

Rural Enterprise

National Spatial Strategy

This report has been prepared jointly with the Centre for Local and Regional Studies - NUI Maynooth, The Rural Economy Research Centre - Teagasc, and Brady Shipman Martin.

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RURAL ENTERPRISE

Summary and Implications for Policy

I Introduction

This is the report of a background study for the National Spatial Strategy (NSS) regarding Irish rural enterprise. The objectives of the study were to:

- *examine particular case studies of successful rural enterprise, in all its senses (tourism, agri-business, employment generally, forestry and fisheries) in order to determine the relevant components that contribute to that success;*
- *identify the factors that have led to rural areas not realising their full potential for the development of rural enterprise;*
- *utilise the information gathered above in order to identify the potential of various rural areas to initiate and develop rural enterprise.*

In consultation with the Spatial Planning Unit, rural areas were generally defined as District Electoral Divisions (DEDs) which did not have a population centre of 1,500 people or above in the 1996 Census. Regarding rural enterprise, the study deals with all non-farming enterprises in rural areas, but with a focus on indigenous enterprise. The emphasis in the analysis was placed on where enterprises are located, as distinct from the more conventional focus on where the employees are located.

The main research involved an examination of literature on rural enterprise, statistical analysis regarding the level and nature of rural enterprise in Ireland and a series of seven area-based case studies of rural enterprise development.

Seven areas were selected for case study purposes:

- Kiltimagh, Co. Mayo – as a small previously declining rural town in the west of Ireland with strong, locally based development activity and a track record of major reversal in socio-economic fortunes;
- Co. Offaly – as a midland location, with a mix of rural areas and the full range of nationally funded enterprise supports;
- Duhallow, Co. Cork – as a “classic” remote rural area with a strong rurally-based local development group, applying “bottom-up” approaches;
- Gweedore, Co. Donegal – as a rural Gaeltacht area, with the distinct feature of a relatively large Údarás industrial estate in a peripheral area;
- Co. Waterford – as a relatively large rural area in the South-East region, with relatively high levels of rural deprivation in West Waterford and a Partnership and LEADER company;

- Ballinamore-Ballyconnell, Co. Cavan/Leitrim – as an area in the relatively deprived “black triangle” of West Cavan, Leitrim and North Roscommon, proximate to the border, and with the distinct features of major public investment (the Shannon-Erne waterway) and major private investment (manufacturing and hotel);
- Co. Clare – as an area in the Shannon Development region, with a relatively weak rural economy despite a tradition of various local development models and of proximity to the Limerick/Shannon/Ennis urban area.

2 Spatial Distribution of Enterprise in Ireland

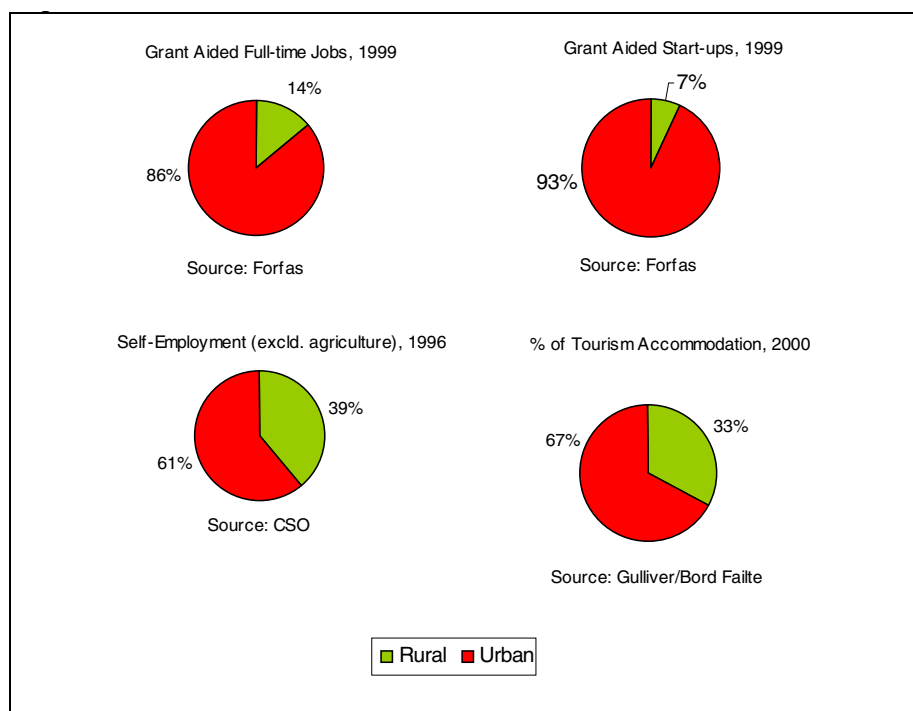
This analysis explored the spatial distribution of enterprise in Ireland, with particular focus on rural areas. The principal questions being addressed were:

1. how much enterprise is located in rural areas?
2. what are the characteristics and trends in this enterprise?

With regard to **all economic activity** in Ireland (measured by Gross Value Added - GVA), no precise information is available on how much of this is located in rural areas. However, it is possible to examine how much is located in individual counties and to compare this with the level of “rurality” (ie percentage of the population in centres below 1,500) of these counties. Key findings are:

- as would be expected the level of economic activity (enterprise, agriculture and public services) is negatively correlated with the levels of rurality, but not completely so. A number of relatively rural counties have high levels of economic activity, usually associated with the presence of a small number of relatively large foreign-owned manufacturing companies;
- in terms of GVA per capita, four of the top five counties are also the four most urban counties (Dublin, Louth, Kildare and Cork), the exception being Tipperary S.R. which has the highest GVA per capita but is not a particularly urban county. The list of the six counties with the lowest GVA per capita contains four of the five most rural counties (Leitrim, Roscommon, Mayo and Donegal). There is a notable exception here in the case of Donegal, which is the second most rural county in the state, yet is placed “mid-table” in terms of GVA per capita.

Figure 1: Rural/Urban Split of Enterprise

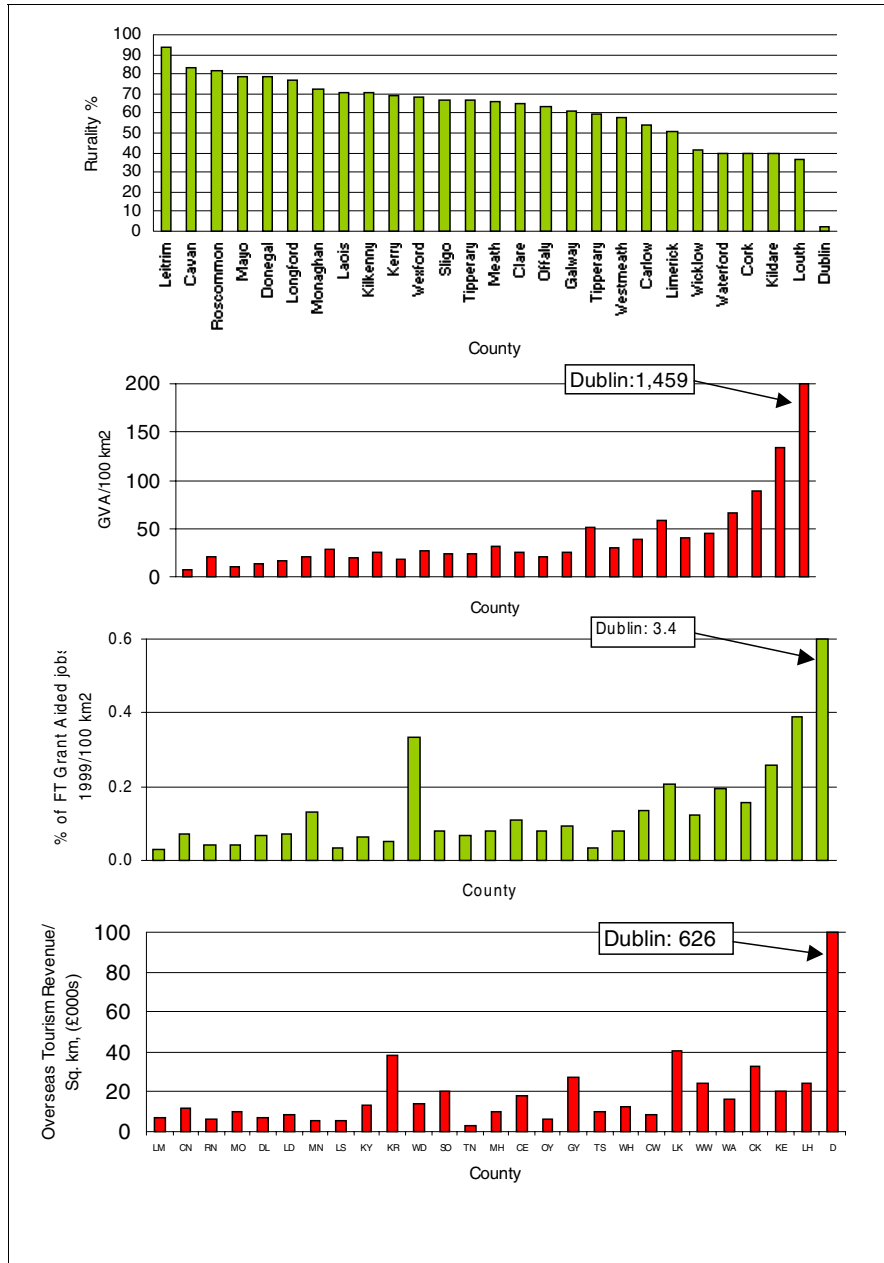


I. Rural is defined as settlements with populations of less than 1,500

In the case of **manufacturing**, good information is now available in relation to its spatial pattern. Key findings are:

- in 1999 rural settlements (below 1,500 people) accounted for 14% of all grant-aided full-time jobs, and 16% of all grant-aided enterprise (the largest shares (61% and 56% respectively) were in centres with above 10,000 people);
- rural manufacturing enterprises are smaller, owned by indigenous entrepreneurs and are more concerned with activities in traditional sectors than enterprises based in urban centres;

Figure 2: Rurality and Enterprise Intensity



I. The rurality index is based on the proportion of the population living in settlements with a population of less than 1,500.

- this spatial pattern is broadly mirrored at county level. The more rural the county, the less its share of all national manufacturing and the more important rural enterprise tends to be within it. These relationships, however, become almost tautological since the degree of urbanisation and the presence of enterprise are almost different sides of the same developmental coin.

It is also possible to examine in some detail the spatial pattern of **self-employment** in Ireland. While this is based on residency, as per the Census of Population, it is likely that for many self-employed people their primary place of work is at, or near, their place of residence. Key findings are:

- in 1996, the latest year for which information is available, there were approximately 154,000 self-employed people in Ireland (excluding farming). Of this, about 60,000 (39%) were located in rural areas while the balance of 94,000 (61%) were in urban areas;
- these shares are similar but not identical to the rural-urban split of the workforce as a whole. Some 16% of the non-agricultural workforce in rural areas is self-employed, compared to 12% in urban areas. These patterns appear to be consistent across counties;
- the sectoral structure of non-agricultural self-employment is quite similar in urban and in rural areas, ie in sectoral or occupation terms there is no distinct pattern of rural as opposed to urban self employment;
- the findings, of course, change if farming is included since most farmers have self-employed status. Including farming, rural self-employment accounts for about 60% of all self-employment, and about 30% of the total rural workforce is self-employed.

In the case of **tourism**, a mixed picture emerges. On the one hand, tourism is second only to farming in terms of the degree to which it is “spread” across the physical space of Ireland. Furthermore, a number of relatively rural counties figure prominently in tourism. The industry is, however, still quite heavily concentrated in a number of such locations.

A total of five counties (Dublin, Cork, Kerry, Galway and Limerick) accounted for about 70% of all overseas tourism revenue in 1999, while the bottom five counties (Leitrim, Longford, Laois, Carlow and Monaghan) accounted for just 2.5%. Measured in terms of tourism bednights the sector is also spatially concentrated within the

relatively strong tourism counties, eg within the county borough in the Dublin area, in Galway city, Cork city, Killarney and Tralee. It is clear that rural tourism, while significant for individual locations, remains a relatively small niche activity in the overall tourism context.

3 Lessons from the Case Studies

As required in the Terms of Reference, the case studies examined a number of issues:

- the components of successful rural enterprise in the areas involved;
- the constraints to rural enterprise;
- the potential for rural enterprise.

While some quantification was possible, the case studies relied heavily on qualitative information and on consultations.

In relation to **components of success**, key findings were:

- the role of individual entrepreneurs is seen as crucial, since quite obviously enterprise development ultimately requires entrepreneurs;
- across the areas, public assistance in the form of both financial and soft supports was important;
- related to this, the presence of a reasonably proximate enterprise development agency also emerged;
- the availability of skilled labour was seen as crucial;
- the issue of accessibility and transport was mentioned as important;
- the benefits of clusters and critical mass were also mentioned;
- networks and linkages among enterprises were emphasised as very important.

In relation to **key constraints**, issues raised across the case-study areas were:

- the issue of transport and accessibility in general, and of remoteness. Interpretations of its significance were mixed, partially depending on the actual remoteness of the areas and on the nature of the enterprises. Issues of remoteness also tended to relate not just to access transport, but to wider issues of access to services and general feelings of proximity to, or distance from, information and influence;
- the low skill base of many rural areas emerged as very important;
- the lack of sufficient funding continues to be perceived as a major constraint;
- the low enterprise base in many rural areas is seen as a key issue, and there is a general feeling of being caught in a vicious circle where an existing lack of enterprise contributes to a low degree of enterprise potential;
- absence of facilities and services both for enterprises and for their workforces emerged as important;
- competition from larger centres was seen as crucial in a number of areas. In some cases it was suggested that the proximity to such areas can to some extent be a disadvantage from this perspective;
- issues of planning and zoning were seen in some areas as significant, as was the fact that it may be more difficult to obtain planning permission for certain types of enterprises in rural areas.

In relation to **potential**, this was generally seen in sectoral terms within local resource context. Sectors and other aspects of potential emerging were:

- tourism, around which there is a broadly-based consensus regarding its potential;

- e-commerce and IT generally were seen as both potential sectors in themselves and also as potentially important enablers which can reduce the significance of distance and remoteness;
- the presence in some rural areas of a relatively well-skilled labour force is seen as an important aspect of potential. In particular, with increasing importance being placed on quality of life factors, it was perceived that rural areas are now attracting more skilled residents;
- the food industry, and particularly value-added products, are seen as important sources;
- population growth in many rural areas is seen as giving rise to both potential labour forces and to markets;
- opportunities for craft industries were also cited as of potential.

4 Implications for Policy

4.1 Introduction

We set out the possible implications for policy under five headings: overall policy goals, the overall nature of policy, sectoral issues, policy instruments and delivery mechanisms. Given the nature of the research, what is presented here essentially reflects the consultants' interpretations of the implications that emerge from discussions with key actors in study areas. These are also seen as issues to which policy consideration needs to be given, rather than constituting, at this stage, firm policy recommendations.

4.2 Overall Goals

- goals for enterprise in rural areas must fit within a wider spatial vision for rural Ireland. Enterprise goals cannot be developed in the abstract;
- both generally and for enterprise, goals should be as clear as possible and should be defined in relatively operational terms rather than being overly aspirational;
- there is a broadly-based consensus that a key objective of rural development policy, as per the rural development White Paper, is to maintain rural populations. However, the role that rural enterprise can play in this will need refinement and in many cases rural enterprise alone will be insufficient to overcome wider forces at play;
- rural enterprise can contribute to overall rural sustainability by aiding the development of a diversified local economy, involving locally-based employment, both farming and non-farming, and commuting outside rural areas to work;
- an important goal of enterprise in rural areas can be to reduce unsustainable long-distance commuting;

- in keeping with the overall aims of the NSS in terms of facilitating areas and people who live in them to realise their potential, a key objective of policy must be to ensure that rural enterprises are not unnecessarily or inadvertently disadvantaged purely by being rural;
- the relationship between rural enterprise policy and spatial policy needs consideration and articulation. One key issue which emerges from this study is the distinction between a policy of spatially rebalancing economic activity at national level, ie essentially away from Dublin and the east coast and towards the rest of Ireland, and one of promoting rural enterprise on the other. The experience of the tourism industry in particular shows that a spatial dispersion policy might be a very significant contributor towards the former objective, but simultaneously much less successful at the latter.

4.3 Policy Towards Rural Enterprise

Likely appropriate rural enterprise policy features are:

- the nature of the enterprise encouraged to locate in rural areas must be appropriate to those areas in economic, social and environmental terms, eg location of overly large enterprises in rural areas should probably be avoided;
- that enterprise policies must be flexible to facilitate local circumstances rather than being rigid national ones;
- that policy towards enterprise must involve features which go beyond the bounds of traditional enterprise policy, eg in relation to social infrastructure to attract and retain the necessary workforce;
- that policies in relation to enterprise in rural areas and in smaller towns (1,500-5,000) should be seen as an integrated package. There must also be flexibility in relation to how smaller towns' enterprise functions are perceived. These may vary depending on the nature of the area;
- policy towards rural enterprise should encompass all rural enterprise and not just traditionally grant-aidable manufacturing, ie in a rural context any rural enterprise is in principle equally desirable (with due consideration of deadweight and displacement effects);
- there is a need to focus on new rural enterprises other than tourism. There is a danger that an overly heavy burden in terms of expectations is being placed on the shoulders of rural tourism as the only viable alternative to farming;
- there will need to be consistency and co-ordination regarding the choice of rural enterprise locations among the various bodies involved, rather than each having its own unilaterally chosen list.

4.4 Policy Instruments towards Rural Enterprise

- the case studies generally provide support for the types of policy instruments currently available in terms of grant-assistance and soft supports such as advice, training and mentoring;
- the case studies do, however, place emphasis on a number of potential policy instruments which need more specific attention in a spatial context:
 - network and cluster arrangements among small firms in rural locations and between large and small firms;
 - the role of industrial space and industrial property and public policy towards this. There is a widely held view that the withdrawal of the industrial development agencies from this area may be detrimental to a policy in terms of spatial rebalancing of enterprise;
 - the potential for small micro-enterprise centres appropriate to locations of different sizes may need more exploration and more rationalisation of existing, relatively diffuse policy towards enterprise centres and enterprise space;
- outside immediate “enterprise” instruments, flanking policies will also be important. Notably:
 - consistency between policies towards spatial distribution of enterprise and land use planning. In some instances, at the moment there are perceived inconsistencies in this regard and a feeling that spatial planning policies have in the past been devised largely in isolation from socio-economic and enterprise objectives.

4.5 Delivery Mechanisms

- a distinction between instruments and who delivers them is a useful one. In particular, the study suggests that there is more satisfaction with the instruments than there is about the actual delivery mechanisms. Mechanisms of delivery that are less “vertically integrated”, ie where different entities may be still able to deliver the same policy instruments in different areas, needs to be explored. (Ireland has a tradition of “vertically integrated” agencies and systems which tend to direct, fund and deliver their own interventions on a “top-down” basis);
- there is a desire in rural areas for local delivery, ie the point of contact and at least some level of decision-making, to be as close as possible. “Close” here reflects both the physical proximity and also the psychological proximity. Particularly in larger counties, there is a feeling of isolation in more remote areas and this can be as great in relation to the county capital as to regional centres or to Dublin. The use of more localised delivery structures may therefore be worth exploring, eg in terms of existing locally-based development organisations, and of local authority one-stop-shops;

- some of the feelings of remoteness also relate to policy “ownership” and control. There is a widespread feeling that many policies, even rural and local enterprise development policies, remain relatively “top-down” and have limited scope for local flexibility. The response that is seen as necessary is that mechanisms must be found to ensure that such flexibility exists on the one hand, and that it can be introduced in response to local situations on the other;
- given the multiplicity of agencies both directly involved and the roles for other interventions, local level enterprise policy co-ordination – including spatial co-ordination – is seen as essential. The CDBs and their planned strategies seem now to be ready-made vehicles through which this issue should be addressed, ie that each CDB should develop a strong “county enterprise strategy”, and that this in turn should have a rural enterprise policy that is both clear and agreed among the respective stakeholders (who are all either on the CDB itself, or can easily be involved in sub-committees). These county enterprise strategies must in turn be nuanced at a sub-county level to reflect differences in types of areas.

I Introduction

I.1 Report Structure

The report is structured as follows:

- the present Chapter sets out the background and Terms of Reference;
- Chapters 2 and 3 present the results of the data analysis, addressing the key questions already outlined;
- Chapters 4-10 present the presents of the case studies, written to a standard structure.

I.2 Study Context

This study is one of a series prepared as part of the background research to the National Spatial Strategy (NSS). These studies constitute Stage 2 of the four-stage approach being adopted in preparation of the NSS. Stage 2 of the overall NSS process involves description and analysis of the spatial structure and functioning of Ireland. The aim is that this stage will lay down the information basis for the subsequent preparation of the strategy. The aim of this study, and other background studies, is therefore primarily one of information provision and analysis rather than the drawing of policy conclusions and recommendations.

The present study is one of two NSS studies commissioned under the theme of “rural Ireland and balanced regional development”. This study relates to rural enterprise, while the other dealt with rural structures. Both studies are being undertaken by a team led by Fitzpatrick Associates. In the present study the partners were the Centre for Local and Regional Studies, NUI Maynooth and the Rural Economy Research Centre, Teagasc.

I.3 Study Objectives

The objectives of this Study, as per the Terms of Reference are:

- to examine particular case studies of successful rural enterprise in all its senses, tourism, agri-business, employment generally, forestry and fisheries, in order to determine the relevant components that contribute to that success;
- to identify the factors that have led to rural areas not realising their full potential for the development of rural enterprise;
- to utilise the information gathered above in order to identify the potential of various rural areas to initiate and develop rural enterprise.”

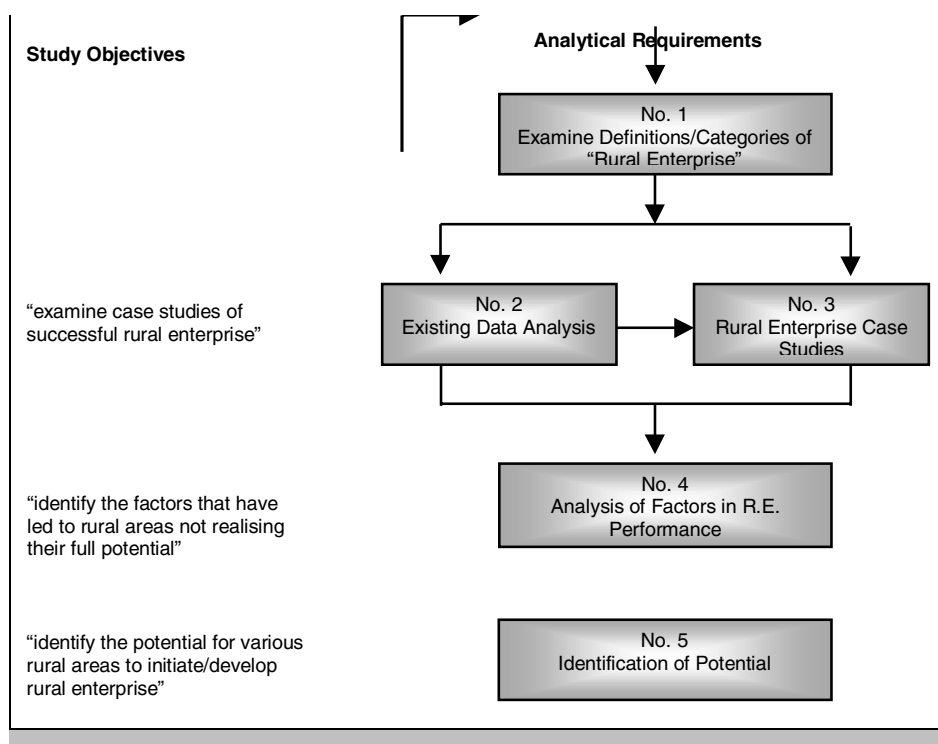
1.4 Approach and Method

Our approach has been to group the issues arising in the study into five overall analytical requirements. These are shown in Figure 1.1:

1. examination of definitions of “rural enterprise” to establish the scope of the study;
2. examination of existing data on rural enterprise in Ireland;
3. carrying out of a series of area-based case studies (seven) of rural enterprise;
4. analysis of factors in rural enterprise performance based on both the data and case studies;
5. based on the research, identification of potential for various rural areas to initiate/develop rural enterprise.

The centre-pieces of the research have there been three-fold; a review of literature on rural enterprise¹; analysis of existing data; and carrying out of seven area-based case studies.

Figure 1.1: Key Analytical Requirements



1. This was reported in a separate Working Paper, "Small-Scale Enterprise and Rural Development – A Literature Review", Commins and McDonagh, Rural Economy Research Centre, Teagasc (2000).

1.5 What is “Rural Enterprise”?

A key starting-point for the study was to establish the appropriate definition of rural enterprise. This was done in consultation with the Spatial Planning Unit as the client.

Rural was defined as all district electoral division (DEDs) with no population centres above 1,500 persons. This definition was the “mirror image” of the definition of “urban” Ireland used in the NSS Urban Structures study and was the same as that used in the parallel “Rural Structures” study.

Regarding “rural enterprise”, a pragmatic definition was adopted which focuses on enterprise located in rural areas as defined above. In particular it refers to:

- indigenous (Irish-owned) enterprise, while not ignoring the role of foreign-owned enterprise also;
- all such enterprise of whatever size, not just SMEs;
- all non-agricultural sectors, both manufacturing and services, whether grant-aided or not.

1.6 Data Analysis – Key Questions

Chapters 2 and 3 report on data analysis regarding rural enterprise in Ireland – Chapter 2 dealing with enterprise as a whole and Chapter 3 specifically with manufacturing (on which much more information is available).

Each Chapter explores questions in relation to rural enterprise:

- how much enterprise in any category is “rural” as defined in this study? (ie located in a rural area);
- what are the key characteristics of this enterprise and how do these compare to the rest of enterprise?;
- do the characteristics of rural enterprise vary by different parts of the country?;
- what is the trend in the performance of rural enterprise over time?

The extent to which the question can be answered depends, of course, on data availability.

Our definition of rural enterprise as “enterprise located in rural areas” has important implications for the nature and results of the data analysis and how these are interpreted from a spatial perspective. Essentially, the analysis focuses on where the enterprises are located. This contrasts with much regional economic analysis in Ireland – most notably that based on Census of Population data – which focuses on where people live as opposed to where they work, or where consumption takes place rather than where production takes place. In particular, the analysis here therefore complements the companion rural structures report which uses the more common Census-based approach.

1.7 Rural Enterprise Case Studies

1.7.1 Objectives and Focus

The case studies, specified as the central requirement of the Terms of Reference, were designed to explore the nature of rural enterprise, factors in the success or otherwise of enterprise in rural areas, the potential of various types of rural areas to initiate/develop enterprise, and the role various types of public intervention can play.

The bulk of the study consists of seven area-based studies of rural enterprise. Rural enterprise was defined in Section 1.3 above as enterprise located in rural areas. In addition, the case studies encompassed:

- the business environment as it affects enterprise;
- enterprise support processes impacting on the area – national, regional, county and local;
- local development activity as it impacts on enterprise. (The case studies are much wider than local development studies, and are not exclusively studies of local development per se).

1.7.2 Case Study Selection Criteria

In choosing case study areas the following criteria were considered:

- to choose areas with a broad spread nationally, but with some bias towards the BMW NUTS II region rather than the South and East, and towards rural areas away from the fields of influence of larger urban centres;
- to choose a series of different sizes of areas ranging from counties down to small towns and their immediate environs;
- to have areas where a number of different types of specific enterprise support actions have (or are perceived to have) been undertaken;
- to capture the roles of different types of enterprise development agencies;
- to choose areas with a mix of different types of off-farm enterprise including manufacturing, SMEs, forestry and fishing, agribusiness and tourism.

The selected case study areas are listed in the accompanying chart (Figure 1.2).

