



White Paper on Enterprise  
22|6|2022

# Submission on behalf of the Western Development Commission

The [Western Development Commission](#) [WDC] is a state agency that supports communities to grow, businesses to scale and is planning for the future of Ireland's Atlantic coastal region. The WDC promotes the Western Region, [Donegal, Sligo, Leitrim, Mayo, Galway, Roscommon and Clare] provides policy analysis, is leading the development and rollout of the National Hubs Network and manages the €75m Western Investment Fund. The WDC also manages the Atlantic Economic Corridor [AEC] initiative under Ireland 2040.

## 1. Introduction, Regional Context

As detailed within economic analysis by the WDC Policy Analysis Team<sup>1</sup>, it seems COVID-19 has exacerbated pre-pandemic structural issues in the Western Region and wider Atlantic Economic Corridor. These issues include the structures of enterprise and concentrated employment in agriculture, the public sector and tourism focused sectors. The COVID-19 shock reiterates the need for further diversification of the regional employment base. Incentivising entrepreneurship and innovation activity should be a key regional priority.

The region's quality of life makes it attractive to knowledge intensive and creative sector workers, ensuring the availability of the facilities and services

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<sup>1</sup>See for example, McGrath, L., Frost D., & McHenry H., 2022. The Revised National Development Plan: Key Regional Issues. Policy Briefing No. 8. Western Development Commission.  
Lydon, R. & McGrath L. 2020. Regional impact of COVID-19: Western Region & Atlantic Economic Corridor, Economic Letters 10/EL/20, Central Bank of Ireland.

### **Western Development Commission**

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that these workers require is important. Growth opportunities to expand the knowledge intensive sectors, will be key to the region's economic future.

The expansion of remote working may offer opportunities to grow regional employment across those sectors. The WDC is the co-ordinator of the Connectedhubs.ie project to create an interconnected community hub network. Infrastructure is a fundamental building block for regional development. Key infrastructure projects for the Western Region are detailed in the WDC's recent submission to the National Development Plan consultation.

The WDC argue that two I's (Infrastructure and Innovation) and the '3Es' (Enterprise, Employment and Education) are the key levers for effective regional development. When these three areas complement and support each other, they drive regional growth. The WDC submission to the Seanad Public Consultation Committee on Small and Medium Sized Businesses in Ireland emphasised the importance of the removal of regional entrepreneurial barriers.

Some general context around regional issues is available in [WDC Policy Briefing No. 8](#) and the report on [Regional Economic Impact of COVID-19](#):

## 2. Enterprise Sectors, Smart Specialisation

The publication of the Smart Specialisation Strategy is welcome and reflects the WDC submission and considered view. In the NWRA region, which does include six of the seven counties within the Western Region (excluding Co. Clare) the identified areas of sectoral strength and potential opportunity are:

- Advanced Manufacturing and Engineering;
- Audio visual/Creative;
- Marine and Blue Economy;
- Renewable energy, Climate Change mitigation and sustainability;
- Agri Food and AgTech;
- ICT and ICT Services;
- Life sciences, Med Tech and Medical Devices

Continued support for these sectors as drivers of sustainable regional development and growth is vital. The full WDC submission on smart specialisation is available [here](#)<sup>2</sup>.

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<sup>2</sup> [WDC Submission to the Consultation on the National Smart Specialisation Strategy - Western Development Commission](#)

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In the context of Co. Clare, not included in the above areas listed, it is important to note that Shannon Airport hosts the Future Mobility Campus, Ireland along with other enterprises in the area of smart mobility.

This underlines the existing strength in the areas of **sensors and mobility** established in the mid-west and parts of the west and emerging in the northwest. This area, along with the life sciences has been a focus of development work for the Western Development Commission as part of its strategic goal of Sustainable Enterprise in the region in the long term. There are a number of emerging sectors along the Atlantic Economic Corridor that could achieve critical mass in Ireland over the next seven years. The primary areas of focus should be **Renewable Energy** and the **Creative Enterprise**, however there is notable growth in the areas of Advanced Manufacturing, AgTech and Fintech.

### **Renewable energy, Climate Change mitigation and sustainability**

For the first time in its history, the west of Ireland has a strategic natural resource that can transform the region with over 30GW of verified offshore energy resources. To put this in context, an analysis of the east coast opportunity has calculated the total employment from the development of 3.5GW of fixed offshore wind as 21,380 full-time equivalent jobs. However, because the supply chain is already well established, the majority of these are internationally based and lie in manufacturing (over 16000).

### **Audio visual/Creative, Creative Enterprise**

The development of the **Creative Industries / Economy** in the region is being led by the WDC. Culture Ireland defines the Creative Industries as ‘industries and occupations which focus on creativity as a means to deliver commercial success, export growth and resilient employment for Ireland’.

The creative economy is a strategic development objective under the WDC strategy. The WDC creative economy aligns with Regional Enterprise Plans 2024 in the MidWest, North West, West - all of which identify the creative industries as key. This is further aligned with the national Smart Specialisation Strategy.

With appropriate strategic sustained, targeted investment, it is anticipated that at least 1,000 self-sustaining jobs would be created in the next few years in the regions. The sustainable development of commercial creative enterprises requires a pan-department and pan agency collaboration. Furthermore, there is

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an absence of data to inform creative enterprise seeking information on target markets. This is a data gap that the WDC is seeking to fill in conjunction with other stakeholders.

