Balance at 1 January		3,995,453	2,316,920
Movement in Provision		2,279,273	1,678,533
		6,274,726	3,995,453
Closing Valuation at 31 December		**17,286,965**	**14,236,236**
Equity		12,575,389	10,871,307
Loans		4,711,576	3,364,929
		17,286,965	14,236,236

6. CAPITAL ACCOUNT	Notes	2007 €	2007 €	2006 €	2006 €
Balance at 1 January			30,838		33,751
Transfer from Income and Expenditure Account:					
- Funds allocated to acquire Fixed Assets		49,611		15,810	
- Loss on Disposals		(290)		(1,825)	
- Amount amortised in line with asset depreciation		(23,630)		(16,898)	
			25,691		(2,913)
			56,529		**30,838**

7. FUTURE COMMITMENTS

	Notes	2007 €	2006 €
Opening Commitments		4,100,000	3,872,300
Approvals		9,035,934	7,542,500
Decommitments		(960,144)	(1,398,800)
Disbursals		(6,195,790)	(5,916,000)
Closing Commitments		5,980,000	4,100,000

8. PENSION COSTS

a) Pension Scheme

The Commission operates a defined benefits scheme which is unfunded. The valuations used for FRS17 disclosures have based on full actuarial valuation by a qualified independent actuary to take account of the requirement of FRS17 in order to assess the scheme liabilities at 31 December 2007. The financial assumptions used to calculate scheme liabilities under FRS17 are

	AT 31/12/07	AT 31/12/06	AT 31/12/05
Discount Rate	5.50%	5.50%	5.50%
Rate of Expected Salary Increase	4.00%	4.00%	4.00%
Rate of increase in pension payment	4.00%	4.00%	4.00%
Inflation	2.00%	2.00%	2.00%

b) Net Deferred Funding for Pensions in year

	2007	2006
Funding recoverable in respect of current year pension	176,155	149,682
State Grant applied to pay pensioners	-	-
	176,155	149,682

c) Analysis of total pension costs charged to expenditure

	2007	2006
Current Service Costs	165,000	150,000
Interest on Pension Scheme Liabilities	50,000	45,000
Employee Contributions	(38,845)	(45,318)
Total Operating Charge	176,155	149,682

d) Deferred Funding Asset for Pensions

The Commission recognises these amounts as an asset corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the supperannuation scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. While there is no formal agreement regarding these specific amounts with the Department of Community, Rural and Gaeltacht Affairs, the Commission has no evidence that this funding policy will not continue to meet such sums in accordance with current practice. The deferred funding asset for pensions as at 31 December 2007 amounted to €1,000,000 (2006: €900,000).

e) Movement in Net Pension Liability during the financial year

	2007	2006
Net Pension Scheme liability at 1 January	900,000	830,000
Current service cost	165,000	150,000
Interest cost	50,000	45,000
Actuarial loss/(gain)	(115,000)	(125,000)
Benefits paid in the year	-	-
Net Pension liability at 31 December	1,000,000	900,000

f) History of experience gains and losses

	2007	2006	2005
Experience losses/(gains) on scheme liabilities			
Amount (€)	(115,000)	(125,000)	29,000
Percentage of the present value of the scheme liabilities	(11%)	(14%)	3%
Total amount recognised in Statement of total recognised gains and losses			
Deferred pension funding represents the corresponding asset which will be recovered in future periods	(115,000)	(125,000)	29,000
Percentage of the present value of the scheme liabilities	(11%)	(14%)	3%

9. COMMISSION MEMBERS INTERESTS

The Commission adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interests by Commission members, and these procedures were adhered to in the year.

10. RELATED PARTY TRANSACTIONS

One of the Commission Members, had through her directorship of eTeams Ltd, transacted with the WDC through the provision of translation services at a market value of €2,637 for the year ended 31 December 2007.

11. Commission Approval

The Commission of the Western Development Commission approved these Financial Statements on 15/7/2008.

ABBREVIATIONS

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WDC	Western Development Commission
NDP	National Development Plan
WDTP	Western Development Tourism Programme
ICT	Information and Communications Technology
SME	Small and Medium Sized Enterprises
CSO	Central Statistics Office
NIRSA	National Institute for Regional and Spatial Analysis
CER	Commission for Energy Regulation
NSS	National Spatial Strategy
TTC	Tourism and Transport Consult
GVA	Gross Value Added
FTE	Full Time Equivalent
KCWF	Killala Community Wind Farm Ltd.
KCC	Killala Community Council
INTERREG	A European Union initiative for cross-border, transnational and inter-regional co-operation
FAP	Fund Advisory Panel