Figure 1.2: Rural Enterprise Case Study Selection - Proposals

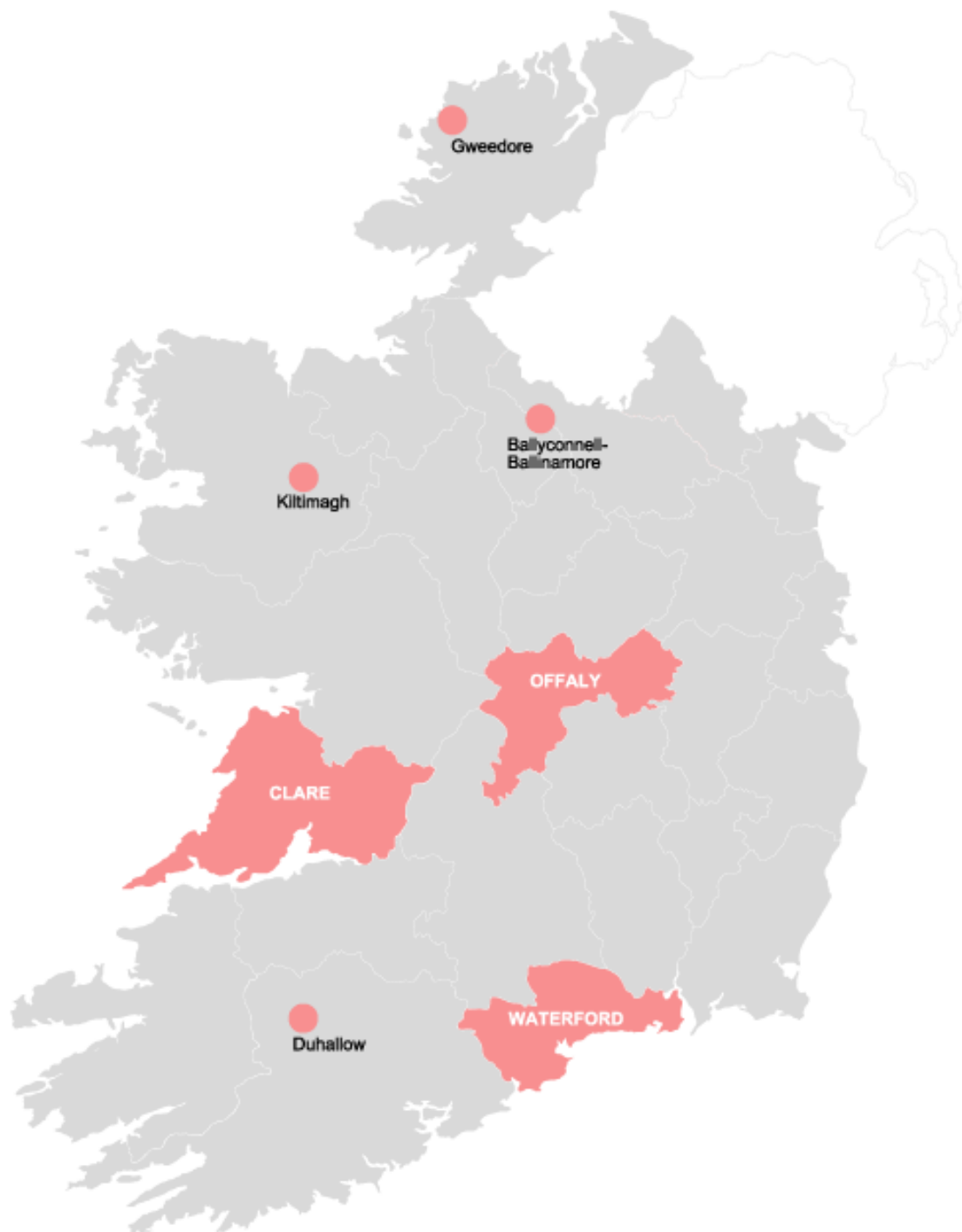
Criteria	Kiltimagh Co. Mayo	Co. Offaly	Duhallow (Co. Cork)	Gweedore (Co. Donegal)	Ballyconnell- Ballinamore (Co. Cavan/ Leitrim)	Co. Clare	Co. Waterford
Regional location	West	Midlands	South-West	Border-West	Border-East	Mid-West	South-East
Mix of area sizes	Small town	County	Small	Medium	Small town	County	To be decided
Different local support structures	Local dev group	Normal agencies	Local development	State	Weak	Mix	Partnership /LEADER
Different agencies	National	National	National	Údarás	National	Shannon	National
Different type of enterprise	Not much industry	Typical mix	Very rural	Manufacturing /industrial estate	Large indigenous	Concentrated in south of county	Mostly in east

These are:

- Kiltimagh – as a small previously declining rural town in the west of Ireland with strong locally-based development activity and a track record of major reversal in socio-economic fortunes;
- Co. Offaly – as a full county, a midland location and a mix of rural areas and a range of development supports;
- Duhallow – as a “classic” remote rurally-based local development group, with a strong tradition of applying “bottom-up” approaches;
- Gweedore – as an Údarás area, with the distinct feature of a relatively large industrial estate in a peripheral rural area;
- Co. Waterford – as a relatively large rural area in the South-East region, with relatively high levels of rural deprivation in west Waterford and a Partnership company;
- Ballyconnell-Ballinamore, Co. Cavan/Leitrim – as an area in the relatively deprived “black triangle” of West Cavan, Leitrim and North Roscommon, proximate to the Border, and with the distinct features of major public investment (the Shannon-Erne waterway) and major private investment (Sean Quinn Group manufacturing and hotel);
- Clare – an area in the Shannon Development region, with relatively weak rural economy despite having a tradition of various local development models and of proximity to the Limerick/Shannon/Ennis urban area.

Map 1.1 shows the location of the areas.

MAP 1.1: Case Study Areas

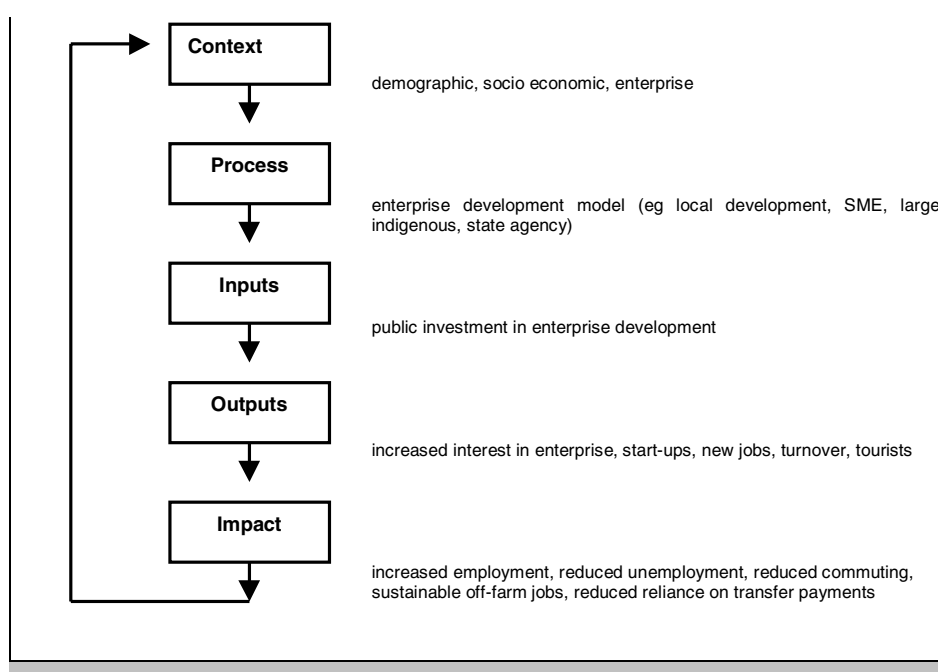


1.7.3 Methodology

Figure 1.3 summarises our approach to the case studies. This shows a process running through from establishing the context, examining the enterprise development process in the area, establishing the levels of public investment involved, examining the immediate outputs to establishing the final impact. Final impact should in turn ultimately affect aspects of the wider context.

The purpose of the case studies was to collect evidence, qualitative and quantitative, regarding each of these stages.

Figure 1.3: Rural Enterprise Case Studies – Conceptual Approach



The work programme for the case studies involved:

- preparation, including identification of relevant information and reports and finalisation of the definition of the area;
- central data analysis with regard to the area, in particular the context;
- study of existing reports relevant to the area and its surroundings, either immediate or the broader area surrounding the case study;
- a visit to the area.

The case study visits involved:

- meeting with entrepreneurs in the area, both individually and jointly (subject to levels of local co-operation a number of workshops may be appropriate);
- meetings with the national, regional and local agencies, as relevant, including Enterprise Ireland, Shannon Development, Údarás na Gaeltachta, Regional Tourism, CEBs, CDBs, Partnership Companies and LEADER Groups;
- meeting with other key local stakeholders or informants, eg Chambers of Commerce, community development groups, local development associations, representatives of business and farming organisations;
- write-up of the case studies to a standard format.

These write-ups are contained in Chapters 3-10. In each case they follow the format of: context; process; inputs; outputs; impacts and lessons.

2 Spatial Pattern of Enterprise

2.1 Introduction

This chapter uses existing data to explore the spatial pattern of enterprise in Ireland, with a particular focus on rural enterprise. The chapter deals with enterprise as a whole. Chapter 3 examines manufacturing enterprise – on which better information is available – and is more detailed.

As referred to in Section 1.6, the analysis addresses four broad questions, within the limitations of existing information:

- how much of Ireland's enterprise is rural enterprise (RE)?
- what are the characteristics of rural enterprise (RE) and how do these compare to the rest of enterprise (ROE)?
- do these characteristics vary by region/county, especially by degree of rurality?
- what is the trend in rural enterprise (RE) performance?

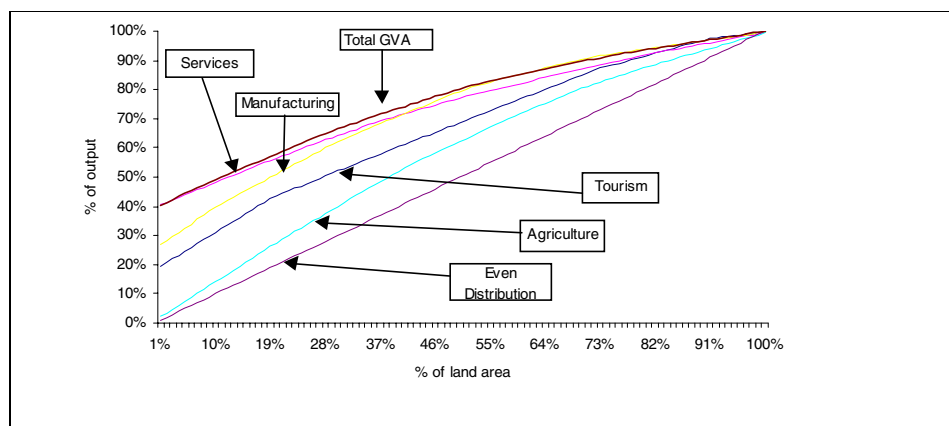
The chapter explores these for a number of economic sectors for which data is available. Since most economic data do not allow a clear split between rural and urban DEDs, we look at regional and county data in terms of relative rurality, ie the percentage of the population living in rural areas.

2.2 Overview of all Economic Activity

2.2.1 Spatial Concentration of Economic Activity

Figure 2.1 below is an illustration of the spatial distribution of economic activity in the country. The figure does this using a "Lorenze Curve," a graphical technique which shows the spread of economic activity compared to the land mass. A perfectly even distribution is represented by the 45o line, ie any percentage point of land area along the bottom axis would be matched by an identical share of economic activity along the vertical axis. The extent to which lines depart from the 45o line (ie the size of the area between the actual line and the 45o line) is an indication of the absence of an even distribution, thus of geographic concentration. The data used here on the spatial share of agriculture, manufacturing and services are based on Region Accounts compiled by the CSO. The year 1997 is the most recent one for which these accounts are available. The "Lorenze Curve" for tourism is derived from Bord Fáilte data. Agriculture is the most geographically spread sector of the economy, followed by manufacturing. Services is the most spatially concentrated sector. The subsequent sections of the Chapter examine in more detail the nature of the spatial distribution of economic activity by sector, where data allow.

Figure 2.1: Spatial Distribution of Tourism, Services, Agriculture and Manufacturing Output - 1997



Source: Bord Fáilte /Central Statistics Office, Regional Accounts 1997

2.2.2 Economic Output by County

Table 2.1 shows Gross Value Added (GVA) for all sectors by county in 1995, the latest year for which this information is available. These figures, produced by the CSO, come with a number of provisos. GVA is a statistical indicator which is not really appropriate for use at smaller geographical levels such as counties, and consequently these figures are not regarded as official statistics. The CSO also stress that GVA is not a measure of the income or wealth of the residents of each county; rather it is an indicator of output. As such it is useful as an indicator of the location of industry in the context of this report.

The CSO's published broad indicative measures for GVA per capita at county level were combined with Census of Population data to produce estimates of GVA per county. The results are presented in Table 2.1. Also shown is each county's score on an index of rurality, based on the proportion of the population in each county residing in aggregate rural areas, and also each county's ranking on this index.

Table 2.1: Estimated GVA for counties, 1995

County	Estimated GVA			Rank	Area	Rurality	Rank
	Per Capita	(£mn)	% of State		% of State		
Dublin	12,711	13,451	37.1	1	1.3	2.5	27
Cork	11,700	4,920	13.6	2	10.7	39.6	24
Limerick	9,800	1,617	4.5	3	3.9	51	21
Galway	8,100	1,530	4.2	4	8.7	61	17
Kildare	11,100	1,498	4.1	5	2.4	39.4	25
Tipperary S.R.	15,100	1,140	3.1	6	3.2	59.6	18
Louth	12,000	1,106	3.0	7	1.2	36.5	26
Clare	9,600	902	2.5	8	4.9	64.7	15
Kerry	6,900	870	2.4	9	6.8	68.8	10
Waterford	8,800	833	2.3	10	2.6	39.9	23

Table 2.1: Estimated GVA for counties, 1995 (continued)

County	Estimated GVA			Rank	Area	Rurality	Rank
	Per Capita	(£mn)	% of State		% of State		
Wicklow	8,000	821	2.3	11	2.9	41.6	22
Donegal	6,100	793	2.2	12	6.9	78.2	5
Mayo	6,800	758	2.1	13	7.9	78.7	4
Meath	6,800	746	2.1	14	3.3	66.1	14
Wexford	6,000	626	1.7	15	3.4	68	11
Westmeath	8,700	551	1.5	16	2.6	57.6	19
Kilkenny	7,000	527	1.5	17	2.9	70.8	9
Tipperary N.R.	8,600	499	1.4	18	2.9	66.7	13
Sligo	7,700	430	1.2	19	2.6	66.8	12
Cavan	7,800	413	1.1	20	2.7	83.1	2
Offaly	6,900	408	1.1	21	2.8	63.4	16
Monaghan	7,100	364	1.0	22	1.8	71.9	7
Carlow	8,400	350	1.0	23	1.3	53.9	20
Laois	6,400	339	0.9	24	2.4	70.9	8
Roscommon	5,500	286	0.8	25	3.6	81.6	3
Longford	7,600	229	0.6	26	1.6	76.8	6
Leitrim	5,200	130	0.4	27	2.3	93.9	1
Total State		36,261	100	100			

Source: Central Statistics Office

From Table 2.1, it is clear that there are wide variations in levels of output across the country. The poorest performing county in terms of GVA was Leitrim, accounting for an estimated 0.4% of national output in 1995. In contrast, Dublin was by some distance the best performing county, accounting for 37.1% of national output in 1995. These two counties are respectively also the most, and least, rural counties according to the rurality index.

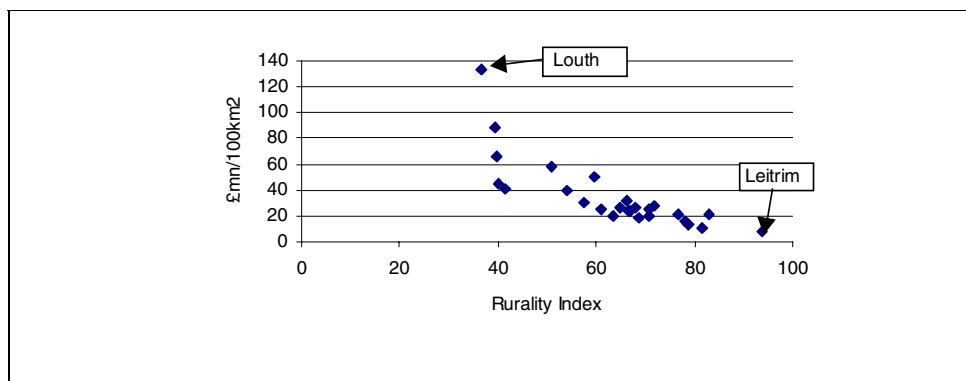
The top two counties in terms of GVA, Dublin and Cork, account for approximately 50% of national output, while the top five counties (adding Limerick, Galway and Kildare) account for 63.5% of national output. These five counties together represent 27% of the land area of the state. The remaining twenty-two counties together account for 36.5% of national output, and represent 73% of the land area of the state. The relationship between GVA per unit area and rurality is examined in greater detail below.

It is apparent that economic activity, rather than being evenly distributed around the country, is concentrated in a small number of counties which cover a disproportionately small share of the land area of the state. In particular, the pattern emerging from Table 2.1 is that the presence of a large city in a county appears to be an important factor influencing a county's share of national output.

For example, the top four counties ranked by GVA also include the four largest cities in the state. In the case of Galway, the presence of Galway city appears particularly important, as overall Galway is not ranked amongst the “urban” counties in the state. At the other end of the scale, there is the case of fairly “urban” counties on the rurality index, such as Carlow and Offaly (ranking 20 and 16 out of 27 respectively), which do not rank correspondingly highly in terms of their share of national output (Carlow has the 5th lowest share, Offaly has the 7th lowest). There was no urban centre with a population over 15,000 in either of these two counties in the 1996 census.

Figure 2.2 plots the relationship between county GVA per 100 km² and rurality. Dublin is excluded because it is a severe outlier. The figure shows that counties with lower GVA per 100 km² tend to be the more rural counties. The correlation coefficient here between GVA per unit area and rurality is high (-0.79). This reflects the fact that more economic output is produced in areas of dense population, ie in urban settlements.

Figure 2.2: Relationship between GVA per Unit Area and Rurality for Counties



Source: Central Statistics Office

It should be remembered that the GVA statistic encompasses all economic activity. As a result, the strength of the agricultural sector may be reflected in some areas. Similarly, the effect of large industrial enterprises, whose profits may be remitted elsewhere, will be picked up. Data on sectoral GVA, which allows for the exclusion of agricultural, is available at the NUTS 3 level. This is examined in the next section.

2.2.3 Distribution of Economic Activity across the NUTS 3 Regions

The most recent regional accounts are for 1997. Data on the distribution of economic activity across the NUTS 3 regions are presented in Table 2.2. Around 41% of non-agricultural economic activity in 1997 was located in the Dublin region. This percentage rises to 49.6% with the inclusion of the Mid-East region. The level of spatial concentration here is indicated by the fact that these two regions together account for only 10% of the land area of the state. This finding is reflected in Figure 2.1 above, which shows that total GVA is more spatially concentrated than is any component sector of the economy.

The two most urban regions, Dublin and the South-West, together account for 56.8% of non-agricultural output. By contrast, the two most rural regions, the West and Border (also the two largest regions, covering 38% of the land area), produce 14.7% of national non-agricultural output.

A close relationship between GVA per unit area and the rurality of regions emerges from Table 2.2. This is evidenced by the ranking of regions by GVA per square kilometre and by rurality. Without major exception, GVA per square kilometre is seen to increase as the degree of rurality decreases across regions.

Table 2.2: Non-Agricultural Economic Activity across the NUTS 3 Regions, 1997

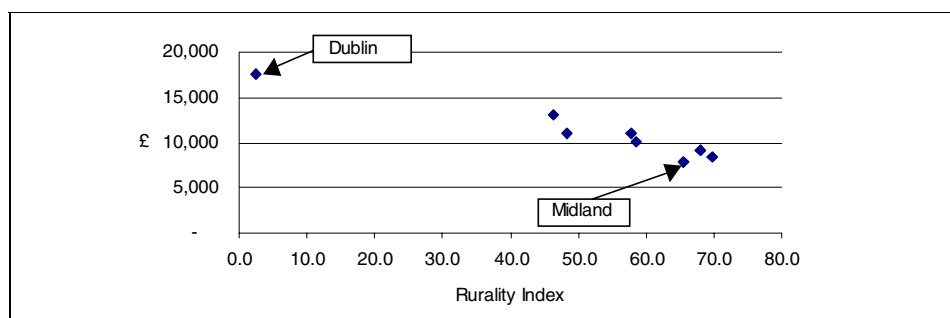
Region	GVA		GVA per capita	Rank	GVA per unit area	Rank	Index of Rurality	Rank
	%	£mn	£		£/km2		%	
Dublin	41.2	18,932	17,628	1	20,527,611	1	2.5	8
South-West	15.6	7,175	13,117	2	583,009	3	46.3	7
South-East	8.7	3,981	10,156	5	421,211	5	58.6	4
Mid-East	8.6	3,955	10,986	4	652,200	2	48.5	6
Border	8.1	3,739	9,209	6	302,963	6	68	2
Mid-West	7.7	3,517	11,095	3	426,188	4	57.9	5
West	6.6	3,011	8,434	7	210,810	8	69.7	1
Midland	3.5	1,614	7,797	8	242,638	7	65.5	3
State	100	45,925	-		-		41.9	

I. The Agriculture, Forestry and Fishing component of GVA is excluded

Source: Central Statistics Offices, Regional Accounts 1997

A similarly close relationship between the non-agricultural GVA per capita and the degree of rurality at regional level is also indicated by the rankings in Table 2.2. This relationship is depicted graphically in Figure 2.3 below.

Figure 2.3: Non-Agricultural GVA per capita and Rurality at the NUTS 3 Level



Source: Central Statistics Office, Regional Accounts 1997

2.3 Tourism

2.3.1 Regional Distribution

Figure 2.1 has previously shown tourism to be relatively dispersed when compared to other sectors, eg agriculture, manufacturing, services. Table 2.3 below shows the regional distribution within tourism, ie the distribution of overseas tourism revenue earnings in 1999. Four regions – Dublin, the South-West, the West and the Mid-West – account for 78% of all overseas tourism revenues, while Dublin alone accounts for nearly one-third. The lowest performing region is the Midlands, which attracts less than 3% of the total overseas tourism market.

Table 2.3: Regional Distribution of Overseas Tourism Revenue 1999

Region	Rurality Index		% Share of Overseas Revenue		Overseas Revenue per Sq. km.	
	%	Rank	%	Rank	£	Rank
Dublin	2.5	8	31.3	1	625,630	1
South-West	46.3	7	23.3	2	34,859	2
West	69.7	1	13.1	3	16,873	5
Mid-West	57.9	5	9.8	4	21,933	3
Border	68.0	2	7.2	5	10,777	7
South-East	58.6	4	6.6	6	12,908	6
Mid-East	48.5	6	5.8	7	17,480	4
Midlands	65.5	3	2.9	8	8,118	8
TOTAL	-	-	100.0%	-	26,226	-

Source: Derived from Bord Fáilte/CSO

Analysis at the regional level gives some, though not conclusive, evidence that tourism activity is quite urban-based. The top two regions for overseas tourism – Dublin and the South-West – are also the two most urban regions in the country. The next most popular tourism region, on the other hand (the West), is the most rural region in the country. While there is no significant correlation between rurality and overseas tourism generally (-0.405), the correlation is significantly negative when looked at relative to area size (-0.81), ie tourism revenue per km² is higher in urban than in rural areas.

Overseas tourism is only part of total tourism demand, however. Domestic tourism is also important, particularly in areas that are not traditionally overseas destinations. Since there is no reliable domestic tourism data at the NUTS III level to complement the overseas data, comparison of accommodation stock levels is a useful proxy for total tourism activity in an area. Table 2.4 shows that 60% of the national room stock is found in three regions – the South-West, Dublin and the West. The Border, Mid-West and South-East regions account for a further 33% of stock, with less than 7% of stock located in the Mid-East and Midlands regions.

Table 2.4: Regional Distribution of Accommodation Stock 2000

Region	Rurality Index		% Share of Room Stock		Room Stock per Sq. km.	
	%	Rank	%	Rank	#	Rank
South-West	46.3	7	25.0	1	1.8	2
Dublin	2.5	8	20.0	2	19.2	1
West	69.7	1	14.9	3	0.9	5
Border	68.0	2	11.7	4	0.8	6
Mid-West	57.9	5	11.1	5	1.2	3
South-East	58.6	4	10.5	6	1.0	4
Mid-East	48.5	6	4.5	7	0.7	7
Midlands	65.5	3	2.4	8	0.3	8
TOTAL	-	-	100.0	-	1.3	-

Source: Derived from Bord Fáilte/Gulliver/CSO

The three top ranked regions are unchanged from the analysis of overseas demand, though the South-West ranks above Dublin for total room stock. By rank order correlation, however, there is no significant link between degree of rurality and levels of rooms stock, either in absolute terms (-0.31) or relative to area size (-0.619).

2.3.2 County Distribution

When examined on a county-by-county basis, the concentration of tourism activity is even more marked. Looking at overseas tourism revenues, the top five counties – Dublin, Cork, Kerry, Galway and Limerick – account for 70% of all revenues. The bottom five counties – Leitrim, Longford, Laois, Carlow and Monaghan – account for just 2.5% of revenues. Concentration of activity is also most evident in coastal areas, several of which are fairly rural (with rurality indices of 60% or more). Counties like Cork, Kerry, Galway, Clare, Mayo, Wicklow, Sligo, Donegal and Wexford all rank highly in attracting overseas tourism.

Table 2.5: County Distribution of Overseas Tourism Revenue 1999

Region	Rurality Index		% Share of Overseas Revenue		Overseas Revenue	
	%	Rank	%	Rank	£	Rank
Dublin	2.5	26	31.3	1	625,630	1
Cork	39.6	23	13.3	2	32,667	4
Kerry	68.8	10	10.0	3	38,278	3
Galway	61.0	17	9.2	4	27,485	5
Limerick	51.0	20	6.0	5	40,277	2
Clare	64.7	14	3.4	6	18,261	10
Mayo	78.7	4	3.1	7	10,204	16
Wicklow	41.6	21	2.7	8	24,178	7
Sligo	66.8	12	2.0	9	20,136	8
Donegal	78.2	5	1.9	10	7,200	20

Table 2.5: County Distribution of Overseas Tourism Revenue 1999 (continued)

Region	Rurality Index		% Share of Overseas Revenue		Overseas Revenue	
	%	Rank	%	Rank	£	Rank
Kildare	39.4	24	1.8	11	20,054	9
Wexford	68.0	11	1.8	12	13,943	12
Tipperary	62.7	16	1.6	13	6,970	21
Waterford	39.9	22	1.6	13	16,159	11
Kilkenny	70.8	9	1.5	15	13,508	13
Westmeath	57.6	18	1.2	16	12,502	14
Meath	66.1	13	1.2	16	9,820	17
Cavan	83.1	2	1.2	16	11,906	15
Louth	36.5	25	1.1	19	24,209	6
Roscommon	81.6	3	0.8	20	5,887	24
Offaly	63.4	15	0.7	21	6,496	23
Leitrim	93.9	1	0.6	22	6,918	22
Longford	76.8	6	0.5	23	8,248	19
Laois	70.9	8	0.5	23	5,233	26
Carlow	53.9	19	0.4	25	8,923	18
Monaghan	71.9	7	0.4	26	5,405	25
TOTAL	-	-	100.0	-	26,226	-

Source: Derived from Bord Fáilte/CSO

County-by-county analysis provides evidence that overseas tourism activity is mainly urban-based, however. The county-by-county rank order correlation of rurality and overseas tourism earnings, for example, is significantly negative on an absolute basis (-0.388) and relative to area size (-0.646)¹. The five most urban counties in the country – Dublin, Louth, Kildare, Cork and Waterford – attract nearly 50% of overseas tourism earnings. The five most rural counties – Leitrim, Cavan, Roscommon, Mayo and Donegal – attract 8% of overseas tourism earnings.

On a room stock basis, concentration of overall tourist activity is again very clear, though less concentrated than for overseas tourism. In this case, the top five counties – Dublin, Kerry, Cork, Galway and Clare – hold 61% of national room stock.

The bottom five – Monaghan, Roscommon, Carlow, Laois and Longford – hold just 2.2% of stock. The coastal nature of activity is again evident. The top twelve ranked counties are all coastal, and together account for over 88% of all stock.

1. The rank order correlations of -0.39 and -0.65 are considered statistically significant in this case because of the larger sample compared to the regional analysis (26). Because there are only eight regions, the correlation needs to be higher to be considered significant. While the absolute and relative correlation of regional rurality and regional room stock is similar to the above, therefore (-0.31 and -0.62), it is not considered statistically significant.

Table 2.6: County Distribution of Accommodation Stock 2000

Region	Rurality Index		% Share of Room Stock		Room Stock per Sq. km.	
	%	Rank	%	Rank	#	Rank
Dublin	2.5	26	20.0	1	19.2	1
Kerry	68.8	10	13.0	2	2.4	2
Cork	39.6	23	12.0	3	1.4	5
Galway	61.0	17	9.4	4	1.4	5
Clare	64.7	14	6.4	5	1.7	3
Donegal	78.2	5	6.0	6	1.1	11
Mayo	78.7	4	5.0	7	0.8	13
Limerick	51.0	20	4.2	8	1.3	7
Waterford	39.9	22	3.6	9	1.7	3
Wexford	68.0	11	3.4	10	1.3	7
Wicklow	41.6	21	2.7	11	1.2	9
Sligo	66.8	12	2.5	12	1.2	9
Tipperary	62.7	16	2.0	13	0.4	19
Kilkenny	70.8	9	1.5	14	0.6	14
Cavan	83.1	2	1.2	15	0.6	14
Westmeath	57.6	18	1.0	16	0.5	16
Kildare	39.4	24	1.0	17	0.5	16
Louth	36.5	25	0.8	18	0.9	12
Meath	66.1	13	0.8	19	0.3	22
Offaly	63.4	15	0.7	20	0.3	22
Leitrim	93.9	1	0.6	21	0.4	19
Monaghan	71.9	7	0.5	22	0.4	19
Roscommon	81.6	3	0.5	23	0.2	25
Carlow	53.9	19	0.5	24	0.5	16
Laois	70.9	8	0.4	25	0.2	25
Longford	76.8	6	0.3	26	0.3	22
TOTAL	-	-	100.0	-		-

Source: Derived from Bord Fáilte/Gulliver/CSO

There is no significant rank order correlation between rurality and absolute room stock. Just over 37% of national room stock is found in the five most urban counties, for example, compared to more than 13% for the five most rural counties. There is a significant negative correlation when looked at relative to county size, however (-0.449). While the degree of concentration is not as intense as for overseas tourism, therefore, tourist activity still appears noticeably urban-oriented.