### 3. Enterprise Objectives and Challenges, Levers and Policy Instruments

#### **Cohesion:**

- Developing a regionwide approach focused on smart specialisation will support business growth and competitiveness to bridge these gaps. It will provide an entrepreneurial environment necessary to foster innovation among start-ups and SMEs and enable regional economies to build stronger links with Multi-National Organisations (MNO's) and create opportunities for more people to stay and work in the region. Together these actions will forge a more viable area for new start-ups, businesses to locate, families to grow, and visitors to return.

#### **Communication:**

- The National Hubs Network offers an opportunity, through its projected membership of more than 400 hubs to raise awareness of opportunities to bring new ideas to life and to market. The European Digital Innovation Hub (EDIH) network is an important step breaking down the barriers, but also other structured supports to raise awareness and accessibility of IP developed and held by the higher education sector and to licence that IP (at little or no cost as appropriate) to facilitate early exploration of commercial potential.
- Furthermore, the WDC is examining the feasibility of developing a contract marketplace, on the [connectedhubs.ie](http://connectedhubs.ie) platform to allow hubs and hub users to access contract and employment opportunities and public and private services. This additional profile and market opportunity will support employment and the ongoing sustainability of the National Hub Network into the future.
- Digitalisation is a horizontal priority highlighting the impact of digital technologies on productivity growth and competitiveness of businesses across sectors and priorities. Therefore, boosting digitalisation capacities in the region is vital to facilitate the implementation of the smart specialisation strategies.
- The new business models that are arising from the convergence of emerging technologies with traditional industries such as agriculture,

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health, and transport present an opportunity for the region given our established competences in IoT, (big) data/data analytics, high performance computing and sensors and emerging competence in cybersecurity technologies.

### **Orchestration:**

- There is a need, through initiatives such as the Atlantic Economic Corridor to orchestrate existing and emerging capacities in regional areas and to raise the profile nationally and internationally. The WDC has registered the Atlantic Economic Corridor region [Donegal to Kerry] as a member of the European Network of Living Labs [ENOLL].
- This has already facilitated living lab projects with industry, such as the partnership with Cisco among others to develop a digital e-health hub on Clare Island, Co. Mayo, a smart traffic solution in Ennis Co. Clare and third level education outreach with NUI Galway. In all cases, the quadruple helix of industry, community, higher education and government have come together to solve problems for community benefit and do so in a way that can be scaled, towards bridging the digitalisation gap, and associated barriers to entering the labour market.
- There is a long-standing challenge in connecting industry, in particular the SMEs with enabling digital technologies, including AI, HPC and Cybersecurity. The establishment of the European Digital Innovation Hub (EDIH) in that context in the northwest [Data2Sustain] is hugely important. The aim of Data2Sustain is to drive data-based innovation for circular economy, operations, and sustainability, therefore enabling an integrated digital and low carbon approach in support of smart specialisation.

### **WDC Western Investment Fund (WIF)**

The WDC Western Investment Fund was established on a statutory basis under the 1998 Western Development Act. It has a 20-year history of providing equity finance and loans to businesses, communities, strategic initiatives and creative industries in the region. During that time the fund has grown from an original state allocation of €32m to a total portfolio value of €75m at year end 2021 [since increased to circa €92m] and operates across three areas:

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- Business Investment including equity investments and loans for small and medium sized enterprises
- Community Investment including loans for community / social enterprises and bridging finance for LEADER funding.
- Creative Industry and Investment including the Creative Micro Loan Fund and WRAP Fund which is the only targeted investment fund for creative enterprises in Ireland with over €5m committed to the fund to 2024.

A review of the fund over 20 years is due to be published. In that context the WDC would recommend the following policy instruments be explored:

- The designation of a Strategic Development Zone [SDZ] in the northwest to include Sligo/Donegal/Leitrim, or with the possible inclusion of Roscommon and Mayo to include the existing SDZ at Knock airport. This is an area identified as a 'Region in Transition' by the EU and the WDC has ringfenced part of the fund to support the development of competitive global advantages building on regional competencies in that area.
- Support a cohort of existing SMEs / medium / mid-cap companies to grow to scale through use of the WDC Western Investment Fund and the Irish Strategic Investment Fund to seek to become the acquiror rather than the acquiree.
- As reflected in the Irish Venture Capital Association (IVCA) pre-budget submission, the WDC view that tax incentives / reliefs be examined to support productive capital investment in SMEs and further streamlining of share options / ESOTs to assist scaling companies and start-ups to attract and retain talent and support entrepreneurship more broadly.

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## 4. Conclusion

The challenge in the western region and along the Atlantic Economic Corridor is, in parts, the lack of critical mass. Given low levels of historical investment there is a clear need to improve regional connectivity and accessibility. A constraint for regional entrepreneurs is the lack of physical and digital infrastructure.

There is a need to acknowledge and address this core issue. This can be done through the use of the National Hubs Network to create structured links between national, specialist supports and programmes and those seeking support in rural and regional areas across the country.

Furthermore, the National Hubs Network offers the opportunity to act as a platform for the delivery of both public and private services and can play a key role in raising the awareness of both market opportunities and state supports to access those national and international markets.

Smart Specialisation will build on existing competencies with global standing. The identified sectors of life sciences, mobility and sensors and the emerging areas of Renewable Energy, Creative Industries / Economy, with on-going supports and medium- and long-term planning will create a sustainable and resilient base for economic and social development in the west. To achieve this and to amplify the existing and emerging specialisms, there is a need for public and private collaboration through orchestration to create cohesion and to communicate that common message at home and abroad.

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