2.3.3 Sub-County Distribution

Within counties, tourism is often concentrated on a number of key towns. In Table 2.7, for example, there are eleven towns or cities listed that account for more than 30% of their respective county's room stock. Even in top tourism counties like Kerry and Galway, the key tourism centres of Killarney and Galway City account for 42% and 44% of total county room stock, respectively.

There is variation in the size of tourism towns. For example, the population breakdown for the towns and cities listed in Table 2.7 is as follows:

- five have a population of more than 40,000;
- eight have a population of between 10,000 and 39,999;
- six have a population of between 5,000 and 9,999;
- two have a population of between 3,000 and 4,999;
- nine have a population of between 1,500 and 2,999;
- nine have a population of less than 1,500.

Room stock composition also varies by size of town. For example, hotel stock forms a higher proportion of all accommodation stock in larger urban centres like Dublin, Cork, Limerick, Galway, Waterford, Tralee, Kilkenny, Sligo, Ennis, Wexford and Killarney (see Map 2.1). Smaller population centres like Bundoran, Clifden, Lahinch, Kilkee, Clonakilty, Kinsale, Youghal, Rosslare or Courtown, on the other hand, rely to a greater extent on B&B and self-catering accommodation.

Tourism intensity is higher in smaller towns, however. Of the twenty-two towns with a "Defert Index" of 10.0 or more, seventeen had a population of less than 3,000.¹

Table 2.7: Accommodation Stock in Major Tourism Towns 2000

Main Towns/ Tourism Centres	Region/County	% National Stock	% Regional Stock	% County Stock	(Rooms ÷ Pop) x 100
3,500+ rooms					
Dublin	Dublin/Dublin	20.0	100.0	100.0	1.7
Killarney	SW/Kerry	5.5	22.0	42.4	40.6
Galway	West/Galway	4.2	28.0	44.2	6.4
1,000 to 3,499 rooms					
Cork	SW/Cork	3.7	14.7	30.6	2.6
Limerick	Mid-West/Limerick	3.0	27.1	72.1	3.4
Westport	West/Mayo	2.1	13.8	41.3	40.3
Bundoran	Border/Donegal	1.9	16.4	32.1	94.6

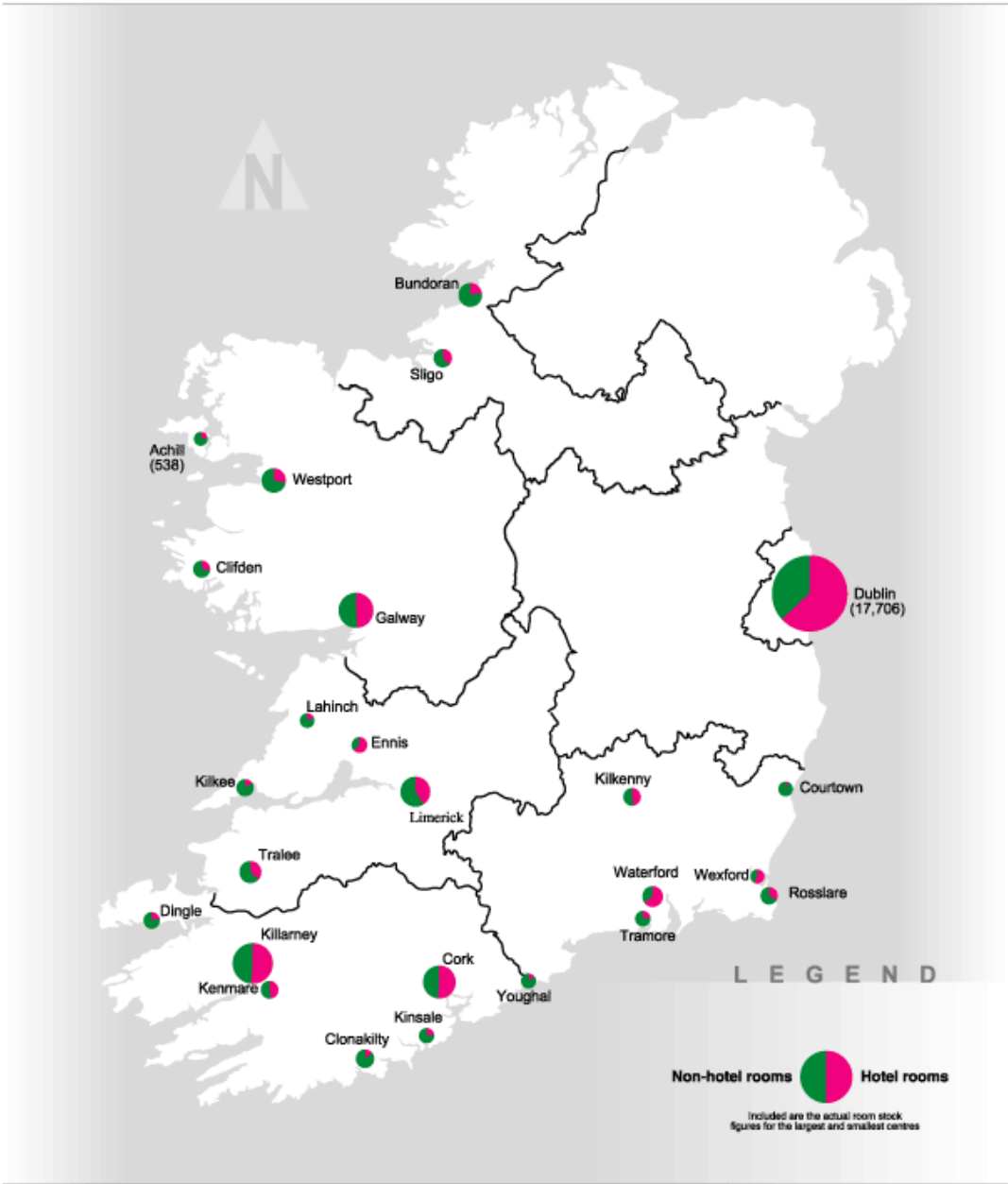
1. The Defert Index is a measure for the intensity of tourism activity in centres of population. It is calculated by dividing room stock in a town/city by population and multiplying by 100. Towns and cities with an index of 10 or more are regarded as important tourism centres. There are a number of important tourism centres with lower indices, however, due to exceptional population size (eg Dublin, Cork, Galway, Limerick, Waterford).

Table 2.7: Accommodation Stock in Major Tourism Towns 2000 (continued)

Main Towns/ Tourism Centres	Region/County	% National Stock	% Regional Stock	% County Stock	(Rooms ÷ Pop) x 100
Tralee	SW/Kerry	1.5	6.1	11.8	6.8
Waterford	SE/Waterford	1.5	13.9	40.5	2.9
Clonakilty	SW/Cork	1.2	4.6	9.6	34.7
Sligo	Border/Sligo	1.2	9.8	46.1	5.5
500 to 999 rooms					
Kilkenny	SE/Kilkenny	1.1	10.4	73.9	5.2
Kilkee	Mid-West/Clare	1.0	8.6	14.8	63.3
Clifden	West/Galway	0.9	6.3	10.0	90.5
Kenmare	SW/Kerry	0.9	3.7	7.1	40.2
Rosslare	SE/Wexford	0.9	8.8	26.9	42.7
Dingle	SW/Kerry	0.9	3.5	6.8	50.9
Tramore	SE/Waterford	0.8	8.0	23.4	11.5
Ennis	Mid-West/Clare	0.8	7.3	12.6	4.0
Kinsale	SW/Cork	0.8	3.1	6.4	22.2
Youghal	SW/Cork	0.7	2.9	6.0	10.8
Lahinch	Mid-West/Clare	0.7	6.3	16.0	105.5
Courtown	SE/Wexford	0.7	6.5	20.0	128.6
Midleton	SW/Cork	0.6	2.6	5.4	9.2
Wexford	SE/Wexford	0.6	6.0	18.5	3.5
Achill Island	West/Mayo	0.6	4.1	12.2	52.5
300 to 499 rooms					
Lisdoonvarna	Mid-West/Clare	0.6	5.0	8.6	50.0
Ballina	West/Mayo	0.5	3.6	10.6	5.4
Athlone	Midland/Westmeath	0.5	21.8	50.7	3.0
Bantry	SW/Cork	0.5	2.1	4.3	15.6
Adare	Mid-West/Limerick	0.5	4.4	11.8	41.6
Donegal	Border/Donegal	0.5	4.1	8.1	18.7
Oughterard	West/Galway	0.5	3.2	5.0	22.1
Dungarvan	SE/Waterford	0.5	4.4	12.7	5.7
Dunmore East	SE/Waterford	0.5	4.3	12.6	28.2
Arklow	Mid-East/Wicklow	0.4	9.8	16.2	4.5
Blarney	SW/Cork	0.4	1.7	3.5	18.9
Castlebar	West/Mayo	0.4	2.7	8.1	4.2
Shannon	Mid-West/Clare	0.4	3.3	5.7	4.1
Letterkenny	Border/Donegal	0.4	3.0	5.9	2.6
Newmarket-on-Fergus	Mid-West/Clare	0.4	3.2	5.5	20.2
Dundalk	Border/Louth	0.3	3.0	42.3	1.0
Cashel	SE/Tipperary	0.3	3.2	17.1	11.2
TOTAL		65.2	-	-	-

Source: Derived from Bord Fáilte/Gulliver/CSO

MAP 2.1: Showing Accomodation Stock



2.4 Self-Employment

2.4.1 Overview

This section examines data from the Census of Population on the place of residence of self-employed people. Given the nature of self-employment it is felt that, although the data relates to residence rather than location of employment, it should capture spatial features of rural self-employment reasonably well ie people's residence and main place of work may be the same.¹

2.4.2 Self-Employment in Rural Areas

Overall Self-Employment:

For the country as a whole self-employed people accounted for about 20% of total employment in 1996, 13% if we exclude agricultural employment. Table 2.8 presents the number of self-employed people living in rural and urban areas.

Table 2.8: Self-Employment in Rural and Urban Areas

	Self-Employment		Self-Employment as a % of Total Employment	
	Rural Areas	Urban Areas	Rural Areas	Urban Areas
All Sectors	154,716	101,613	31.11	12.55
Non-Agricultural Sectors	59,831	94,352	15.90	11.84

Source: Central Statistics Office, Census of Population

Nearly 155,000 or three-fifths of self-employed people lived in rural areas in 1996. However, if we exclude agricultural employment this drops to about 60,000 or two-fifths.

A higher percentage of people living in rural areas are self-employed than is the case of urban areas. Three out of every ten people living in rural areas are self-employed compared to about one in ten people living in urban areas. When we exclude agricultural employment the respective figures are 16% and 12% of employed people living in rural and urban areas.

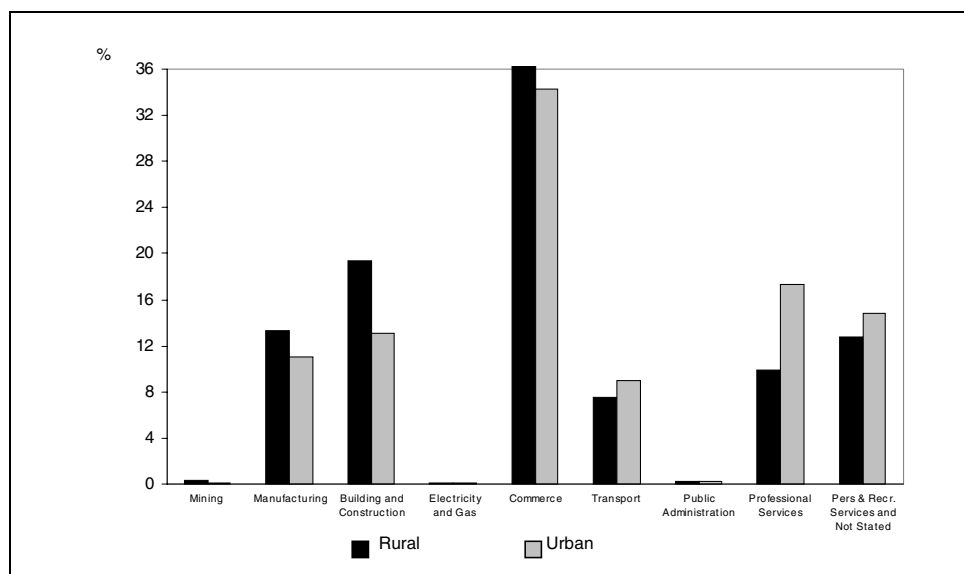
Important Sectors for Self-Employment:

Agriculture is by far the most important sector for self-employed people living in rural areas, although as expected it is less important in urban areas. Over 60% of self-employed people living in rural areas are engaged in agricultural employment compared to only 7% in urban areas.

Figure 2.4 shows the relative importance of non-agricultural.

1. Data on self-employment is available at District Electoral Division (DED) level. This section uses the same classification of rural and urban DEDs as used in the Rural Structures Report, ie rural areas are any DED that: is not a urban DED as defined by the CSO (ie a DED that can be aggregated to form an urban district or a borough); has a population density of less than 150 people per square kilometre; does not contain a town with a population of 1,500 or over.

Figure 2.4: Percentage of Non-Agricultural Self-Employment in Rural and Urban Areas by Sector¹



¹ Excludes employment in agriculture

Source: Central Statistics Office, Census of Population

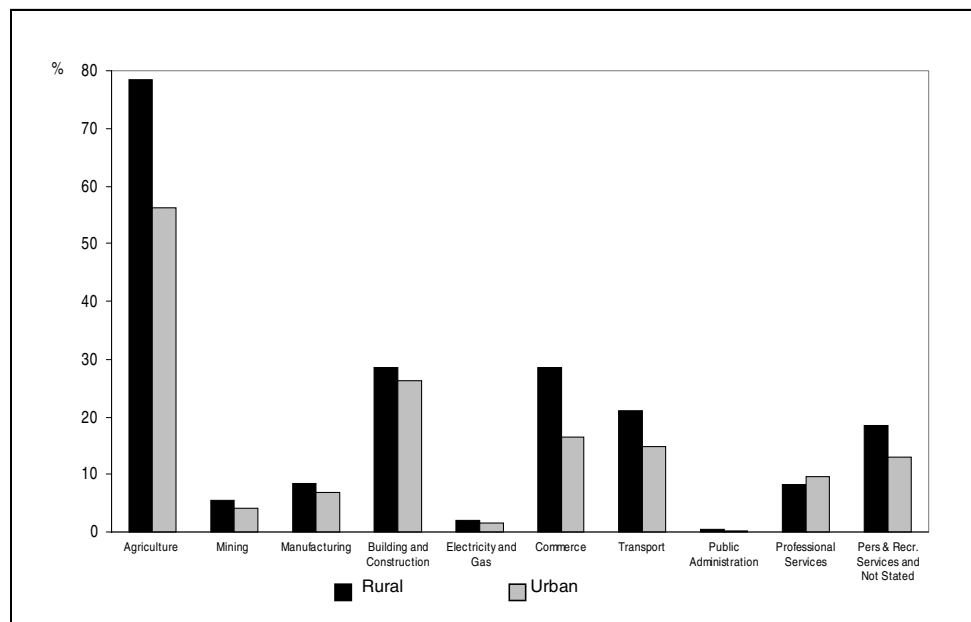
The figure shows that "commerce" is the most important sector for self-employed people, accounting for 36% of the 60,000 self-employed people living in rural areas (ie the black bars). Other important sectors that account for over 10% of self-employment include: building and construction (19%); manufacturing (13%); "other services" including personal and recreational services (12.8%), and professional services (10%).

The above figure also shows a self-employment in most sectors is slightly more important in employment terms for people living in rural areas than for residents in urban areas. Professional services and "other services", including personal and recreational services, are the second and third largest employers of self-employed people living in urban areas, whereas in rural areas manufacturing and building construction are more important in terms of employment. Overall, however, the sectoral breakdown is not that different between the two types of area once agriculture is excluded.

Sectors with a High Proportion of Self-Employment:

Figure 2.5 shows the proportion of self-employed people in each economic sector in rural and urban areas.

Figure 2.5: Percentage of Employment in Each Economic Sector accounted for by Self-Employment in Rural and Urban Areas 1996



Source: Central Statistics Office, Census of Population

The agricultural sector has the highest proportion of employed people that are self-employed in rural areas, nearly eight out of ten people. Other sectors with a relatively high proportion of self-employed in rural areas (ie the black bars) include building and construction, and commerce where about three out of ten people are self-employed, and transport where two in ten people are self-employed.

In Section 2.4.2 we noted that self-employment accounted for a higher proportion of total employment in rural areas than in urban areas. The above figure shows this is true of all economic sectors with the exception of professional services, where self-employed people as a proportion of all employed people is greater in urban than in rural areas (ie the difference between the black and grey box).

Gender Differences in Self-Employment by Sector:

Women account for about 13% of self-employed people in rural areas. Over half of the self-employed people in "other industries", which include "other services" including personal and recreational services, are women. Other sectors where women account for an above average share of self-employed people include "professional services" (female share of 36%) and "commerce" (25% share). Women account for only 1% of all self-employed people involved in "building and construction".

2.4.3 Spatial Characteristics of Rural Self-Employment

Location of Rural Self-Employment:

Table 2.9 shows the location of self-employment in non-agricultural sectors.

Table 2.9: Regional Location of Non-Agricultural Rural Self-employment in 1996

	Rural Self-Employment	Rural Self-Employment as a% of Regional Rural Employment	Regional Rural Self-Employment as a% of National Rural Self-Employment
Dublin	958	16.87	1.60
Mid-East	7,072	17.02	11.81
Mid-West	6,942	15.09	11.60
South-East	9,247	16.35	15.45
South-West	11,230	17.44	18.76
SE Region	35,449	16.55	59.22
Border	10,230	14.93	17.09
Midland	5,312	14.68	8.87
West	8,873	15.44	14.82
BMW	24,415	15.06	40.78
Total¹	59,864	15.91	100.00

¹ May not correspond to the total in Table 2.8

Source: Central Statistics Office, Census of Population

Table 2.9 shows that excluding agriculture employment alters the picture. Not only does the S&E region's share of total rural self-employment increase, but it now has a higher proportion of employment accounted for by self-employment than does the BMW region, 16.6% versus 15%.

The proportion of rural employment accounted for by self-employment is lower than the national average of 16% in all of the NUTS 3 regions in the BMW region. Whereas, all of the NUTS 3 regions in the S&E region, with the exception of the Mid-West region, have a share higher than the national average.

Location of Rural Self-Employment by Sector:

Table 2.10 shows the percentage of self-employed people working in each economic sector according to the region they live in.

Table 2.10: Percentage of Total Rural Self-Employment Accounted for by each Region by Sector

	Agriculture	Mining	Manufacturing	Building and Construction	Electricity and Gas	Commerce	Transport	Public Administration	Professional Services	Pers & Recr: Services and Not Stated
Dublin	0.43	0.91	1.27	1.27	0.00	1.48	2.41	2.65	2.69	1.50
Mid-East	6.59	14.55	12.42	11.46	15.12	10.76	13.53	13.27	14.25	11.71

Table 2.10: Percentage of Total Rural Self-Employment Accounted for by each Region by Sector

	Agriculture	Mining	Manufacturing	Building and Construction	Electricity and Gas	Commerce	Transport	Public Administration	Professional Services	Pers & Recr. Services and Not Stated
Mid-West	13.25	8.64	10.99	11.12	9.30	12.31	10.81	9.73	11.69	11.46
South-East	15.39	12.27	15.88	16.30	16.28	15.43	15.68	8.85	14.03	14.90
South-West	19.10	13.64	19.23	18.18	17.44	17.92	16.15	13.27	22.12	20.70
SE Region	54.76	50.00	59.79	58.33	58.14	57.88	58.58	47.79	64.78	60.27
Border	16.23	14.09	17.28	16.61	16.28	17.83	19.94	19.47	14.30	16.07
Midland	9.42	19.09	9.45	9.15	6.98	9.38	8.46	10.62	7.30	7.57
West	19.59	16.82	13.48	15.91	18.60	14.91	13.02	22.12	13.62	16.09
BMW	45.24	50.00	40.21	41.67	41.86	42.12	41.42	52.21	35.22	39.73

Source: Central Statistics Office, Census of Population

The above table shows that the spread of self-employment across regions is different for different sectors. Sectors with a relatively low balance across regions include: agriculture; electricity and gas; public administration and "other services" including personal and recreational services.

Self-employment tends to be less spread across NUTS 3 regions in the S&E region than is the case for NUTS 3 regions in the BMW region (with the exception of public administration). Sectors with a relatively low spread of self-employed people living across NUTS 3 regions in the S&E region include professional services and manufacturing and transport.

2.4.4 Trends in Rural Self-Employment

Overall Trends in Rural Self-Employment:

Table 2.11 shows trends, over the 1991-96 period, in the number of self-employed people living in rural areas.

Table 2.11: Trends in Self-Employment in Rural Areas

	1991	1996	Change 1991-96	% Change
All Sectors				
Self-Employment	152,069	154,716	2,647	1.74
Other Employment	298,908	342,569	43,661	14.61
Non-Agricultural Sectors				
Self-Employment	45,579	59,831	14,252	31.27
Other Employment	263,311	316,378	53,067	20.15

Source: Central Statistics Office, Census of Population

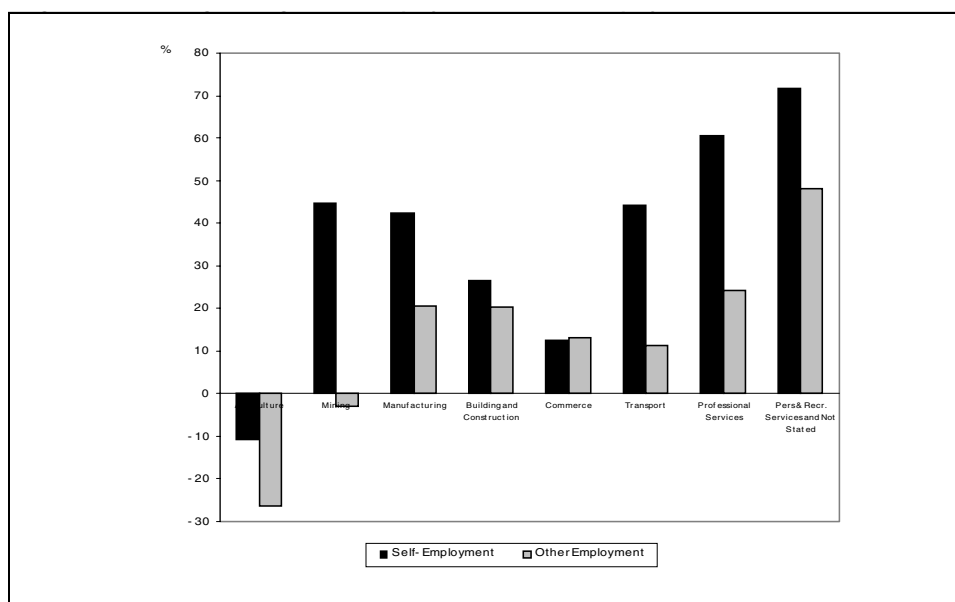
Excluding agricultural employment reveals a different trend. Self-employment in non-agricultural sectors increased more rapidly than other forms of employment,

31% versus 20%. So the importance of self-employment in non-agricultural sectors increased slightly, up from 15% in 1991 to 16% in 1996.

The above trends reflect the fact that employment in agricultural declined but employment increased in all other sectors over the period. Furthermore, the decline in agricultural employment was less rapid for self-employed people than for other people but the rise in employment in non-agricultural sectors was typically more rapid for self-employed people than it was for other employed people.

Figure 2.6 illustrates the above more clearly.

Figure 2.6: Percentage Change in Self-Employment and Other Employment in Rural 1991-96



Source: Central Statistics Office, Census of Population

Regional Trends in Rural Self-Employment:

Table 2.12 shows trends in rural self-employment at regional level for the 1991-96 period.

Table 2.12: Change in Rural Self-Employment 1991-96 by Region

	Change 1991-96		% Change 1991-96	
	All Sectors	Non-Agricultural Sectors	All Sectors	Non-Agricultural Sectors
Dublin	240	305	21.37	46.71
Mid-East	1,224	1,824	10.11	34.76
Mid-West	412	1,543	2.16	28.58
South-East	1,497	2,224	6.70	31.67
South-West	1,303	2,591	4.64	29.99
SE Region	4,676	8,487	5.65	31.48

Table 2.12: Change in Rural Self-Employment 1991-96 by Region (continued)

	Change 1991-96		% Change 1991-96	
	All Sectors	Non-Agricultural Sectors	All Sectors	Non-Agricultural Sectors
Border	-218	2,372	-0.84	30.19
Midland	359	1,299	2.58	32.37
West	-2,161	2,110	-7.29	31.20
BMW	-2,020	5,781	-2.91	31.02
Total	2,656	14,268	1.75	31.29

Source: Central Statistics Office, Census of Population

The Table shows that BMW region was more adversely affected by the decline in agricultural employment, with the result that total self-employment in this region declined by 2.9% while it increased by 5.6% in the S&E region. However, both regions performed equally impressively in terms of the growth of self-employment outside of agriculture, both up by 31%.

At NUTS 3 level the regions with the most rapid growth in non-agricultural rural self-employment were Dublin (up by 47%); the Mid-East (up by 36%) and the Midlands (up by 32%). Interestingly the three strongest performing regions constitute the Greater Dublin Area.

2.5 Micro-Enterprise

2.5.1 County Enterprise Boards (CEBs)

The County Enterprise Boards (CEBs) support “micro-enterprise” of ten employees and less, with grant-aid criterion that are somewhat less strict than those of the mainstream industrial development agencies. Budgets for each of the CEBs are based on different criteria and are set by the Department of Enterprise, Trade and Employment.

Between 1993/94 and 1999, the CEBs approved a total of 11,568 projects and provided £95,319,780 of grant-aid to enterprises. This has resulted in a reported 18,179 full-time and 3,731 part-time jobs being created in CEB-assisted new enterprises and expansions. The CEBs have assisted a total of 7,335 start-ups and expansions between 1996 and 1999. This is, of course, a small share of all start-up enterprise in Ireland over this period of economic boom and so CEB data cannot be taken as necessarily representative of the wider body of start-up micro-enterprise, much less of micro-enterprise as a whole.

Table 2.13 Projects Approved for Assistance by Each CEB and Jobs Created Between 1993/94-1999

Table 2.13: Projects Approved for Assistance by Each CEB and Jobs Created Between 1993/94-1999

County	% of Projects Approved 1993/94-1999	Ranking of Projects Approved	% of Grant Amount Approved 1993/94-1999	% of Full-Time Jobs 1994-1999	% of Area (sq. km)	Rural Index (%)	Rural Ranking
Dublin	14.7%	1	14.6%	14.2%	1.3%	2.5	27 (Least Rural)
Cork	8.9%	2	10.4%	9.4%	10.7%	39.6	24
Limerick	6.0%	3	5.8%	5.7%	3.9%	51.0	21
Waterford	5.8%	4	5.1%	4.8%	2.6%	39.9	23
Galway	5.8%	5	3.9%	7.1%	8.7%	61.0	17
Wexford	3.6%	6	3.4%	3.6%	3.4%	68.0	11
Kerry	3.3%	7	3.6%	2.3%	6.8%	68.8	10
Offaly	3.1%	8	2.9%	2.3%	2.8%	63.4	16
Clare	3.1%	9	2.7%	3.6%	4.9%	64.7	15
Mayo	3.0%	10	3.6%	3.2%	7.9%	78.7	4
Sligo	2.9%	11	2.8%	2.2%	2.6%	66.8	12
Kilkenny	2.9%	12	2.6%	2.6%	2.9%	70.8	9
Leitrim	2.8%	13	2.6%	1.8%	2.3%	93.9	1 (Most Rural)
Meath	2.7%	14	2.6%	3.6%	3.3%	66.1	14
Longford	2.7%	15	2.3%	2.6%	1.6%	76.8	6
Roscommon	2.6%	16	2.7%	2.5%	3.6%	81.6	3
Laois	2.6%	17	2.5%	3.5%	2.4%	70.9	8
Westmeath	2.6%	18	2.4%	1.7%	2.6%	57.6	19
Kildare	2.6%	19	2.6%	2.3%	2.4%	39.4	25
Tipperary S.R.	2.6%	20	2.4%	1.7%	3.2%	59.6	18
Carlow	2.5%	21	3.0%	3.3%	1.3%	53.9	20
Louth	2.5%	22	2.3%	4.0%	1.2%	36.5	26
Donegal	2.4%	23	3.0%	2.1%	6.9%	78.2	5
Cavan	2.4%	24	3.0%	3.0%	2.7%	83.1	2
Wicklow	2.3%	25	2.8%	2.9%	2.9%	41.6	22
Tipperary N.R.	1.9%	26	2.1%	1.8%	2.9%	66.7	13
Monaghan	1.8%	27	2.5%	2.3%	1.8%	71.9	7
State	100.0%		100.0%	100.0%	100.0%	41.9	

Source: Department of Enterprise, Trade and Employment

The proportion of projects approved for assistance by each CEB in its area, and the corresponding percentage of grant amount approved, from 1993/94 to 1999 is illustrated in Table 2.13. This table also provides an indication of the county distribution of jobs created in CEB-assisted enterprises over this period.

The information within Table 2.13 relates to CEB grant approvals for companies, co-operations, partnerships, sole-traders and community groups. CEB financial assistance is provided by capital, employment and feasibility study grants. It should be noted that the number of jobs created reportedly relate to those as a result of start-ups and expansions.

Table 2.13 highlights the different levels of CEB assistance to enterprises within counties. Dublin, the actual “largest recipient” within the six-year period, has received 14.7% of the total number of grant approvals and an approximately equal proportion of grant-assistance. Similarly, the highest number of full-time jobs has been created in CEB-assisted enterprises within this county. Since 1995, Dublin has consistently received the most CEB support.

In comparison, Monaghan has obtained the least amount of CEB assistance. Only 1.8% of CEB projects were approved for this county, and the second lowest grant amount for these approvals (2.5%) was provided. Further, only 2.3% of all CEB-assisted jobs were created in Monaghan enterprises. Dublin and Monaghan each constitute less than 2% of the area of the State. However, while Monaghan is significantly rural, Dublin is the most urban county and accounted for the highest rate of population in 1996 (29.2%).

The top five counties (Dublin, Cork, Limerick, Waterford and Galway) in Table 2.13 account for over 40% of all project approvals and 39.8% of funding. Similarly, 41.2% of total full-time jobs have been created in CEB-assisted enterprises in these counties. These five counties are significantly urban-orientated and cover just over 27% of the land area.

In contrast, three counties (Carlow, Louth and Wicklow) that also have low rural indices have only received 7.3% of the total CEB project approvals and 8.0% of total funding. Four of the five counties that were provided the least amount of CEB assistance are considerably rural (Donegal, Cavan, Tipperary N.R. and Monaghan) and cover 17.2% of the State land area.

Table 2.13 presents interesting results in relation to CEB approvals in rural Ireland. Leitrim, as the most rural county in the State with a land area of 2.3%, is ranked 13th in terms of the number of CEB-assisted project approvals. The second most rural-orientated county is ranked 24th (Cavan), and covers 2.7% of the State area. The 1996 population for these two counties was 0.7% and 1.5% respectively. Similarly, while Dublin is ranked 1st as the least rural county, Louth (the second least rural county) is ranked as 22nd in terms of project approvals. These two counties cover approximately the same land area (1.3% and 1.2% respectively), yet Louth accounted for only 2.5% of the population in 1996 (compared to nearly 30% in Dublin).

The nature of CEB assistance across the country varies significantly in both rural and urban-orientated counties. Within Table 2.13, there is a correlation coefficient¹ of -0.7 between the level of CEB project approvals and the degree of rurality of counties. This appears to indicate that urban-orientated counties tend to receive more CEB support than counties with a large rural population.

1. Two variables are “positively correlated” when high values of one variable (eg project approvals) are affiliated with high values of another variable (eg rural index). A high variable that is related to a low variable is “negatively correlated”.

2.5.2 LEADER II

LEADER is specifically intended to help enterprises in rural areas. The broad definition of “rural” excludes the County Boroughs in Dublin, Cork, Galway, Limerick and Waterford, in which LEADER II assistance is not provided.

Table 2.14 below provides an indication of LEADER II support for micro-enterprises from 1995 to 1999. This table illustrates the proportion of actions approved in each county within the “Small Enterprises, Crafts and Local Services” sector only. An action is defined as a commitment to grant-aid. Other sectors have also received LEADER II assistance, including: rural tourism; agriculture, food, forestry and fishery products; environment and living conditions and technical support. As well as the above-mentioned grants, this additional support is provided through training and technical support grants. The budgets provided to the thirty-seven LEADER II Groups were based on business plans submitted by each group and the population of counties.

Table 2.14: LEADER II Actions Approved and Grant Amount from 1995 to 1999

County ^a	% of Actions Approved 1995-1999	Ranking of Approved Actions	% of Grant Amount Approved 1995-1999	% of Area (sq. km)	Rurality Index (%)	Rural Ranking
Donegal	10.3%	1	8.0%	6.9%	78.2	5
Cork	10.1%	2	11.3%	10.7%	39.6	23
Mayo	9.5%	3	8.1%	7.9%	78.7	4
Kerry	8.0%	4	8.4%	6.8%	68.8	10
Galway	6.9%	5	4.4%	8.7%	61.0	17
Roscommon	6.0%	6	6.2%	3.6%	81.6	3
Limerick	5.3%	7	4.2%	3.9%	51.0	20
Tipperary	4.2%	8	7.8%	6.1%	62.7	16
Clare	3.4%	9	4.0%	4.9%	64.7	14
Longford	3.3%	10	1.3%	1.6%	76.8	6
Wexford	3.1%	11	3.3%	3.4%	68.0	11
Meath	2.7%	12	2.2%	3.3%	66.1	13
Offaly	2.7%	13	2.3%	2.8%	63.4	15
Kildare	2.6%	14	1.9%	2.4%	39.4	24
Louth	2.4%	15	2.6%	1.2%	36.5	25
Waterford	2.3%	16	3.7%	2.4%	39.9	22
Laois	2.3%	17	2.6%	2.7%	70.9	8
Cavan	2.3%	18	2.6%	2.3%	83.1	2
Leitrim	2.3%	19	1.9%	2.6%	93.9	1 (Most Rural)
Sligo	1.9%	20	3.2%	2.6%	66.8	12
Kilkenny	1.8%	21	1.3%	2.9%	70.8	9
Westmeath	1.7%	22	1.1%	2.6%	57.6	18
Monaghan	1.6%	23	2.3%	1.8%	71.9	7
Carlow	1.4%	24	1.4%	1.3%	53.9	19
Dublin	1.0%	25	1.9%	1.3%	2.5	26 (Least Rural)
Wicklow	0.9%	26	2.0%	2.9%	41.6	21

a.County Boroughs in Dublin, Cork, Galway, Limerick and Waterford are excluded from LEADER support.

Source: Department of Agriculture and Food

In total, 1,407 actions have been approved by LEADER II between 1995 and 1999, with £13.2mn being funded for these actions. LEADER II support for new SMEs has resulted in a reported 1,358 full-time and 757 part-time jobs being created.

The highest proportion of LEADER II support for micro-enterprises has been in Donegal. Over 10% of all marketing and capital actions have been approved within this county, with 8% of LEADER II funding being provided. Wicklow, in comparison, has received less than 1% of all LEADER II approved actions and 2% of total grant-aid over the five-year period. Donegal is one of the most rural counties in the State, with a rural index of 78.2%. The county is also only one of six that covers more than 5% of the State area. Wicklow is an urban-orientated county with a land area of 2.9%.

Cork has also performed particularly well in regard to the level of support from LEADER II (10.1% of actions approved). Funding for this urban-orientated county has been over 3% higher than in Donegal, at 11.3%. Cork and Donegal, together with Mayo, Kerry and Galway, account for 44.8% of all LEADER II approved actions and 40.2% of grant-aid. The land area covered by the top five performing counties (41.1%) is proportionate to the support level provided. Of these five counties, only one has a rurality index below 50%. It should be noted that LEADER II does not provide enterprise assistance within the Cork and Galway County Boroughs, which accounted for 30.2% and 30.3% of the counties' 1996 population and 0.5% and 0.8% of the land area within these counties respectively.

The five least supported counties (Westmeath, Monaghan, Carlow, Dublin and Wicklow) constitute 6.6% of LEADER II action approvals and 8.7% of grants in total. These counties cover approximately 10% of the State land area. Although four of these five counties have a low rural ranking, only two have a rural index of less than 50%.

The rural characteristics of support can be determined from the rural ranking of the counties provided within Table 2.14. LEADER II support for Dublin differs significantly from CEB assistance. This county has received the second lowest level of LEADER II grant approvals (1%) and has been provided an equally low amount of grant funding (1.9%) for SMEs. Dublin is ranked 25th in terms of action approvals in Table 2.14, however this may be explained by the fact that LEADER II support for enterprise is not provided in Dublin's County Boroughs, in which 45.5% of its 1996 population was located.

Cavan and Leitrim, which are the two most rural counties in the State that together account for approximately 5% of the land area, are ranked 18th and 19th in terms of LEADER II assistance. Overall there is a weak, positive correlation (correlation co-efficient of 0.2) between the level of LEADER II action approvals and the rurality indices of counties. The correlation between LEADER II support and rurality is stronger (correlation co-efficient of 0.4) when

the five counties that have county boroughs are excluded from the data analysis. However, it still appears that LEADER II support from 1995 to 1999 had no strong, positive association with the rurality indices of counties.

2.6 Residence and Employment Location

As referred to in Chapter 1, a feature of this study is its focus on the location of enterprise and employment in enterprise as opposed to the residence of the person employed. An important issue from a spatial perspective is the extent to which these differ, as this difference represents commuting to work.

Some light can be shed on this issue in the case of manufacturing enterprise given that two CSO sources – the Censuses of Population and of Industry – each collect employment data on a different basis, ie residence and workplace, respectively. Using these, Table 2.15 shows the location of industrial employment and the residence of industrial employees, by county in 1996.

The data on industrial employment is taken from the 1996 Census of Industrial Production (CIP), and in particular from the Census of Industrial Local Units. The Census of Industrial Local Units relates to all local units engaged in industrial activity which employ three or more people. The CIP covers NACE sections C, D, and E only (mining and quarrying; manufacturing and electricity, gas and water supply, respectively).

The data on the residence of industrial employees is taken from the 1996 Census of Population (COP). It relates to compound employment in three of the ten broad industrial groups used in the COP (mining, quarrying and turf production; manufacturing industries and electricity, gas and water supply).

The two definitions of “industrial” adopted are largely synchronised, as indicated by the two state totals given in Table 2.15. The biggest disruption is caused by the fact that the CIP only includes industrial units employing three or more people.

In each case, the county's proportion of state industrial employment is compared with the county's proportion of state industrial employees. The difference between the two proportions is presented in the fourth column of Table 2.15. This represents net inward or outward commuting of industrial workers, so by definition the total in this column sums to zero. The top half of the Table represents counties that are “net importers” of industrial sector workers, whereas the bottom half represents counties that are “net exporters” of industrial sector workers. Although the percentages may appear low, it should be emphasised that they are an indicator of net industrial sector commuting into or out of a county; in addition, it should be noted that 1% in this context represents approximately 2,600 commuters.

Table 2.15: Employment Examined Residence of Employee and Location of Industry

County	Industrial Employment (% of State)	Residence of Industrial Employees (% of State)	Difference Between % Share of Industrial Employment and % Share of Industrial Employees	Rank on Rurality Index
	(a)	(b)	(a) - (b)	
Dublin	26.12	25.54	0.58	27
Waterford	4.20	3.63	0.57	23
Louth	3.84	3.53	0.31	26
Donegal	4.31	4.01	0.31	5
Cork	12.47	12.19	0.28	24
Clare	3.36	3.09	0.27	15
Tipperary NR	1.90	1.66	0.25	13
Kildare	4.41	4.18	0.24	25
Galway	4.90	4.67	0.23	17
Carlow	1.49	1.32	0.16	20
Longford	0.96	0.83	0.13	6
Sligo	1.61	1.49	0.11	12
Monaghan	1.76	1.65	0.11	7
Mayo	2.76	2.68	0.09	4
Cavan	1.35	1.32	0.02	2
Tipperary SR	2.23	2.25	-0.02	18
Westmeath	1.81	1.84	-0.04	19
Limerick	5.55	5.60	-0.04	21
Leitrim	0.47	0.59	-0.12	1
Wicklow	2.41	2.58	-0.17	22
Wexford	2.35	2.60	-0.25	11
Roscommon	0.88	1.25	-0.37	3
Kerry	2.23	2.62	-0.40	10
Laois	0.85	1.30	-0.45	8
Kilkenny	1.38	1.94	-0.57	9
Offaly	1.63	2.21	-0.58	16
Meath	2.79	3.43	-0.64	14
State	244,585 (=100%)	266,614 (=100%)	0.00	

Source: Central Statistics Office, Census of Population, 1996/Census of Industrial Production, 1996

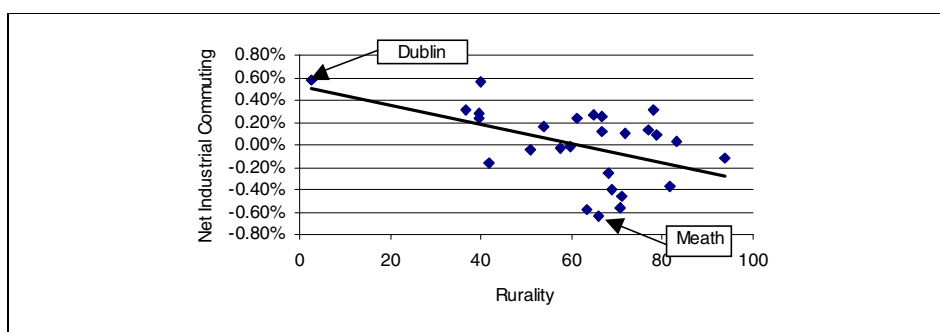
Unsurprisingly Dublin emerges as the largest “net importer” of industrial sector workers. Strongly urban counties, or counties containing a large urban centre, such as Louth, Kildare, Cork, Waterford and Galway, are also in the “net importer” category. A priori it may be expected that counties positioned within the “commuter belt” around major cities would be net exporters of workers.

This is borne out to some extent in Table 2.15, with “commuter counties” such as Wicklow, Meath, Offaly and Laois appearing in the bottom half of the table as net exporters of labour.

The case of certain individual counties is less readily explained. For example, Limerick is a strongly urban county which would be expected to be a net importer of workers; instead it is a net exporter. Also, Donegal, although it is the fifth most rural county and is geographically peripheral, is a significant net importer of labour. In these cases, considering the situation of neighbouring counties may help define the broader context. In Limerick's case, it is noticeable that neighbours Cork, Clare and Tipperary N.R. are all net importers of labour. In Donegal, it may be the case that people are working in the county but residing in Northern Ireland.

Figure 2.7 compares the net commuting data for counties and rurality. It indicates a distinct negative relationship between the level of net commuting and the degree of rurality across counties. In particular, it illustrates that those counties that are “net exporters” of commuting workers generally have higher scores on the rurality index. The actual correlation in the data is -0.48.

Figure 2.7: Relationship between Net Inward/Outward Commuting and Rurality for Counties



1. The correlation coefficient for the two data ranges is -0.48

Source: Central Statistics Office

2.7 Rurality and Type of Industry

This section examines the characteristics of industry and how they vary with regard to degree of rurality. The Census of Industrial Production covers NACE sections C, D and E (mining and quarrying; manufacturing and electricity, gas and water supply respectively). Within these sections, there are 134 individual industrial sectors, which can be classified into traditional/low tech, medium tech and high tech industries.

Employment figures at this level of detail are not available for individual counties. However the number of Industrial Local Units involved in each of these categories (ie traditional/low tech, medium tech and high tech) in each county is available. This has been used as a proxy for the relative strength of each category of industry in each county. The results are presented in Table 2.16.

Table 2.16: Characterisation of Industry by County

County	Rurality Index	Rank	% of Industrial Local Units in Each Category			
			High Tech	Medium Tech	Low Tech	Total
Leitrim	93.9	1	3.2	48.4	48.4	100
Cavan	83.1	2	3.8	41.8	54.4	100
Roscommon	81.6	3	10.2	30.6	59.2	100
Mayo	78.7	4	7.5	41.8	50.7	100
Donegal	78.2	5	4.2	21.8	73.9	100
Longford	76.8	6	5.3	49.1	45.6	100
Monaghan	71.9	7	2.7	55.4	42.0	100
Laois	70.9	8	5.1	45.8	49.2	100
Kilkenny	70.8	9	0.9	39.6	59.4	100
Kerry	68.8	10	8.7	34.9	56.3	100
Wexford	68	11	4.4	41.5	54.1	100
Sligo	66.8	12	6.4	50.0	43.6	100
Tipperary N.R.	66.7	13	8.4	32.5	59.0	100
Meath	66.1	14	7.1	53.2	39.6	100
Clare	64.7	15	21.3	48.7	30.0	100
Offaly	63.4	16	4.4	34.4	61.1	100
Galway	61	17	19.8	36.9	43.2	100
Tipperary S.R.	59.6	18	9.5	27.0	63.5	100
Westmeath	57.6	19	9.9	44.0	46.2	100
Carlow	53.9	20	4.1	51.4	44.6	100
Limerick	51	21	18.9	44.3	36.8	100
Wicklow	41.6	22	9.0	40.3	50.7	100
Waterford	39.9	23	10.3	41.3	48.4	100
Cork	39.6	24	11.7	41.4	46.8	100
Kildare	39.4	25	9.1	42.1	48.8	100
Louth	36.5	26	12.3	41.3	46.4	100
Dublin	2.5	27	12.4	37.1	50.5	100
State	41.9	-	10.5	40.4	49.1	100

Source: Census of Industrial Production, 1998/ Census of Population, 1996

There is considerable variation in the proportion of industry that is high tech across counties. At the two extremes are Kilkenny (0.9%) and Clare (21.3%). Similarly, the reliance on low tech industry varies also: Donegal has the highest (73.9%) and Clare has the lowest (30%).

The patterns relating high tech/low tech industry to rural/urban counties are not very clearcut; however, the clustering of high tech industries in well-established urban centres areas is evident.

There are six counties whose proportion of high tech industry is higher than the average for state (10.5%): Clare (21.3%), Galway (19.8%), Limerick (18.9%), Dublin (12.4%), Louth (12.3%) and Cork (11.7%) respectively. These “high tech” counties are a mixed bunch in terms of rurality. Only Dublin, Louth and Cork are particularly “urban” counties, occupying three of the bottom four positions on the rurality index. In contrast, Clare and Galway, the two counties with the greatest concentration on high tech industries, score well above average on the rurality index.

The nature of the county as a unit of analysis is relevant here. Although Clare and Galway are overall quite rural counties, they have heavy concentrations of high tech industry in specific urban locations.

In addition to the Dublin area, the Mid-West area and Galway city stand out as the areas with relatively high concentration of high tech industry.

2.8 Conclusions

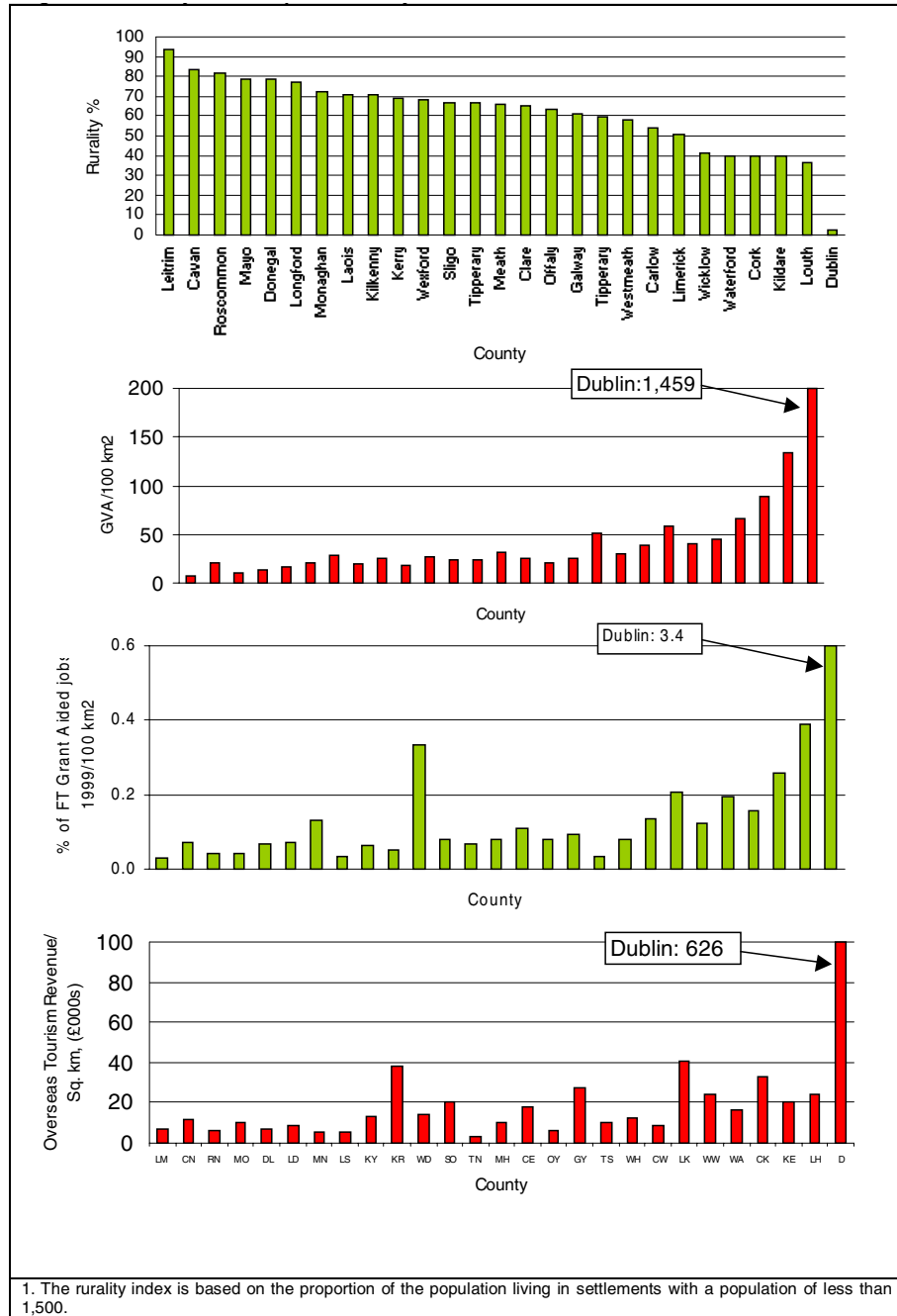
This Chapter explored the spatial distribution of rural enterprise in Ireland. The principal questions being addressed were:

- how much enterprise in any category is “rural” as defined in this study? (ie located in a rural area);
- what are the key characteristics of this enterprise and how do these compare to the rest of enterprise?;
- do the characteristics of rural enterprise vary by different parts of the country?;
- what is the trend in the performance of rural enterprise over time?

The Chapter focused on sectors other than manufacturing since this sector is dealt with more fully in Chapter 3. Due to limitations in information, the questions could be only partially answered.

Figure 2.8 is a geographical representation of the relationship between degree of rurality and economic activity across counties, using estimated GVA per unit area, % of full-time grant aided jobs per unit area and overseas tourism revenue per unit area as indicators. The spatial distribution of full-time grant-aided jobs is explored in greater detail in the next chapter.

Figure 2.8: Rurality and Enterprise Intensity



1. The rurality index is based on the proportion of the population living in settlements with a population of less than 1,500.

With regard to all economic activity (measured by Gross Value Added), no precise information is available on how much of this is located in rural areas. However, it is possible to examine how much is located in individual counties and to compare this with the level of “rurality” (ie percentage of the population in centres below 1,500) of these counties. Key findings are:

- as would be expected the level of economic activity (enterprise, agriculture and public services) is negatively correlated with the levels of rurality, but not completely so. A number of relatively rural counties have high levels of economic activity, usually associated with the presence of a small number of relatively large foreign-owned manufacturing;
- in terms of GVA per capita, four of the top five counties are also the four most urban counties (Dublin, Louth, Kildare and Cork), the exception being Tipperary S.R. which has the highest GVA per capita but is not a particularly urban county. The list of the six counties with the lowest GVA per capita contains four of the five most rural counties (Leitrim, Roscommon, Mayo and Donegal). There is a notable exception here in the case of Donegal, which is the second most rural county in the state, yet is placed “mid-table” in terms of GVA per capita.

It is possible to examine the spatial pattern of self-employment in some detail. While this is based on residency, as per the Census of Population, it is likely that for many self-employed people their primary place of work is at, or near, their place of residence. Key findings are:

- in 1996, there were approximately 154,000 self-employed people in Ireland (excluding farming). Of this, about 60,000 (39%) were located in rural areas while the balance of 94,000 (61%) were in urban areas;
- these shares are similar but not identical to the rural-urban split of the workforce as a whole. Some 16% of the non-agricultural workforce in rural areas is self-employed, compared to 12% in urban areas. These patterns appear to be consistent across counties;
- the sectoral structure of non-agricultural self-employment is quite similar in urban and in rural areas, ie in sectoral or occupation terms there is no distinct pattern of rural as opposed to urban self-employment;
- the findings of course change if farming is included since most farmers have self-employed status. Including farming, rural self-employment accounts for about 60% of all self employment, and about 30% of the total rural workforce is self employed.

In the case of tourism, a mixed picture emerges. On the one hand, tourism is second only to farming in terms of the degree to which it is “spread” across the physical space of Ireland. Furthermore, a number of relatively rural counties figure prominently in tourism. The industry is, however, still quite heavily concentrated in a number of such locations.

A total of five counties (Dublin, Cork, Kerry, Galway and Limerick) accounted for about 70% of all overseas tourism revenue in 1999, while the bottom five counties (Leitrim, Longford, Laois, Carlow and Monaghan) accounted for just 2.5%. Measured in terms of tourism bednights the sector is also spatially concentrated within the relatively strong tourism counties, eg within the county borough in the Dublin area, in Galway city, Cork city, Killarney and Tralee. It is clear that rural tourism, while significant for individual locations, remains a relatively small niche activity in the overall tourism context.

3 Spatial Distribution of Manufacturing Enterprise

3.1 Introduction

Since the 1950s Irish industrial policy has had concerns about the spatial distribution of industrial enterprise and employment opportunities. It has explicitly encouraged – with varying degrees of success – foreign and indigenous companies to locate in the least industrialised, least populated and most rural regions of the country. While the emphasis on the rural component of the policy has shifted over time, regional considerations have remained.¹

Despite this, trends suggest increasing divergence of enterprise performance between different regions of the country. Over the past decade employment in manufacturing and internationally traded services increased by over 75% in the Mid-East Region and more than 50% in Dublin. Over the same time period the national average increase was approximately 40%. The Border and Midland regions recorded only half this growth rate - each only experiencing a 20% increase. At the end of 1999, Dublin had the highest concentration of state-assisted manufacturing firms (2,389), followed by the South-West (which includes Cork city, 1,324). In contrast, the lowest numbers were found in the Midland and Mid-West regions (452 and 764 firms respectively).

Part of the explanation lies in the fact that in recent years, factors other than policy incentives have become increasingly important in influencing the locational decision of companies. These include access to skilled employees, availability of support and infrastructural services, electronic accessibility, local amenities and quality of living standards. Locations meeting these requirements are better placed to attract entrepreneurs. Also, the areas most likely to fulfil these criteria tend to be the larger urban centres

Despite the policy emphasis placed on encouraging dispersal, little is known about the dynamics of enterprise activity at sub-regional level. In particular, little systemic information is available regarding the spatial consequences of policy interventions to date. This Chapter seeks to address this gap in the knowledge base by establishing the spatial distribution of grant-aided manufacturing enterprise.

Analysis is based on data supplied by Forfás and covers the period 1981 to 1999. Data relate to all known active manufacturing and internationally traded service companies, foreign and indigenous, which have received support from the main industrial promotional agencies – IDA, Enterprise Ireland, Shannon Development and Údarás na Gaeltachta. While it is recognised that this is not the complete population of manufacturing and internationally traded services firms

1. Meyler, A. and Strobl, E. (2000) 'Job generation and regional industrial policy in Ireland, The Economic and Social Review', Vol. 31, No. 2, pp. 111-128.

– for example it does not include firms supported since 1993 by the County Enterprise Boards – data relate to the majority of firms and therefore provide a comprehensive insight into the present configuration and spatial extent of Ireland’s manufacturing base.

Defining rural settlements as those with populations of less than 1,500 and rural enterprises as those firms located within rural settlements, this Chapter again addresses the four key questions raised in Chapter 1:

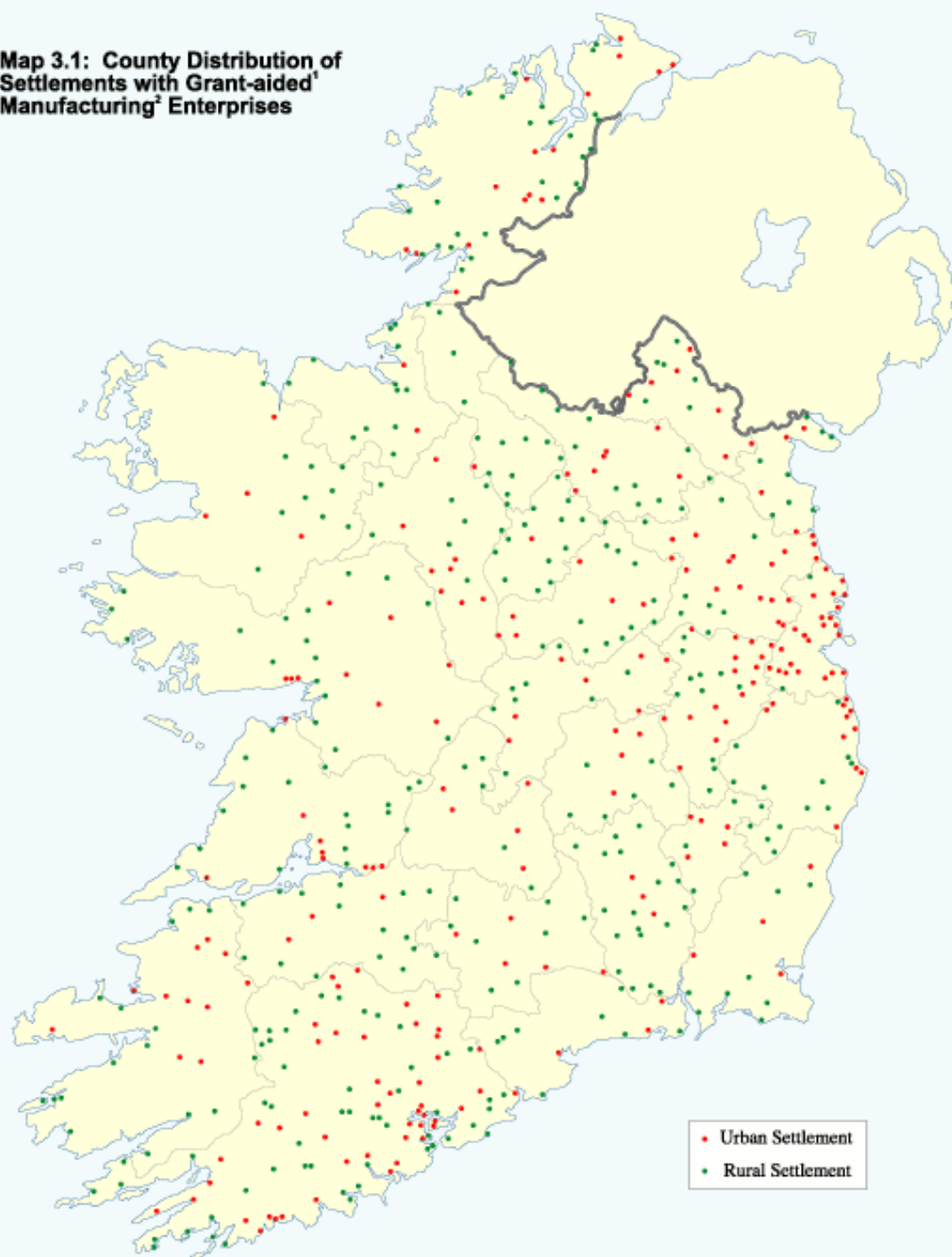
- how much of Ireland’s manufacturing enterprise is rural enterprise (RE)?
- what are the characteristics of rural enterprise (RE) and how do these compare to the rest of enterprise (ROE)?
- do rural enterprises vary by region/county, especially by degree of rurality?
- what trends have emerged in rural enterprise (RE) performance since the 1980s?

3.2 Spatial Distribution of Grant-Aided Manufacturing

3.2.1 Overview

A total of 8,793 grant-aided manufacturing enterprises existed in 1999. The absence of an address for 1,208 firms meant they could not be allocated to specific settlement size categories and so are omitted from the analysis. While these firms account for nearly 14% of all enterprises they account for only 2.8% of total employment.

Map 3.1: County Distribution of Settlements with Grant-aided¹ Manufacturing² Enterprises



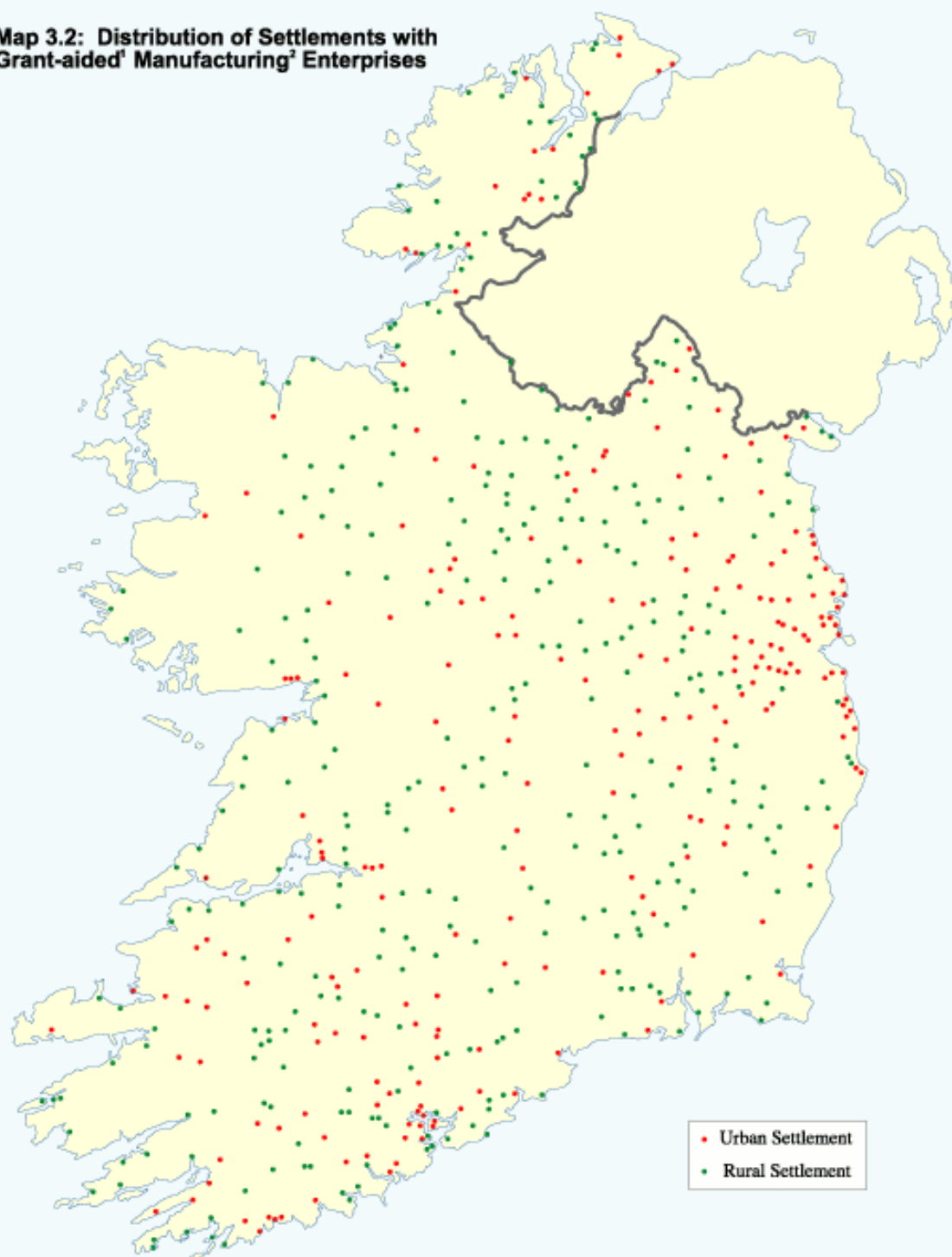
Note: The absence of an address for 1208 firms meant that they could not be allocated to specific settlements. These are predominantly located in Gaeltacht areas

1. Firms Grant-aided by IDA, Enterprise Ireland, Shannon Development and Údarís na Gaeltachta.
2. This includes Manufacturing and Internationally-traded Services

Map produced by



Map 3.2: Distribution of Settlements with Grant-aided¹ Manufacturing² Enterprises



Note: The absence of an address for 1208 firms meant that they could not be allocated to specific settlements. These are predominantly located in Gaeltacht areas

1. Firms Grant-aided by IDA, Enterprise Ireland, Shannon Development and Údarás na Gaeltachta.
2. This includes Manufacturing and Internationally-traded Services

Map produced by 

Map 3.1 shows the spatial distribution of settlements having at least one grant-aided enterprise. The map does not, of course, make any allowance for the number or size of the enterprises involved. However, it does indicate that enterprise is widely dispersed throughout the country. Blank areas on the map are largely explained by two factors: (i) the absence of “unassigned firms” from the analysis – these firms are mainly associated with Gaeltacht areas; and (ii) the topography of the area ie mountainous or boggy areas.

Map 3.2 repeats Map 3.1 but with county boundaries added. This shows a much stronger manufacturing base – again in terms of what the map represents – in some counties than in others. Again, links to the Gaeltacht areas and to local topography are evident in counties such as Donegal, Mayo, Galway, Kerry and Wicklow. Another basic observation emerging is that concentration within counties is more likely when counties contain larger order urban settlements.

3.2.2 Proportion of Irish Manufacturing Enterprise in Rural Areas

Approximately one-sixth of all enterprise (which could be assigned to settlements) was located in rural areas (Table 3.1). In contrast, over half the firms were located in the larger urban centres, ie centres having in excess of 10,000 inhabitants. Settlements with populations of between 1,500 and 5,000 had the lowest percentage shares of enterprise.

Table 3.1 details full-time employment associated with the enterprises. Trends largely mirror those for enterprise numbers. However, firms located in the bigger urban centres (10,000+) are relatively larger employers ie there is a higher proportion of jobs located in the larger urban centres relative to the number of firms.

Table 3.1: Manufacturing Enterprise^a by Size of Settlement, 1999

Settlement size bands	No. Enterprises	%	No. Full-time Jobs	%
> 1,500 persons	1,238	16	38,686	14
1,500 – 2,999	520	7	13,406	5
3,000 – 4,999	482	6	18,990	7
5,000 – 9,999	1,088	15	39,180	15
10,000+	4,257	56	172,378	61
Total country	7,585	100	282,640	100

a. All grant-aided enterprise minus those “unassigned” because their locations were unknown.

3.3 Enterprise Characteristics

3.3.1 Size

Average number of employees per enterprise is used as a proxy for firm size. This reinforces the finding from Table 3.1 regarding larger centres. Rural enterprises employ on average 31 persons, other enterprises 38, suggesting that rural firms are smaller and may be less labour intensive than their urban counterparts (Table 3.2). This may be related also to the fact that a lower proportion of firms located in rural areas are foreign-owned and in general foreign-owned enterprises are larger employers.

Another contributory factor may be the nature of the activities enterprises are engaged in.

Table 3.2: Characteristics of Manufacturing Enterprise (1999)

	RE	ROE (ie total minus rural)
Average size (no. employees)	31	38
Ownership -% overseas -% Irish	10 90	20 80
Principal Sectors	Wood Food Textiles Metals and Eng.	Metals and Eng. Int. Traded Services
No. of new enterprises 1999	20	264
Average size new enterprises	14	15
Start-up Rate ¹	1.6	4.1
No of firms closed	42	227
Closure Rate%	0.6	3
Job gains% ²	10	12
Job losses% ³	6	7
Average job gains in companies established prior to 1999	3	4
¹ Percentage of new firms as proportion of total stock of firms existing in 1999		
² Percentage of job gains as proportion of all full-time jobs existing in 1999		
³ Percentage of job losses as proportion of all full-time jobs existing in 1999.		

3.3.2 Sector

Data at county level suggests that in general rural firms have greater involvement with the traditional manufacturing sectors, for example, wood, food, textiles and metals and engineering, while non-rural companies are more involved with expanding engineering (high technology) and internationally traded service activities (Table 3.2).

3.3.3 New Firm Formation

In 1999 284 new firms were established, but only 20 (7%) of these located in rural areas. Interestingly, there was no great difference between start-up enterprises in terms of average size, which in light of the above discussion may suggest that established firms in rural areas are slower to expand their employee numbers.

New firm formation rates for rural and non-rural areas are striking. While it is acknowledged that data refer to only one year, they do nevertheless display remarkable differences. Of the total firms existing in rural areas in 1999 only 1.6% had established during the year. The equivalent figure for non-rural firms was 4.1% indicating a more dynamic rate of new firm start-ups in these areas.

3.3.4 Closures

During 1999, 42 rural and 227 non-rural enterprises closed, resulting in job losses of 834 and 4,233 respectively. This represents a closure rate of 0.6% for rural firms and 3% for those located in urban areas. Combining new firm formation rates and closure rates, firms in both areas seem to have experienced a 1% net increase.

As might be expected job gains and losses were slightly higher among urban firms but on average existing urban companies (those established prior to 1999) generated more jobs through expansion than did existing firms in rural areas.

3.4 Spatial Variance in Enterprise Characteristics

3.4.1 Variance by Region

As already noted in the Introduction, at regional level Dublin has the highest concentration of grant-assisted firms followed by the South-West region. The Midland and Mid-West regions have relatively small numbers of companies. Furthermore, the Midland region has the lowest percentage share of foreign-owned companies.

Employment patterns mirror those for plant numbers, with Dublin the South-West and Border regions accounting for the highest percentage shares, although there is significant variation even between these top three regions in terms of actual number of jobs: Dublin 91,515; South-West 41,004; Border 33,325 full-time jobs). Employment levels in the Mid-West at 11% or 31,826 jobs, suggest a concentration of more labour intensive industries in the region given that it has a relatively small number of firms.

Most regions had similar gross job gains (Table 3.3). The exceptions were the Dublin region which accounted for over two-fifths of the total and, conversely the Midlands which accounted for less than one twentieth (4%) of gross job gains. The dominance of Dublin suggests a concentration of high growth firms (foreign) within the region and the poor performance of the Midlands implies the absence of growth sectors. Two regions – the Border and the Midlands – experienced net job losses during 1999.

Table 3.3: 3% Share Gross Job Gains Losses and Net Change by Region 1999

	% Gains	% Losses	Net Change (%)
Border	8	16	-2.32
Dublin	41	27	8.90
Mid-East	7	9	2.17
Mid-West	13	13	5.75
Midlands	4	7	-1.14
South-East	7	8	2.33
South-West	13	11	5.42
West	7	9	1.18
State	100	100	4.40

Table 3.4 details the spatial distribution of RE and ROE by region. The regions with the highest percentage shares of rural enterprise include, but are not confined to, the most rural regions ie the West and Border regions. While these regions account for nearly two-fifths of all rural enterprise, the South-West and South-East – among the more urbanised areas of the country – also account for a high proportion (33%) of all companies located in rural areas. Similarly, examining the distribution of non-rural firms, the most urban regions – Dublin and the South-West – together account for nearly half of all “urban” firms but the Border and Mid-West regions – predominantly rural in character – rank next most important (Table 3.3). There does not therefore appear to be a significant link between the regional degree of rurality and the incidence of rural enterprise. However, a distinction can be detected between regions producing or attracting a high proportion of entrepreneurs (both rural and urban) and regions performing less well. In this context the Border, South-West, South-East and Mid-West rank highly, the Mid-East and Midlands have the poorest records.

Table 3.4: Regional Share of Manufacturing Enterprise

Region	Rurality Index (% population in rural areas)	Rural Enterprise	Other Enterprise
Border	68.0	24.0	10.7
Dublin	2.5	0.3	37.6
Mid-East	48.5	8.5	7.0
Mid-West	57.9	10.6	9.9
Midlands	65.5	9.7	5.2

Table 3.4: Regional Share of Manufacturing Enterprise (continued)

Region	Rurality Index (% population in rural areas)	Rural Enterprise	Other Enterprise
South-East	58.6	14.9	9.7
South-West	46.3	17.8	11.6
West	69.7	14.2	8.3
State		100	100

Table 3.5 illustrates that the South-West, Border, Midland and West regions have the highest proportions of employment located in rural areas. In general, across regions most employment is located in the larger urban centres irrespective of the degree of rurality of the region. A degree of polarisation of manufacturing employment opportunities is occurring with employment being concentrated either in rural locations or in the larger towns. Settlements having populations of between 1,500 and 5,000 are relatively insignificant except in the case of the Border, Mid-East and South-West regions where the urban structure is more reliant on towns of this size.

Table 3.5: % of Manufacturing Employment by Settlement Size

Region	Rurality Index	> 1,500	1,500-2,999	3,000-4,999	5,000 – 9,999	10,000+
South-West	46.3	26.3	9.3	15.1	13.3	36.0
Border	68.0	24.9	13.3	11.6	9.9	40.3
Midlands	65.5	23.3	3.6	11.7	53.2	8.2
West	69.7	20.3	4.9	7.5	27.5	39.8
Mid-West	57.9	15.6	2.7	5.3	34.0	42.4
South-East	58.6	15.3	4.4	7.1	12.1	61.2
Mid-East	48.5	14.8	7.0	10.1	9.0	59.0
Dublin	02.5	00.0	0.2	0.0	1.4	98.3

3.4.2 Variance by County

Table 3.6 summarises key characteristics of enterprises at county level thus providing an insight into sub-regional patterns.

In considering the total number of enterprises at county level there is a high concentration of companies in counties with larger urban centres, ie Dublin, Cork, Limerick and Galway. However, outside these counties the percentage share of total enterprise seems to be relatively evenly distributed with the exception of counties Wexford, Donegal and Kerry. Also, the percentage share increases slightly for the more eastern counties.

On examination of company ownership, apart from the counties containing cities, a higher incidence of foreign firms exists in counties Louth, Kildare, Waterford, Kerry and Clare. The performance of Clare is obviously linked to the development of the Shannon Industrial Zone.

Table 3.6: Characteristics of Grant-Aided Enterprise at County Level 1999

Rurality Ranking	County	% of Cos.	% of Foreign Cos.	% of Irish Cos.	% of FT Jobs	Dominant Sector	No. of New Firms '99	Ave. Emp per New Firm
Most rural 1	Leitrim	0.8	0.5	0.9	0.5	Wood	0	0
2	Cavan	1.6	0.8	1.7	1.4	Food	2	9
3	Roscommon	1.2	1.0	1.2	1.1	Food	1	10
4	Mayo	3.6	1.7	4.0	2.3	Metals & Eng.	21	8.9
5	Donegal	5.8	1.9	6.7	3.2	Textiles	38	6.7
6	Longford	1.0	0.8	1.1	0.8	Food	0	0
7	Monaghan	2.0	0.5	2.3	1.7	Food	5	14.9
8	Laois	0.9	0.6	0.9	0.6	Metals & Eng.	0	0
9	Kilkenny	1.7	0.6	2.0	1.3	Food	6	5.5
10	Kerry	5.3	2.4	5.9	2.5	Metals & Eng.	29	6.5
11	Wexford	11.1	1.7	13.1	7.9	Metals & Eng.	3	16.3
12	Sligo	1.4	1.5	1.3	1.5	Metals & Eng.	2	6.5
13	Tipperary Nth	1.0	0.6	1.0	1.4	Food	1	19
14	Meath	2.3	1.1	2.5	1.9	Metals & Eng.	2	10
15	Clare	3.6	6.5	3.0	3.8	Metals & Eng.	17	12.8
16	Offaly	1.6	1.1	1.8	1.6	Metals & Eng.	2	132.7
17	Galway	8.6	4.8	9.4	5.7	Metals & Eng.	55	6.5
18	Tipperary Sth	1.1	0.0	1.4	0.8	Chemicals	0	0
19	Westmeath	1.6	1.5	1.6	1.5	Metals & Eng.	2	54.5
20	Carlow	1.2	0.5	1.3	1.2	Metals & Eng.	2	4.5
21	Limerick	4.1	3.6	4.2	5.7	Metals & Eng.	23	18.7
22	Waterford	2.1	1.9	2.1	2.5	Int. Traded Servs	0	0
23	Wexford	3.1	2.6	3.2	3.6	Metals & Eng.	20	6.6
24	Cork	9.8	10.5	9.6	11.6	Metals & Eng.	20	20.8
25	Kildare	2.0	2.2	2.0	4.4	Metals & Eng.	0	0
26	Louth	3.1	2.3	3.2	3.2	Metals & Eng.	9	6.3
27								
Least rural	Dublin	27.2	45.7	23.2	31.5	Int. Traded Services	117	11.8

The highest incidence of Irish companies outside Dublin is in county Wexford (13%). Cork and Galway have each approximately one tenth of indigenous firms. There is greater variation in the distribution of Irish companies across counties. The share of companies in Donegal and Kerry is particularly striking.

The spatial distribution of jobs reflects the overall distribution of firms but there is (i) greater variation in the share of employment among the more rural counties, and (ii) a smaller proportion of jobs located in rural counties relative to the number of firms. For example while the 10 most rural counties account for around 24% of all enterprise they have only 15% of full-time employment, suggesting again that smaller firms are located in more rural locations.

The spatial distribution of new firm formation for 1999 at county level is striking. While it is acknowledged that data refer to one year only, they do nevertheless indicate significant differentiation across counties. Outside Dublin, Galway, Cork, Limerick and Waterford, only four counties had significant numbers of new enterprises established – Donegal, Kerry, Mayo and Clare. Six counties had no new manufacturing firms established – Leitrim, Longford, Laois, Tipperary South, Wicklow and Kildare.

Differentiating between rural and non-rural firms at county level (Table 3.7) indicates that Cork has the highest share of rural enterprise, followed by Galway, Mayo, Donegal and Cavan. Together these counties comprise over one-third of all grant-aided rural firms. Counties with the lowest share of rural enterprise include Dublin, Carlow, Kildare, Offaly and Wexford – a mix of both urban and rural counties.

Dublin has the highest concentration of non-rural firms, followed by Cork, Galway Limerick and Clare. Trends suggest a correlation between these firms and the existence of higher order settlements. Reinforcing these inter-relationships, the 5 most rural counties together have only 6.7% of all non-rural enterprise.

Table 3.7: Percentage share of Manufacturing Enterprise by County

Degree of Rurality	County	Rural Enterprise	Rest of Enterprise
Most rural 1	Leitrim	4.6	0.2
2	Cavan	5.1	1.2
3	Roscommon	2.3	1.2
4	Mayo	5.8	1.9
5	Donegal	5.2	2.2
6	Longford	2.8	0.9
7	Monaghan	3.0	2.1
8	Laois	2.1	0.8
9	Kilkenny	5.8	1.3
10	Kerry	4.2	1.9
11	Wexford	2.0	2.7
12	Sligo	3.1	1.3

Table 3.7: Percentage share of Manufacturing Enterprise by County (continued)

Degree of Rurality	County	Rural Enterprise	Rest of Enterprise
13	Tipperary N.R.	0.7	1.2
14	Meath	3.5	2.3
15	Clare	4.8	4.0
16	Offaly	1.8	1.9
17	Galway	6.1	5.3
18	Tipperary S.R.	1.8	1.5
19	Westmeath	3.0	1.7
20	Carlow	0.9	1.4
21	Limerick	5.0	4.7
22	Wicklow	3.6	2.2
23	Wexford	2.0	2.7
24	Cork	13.6	9.7
25	Kildare	1.4	2.6
26	Louth	3.1	3.7
27			
Least Rural	Dublin	0.3	37.6
	State	100	100

3.4.3 Variance at sub-county level

Analysis at sub-county level focused on the distribution within counties of enterprise employment by settlement size. At sub-county level enterprise generally is located in towns and villages as opposed to the open countryside. Only a small number of counties display a balanced distribution across settlement size, for example, Donegal, Monaghan, Meath and Cork (Table 3.8). The more rural counties have high proportions of their employment in rural areas by virtue of the fact that their urban systems are weak. For example four-fifths of employment in grant-aided companies in Leitrim is in rural areas, more than half of Cavan's assisted jobs are in small settlements and Longford and Roscommon also have significant proportions of employment in rural settlements (41.7% and 38.7% respectively). Other counties with above average employment in rural areas include Kilkenny, Laois, Mayo, Sligo, Westmeath, Kerry, Wicklow and Limerick. Counties with least employment located in rural settlements include Dublin, Kildare, Tipperary, Clare and Offaly.

Observing the high proportions of jobs located in the larger urban centres – across all counties irrespective of their “rurality ranking” (Table 3.8) – suggests again that enterprise and manufacturing employment are closely linked to existing urban structures – structures which are not evenly distributed across or within counties.

Table 3.8: Percentage of Manufacturing Employment by Settlement Size

County (ranked by rurality)	Degree of Rurality	0-1,500	1,500-2,999	3,000-4,999 etc	5,000-9,999 etc	10,000+
Leitrim	Most rural I	80.3	19.7	-	-	-
Cavan	2	57.3	17.3	-	25.4	-
Roscommon	3	38.7	18.3	12.9	30.1	-
Mayo	4	28.2	3.9	21.8	46.1	-
Donegal	5	18.1	32.4	25.6	-	23.9
Longford	6	41.7	-	-	58.3	-
Monaghan	7	14.5	19.6	26.6	39.3	-
Laois	8	30.3	5.9	12.7	51.0	0.2
Kilkenny	9	45.9	14.2	-	40.0	-
Kerry	10	27.1	0.9	18.0	-	54.0
Wexford	11	14.1	-	12.1	26.0	47.7
Sligo	12	24.9	-	-	-	75.1
Tipperary N.R.	13	6.6	3.5	25.4	64.4	-
Meath	14	31.7	15.0	28.2	-	25.1
Clare	15	7.9	2.1	-	74.3	15.7
Offaly	16	8.3	7.1	27.9	56.7	-
Galway	17	12.6	2.1	-	18.7	66.5
Tipperary S.R.	18	6.8	-	28.9	5.6	58.8
Westmeath	19	26.7	0.7	-	47.6	25.0
Carlow	20	11.7	19.4	-	-	68.9
Limerick	21	22.9	2.8	3.9	-	70.4
Wicklow	22	23.0	6.8	-	18.6	51.6
Wexford	23	9.3	-	-	15.1	75.7
Cork	24	26.1	11.0	14.5	15.9	32.5
Kildare	25	3.2	3.8	8.4	7.3	77.2
Louth	26	13.4	-	5.6	-	81.0
Dublin	27					
Least Rural	0.0	0.2		1.4	98.3	

3.5 Trends in Rural Enterprise Performance

This section asks two basic questions: (i) how has the present (1999) situation been arrived at and (ii) how have rural areas fared over time in the distribution of new firms and job gains? The analysis is confined to gross changes, ie ignoring firm closures and job losses.

Table 3.9 shows average annual percentage share of new firms since 1981, grouped into three equal time periods. There has been a continual and increasing decline in the rural share of new start-ups from 42.6% for the earlier period (1981-86) to 34.3% for the latter period (1993-98). Some of the decline in the 1993-98 period may be associated with the restructuring of the functions of the main support agencies, and in particular, the establishment of County Enterprise

Boards (to assist companies employing less than ten persons). However, given the relatively low budgets available to the Boards, trends in firms supported by the main agencies remain important. Urban areas have obviously benefited at the expense of the rural.

Table 3.9: Trend in Location of (Gross) New Manufacturing Firms 1981-1998 (%)

	1981-86	1987-92	1993-98
Rural settlements	42.6	39.2	34.4
Urban settlements	57.4	60.8	65.6
Total	100.0	100.0	100.0

Trends in gross job gains are shown in Table 3.10. Employment gains have been more concentrated in urban areas than have new firms. Rural settlements have accounted for less than one quarter of job gains since the early 1980s. In fact the proportion of new jobs located in rural areas has reduced dramatically during the 1993-1998 period, a period when nationally numbers of job gains expanded substantially. Again, urban areas have increased their share to account for 84% of new employment.

Table 3.10: Trend in Location of (Gross) Manufacturing Job Gains 1981-1998 (%)

	1981-86	1987-92	1993-98
Rural settlements	23.8	22.2	16.0
Urban settlements	76.2	77.8	84.0
Total	100.0	100.0	100.0

Table 3.11 shows that the distribution of firms and jobs has shifted in favour of the larger urban settlements ie settlements with populations in excess of 5,000 persons. In particular, centres with over 10,000 inhabitants have increased their share of new firms from 12.1% to 19.1% and their share of gross job gains from 25.4% to 33%.

Table 3.11: Trends in Location Patterns of (Gross) New Firms and Job Gains 1981, 1998 by Size of Place (%)

	New Firms			Job Gains		
	1981-86	1987-92	1993-98	1981-86	1987-92	1993-98
>1,500 persons	42.6	39.1	34.4	23.8	22.1	16.0
1,500 – 2,999	5.6	3.7	3.0	6.2	6.3	4.2
3,000 – 4,999	6.1	6.0	3.9	6.6	7.2	5.1
5,000 – 9,999	33.6	37.1	39.6	38.0	41.0	41.6
10,000+	12.1	14.0	19.1	25.4	23.3	33.0
Total	100	100	100	100	100	100

Taking an overview of trends in location patterns there has been a significant shift in the geographical distribution of new enterprise and new jobs. The balance is moving decisively from smaller urban settlements to those with over 5,000 inhabitants. The pace of this move accelerated over the most recent period. The consequences of this are already being made manifest in terms of increasing pressures on economic and social infrastructures, inflationary impacts on urban house prices, declining employment opportunities in rural areas and increasing distance and time spent commuting.

3.6 Conclusion

Regarding the spatial distribution of grant-aided employment in manufacturing and internationally traded service companies, there has been increasing divergence at the regional level. The main contrasts are between the Dublin/Mid-East regions and the Border/Midland regions.

In relation to the size of place analysis, in 1999 56% of enterprise and 61% of employment (full-time jobs) were located in centres with over 10,000 population. Small to medium sized settlements have low percentage shares of both enterprise and employment.

Rural firms, more than urban enterprises, are Irish owned; they also tend to have fewer employees and a greater involvement with traditional sectoral activities. The rate of start-up among rural firms is also slower but they also have a lower closure rate.

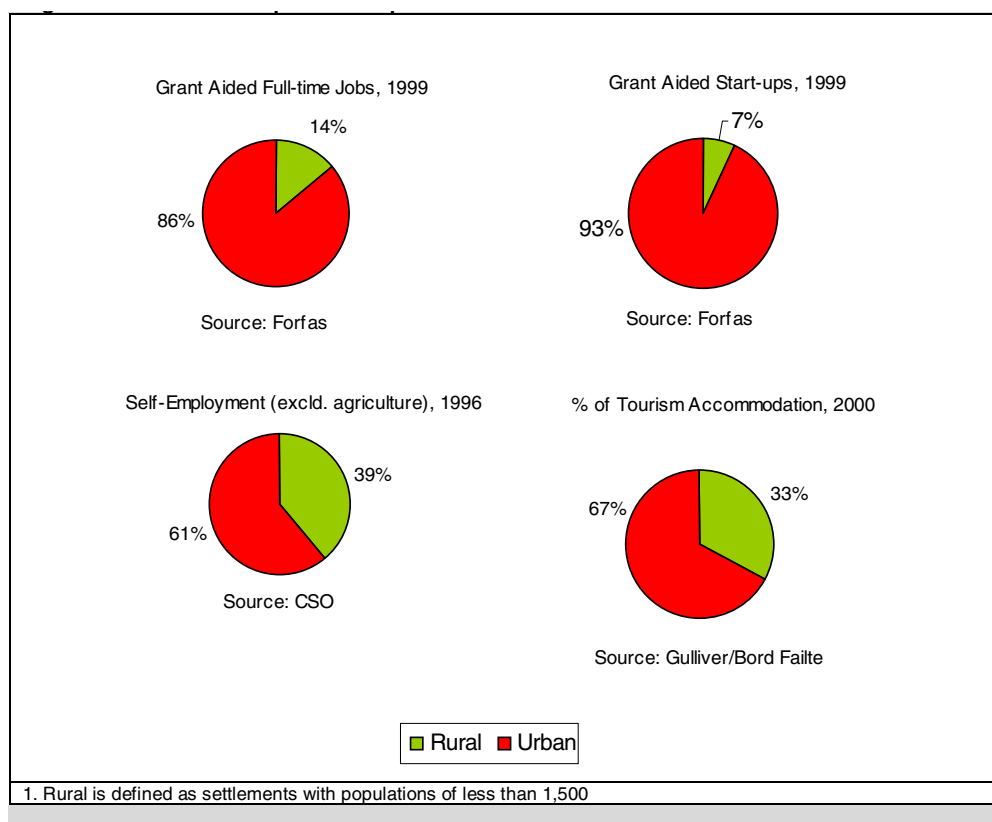
There is not a strong link between the regional degree of rurality and the regional incidence of rural enterprise. In general most employment is located in the higher order urban centres, irrespective of how rural the region is. Employment tends to concentrate in either rural settlements or larger towns.

At county level, counties with larger urban centres have a higher concentration of enterprise. The spatial distribution of jobs reflects the distribution of firms, but there is a greater variation in the share of employment among rural centres.

In general, what these various data suggest is that an important influence on rural enterprise development is the extent to which rural areas are part of the same spatial milieu as the major urban centres.

Drawing on the data presented in this and the previous chapter, Figure 3.1 presents an indication of the rural/urban split of enterprise using various indicators. In each case, urban areas have the greatest share; in the case of grant-aided full-time jobs and grant-aided start-ups, the urban share is particularly dominant (86% and 93% respectively); non-agricultural self-employment and tourism are slightly less urban-dominated (61% of non-agricultural self-employment is urban, and 67% of tourism accommodation is urban).

Figure 3.1: Rural/Urban Split of Enterprise



4 Case Study – Kiltimagh (Co. Mayo)

4.1 Context

Kiltimagh is located in East Mayo, about 25 km from Castlebar. The Kiltimagh study area is defined as covering the three DEDs of Kiltimagh, Killedan and Ballinamore. The 1996 area population was 2,206, down slightly (by 2.3%) from the 1991 population base of 2,258. The town of Kiltimagh had a 1996 population of 917 (compared to 952 in 1991). The 1991-1996 population decline (see table 4.1) conceals a turnaround and increasing trend that commenced around 1993 and is not yet reflected in official statistics. Local sources estimate the current area population at around 2,500.

Table 4.1: Area Context

		1996	1991	1986
Area (sq. km.)		63.7		
Population		2,206	2,258	2,408
Employment	Agriculture	142	155	167
	Mining	0	0	1
	Manufacturing	129	113	149
	Building & Construction	52	48	58
	Electricity & Gas	1	2	1
	Commerce	149	154	154
	Transport	18	11	13
	Public Administration	37	34	39
	Professional Services	141	120	91
	Other	53	43	48
	Total	722	680	721
Unemployment Rate		13.1%	15.2%	13.4%

Source: Census of Population and Small Area Population Statistics

Kiltimagh and the surrounding area have a history of economic stagnation and emigration that stretches back to the 1950s and beyond. Indeed, its name became synonymous with west of Ireland decline. Notable milestones in the area's economic decline included the closure of the railway station in 1970, and of the Irish Spinners textiles operation (with the loss of 105 jobs) in 1983. Kiltimagh lies within a wider area that in the 1970s was known as "The Black Triangle", and which also encompassed the towns of Swinford and Charlestown.

By the late 1980s the process of decline was well entrenched, with over 40% of buildings in the town derelict. A migration survey undertaken by secondary school pupils in 1988 revealed alarming youth migration trends. Covering school leavers over a fourteen-year period, the survey showed that almost two thirds (63%) had left the area. This survey proved to be a catalyst for action within the community, leading to the creation of IRD Kiltimagh in 1989 and the beginning of a sustained process of economic and social regeneration.

Unlike many parts of rural Ireland, the agricultural economy of the Kiltimagh hinterland is limited in potential, and is characterised by a high proportion of small-holdings, part-time farming, and dependency on social welfare assistance. Because of its inland location and absence of any outstanding natural attractions such as mountains or lakes, the area has limited tourism potential (although it is only 10 km from Knock shrine). No major road passes through it.

Through the process of regeneration described below, however, Kiltimagh has succeeded in overcoming these historical and natural disadvantages to become an attractive and refurbished small town, with a diversified economic base and a growing population. Important components of its economic base include the following:

- a retail and commercial services sector serving the local population (ie about five grocery stores – two of which operate a region-wide supply trade – two banks, credit union, plus miscellaneous specialty shops or services, eg auctioneers, pubs, restaurants);
- three relatively large (ie 20+ employees) businesses that serve a regional or national market (ie CMS data storage units, Genfitt farm implements, and Mack's Bakeries);
- 15-20 smaller businesses, employing from one to ten people, and operating in diverse areas, eg flooring, IT consultancy and equipment hire;
- a public sector component, comprising in particular IRD Kiltimagh and its affiliated operations, and the local primary and secondary schools;
- a small tourism sector, comprising the eighteen bed Cill Aodain Hotel, and about seven registered B&Bs/farmhouse units (with an equivalent number of unregistered operations), dependent on the Knock shrine trade and on occasional fishing or touring groups.

Another mainstay of the economy is commuter-based employment in Castlebar. This is predominantly female and has grown as the economy and administrative activities of Castlebar have expanded over the last decade. Housing is cheaper in Kiltimagh, and the growing demand is evident in the new housing estates that have been built in the town since 1993. The one sector that has remained fairly static is the farm sector, which is still marginal and predominantly part-time. There have been some farm diversification initiatives but these have not had a significant impact.

4.2 Process

4.2.1 Background

Alarmed by the findings of the migration survey, and inspired by a 1988 report¹ published by the Mayo County Development Team, a number of local activists established a community development company, modelled after recommendations made in that report. A company prospectus for IRD Kiltimagh was launched in July 1989 and a full-time manager was appointed in February 1990 (initially working from an office sponsored by Kiltimagh Credit Union). The development model adopted emphasised the need for full-time and professional managers and for an integrated plan for economic development.

Raising financing was a crucial early objective. A decision was taken to involve the community through a process of voluntary contributions amounting to £2 per week per wage earner for a four-year period. Donations were tied to the pursuit of the programmes and projects outlined in the IRD Kiltimagh Company Prospectus. Supplemented by contributions from local business, the local community subscribed £112,000 in the first four years, which was applied to cover general administration costs. Kiltimagh emigrant groups in London and the USA also provided financial (and business) support. The IRD Trust subscribed £90,000 to fund the company's development plan, while a range of public bodies, in particular, Mayo County Council, the IDA and FÁS contributed to the funding of general administration and staffing.

A major boost was the winning of a £60,000 first prize in the 1991 Community Enterprise Awards Competition, organised by Macra na Feirme and sponsored by the ESB. The company later acquired its own office in the refurbished Enterprise House (officially opened in 1994).

The key milestones in the company's development process were as follows:

4.2.2 Phase One 1990-1994

Under Phase One, the IRD launched a series of initiatives under five main programme headings: Kiltimagh as a theme town (specifically a 19th century market town); tourism development; enterprise development; social development, and artistic, cultural and historic development. The initiatives were pursued by setting up community-wide working groups, which were given responsibility for generating specific proposals and following them through. At one stage there were as many as twenty-six such working groups.

Flagship projects under Phase One included the following:

1. The Moy Catchment's Future", prepared by Philip Mullally, Chief Executive of the IRD Trust. The IRD Trust has as its overall aim "to create sustainable employment in specific areas in Ireland, through a 'bottom-up' integrated approach, involving local people and state agencies working together and achieving a consensus on development and resource enhancement".

- a. Town refurbishment. This included the restoration of Market Square, removal of derelict sites, undergrounding of cables, painting and redesign of shop-fronts and traditional lighting (all under the Theme Town Programme). This programme of work was greatly facilitated by the co-operation of Mayo County Council (and the ESB) in bringing forward required infrastructural work (eg underground cabling). Funding support was provided through Leader and FÁS.
- b. The acquisition and restoration of Enterprise House, a 10,000 square foot facility in the centre (Aiden St.) of Kiltimagh. This was the base for IRD Kiltimagh's operations. Financial support was provided by the IDA, by the Mayo County Development Team and by FÁS. Local community and business interests through a combination of loan guarantees and direct subscriptions raised the balance of funding required.
- c. Running of a Shop Local Campaign. This campaign, involving weekly prizes, ran for a twelve-month period and was designed to raise awareness among the local community of the importance of shopping locally.
- d. Conversion of a derelict site to three units of Social Housing. This was supported by funding from DOE (70% of cost), administered through Mayo County Council.
- e. The establishment of a Tourism Marketing and Product Development Company (Naturally West Holidays) and formation of a Tourism Accommodation Providers and Events Group. Assisted by grant-aid from Ireland West Tourism.
- f. Establishment of local walking routes and access and facility improvements at local lakes and rivers (with assistance of FÁS, Leader and the North Western Regional Fisheries Board).

4.2.3 Phase Two 1995-1999

Flagship projects under Phase Two included the following:

- a. Conversion of half of the former Irish Spinners facility into a second Enterprise House, providing 30,000 square foot of space. Financial support was provided by the IDA and FÁS.
- b. Construction of twenty-two new units of social housing, also 70% funded by DOE.
- c. Restoration and development of old Schoolhouse Museum and Ballinamore Cemetery/churchyard. The schoolhouse building was donated by AIB. Financial support was provided by Leader and FÁS.
- d. Various artistic initiatives – ie artists retreats, performance programmes.

4.3 Inputs

Substantial public funds have been invested in the Kiltimagh area since 1990. These can be grouped into three main areas – Infrastructure, IRD Operational Funding and Business Supports. The following summarises estimated levels of investment under these three headings.

Infrastructure:

Table 4.2: Infrastructure Funding 1990-1999

Area	Public Contribution (£)	IRD Kiltimagh Contribution (£)	Total (£)
Social Housing	590,000	252,000	842,000
Enterprise House Aiden St.	224,000	186,000	410,000
Enterprise House Station Road	230,000	170,000	400,000
Town Refurbishment	367,000	40,000	407,000
Tourism/Heritage Related	383,000	13,000	386,000
Total	1,734,000	£711,000	2,445,000

The principal sources of public funding were: DoE – £590,000, FÁS – £603,000, Mayo County Council – £200,000, IDA/Forbairt – £194,000, Bord Fáilte/Ireland West Tourism – £97,000, and Leader – £50,000. The expenditure estimates for FÁS and Leader are understated due to incomplete details specific to the Kiltimagh area.

IRD Operational Funding:

IRD Kiltimagh's annual operating budget is approximately £250-300,000. There are three full-time IRD employees (including Naturally West Holidays). IRD receives an annual subvention of between £100-150,000 to cover overheads and support activities associated with the individuals administering Leader, Meitheal Mhaigheo and FÁS programmes and working out of IRD premises. The balance of IRD operating income is generated through income-earning assets (eg property), fees for management services rendered, and consultancy fees (including EU consultancy work in eastern Europe).

Direct Enterprise Supports:

The following summarises the identified financial support provided to business ventures in the Kiltimagh area since 1990.

Table 4.3: Direct Enterprise Supports 1990-1999

Source	Payments	Sectors	No. of Businesses	Results
Mayo CEB (1995-1999)	£137,000	Manuf./Services (empt./capital grants)	8	6 still in business
Enterprise Ireland (1990-1999)	£623,000	Manufacturing/Enterprise support	8	4 still in business
FÁS	£170,000	Food/Crafts Training Subsidy	10-15	Unsuccessful
Total	£930,000			

There have been four significant business failures within the above group (excluding a number of one-person craft and farm produce initiatives that did not take off). The failures were: Shamrock Motor Homes (a proposal to manufacture and import motor homes); TJT, an attempted management buy-out of the closed textiles operation; Imtex (a small-scale furniture manufacturer) and Irish Farmhouse Foods (an organic farm food enterprise).

In addition to the above, substantial funds have been dispensed under the Leader programmes in the region since 1992. The Kiltimagh-based Leader programme covers Kilkelly, Bohola, Knock, Charleston and Swinford, as well as Kiltimagh, however, and no breakdown of project funding for the specific Kiltimagh area was available. Overall, an estimated £1.74 million in project funding has been disbursed under Leader to this sub-region since 1992 (currently averaging £180,000 a year), which has been estimated (by the project administrators) to have levered about £4.4 million in overall investment and to have supported between 120-150 full-time equivalent positions, and an equivalent number of part-time positions.

In summary, we estimate that between £5.4-6 million in public funds have been allocated to the Kiltimagh area for the purposes of economic regeneration since 1990. This is broken down as follows:

Infrastructure Expenditure:	£1,734,000
IRD Operating Subvention:	£1-1,500,000
Direct Enterprise Supports:	£930,000
Leader (since 1992):	£1,740,000.

4.4 Outputs

Outputs are classified under four distinct enterprise headings:

Category I: Privately owned and commercially run businesses that have started operations since 1990 and that lease or have leased work-space from IRD Kiltimagh.

The largest such operation is CMS Peripherals, a data storage firm that set up operations in the Enterprise Centre in Kiltimagh in 1992 with five people. It moved to its own 17,000 square foot facility in 1998, and now employs forty-seven people. The company was founded in the UK (by a County Mayo native) in 1988. The catalyst for the Irish operation was the opportunities generated through the expansion of the Irish computer manufacturing and assembly sector. The Irish operation now has a turnover of approximately £13 million. The key to locating in Kiltimagh was firstly proximity to Knock Airport, and secondly, the suitability of the facilities available at the Enterprise Centre. A Mayo location was dictated by the founders affinity to the area. CMS has received a small amount of financial support from Mayo County Enterprise Board.

In addition to CMS, there are another eleven private businesses operating out of the IRD Enterprise Centres, employing in total approximately thirty people. They include: a web design consultancy (relocated from Dublin); an international hotel training consultancy (relocated from Donegal); a stained glass manufacturer; a manufacturer of plastics mouldings; a plant hire operator; a lamp manufacturer; a station lighting supplier; an importer and supplier of bathroom fittings, and a manufacturer and supplier of wooden flooring.

Category Two: Partially or fully publicly-funded services operated out of the IRD Enterprise Centre. There are eleven individuals employed on a full-time basis offering these services. They are: IRD Kiltimagh Manager and Secretary (2); Leader Administration for East Mayo (2); East Mayo Local Development Programme (funded by Meitheal Mhaigheo); Naturally West Holidays (IRD operated); East Mayo Forestry Co-operative (EU funded); Local Employment Services (Meitheal Mhaigheo); FÁS Community Employment Administrator; East Mayo Enterprise Manager (funded by East Mayo communities and grant-aided by FÁS), and Rural Resettlement Manager (funded by Meitheal Mhaigheo).

Category Three: Larger, privately owned businesses that service a regional and wider market area and that operate out of their own premise. They are Mack's Bakery (30-40 employees); Genfit/Safeway, supplier of farm equipment (20-25 employees); Kiltimagh-based grocery/food distributors (10-15); Home-Care, distributor of medical supplies (10); Cill Aodain Hotel (5-10 people) and Carmac, a distributor of cosmetics products (3/4 people). Of these businesses, the Cill Aodain Hotel, which was reopened on a refurbished basis in 1993 (by a Kiltimagh native based in the UK), was a beneficiary of IRD Kiltimagh's town renewal and tourism promotion efforts.

Category Four: Local area business or community services. This includes the schools, the two banks, the credit union and various retail and general commercial services. No employment estimates were provided for these, but it is understood that they have benefited from the generally more prosperous environment and the stabilised population base. Support for these services is also tied to the growth in employment opportunities in Castlebar, to which there is now a sizeable commuting population.

4.5 Impacts

Table 4.4 presents the results of a "shift-share" analysis that estimates the increase in employment that occurred in Kiltimagh due to the unique factors at work in the area. The analysis is somewhat limited as 1996 is the most recent year for which detailed data is available and the data relates to residence of employees and not strictly speaking location of enterprise.

Table 4.4: Shift-Share Analysis on Employment Change 1991-96

Sector	Actual Change 1991-96	Kiltimagh versus Rural Ireland
Agriculture	-13	10
Mining	0	0
Manufacturing Industries	16	- 9
Building and Construction	4	- 7
Electricity and Gas	- 1	- 1
Commerce	- 5	-25
Transport	7	5
Public Administration	3	0
Professional Services	21	-11
Other Services	10	-12
Total	42	-49

The first column shows the actual change in employment experienced in each sector over the 1991-96 period. The second column presents an estimate of the increase in employment that would have occurred if each sector in Kiltimagh grew at the same rate as it did in rural Ireland. The table shows that there would have been forty-nine more people employed in Kiltimagh if each sector grew as rapidly as it did in rural Ireland as a whole.

Table 4.5 shows that when we compare Kiltimagh to other rural areas in Mayo it fares better.

Table 4.5: Impact

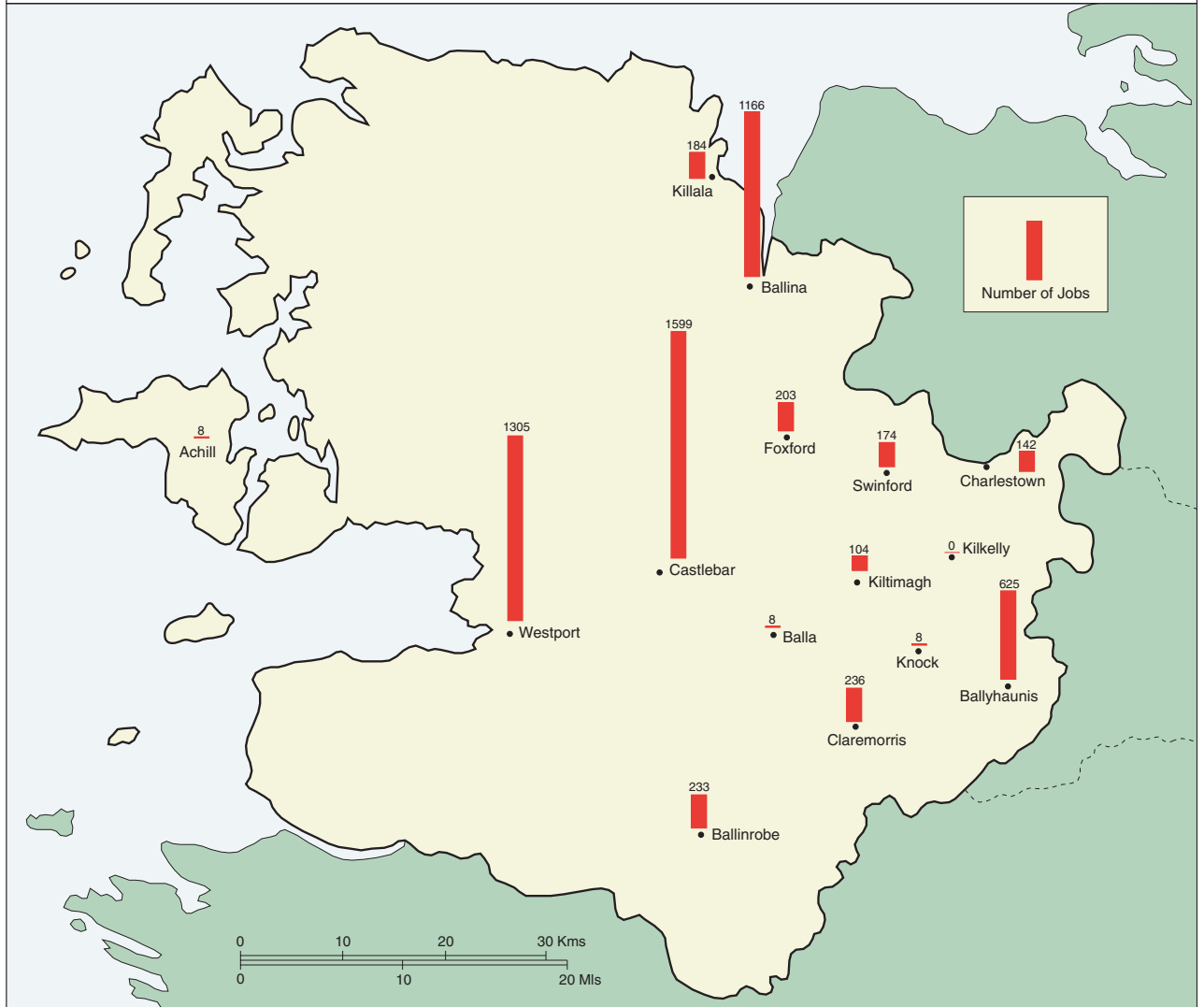
	Kiltimagh 1996	Other rural Mayo DEDs 1996	Kiltimagh 1991
Population	2,206	27,863	2,258
% of County Total	2%	25%	2%
Employment (residents)	722	8,685	680
% Employment (residents)	32.7%	31.2%	30.1%
Unemployment Rate	13.1%	17.2%	15.2%

Source: Census of Population and Small Area Population Statistics

Broad assessments of overall area impacts include the following:

- based on turnover at the two local banks, economic activity was estimated to have increased by 15.8% annually in the period 1990-1994, and by 30.2% annually in the period 1995-1998 (this figure however also incorporates income of residents earned in the wider area, eg those commuting to Castlebar);
- the local population is estimated to have increased by about 200 since 1996. At the local national school, pupil school numbers have been increasing at a rate of 6% a year, and 40% of new pupils were not born in the parish but are the children of returnees and immigrants to the area;
- private contractors are currently estimated to be providing in the region of thirty houses per year in the Kiltimagh area.
- IRD Kiltimagh claims that between 100-150 people are working in the Kiltimagh area due at least in part to their activities and efforts since 1990. Included in this group are the approximately ninety individuals listed above in Categories One and Two. The others are based in part on the general expansion in business activity in the area, and a proportion of the Leader funded area projects. IRD Kiltimagh claims a job count of 350 for the wider region extending beyond the immediate Kiltimagh vicinity. Map 4.1 provides an indication of the distribution of full-time jobs in grant-aided manufacturing firms in County Mayo for 1999;
- limited tourism analysis is available, ie 394 non-local visitors to the Kiltimagh Town Museum in 2000, and Fun Park non-local visits approximating 1000 in the summer months.

Map 4.1: Distribution of Full-time Jobs in Grant-aided¹ Manufacturing² Firms in Co. Mayo, 1999



1. Firms Grant-aided by IDA, Enterprise Ireland, Shannon Development and Údarás na Gaeltachta.
2. This includes Manufacturing and Internationally-traded Services

Map produced by 

4.6 Lessons/Issues Arising

Key lessons that can be drawn from the regeneration experience of Kiltimagh are the following:

- the critically important role that is played by public funding. Impressive as Kiltimagh's own fund raising efforts may have been, the regeneration investment required could not have been achieved independently. This was true especially in the early stages, when little if any investment or borrowing collateral had been accumulated;
- a key lesson from Kiltimagh is that regeneration is possible, even for communities that have to confront decades of economic decline;
- proximity to an expanding larger town (Castlebar in the case of Kiltimagh) is also important insofar as it generates opportunities for many residents to commute to gainful employment. This supplements locally-based economic activity and services;
- the importance of professional management. The appointment of a full-time General Manager was key to launching and sustaining the regeneration effort. Volunteers, while essential, cannot sustain the range of work required, whether that be the management of staff, the co-ordination of committees and work-groups, the negotiation and administration of sources of funding, or project management. Voluntary involvement is inevitably time-limited, and always subject to more pressing personal commitments. Within Mayo, full-time professional managers are to be found in only three other locations (one of which, Moy Valley Resources, is similar in structure to Kiltimagh). A question that might be raised in this regard is the adequacy of existing funding arrangements to hiring suitably qualified managers (eg FÁS managerial subsidies are set at about £14,000 annually);
- although the development effort was concentrated on a handful of motivated individuals and professional staff, Kiltimagh deliberately cultivated more broadly based grassroots support. This was developed through delegation of project proposal responsibilities to a large number of community-led working groups. Project "ownership" and real involvement were thereby cultivated, and the aims of the IRD widely disseminated and given broader support within the community;
- the physical refurbishment of Kiltimagh, and with it the community's self-image was set at the top of the development agenda. Attempts to attract and build up the town's business base in the absence of town regeneration were seen as futile, and a deliberate focus was placed on creating in Kiltimagh a pleasant environment within which to work, live, and to carry out business;

- although not business investments in the narrow sense, the investment in and restoration of physical assets (eg Enterprise House and social housing), had a critical commercial dimension, in terms of providing investment collateral and enhanced revenue streams;
- IRD Kiltimagh was very successful in acquiring responsibility for the administration of various social and rural development programmes for the East Mayo area. These offered a range of direct benefits in terms of revenue flow (for space rental and office services), in terms of added employment and spending power in the Kiltimagh area, and in terms of influencing the disbursement of funds and projects available under these programmes. They were critical to the viability of the Enterprise Centres in the sense of adding critical mass and networking opportunities;
- the networking opportunities and professional support services available within the Enterprise Centres were identified by the businesses as an important location inducement;
- the role of individual “personalities” was critically important in motivating and sustaining the development effort. The associated risk is of these personalities at some stage departing the scene;
- there were major motivational forces at work in Kiltimagh, ie the severity of its decline
- in its attempts to attract new business, Kiltimagh adopted a broad brush approach, without any narrow sectoral focus. This was in part dictated by the absence of any obvious resource or industry focus in the area.

5 Case Study – Co. Offaly

5.1 Context

In 1996 Offaly recorded a population of 59,117 persons, some 718 less than the county had in 1986. Trends in population have varied over the decade – particularly if distinctions are made between the county’s two Urban Districts (Tullamore and Birr) and its four Rural Districts (Tullamore, Birr, Edenderry and Roscrea). During 1986 to 1991, the county shared the general downturn that was experienced throughout the country and lost over 1,300 people (Table 5.1). The only exception to this widespread decline was Tullamore UD. In the 1991 to 1996 period, while Offaly again mirrored the national trend with a population increase of 623 persons, the rate of growth at 1.1% was below the national rate of 2.4%. However, the declining trend of the 1986 to 1991 period continued in three RDs – Birr, Edenderry and Roscrea. The overall trend, then, is that outside Tullamore and its immediate hinterland, areas were experiencing difficulties in sustaining population levels. This pattern occurred also in the other counties of the Midland Region where over 50% of the growth in population (1991-96) occurred in the seven largest towns. Indications suggest that further growth has occurred in Offaly since 1996, but it has primarily concentrated in the urban centres, reinforcing concerns for the sustainability and viability of the county’s rural communities.

Table 5.1: Population Change in County Offaly Urban and Rural Districts 1981 to 1996

Area (sq.km)	Total county 1,997.74		Rural area 1,986.85		Urban area 14.26
	No. of persons		Percentage change		
UD/RD	1986	1991	1996	1986-91	1991-96
Tullamore UD	8,484	8,622	9,221	(+1.6)	(+6.9)
Birr UD	3,417	3,280	3,355	(-4.0)	(+2.3)
Tullamore RD	18,280	17,794	18,119	(-2.7)	(+1.8)
Birr RD	15,837	15,460	15,309	(-2.4)	(-1.0)
Edenderry RD	8,924	8,665	8,605	(-2.9)	(-0.7)
Roscrea RD	4,893	4,673	4,508	(-4.5)	(-3.5)
TOTAL	59,835	58,494	59,117	(-2.2)	+1.1

Source: Derived from Census of Population

The county’s urban system is dominated by Tullamore (1996 population 9,221). In total there are nineteen towns and villages, the majority of which are under 1,500 in population demonstrating the rural character of the county. Despite the general reversal of population decline between 1991 and 1996, eleven of these centres experienced population decline with the rate of decline being very much related to size of settlement.

Changes in the numbers of people living in an area reflect demographic influences such as trends in migration rates or in birth and death rates. Estimated net migration fell from a loss of 3,273 persons in 1991 to 652 persons in 1996. For sub-county areas migration rates can be estimated using age cohorts. Comparing the numbers of children aged 10-14 years in 1981 and the numbers in the same age cohort when they had reached age 25-29 (ie in 1996) suggests that almost 40% of those who were in school in the county in 1981 had left by 1996. Out-migration was particularly severe in South-West Offaly. Changes in fertility can also influence population levels. Fertility rates are defined here as the number of children born per 1000 married women aged 15-44 years. Between 1981 and 1996 the number of married women in this age group at national level declined by 2.2% and the number of births declined by 33.4%. Corresponding figures for Offaly were 5.5% and 35.8%. Again the Edenderry and Roscrea RDs experienced the highest rates of decline.

The general expansion in the national economy during the 1990s is reflected in the Offaly data for the numbers “at work”. In considering the figures it is necessary to bear in mind that census data refer to place of residence and not to place of work. Whereas the numbers of males at work in the county declined by 1.9% during 1986-1991, the 1996 census showed a reversal of the pattern with the numbers increasing by 6.4% (787 persons) (Table 5.2). The highest growth rates in this later period were in the Tullamore Urban and Edenderry Rural Districts (+15.7% and +11.3% respectively). The poorest performance was in Roscrea Rural (+1.2%). In contrast, the numbers of females at work increased by 18.0% between 1986 and 1991, and growth was recorded in all Districts (Table 5.3). Some of this growth was due to expansion in manufacturing but over two-thirds was accounted for by growth in service employment. The female workforce also expanded substantially during the 1991-1996 period (by 1,422 persons or 26.1%).

Table 5.2: Change in Numbers of Males at Work, 1986- 91 and 1991-96

Category	1986-91							1991-96						
	Birr UD	Tull. UD	Birr RD	E'derry RD	Roscrea RD	Tull RD	All	Birr UD	Tull. UD	Birr RD	E'derry RD	Roscrea RD	Tull. RD	All
Agriculture, forestry, fishing	-4	- 5	-127	- 12	- 59	-86	-293	- 4	5	-124	-53	-66	-189	-431
Mining, quarry, turf.	-24	- 5	-280	-186	- 2	-180	-677	- 3	-6	- 53	-35	-1	- 10	-108
Manufacturing	10	-49	68	82	33	12	156	26	62	154	98	35	135	510
Building	-13	-45	13	41	9	93	98	11	47	152	124	15	64	413
Elec., Gas Water	- 5	3	- 8	-24	- 7	-20	- 61	1	-12	- 22	-12	5	-11	- 51
Public Admin/ Defence	0	20	35	32	- 5	64	146	0	-15	- 35	-23	-5	-18	- 96
Remainder	10	37	158	30	40	115	390	30	158	105	99	30	128	550
Net Change	-26	-44	-141	- 37	+9	- 2	-241	61	239	177	198	13	99	787
Distribution Shares	10	18	56	15	-	1	100	8	30	22	25	2	13	100

Source: Census of Population

Table 5.3: Change in Numbers of Females at Work, 1986-91 and 1991-96

Category	1986-91							1991-96						
	Birr UD	Tull. UD	Birr RD	E'derry RD	Roscrea RD	Tull RD	All	Birr UD	Tull. UD	Birr RD	E'derry RD	Roscrea RD	Tull. RD	All
Agriculture, forestry, fishing	2	-1	42	- 37	9	24	39	- 1	0	5	1	3	-19	-11
Mining, quarry., turf.	1	1	8	- 2	0	4	12	- 2	-1	6	-3	0	1	1
Manufacturing	36	4	74	-16	2	73	173	-21	108	41	77	23	129	357
Building	2	-5	1	2	0	12	12	0	12	11	6	0	1	30
Elec., Gas Water	1	-1	2	2	-2	4	6	6	- 1	5	1	0	- 4	7
Public Admin/ Defence.	0	-8	13	14	3	8	30	3	54	14	-2	14	64	147
Remainder	9	111	127	88	34	189	558	54	282	242	63	54	196	891
Net Change	51	101	267	51	46	314	830	39	454	324	143	94	368	1,422
'District Shares%	6	12	32	6	6	38	100	3	32	23	10	7	26	100

Source: Census of Population

A useful indicator of expansion in the economy and the presence of “a culture of enterprise” is the growth in the numbers of self-employed, outside agriculture. The increase in self-employment in Offaly has been significant and very well dispersed. Three-quarters of rural DEDs shared in the expansion – a net gain of 400 (or 22%) on the 1991 figure.

As might be expected in light of the general upsurge of economic activity, unemployment rates are falling. For males the unemployment rate fell from 20.0% in 1986 to 16.6% in 1996. The corresponding figures for females were 15.5% and 12.5%. Currently, there are approximately 1,500 males and 1,128 females unemployed in the county.

In common with trends at national level the importance of the agricultural sector is declining in Offaly. Numbers employed in farming had reduced from nearly 4,000 in 1986 to 3,259 by 1996 (Table 5.4). Despite this decline the sector still accounted for approximately 16% of all those employed as compared with a national share of just 10%, suggesting above average dependence on the sector. In addition, farming is based on relatively small units – an average size of 29 ha – and is very much reliant on drystock enterprises which give a lower financial return than dairying or tillage enterprises.

Numbers at work in industry declined between 1986 and 1991 but recovered somewhat between 1991 and 1996 (Table 5.4). However, the increase was only enough to stabilise the share of employment in the sector. Further examination of employment data for 1996 indicates that in fact less than one-quarter (24%) of those employed were actually in manufacturing, with 8% in building and construction, and 6% in power and peat production.

Table 5.4: Employment by Sector

		Latest Year (1996)	Last 5 years (1991)	Last 10 years (1986)
Employment by sector				
	Agriculture	3259	3701	3955
	Mining	750	857	1522
	Manufacturing Industries	4663	3796	3467
	Building and Construction	1608	1165	1055
	Electricity and Gas	468	512	567
	Commerce	3318	3018	2573
	Transport	638	527	543
	Public Administration	955	904	728
	Professional Services	2834	2316	2069
	Other	1513	1001	729
% of Employment by sector				
	Agriculture	16.3%	20.8%	23.0%
	Mining	3.7%	4.8%	8.8%
	Manufacturing Industries	23.3%	21.3%	20.1%
	Building and Construction	8.0%	6.5%	6.1%
	Electricity and Gas	2.3%	2.9%	3.3%
	Commerce	16.6%	17.0%	15.0%
	Transport	3.2%	3.0%	3.2%
	Public Administration	4.8%	5.1%	4.2%
	Professional Services	14.2%	13.0%	12.0%
	Other	7.6%	5.6%	4.2%
Unemployment rate		15.2%	17.1%	18.9%

In terms of industrial employers, the county has a limited number of large modern industries, mainly foreign-owned, and located in the larger urban centres. The industrial base has been dominated by peat extraction and power generation. In 1983 the joint activities of Bord na Móna and the ESB accounted for 2,829 full-time jobs in addition to several hundred seasonal and casual jobs. However, by 1993 the numbers employed full-time had declined to 1,294 and by 1999 had dropped to around 980. The trend is set to continue with the expected closures of Ferbane, Shannonbridge and Rhode Power Stations.

Only 47% of the county's workforce were employed in the service sector in 1996, compared to 52% for the Midland Region and the national rate of 63%. This low activity rate is associated with low public sector and professional services employment, which in turn is related to the fact that the county has the lowest percentage share of residents with third level qualifications in the state. This is also a significant contributory factor to Offaly having the second lowest average income in the state.

While Offaly has productive tourism resources and attractions for the visitor, the county does not have a strong tourism tradition. However, in more recent years the tourism sector has expanded, with a much improved infrastructure and a greater appreciation of the industry's potential to contribute to the county's socio-economic development.

In summary, then, Offaly is a predominantly rural county that has experienced processes of both demographic and economic restructuring since the mid-1980s. However, data suggest the larger urban centres, and in particular the county's largest town, Tullamore, have prospered while the more rural areas have continued to display characteristics of decline.

5.2 Process

There are numerous local development groups, county, regional and national organisations involved with enterprise development within Offaly. Broadly speaking, agencies can be viewed as implementing "top down" national policies or as promoting "bottom-up" county/local development strategies. Similarly, enterprises assisted can be classified as the larger (foreign and indigenous) companies (employing 10 persons or more) and the smaller and micro firms (employing fewer than 10 persons) respectively.

Each agency operates a number of different measures to facilitate the development of enterprise. These can be classified into two groups: (a) "financial supports" (grant-aid) and (b) "soft supports" (advisory, training and mentoring).

The following is a brief overview of the main "enterprise actors" within the county.

The agricultural extension service of Teagasc provides advisory and training opportunities for those involved with farming and/or for those living in rural areas. Efforts have recently concentrated on assisting farm families to plan effectively for their farm businesses; to inform and advise on the introduction of various new schemes eg the rural environment protection scheme (REPS), and to assist and support the development of alternative farm and small food enterprises in rural areas.

In north-east Offaly the IDA and Enterprise Ireland, and in the south-west of the county Shannon Development, have responsibility for promoting the county to potential foreign and indigenous entrepreneurs.

Public authorities in Offaly are the Regional Development Authority, the County Development Board, Offaly County Council, Tullamore UDC, Birr UDC and Edenderry Town Commission. They are multipurpose bodies and while most are not specifically involved in enterprise creation they do play a crucial role in the economic and social life of the county. The Regional Authority is active in identifying and informing policy makers of the developmental needs of the

Midland counties. The County Development Board has been instrumental in bringing together the various interests involved with enterprise in an effort to develop a co-ordinated approach to future development and its Integrated Strategy will determine the nature and type of development within the county for the next ten years. Also, the County Council through its planning department exerts significant influence on enterprise development because: (i) planning permission must be obtained for any proposed development; (ii) the local authority has zoned land for industrial/commercial use – these areas are generally adjacent to the county's larger towns, and (iii) infrastructural developments are determined by decisions taken within the authority.

Midland East Regional Tourism Organisation (MERTO) and Shannon Development have primary responsibility for the promotion and development of the county's tourism resources. They administer the Operational Programme for Tourism and the Agri-Tourism Grant Scheme and are proactive in encouraging private investors to develop tourism infrastructures within the county. In south-west Offaly Shannon Development has supported the establishment and development of a local trade-based promotion and marketing group – the Ely O'Carroll group.

Offaly County Enterprise Board (OCEB) – a locally managed enterprise development company – was established in 1993. Its primary function is to develop local enterprise potential and to stimulate economic activity in both manufacturing and international traded services. This is achieved by providing financial support, advice and training. Projects supported must have the capacity to be commercially viable, employ no more than ten persons and involve a capital investment of not more than £100,000.

In 1991, LEADER Grants amounting to £2.4m were made available to the Offaly LEADER I Group. The Programme began in April 1992 and ended in December 1994 by which time the grant was fully allocated and paid and had supported many micro-enterprises throughout the county.

The Offaly LEADER II Company was formed in late 1995 to operate the LEADER II Programme in the county. The Company sought to implement and encourage a strong community development approach in attempting to serve as a catalyst to sustainable development in the county. To achieve its targets priority was given to animation, capacity building, community development training and environmental preservation as well as to financial assistance for small enterprise formation and development, and the expansion and improvement of Offaly's rural tourism amenities.

The OAK Partnership is a local development company funded by ADM Limited under the OPLURD. The partnership operates in the Edenderry electoral district of Co. Offaly and also in part of north Kildare. Its main areas of activity relate to services for the socially excluded and/or the long-term unemployed, education and training, community development, infrastructural and environmental development and enterprise creation and development.

West Offaly Integrated Development Partnership and Tullamore Wider Options are voluntary community-based development companies operating in rural West Offaly and Tullamore respectively. They are supported by ADM Limited. Their main objective is to involve people and organisations in identifying a process of support for people and communities involved in developing local areas. They assist with projects in community development, enterprise creation and development, education, training and information and communications.

The primary objective of local community/development groups is the leverage of funding to support enterprise and development initiatives at community and local level. There are many active groups throughout the county.

Since the early 1990s, a conscious effort has been made by some of the key actors within the county to network the various organisations involved with enterprise development. This was achieved through co-operation and communication at local level. The objective was to attempt to co-ordinate activities, avoid duplication and minimise confusion for potential entrepreneurs. This process has evolved while at the same time allowing the different bodies involved to pursue their own individual approaches. It has been facilitated by the fact that the main agents have well defined programmes and clearly identifiable clientele, and more recently has become more formalised by the work of the County Development Board.

Clearly an extensive support system is in place to encourage enterprise development. However, two points are worth noting at this stage:

- (i) In general, the measures agencies implement are targeted at specific segments of the potential entrepreneurial population rather than at specific types of area eg rural areas.
- (ii) Agencies can not dictate enterprise location; the single most important factor in enterprise location is the individual decision of entrepreneur.

5.3 Inputs

Given the number and diversity of organisations potentially involved with enterprise development at county level, problems were encountered in quantifying levels of public investment for enterprise development. The following section therefore refers to the organisations for which data was made available.

Budgets available to support enterprise are summarised in Table 5.5.

Table 5.5: Budgets Available for Project Development

Agency	Period	Budget
IDA/Enterprise Ireland/Shannon Development	1990-1999	IR£19.2mn
LEADER I	1992-1994	IR£2.4mn
OCEB	1993-1999	IR£4.2mn
LEADER II	1995-1999	IR£2.5mn
OAK Partnership	1999	IR£0.8mn

Grants from IDA/Enterprise Ireland/Shannon Development for industrial enterprise development for the period 1990 to 1999 totalled £19.2m. In addition, Shannon Development has invested in industrial buildings and land and currently owns in excess of 55,000 sq. ft. of industrial workspace and/or 21.5 acres of land. Currently the agency is planning an investment of over £2.5m to develop a Technology Centre with workspace and facilities for enterprise in Birr.

Between 1992 and 1994 the Offaly LEADER I Group allocated £2.4m to support enterprise formation and development. Nearly half was used to support the development of tourism related enterprises. The estimated total capital investment in projects was £3.8m.

To the end of 1999, OCEB has had a total budget of approximately £4.2m. Two-thirds (IR£2.8m) has been allocated as financial assistance to micro-enterprises under the Board's three grant schemes ie capital grants, employment grants and feasibility studies/technical assistance grants. Approximately £650,000 was allocated to tourism projects. The annual grant approval capacity has declined from £600,000 in 1995 to £345,000 in 1999. Remaining funds were allocated to "soft" support measures (IR£0.6m) which generally covered aspects of "capacity-building" such as skills development, as well as provision of information, fostering networks, inter-business linkages, mentoring and technical advice.

The LEADER II Programme concluded on 31st December, 1999. The Company's total budget of £2.7m had been allocated as follows: Rural Tourism (24%), Environment, Arts, Culture (19%) Training and Recruitment Assistance (15%), Animation (12%) SMEs (11%), Innovative Agriculture (7.5%), Technical Assistance (2.5%), Administration (9%). It is estimated that grant-aid levered an additional £2.8m in private investments.

In 1999, the OAK Partnership had an overall budget of £828,805, 60% of which came from the Local Development Programme and the remainder (40%) was comprised of funding received by OAK, or funding provided in kind to OAK initiatives, by other organisations. Thus the partnership has been effective in leveraging additional developmental funds for its operational area. In 1999 it

allocated £41,250 to nineteen start-up enterprises and £22,380 to four community projects, hence expenditure is primarily used to provide information, education and training with the objective of breaking the cycle of deprivation associated with early school leaving, low skill levels and long-term unemployment.

Under the Operational Programme for Tourism Shannon Development grant-assisted five tourism projects in south-west Offaly. Total investment in these projects exceeded £4.9m. Grants approved amounted to approximately £1.7mn. In addition, £91,150 was approved for five more projects under the Agri-Tourism Programme.

Thus, most of the financial assistance has mainly been channelled into a small number of larger enterprises (employing more than ten persons). Numerous smaller enterprises have been supported by assistance available at county level.

5.4 Outputs

5.4.1 Manufacturing Enterprise

The total “stock” of IDA/Enterprise Ireland/Shannon Development supported manufacturing firms in the county stood at 139 in 1999. They were mainly involved in traditional sectors eg metal and engineering, clothing, food and textiles. Only sixteen of the 139 firms had located in rural areas of the county emphasising the unequal distribution of these firms and consequently of job opportunities.

Between 1993 and 1999 inclusive, fifty-four firms established with assistance from IDA/Enterprise Ireland/Shannon Development. Over the same period seventy-three grant-aided firms closed. This represents a high level of attrition among supported firms.

Offaly LEADER I Group supported capital investments in sixty-seven non-tourism small enterprise projects. Private individuals, most of whom (60%) were male undertook the majority (85%) of projects. Supported firms tended to gravitate to the larger urban centres.

OCEB supported numerous projects between 1993 and December 1999, representing approximately 170 firms. Again promoters were predominantly male. Enterprises were located throughout the county but rural areas accounted for only two-fifths of approvals.

LEADER II supported the development of fifty-four enterprises – over one-third of promoters were in the community sector.

Since 1995 the OAK Partnership has supported approximately 130 new businesses in its area and has assisted 250 individuals in securing employment. Its work in relation to enterprise development has been constrained by the lack of available incubation units and workspace for potential start-up entrepreneurs.

Since 1996, nearly half of all enterprises funded have been new firms. Enterprise type varies greatly. For example, the OCEB is involved with craft, engineering, food, concrete, carpentry, glazing, childcare, graphic design and printing enterprises. Promoters availing of LEADER II funding are involved with craft, food, furniture and computing related enterprises. Businesses supported by the OAK Partnership predominantly stem from the long-term unemployed who wish to become self-employed and cover services as well as production enterprises, for example, landscaping, painting/decorating, courier, hackney, cabinet making, slate crafts etc.

The above data does not take into consideration the numbers availing of the various “soft support” measures available. Numbers here can be very significant eg 2,694 persons were supported by LEADER II for training initiatives. With up to thirty programmes and several hundred beneficiaries, OCEB’s “soft supports” programme constitutes a major input into enterprise development in the county. These measures are long-term capacity building exercises – quantifying their impacts at this time was not possible.

5.4.2 Tourism Enterprise

As already noted, LEADER I placed strong emphasis on developing the county’s resources for rural tourism. The programme devoted 48% of its available funds in assisting eighty-one tourism projects. In LEADER II most of the fifty-five tourism project approvals related to the expansion and enhancement of various amenities and facilities and to developing local marketing efforts. OCEB has funded in excess of eighteen tourism projects, with a concentration in the west of the county. In the case of Shannon Development recent projects to be assisted included the Clonmacnoise and West Offaly Railway, Birr Castle and Gardens, Kinnity Castle and Birr Science Centre.

5.5 Impacts

5.5.1 Enterprise Formation

There has been a growth in the number and type of enterprises in County Offaly over the past decade. This is as a result of an increase in the number of entrepreneurs establishing enterprises, which in turn is linked to the combined efforts of the various agencies involved in promoting an enterprise culture, the restructuring of the local economy and the shift in attitudes towards small-scale enterprise and self-employment. The growth in micro enterprise, in particular, has impacted most on the spatial distribution of manufacturing activity within the county. In addition, capacity building “soft supports” have significantly enhanced the human capital of local communities and has enabled leverage of funding to address community regeneration and quality of life issues. This has been particularly important in many of the declining rural communities.

5.5.2 Employment Creation

To compare the employment performance of rural Offaly to that of other rural areas in Ireland Table 5.6 presents the results of a "shift-share" analysis. This technique estimates the increase in employment that occurred in rural Offaly due to the unique factors at work in the area. The analysis is somewhat limited as 1996 is the most recent year for which detailed data is available and the data relates to residence of employees and not strictly speaking location of enterprise.

Table 5.6: Shift-Share Analysis on Employment Change 1991-96 Rural Offaly

Sector	Actual Change 1991-96	Rural Offaly versus Rural Ireland
Agriculture	-442	105
Mining	-107	-96
Manufacturing Industries	867	26
Building and Construction	443	186
Electricity and Gas	-44	-56
Commerce	300	-89
Transport	111	22
Public Administration	51	-24
Professional Services	518	-97
Other Services	512	-7
Total	2,209	-31

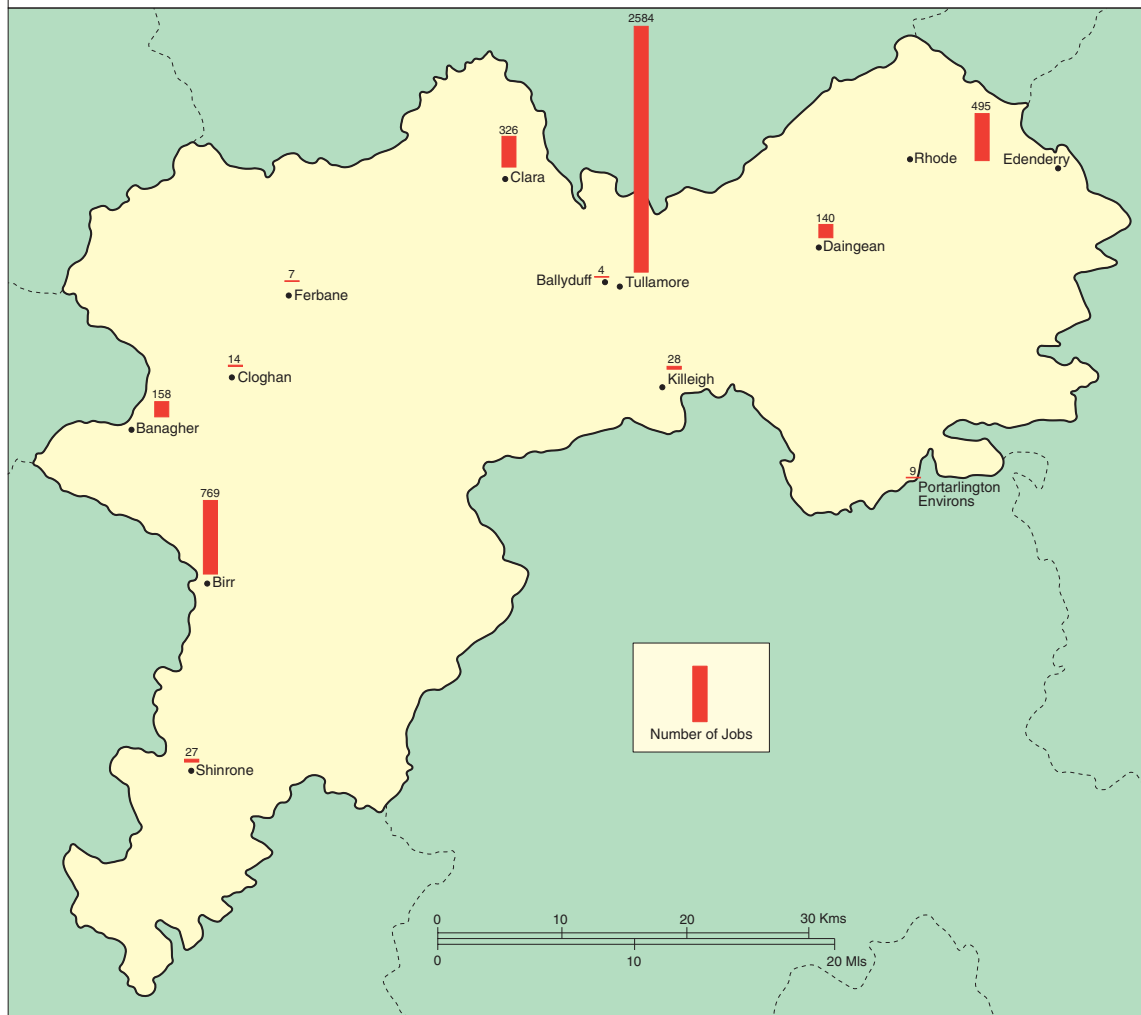
The first column shows the actual change in employment experienced in each sector over the 1991-96 period. The second column presents an estimate of the increase in employment that would have occurred if each sector in rural Offaly grew at the same rate as it did in rural Ireland. The table shows that there would have been thirty-one more people employed in rural Offaly if each sector grew at the same rate as it did for all of rural Ireland. Commerce and professional services were the main under-performers. Agricultural employment declined less rapidly than it did elsewhere and manufacturing along with building and construction grew more rapidly than in rural Ireland as a whole.

During 1993-1998 job numbers in Irish and foreign firms supported by the national and regional agencies increased by some 10%, to bring annual employment to 4,561 in 1999. While annual employment numbers, in aggregate, appear to maintain steady levels, there is quite a dynamic process of job losses and job replacements underlying the aggregate numbers. The net outcome of job creation activity by these agencies has been to maintain steady levels in job numbers – with job increases just about offsetting job losses in assisted enterprises. However, in the context of the loss of employment in Bord na Móna and the ESB, employment results to date are disappointing. Also, jobs are concentrated in the larger urban settlements (Map 5.1) – for example, foreign firm employment has been almost entirely located in three centres: Tullamore, Portarlinton, and Birr while job losses are occurring in the rural districts.

By the end of 1994 it was estimated that over 200 new full-time jobs had been created by LEADER I funded projects. It was expected that approved projects would provide additional jobs over the following years as projects reached their full capacity. The total job creation figure for all projects assisted was estimated to reach 348 full time positions, 127 part-time and 121 seasonal jobs. Offaly LEADER II Company had supported a total of 233 full time job equivalents – 153 full-time jobs (64 male/89 female) and 160 part-time jobs (73 male/87 female).

In regard to OCEB, to the end of 1999, it had supported enterprises employing approximately 874 persons. Of these 419 were new full-time jobs.

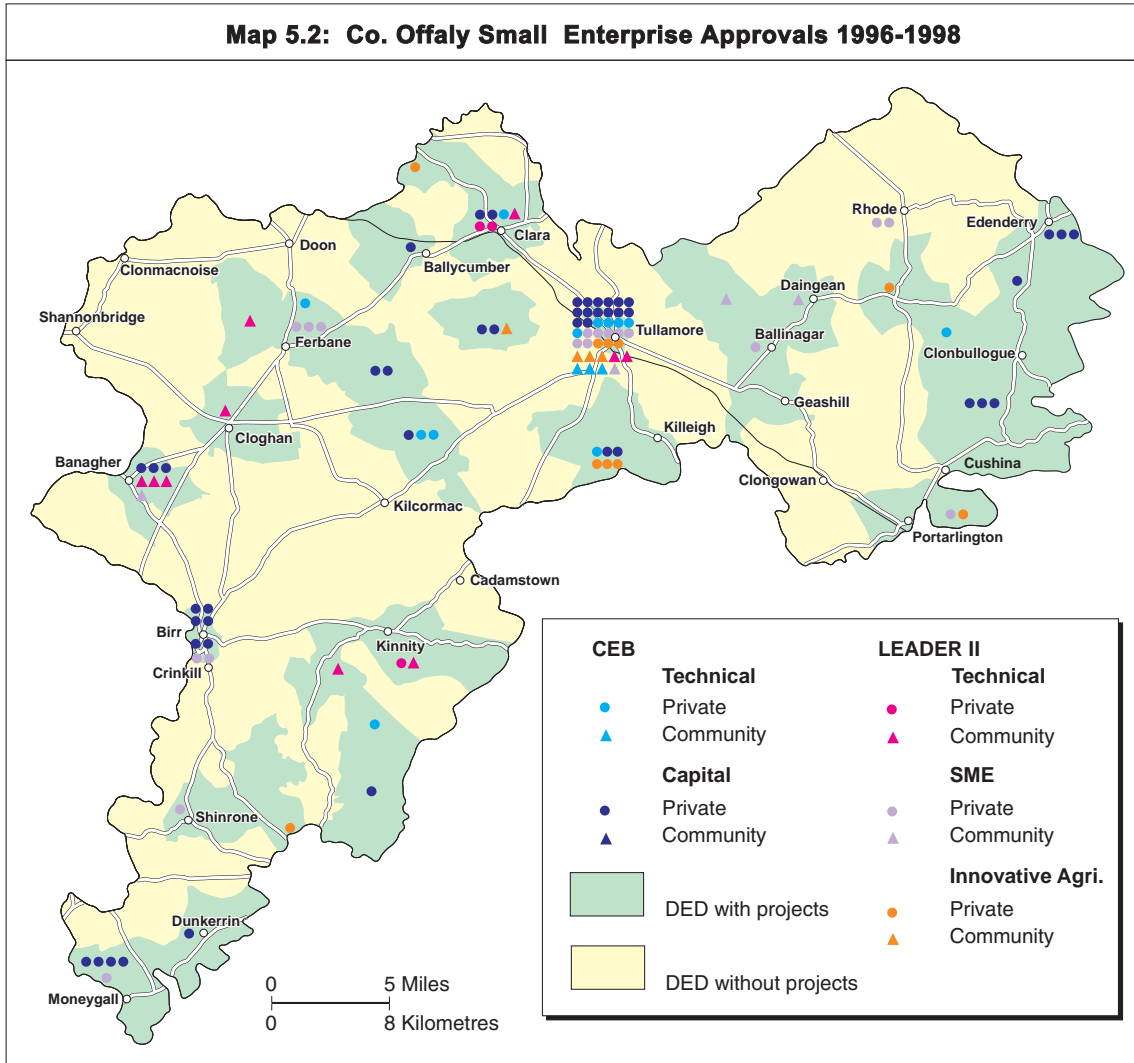
Map 5.1: Distribution of Full-time Jobs in Grant-aided Manufacturing Firms in Co. Offaly, 1999



1. Firms Grant-aided by IDA, Enterprise Ireland, Shannon Development and ódar s na Gaeltachta.
2. This includes Manufacturing and Internationally-traded Services

Map produced by 

Map 5.2: Co. Offaly Small Enterprise Approvals 1996-1998



Map produced by 

5.5.3 Spatial Distribution of Enterprise and Employment

Map 5.2 shows the locations of small firms funded by OCEB and LEADER II over the period 1996 to 1998. Enterprises are dispersed to a greater extent than in the case of “top-down” supported firms. However, the urban centres of Tullamore, Birr, Banagher and Clara clearly have the highest concentration of enterprise activity while the Edenderry and Roscrea Rural Districts appear to have benefited to a much lesser degree. Also, Tullamore has the highest concentration of “capital” grants – indicating that capital investment by enterprises is highest in this urban centre. A number of factors may be influencing the emerging distribution pattern, not least of which is the existing sectoral mix of employment and enterprise activity in these areas, the availability of land for industrial/commercial use and the capacity of existing infrastructural and service facilities.

In the two Rural Districts the share of primary sector employment (ie employment in agriculture and peat extraction by Bord na Móna) would have been traditionally high. The qualifications, skill levels and age structure of much of the rural labour may have been less conducive to self-starting enterprise development. With the decline of employment opportunities in these sectors, the “employee culture” which evolved has been slow to give way to an “enterprise culture” – these areas appear to have lacked an appropriate mix of skills to adjust to, and avail of, new opportunities and non-traditional forms of economic activity. In these contexts the capacity building work of the agencies has proved important and has led to new start-ups as evidenced by enterprises assisted by the OAK and West Offaly Partnerships.

Employment grants paid during 1996 to 1998, for LEADER and OCEB combined, were dispersed on a moderately wide basis, reaching into nearly all settlements. This information may be considered in conjunction with the distribution of small enterprise approvals. However, it is clear that a few centres dominate in the share-out of employment grants – as was the case with the small enterprise approvals. The majority of the grants went to Tullamore and Edenderry and, to a lesser extent, to Banagher and Birr.

The spatial patterning of project approvals can be only a proxy for the geographical distribution of employment. Examining the locations of project approvals and payments under the LEADER I and LEADER II programmes indicate that:

- in LEADER I, three centres, Tullamore, Birr and Banagher accounted for 52% of project approvals and 64% of payments.
- in LEADER II these same centres had 41% of project approvals and 41% of payments (to March 1999).

Thus, while these areas still attract a high share of LEADER resources there has been a wider geographical distribution of LEADER II activity compared to LEADER I. This is confirmed by the data in Table 5.7. The share of project expenditures going to the Urban Districts of Tullamore and Birr dropped from 45% in LEADER I to 36% in LEADER II. The real gainers in the second phase, in both absolute and relative terms, were Edenderry RD and Roscrea RD.

Table 5.7: Total and Per Capita Grant-Aid Under LEADER I and II by Urban and Rural Districts

UD/RD	Totals (£000s) LEADER I		Per Capita (1991 population)	Total (£000s) LEADER II		Per Capita (1996 population)
	£	%		£	%	
Tullamore UD	559.0	(25.1)	65	301.3	(21.5)	33
Birr UD	448.3	(20.1)	137	207.7	(14.8)	62
Tullamore RD	292.4	(13.1)	16	270.3	(19.3)	15
Birr RD	786.0	(35.3)	51	355.3	(25.3)	23
Edenderry RD	106.5	(4.8)	12	194.5	(13.9)	23
Roscrea RD	35.3	(1.6)	8	73.3	(5.2)	16
Total	2,227.5	(100)	38	1,402.4	(100)	24

Source: Offaly LEADER II

5.5.4 Capacity Building and Community Development

The tradition of community enterprise in Offaly has been relatively weak. Since the early 1990s agencies operating within the county have attempted to redress this situation. For example, the LEADER II Programme facilitated 2,694 people through training initiatives, OCEB operates measures aimed at promoting an enterprise culture to school-going children, and the OAK Partnership, West Offaly Partnership and Tullamore Wider Options have delivered training for early school leavers, the unemployed and community groups. These are long-term projects the impacts of which have not yet fully materialised. Nevertheless, there is evidence of growing community awareness of development issues. For example Kilcormac Development Association has had an active involvement in the expansion and development of local enterprise units, the provision of workspace for new enterprise, the establishment of a local gym and the development of community childcare facilities. Evidence also exists of the emergence of positive self-help attitudes and a strengthening of the competencies of local people to become self-employed.

5.6 Lessons/Issues Arising

A number of key points from the Offaly experience provide important lessons for rural enterprise:

- rural enterprise is dependent on entrepreneurs who wish to locate in rural areas;
- area image is important in attracting enterprise. In the Offaly case the image of the county needs to be enhanced and promoted to attract larger firms;
- currently, enterprise agencies operating at the national/regional level appear to prioritise the promotion of industrial locations in response to plant closures. This biases industrial investment away from areas that don't have strong manufacturing bases and limits their abilities to develop enterprise linkages. Evidence from Offaly indicates there is a need for a more strategic proactive approach enterprise location;
- to achieve this, key drivers of modern enterprise growth – high quality infrastructure and services, a highly skilled workforce, and a good environment – need to be in place. This calls for an integrated approach to development. In turn this requires horizontal co-ordination of incentives and activities across mainstream national agencies, and vertical co-ordination of “top-down” and “bottom-up” efforts. Experience in Offaly, across agencies, suggests that the county unit is an attractive unit in which to ground developmental efforts as people can identify both geographically and culturally with this unit;
- a base of high productivity, high income generating enterprise, preferably in knowledge intensive and R&D industries can be developed in lower order settlements. Shannon Development in its efforts to develop a Technology Centre in Birr is attempting to establish such a base in south-west Offaly. Agencies operating at county level could then work to create a dynamic sectoral clustering of relevant local start-up enterprises and develop linkages to strengthen the cluster base;
- capacity building, particularly in areas where the enterprise culture is presently weak, is a necessary and important component of enterprise development. In this context there is a need to develop and integrate national and regional training efforts with local activities. The Offaly case highlights how links with third level educational institutions can be weak owing to distance. Outreach centres could be used to make training and skill enhancement more accessible;
- constraints to enterprise development include: the planning process, restricted zoning of industrial/commercial sites, and local labour capacity, ie labour and skills shortages. The issue of workspace needs to be addressed and some positive insights might be drawn from Shannon Developments “property lead approach”;

- key actors in Offaly are firmly of the view that they do not have any means at their disposal of deflecting enterprise from one location to another. If “rural” enterprise is to be encouraged there is an urgent need to positively discriminate enterprise assistance in favour of “rural” areas;
- if, on the other hand, the tendency of enterprise to locate in urban centres is to be accepted then accessibility to employment opportunities for rural labour needs to be examined. Here two important issues arise: rural transportation and access to childcare facilities in rural areas;
- the Offaly case highlights the significant differences that can exist between areas at sub-county level. Differential rates of uptake of the various programmes and measures across the county, signal the importance of taking the local context into consideration. There is no blueprint for rural enterprise; therefore, there is a need to tailor a “package” of interventions to local conditions. This is best achieved at county/local level;
- following from this, more flexibility is required of the “package” of incentives to develop enterprise. Currently, local agencies administering enterprise assistance are provided with guidelines that tend to be more appropriate in a national context than constructive at local level. County level agencies should have larger budgets and greater discretion on how to invest them;
- it would appear from the Offaly case study that there is some merit in exploring how the national spatial strategy for rural enterprise could be informed from local levels. Local areas could identify their priority areas for development and indicate these to responsables at county level. From these county priorities could be identified. These in turn could be channelled to regional level and regional priorities established and communicated to national level where strategies appropriate to needs could be developed.

6 Case Study – Duhallow (Co. Cork)

6.1 Context

The Duhallow area is in north-west Cork and also includes part of east Kerry, which is regarded as a distinct natural area of development. It includes the Millstreet Rural District and most of Kanturk (excluding Dromina and Newtown), as well as parts of Macroom (Gowlane and Kilcullen), Killarney (Coom, Doocarrig and Rathmore) and Tralee (Direen and Milbrook). The geographical area is 1,280 square km, with a population of 26,812 in 1996. It is a very rural area, with over 80% of the population living in open countryside or in settlements of less than 200 people. There are four towns, Kanturk, Millstreet, Newmarket and Rathmore, none of which has a population larger than 1,500. Kanturk-Newmarket is the fulcrum of the area.

The population of Duhallow has fallen continuously over the 20th century from a level of almost 45,000 in 1901. Even in the 1990s, when the state has begun to experience population growth, Duhallow's population has continued to decline, with a reduction of 3.2% in the 1991-96 intercensal period. The population of Duhallow has fallen behind the rest of Cork by 16% since 1981. The population profile shows an age dependency of 0.64 as compared with the national level of 0.54. The low proportion in the 25-44 (25.9 versus 28.0%) and high proportion over 65 (15.4 versus 11.4%) age groups reflect an ageing population. Added to the population imbalance is one of gender, with a low proportion of females in the 25-44 age categories.

Table 6.1: Area Context

		Latest Year (1996)	Last 5 years (1991)	Last 10 years (1986)
Area (sq. km)		1,280.44	1,280.61	1,280.61
Population (residents)		26,812	27,705	28,845
Employment by sector				
	Agriculture	2,720	3,260	3,428
	Mining	25	27	39
	Manufacturing Industries	2,319	1,835	1,719
	Building and Construction	703	701	575
	Electricity and Gas	61	65	66
	Commerce	1,305	1,287	1,163
	Transport	356	294	332
	Public Administration	274	228	213
	Professional Services	1,304	1,138	1,060
	Other	595	346	270
% of Employment by sector				
	Agriculture	28.2%	35.5%	38.7%
	Mining	0.3%	0.3%	0.4%

Table 6.1: Area Context (continued)

		Latest Year (1996)	Last 5 years (1991)	Last 10 years (1986)
	Manufacturing Industries	24.0%	20.0%	19.4%
	Building and Construction	7.3%	7.6%	6.5%
	Electricity and Gas	0.6%	0.7%	0.7%
	Commerce	13.5%	14.0%	13.1%
	Transport	3.7%	3.2%	3.7%
	Public Administration	2.8%	2.5%	2.4%
	Professional Services	13.5%	12.4%	12.0%
	Other	6.2%	3.8%	3.0%
Unemployment rate		10.2%	11.5%	15.0%
Estimated Net Migration (county only)		2590	-5408	593
1995				
GVA per capita (counties only)		11700		

Source: Census of Population and Small Area Population Statistics

The dependency on agriculture, although declining, is still relatively high at 28% of total employment in 1996. The exodus from agriculture accelerated in the 1990s, with a 16.6% decrease in the 1991-96 intercensal period as compared with 5% for the previous one. Thus Duhallow is in many ways an example of a classic relatively remote rural area in decline and of a strong local development model trying to address it. With a high dependency on agriculture and no urban centres, there is a major challenge in trying to preserve the fabric of society in the face of such dramatic change.

Manufacturing employment has increased substantially in the 1990s and accounted for 24% of the total in 1996. There is very little public service employment in Duhallow, at only 2.8%. Although it may not be different from other areas of the same nature, the area is regarded by IRD Duhallow as not having its fair share of public jobs. Such a scarcity of state agency offices and personnel in the area is likely to accentuate feelings of remoteness.

Outmigration, which has affected parts of Duhallow severely, is occurring in order to avail of employment, education and training opportunities, and is mainly towards urban centres in Ireland. Also, those that are leaving are generally the better educated, which is regarded as a major drain on the area and liable to have an adverse effect on its perception by potential entrepreneurs.

IRD Duhallow hold that there is an enterprise culture and a strong work ethic in the area. They feel, however, that there is very little sympathy for rural enterprise amongst national and regional development agencies. The level of unemployment has decreased from 15% in 1986 to 10.2% in 1996 and is thought to be at 8-9% currently. However, it is estimated that about half of those are unemployable due to social problems.

Light engineering is a main type of enterprise in the area, as well as agri-business. The single largest enterprise is a joinery business (Munster Joinery), employing in excess of 800 people, including temporary staff and accounting for 35% of total manufacturing employment. Some of the other principal native industries in the area are Keating's bakery, North Cork Co-op and Noel C Duggan concrete (Kanturk), Avonmore Electrical Ltd., Clara Clothing Ltd., Impulse Engineering, Newmarket Coop. and O'Connor Hygiene Products Ltd. (Newmarket). International firms include Alps, Cadbury's, De Regt Special Cabling (closed in 1998) and Molex. In the tourism sector, some of the main enterprises and activities are the Green Glens Equestrian Centre (Millstreet), Kanturk Castle and game fishing, Kanturk Golf Course and Duhallow Trail. Most industry in the area is indigenous, accounting for 86% of the total number and 80% of the jobs in manufacturing businesses. The amount of agri-based enterprise (milk intake, stores, livestock marts) is set to decline through rationalisation and must be replaced if the overall enterprise base is to be maintained or increased.

There is a tradition in the area of commuting long distances to work. Although there is a significant element of commuting to jobs outside the area, Duhallow has a higher base of industrial jobs within the area relative to the population than other areas of rural Cork. In 1999 there were thirty-seven manufacturing/internationally traded services industries which had been supported by Enterprise Ireland or the IDA in Duhallow, of which five were foreign (see Map 6.1 for the spatial distribution of full-time jobs in grant-aided manufacturing firms for Cork in 1999). There is also some element of inward commuting eg to work in the Munster Joinery enterprise.

6.2 Process

IRD Duhallow is a community-based rural development company, which emerged from local development efforts of community activists and local entrepreneurs in the 1960s and 1970s. It was established in 1989 to promote rural development in the area and in so doing implements various programmes, including LEADER and ADM.

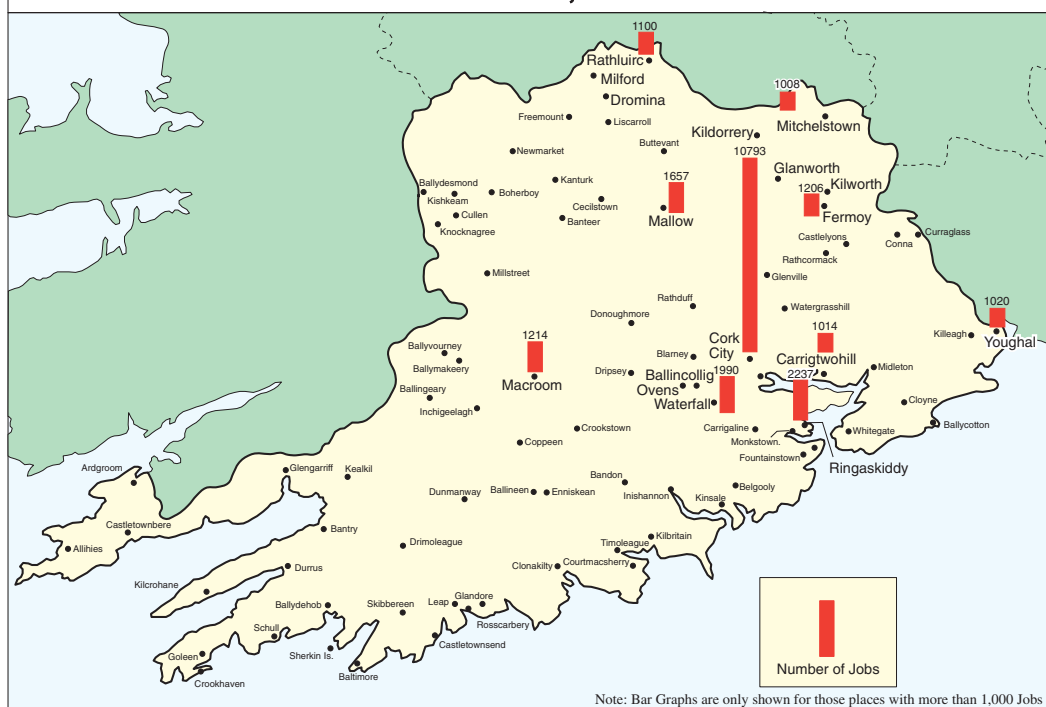
The IRD approach to enterprise development involves encouraging innovation and R&D, with a substantial training content. Some 15% of project allocation under LEADER II was spent on training. A distinctive feature is a high participation of entrepreneurs in the enterprise development process. This centres on an enterprise working group who work on strategies, idea generation and animation.

Under LEADER I the focus of IRD was on enterprises and jobs. However, it was realised that a social infrastructure was important in getting people to live in an area, as evidenced by a declining population in Millstreet, despite a substantial enterprise and jobs base. This stimulated a broadening of the brief. Also the economic pressure on family farms, as quantified in the "Agriculture Duhallow – Time to Refocus" study led to IRD taking on board the need to support pluri-

activity on farms, as a means of maintaining viable family farm units, in their 1993-94 strategic plan. From 1994, in its Area Partnership role, IRD targeted the marginalised, including support for enterprise development amongst that group. A new management structure, implemented in 1998, is work focussed, with ten thematic working groups, including enterprise and enterprise network. This is somewhat different from the system in some other rural areas, in that the enterprise support group operates within the LEADER structure.

In tourism, a primary focus of IRD is on small-holder self-catering to Bord Fáilte standard. This is facilitated by the existence of many derelict houses, as the numbers farming decline. The development of cultural tourism is seen as having considerable enterprise potential which has yet to be realised and is another aspect of the tourism strategy.

Map 6.1: Distribution of Full-time Jobs in Grant-aided Manufacturing Firms in Co. Cork, 1999



1. Firms Grant-aided by IDA, Enterprise Ireland, Shannon Development and ódar s na Gaeltachta.
2. This includes Manufacturing and Internationally-traded Services

The IRD consider that the concept of displacement with regard to project support is often misunderstood and that enterprise project evaluation should take account of potential cluster effects. They point out that in many business sectors the presence of a number of enterprises competing against each other can result in improved products and services and an expanded market.

They consider that there is nothing inherently wrong with multi-agency funding of an individual client for different aspects or at different stages of development. IRD hold that financial supports should be given selectively to enterprises outside relatively large centres of population in order to rebalance the attraction of such areas for enterprise.

IRD say that the role of community support funding eg from local lottery should be expended on soft side supports for enterprise and that communities should not be required to part-fund enterprise centres. They consider that such centres, which can play an important role, should be provided from central/regional funds.

The assessment process for enterprise proposals is regarded as an important aspect of the support framework. Acceptance of a proposal by an enterprise development agency tends to instil confidence in an entrepreneur, as a validation of her or his initiative. The corollary is also true in the case of rejections. Hence IRD have a client centred policy of supporting people in the development of their business ideas into prospective viable business plans. This may involve direction or redevelopment of the initial proposal before finalisation of the plan. This approach helps to ensure that people are less afraid to come forward with their proposals for enterprise.

IRD Enterprise Working Group: key points regarding rural enterprise development

- there ought to be a differentiation in enterprise support between poor, remote and disadvantaged rural areas on the one hand and more prosperous ones on the other. Remoteness, with poorer infrastructure, imposes higher costs on business;
- the Duhallow area was at the back of the line for industry coming in because of remoteness and poor infrastructure. Tourism is inadequately marketed and promotion by the Regional Tourism Authority is concentrated on public facilities;
- local enterprises are seen as being more sustainable (with pride and commitment) during difficult periods;
- centralised development agencies are regarded as not understanding the requirements of enterprise in rural areas, with a sectoral approach, inflexible criteria and bureaucracy, rather than being individual client focussed;
- there is a need to build confidence in the area amongst young people, as many in the 18 to 20 year age group do not see a future in it. IRD Duhallow are seen as the organisation to spearhead such regeneration, by strategic planning, promoting an enterprise culture and a lot of soft supports, including animation, training and mentoring;
- more funding ought to be channelled to enterprise through IRD, which helps rural areas through their local knowledge, tapping into the voluntary infrastructure of enterprise experience, the major input by board members of time and expertise given freely, as well as directing spending locally and more efficiently. Also local knowledge can help ensure that promoters are legitimate. The discontinuity in Leader funding makes for uncertainty and a stop-go approach to enterprise development. There is a need for a basic fund for community-based development agencies, which would be topped-up from Leader;
- some of the main potential areas for future enterprise development in the Duhallow area include tourism (angling, eco-tourism, water sport, leisure facilities, cultural tourism) and tele-services;
- a large number of small enterprises are preferable to a few large ones in the light of the devastating effect of the loss of a large enterprise on a rural area;
- a VEC outreach programme could attract school leavers to remain in the area;
- they would like to see IRD working jointly with Enterprise Ireland in establishing enterprises such as e-commerce in the area. However, they have some concerns regarding co-ordination of funding approaches;
- an innovation centre would be an important asset for enterprise development in the area, as many enterprises have no R&D facilities in which to develop new products, or source new business products.

Cork North Enterprise is the County Enterprise Board (CEB) covering most of the Duhallow area. The CEB has been operating since 1994. Their mission is to work with existing new and future entrepreneurs in order to ensure an increased number of more successful small businesses, each doing more business, trading more profitably and employing more people. They have had a considerable degree of freedom in devising their own enterprise support mechanisms.

The CEB began with a sectoral approach, but found that a local area approach was more effective. The creation of employment was a major aspect of strategy.

Now, however, it has changed to one of economic development, wealth creation and a diversity of enterprises. It is considered that a diverse enterprise base is more self-sustaining.

Since 1998, with the establishment of Enterprise Ireland, the CEBs deal with new start-ups up to ten jobs.

The criteria used in determining support for enterprise takes account of market displacement and deadweight. They do not provide grants for retail on the grounds of market interference. By contrast, they are very supportive of new finished food products on the grounds that there is no market displacement. The CEB do counselling of businesses.

It is thought that there was a significant push element in past enterprise formation, due to a scarcity of employment opportunities. Consequently it is feared that the pool of entrepreneurs may reduce in future, as many of those who might be inclined to set up their own businesses get attractive job opportunities.

The CEB has found that the actual physical presence of an enterprise development agency in a town has a highly significant positive effect on enterprise in the town and its hinterlands, as evidenced by the numbers of project proposals and approvals.

In the tourism sector, self-catering has been developing, with grant-aid from Leader. However, it is considered that there is a need for this to be developed to a much greater scale. Fishing is an important activity in the area, but the accommodation spin-off is thought not to be as large as it might be, with many participants staying outside the area.

For the future the CEB plan to cease giving grant-aid but instead provide interest free loans. Also there will be a greater focus on e-commerce.

The main focus of enterprise development at **Enterprise Ireland** is on existing indigenous companies with over ten personnel, to help them grow and develop export opportunities. However they also support high-potential start-ups. It is moving away from pure capital grants. They normally take equity in the companies they are supporting in the form of redeemable preference shares. They also provide employment grants. A key area of support is R&D. Soft supports provided to client companies include development advisers, detailed and intense analysis, planning and determination of what key supports are needed such as middle management, marketing, R&D, market development and travel.

They have developed a regional strategy with regional targets.

Although they operate on a sectoral basis, this is justified on the grounds that sectoral specialists, with the thorough in-depth knowledge, are necessary to provide the specialised service required to achieve the growth targets.

They have looked closely at the North Cork area and are interested in promoting more food projects and in developing existing engineering companies supplying

the food industry. If dairy co-ops decline or rationalise, there will be a need to broaden their base within their own sector, or to develop export opportunities.

An element of co-ordination occurs with other enterprise development agencies by their presence on evaluation boards.

Teagasc provides a training programme for speciality products and other food to committed food entrepreneurs and SMEs. They consider that their experience and knowledge of their client base would make them particularly effective in identifying those people most suitable for rural enterprise training.

In their support for tourism, **Cork Kerry Tourism**, through their administration of the ERDF and Agri-tourism funds, are implementing the ERDF and national agri-tourism policy criteria in not providing grants for new accommodation except in a context of inclusion of leisure facilities in the package. Their general criteria for tourism project support includes market demand, financial viability and appropriateness to the area. With specific regard to Duhallow, they have indicated that tourism development in the area could be considerably enhanced by a major investment package, involving a hill walking/cycling centre with accompanying accommodation. They would like to see Duhallow combining with Blackwater interests in promoting tourism on a larger area basis, in that the whole would be greater than the sum of the parts and all could benefit.

The **Cork County Development Board** will, inter alia, have responsibility for co-ordinating the enterprise development strategies of the various agencies. The CDB does not have a strategy developed as yet. In the future the proofing of individual agency strategies for compliance with that of the CDB will become an issue.

6.3 Inputs

IRD Duhallow has invested £1.254 million in enterprise development in the area in the course of the LEADER II programme. Some £0.517 or 41% was provided by way of grant-aid to small firms and crafts, with a further £0.33 million or 26% in rural tourism grants. Substantial amounts of the allocation went towards training and recruitment, as well as technical at 14% and 11% respectively. In addition to funding, a large amount of animation and mentoring input is provided by the board, who give of their time freely. This input is regarded as being a major factor in the establishment of new micro-enterprises, while continued mentoring support is necessary after establishment, especially for the marginalised.

Table 6.2: Public Investment in Enterprise Development (IR£'000)

	IRD Duhallow	Cork North Enterprise Approvals
Period/Programme	Leader 2	1994-1999
Technical support	140	
Training and Recruitment	185	
Rural tourism	330	
Small firms and crafts	517	
Agricultural sector	65	
Environmental	17	
Total	1,254	417*
* Projects approved		

The Cork North Enterprise board approved projects with capital and employment grants to the value of £417,000, for the area of Duhallow for which they are responsible, over the period 1994/'99. Many are micro-enterprises, involving career choices. The Board has noted a scarcity of applications from firms other than micro or very small sized ones. Not all this funding was actually drawn-down and the experience of the Board is that there has been about a 60% draw-down of approvals overall. Applying this rate of draw down to Duhallow would imply grant-aid to the value of £250,000. The average level of grant paid out is £12,000, involving a total investment of £20,000. The Board has had fewer proposals and smaller proposals proportionately in relation to the population from Duhallow than from other parts of its area. Thus, while the Duhallow proportion of the Board's total area has 28% of the population it accounts for only 19% of the project approval value.

The extent of soft supports involved in SME development can be gauged from the fact that in 1999 the CEB had 926 one-to-one business consultations in a context of twenty-four formal applications for grants ie a ratio of almost 40 to 1.

Enterprise Ireland had thirty-one client firms in the Duhallow area in 1993, increasing to thirty-three in 1999. It has moved away from giving capital grants. In 1998 it provided support to O'Connor Hygiene, Newmarket in a total investment involving £769,000.

There is no area breakdown of grant-aid support provided by Cork Kerry Tourism. It includes the Duhallow Trail in its cycling and The Blackwater Way (which includes Duhallow) in its Long Distance Walking Guide to the Cork Kerry region.

Cork County Council Development Section has leased out four units to businesses in Newmarket and are purchasing another site for sale. They tend to target areas where it is likely to get business start-ups. The IDA have sites in Kanturk and Millstreet.

6.4 Outputs

IRD Duhallow supported thirty-four small enterprise projects under LEADER I and eighty-one under LEADER II, or a total of 115. Many enterprises undertook more than one project and under LEADER II the assistance went to thirty-two individual businesses, including nine new enterprises, sixteen business expansions and eight new product lines. The majority of the activity then involved existing businesses. In the course of LEADER II some 393 jobs were created and sustained. The level of investment per job amounts to approximately £3,200. This low level of direct investment per job underscores the total input, which includes a variety of soft supports provided by the Board and enterprise working group as well as the staff.

Table 6.3: Outputs

IRD Duhallow (No's)					
Enterprise projects - LEADER I	34				
- LEADER II	81				
- total	115				
LEADER II – businesses assisted	32				
- new enterprises	9				
- business expansions	16				
- new product lines	8				
- jobs created	393				
Cork North Enterprise (Duhallow Area) 1994 – 1999 (No's)					
Projects approved	34				
Jobs approved	96*				
Jobs created	75*				
Enterprise Ireland – Client firms in Duhallow area (No's)					
Town/Area	1993		1999		Change
	Firms	Jobs	Firms	Jobs	Jobs
Kanturk/Banteer/Cecilstown	13	340	15	358	+18
Millstreet/Cullen/Rath?	7	144	6	180	+36
Newmkt./Boherbue/Freemt.	7	107	8	167	+60
Ballydesmd/kiskeam/	2	441	2	828	+387
Rathmore	2	143	2	142	-1
Total	31	1,175	33	1,675	+500
* estimated					

Cork North Enterprise approved thirty-four projects in the 1994-99 period in the Duhallow area, with an estimated up-take of twenty projects, based on the overall participation rate. The approvals were in respect of an estimated ninety-six jobs. The result in terms of number of jobs created is estimated at seventy-five.

The total number of full and part-time jobs in Enterprise Ireland client firms in the Duhallow area in 1993 was 1175, increasing to 1675 in 1999. Thus there was a net gain of 500 jobs over the period, representing a 42.5% increase. Apart from Rathmore, which had a reduction of one, all the other centres within the area show varying increases in job numbers. One firm however, (Munster Joinery), accounted for 387 jobs, or over 77% of the total. This concentration of extra employment would temper the overall positive job assessment somewhat. In addition to permanent jobs, Munster Joinery also had eighty-five temporary employees in 1999, as compared with none in 1993.

There are no tourism output data specific to the area. The information available that relates most closely to the area is for North Cork, which includes most of Duhallow. North Cork as a whole had 4.3% of visitor numbers to the County and City of Cork in 1999, whereas it has 17% of the population. Assessing the level of tourism in this way indicates that the area only gets one quarter of its share of visitors proportionately.

6.5 Impact

Table 6.4 presents the results of a "shift-share" analysis that estimates the increase in employment that occurred in Duhallow due to the unique factors at work in the area. The analysis is somewhat limited as 1996 is the most recent year for which detailed data is available and the data relates to residence of employees and not strictly speaking location of enterprise.

Table 6.4: Shift-Share Analysis on Employment Change 1991-96

Sector	Actual Change 1991-96	Duhallow versus Rural Ireland
Agriculture	-540	-58
Mining	- 2	-2
Manufacturing Industries	484	77
Building and Construction	2	-153
Electricity and Gas	-4	-6
Commerce	18	-148
Transport	62	12
Public Administration	46	27
Professional Services	166	-136
Other Services	249	70
Total	481	-316

The first column shows the actual change in employment experienced in each sector over the 1991-96 period. The second column presents an estimate of the increase in employment that would have occurred if each sector in Duhallow grew at the same rate as it did in rural Ireland. The table shows that there would have been 316 more people employed in Duhallow if each sector grew as rapidly as it did in rural Ireland as a whole. The principal "under-performers" were building and construction, commerce and professional services. Duhallow out-

performed rural Ireland in terms of job creation in manufacturing and "other services" including personal and recreational services.

Duhallow out-performed rural Cork in terms of total employment, with an increase of 5.2%, or 481 people, as compared to 1.9%.

Over the same period the level of employment as a percentage of the population in Duhallow increased from 33.1% to 36%, while the unemployment rate decreased from 11.5% to 10.2% and is currently at 8-9%. This improvement in the employment situation occurred despite a decline of 540 (16.6%) in the number engaged in agriculture. The main source of the improvement was an increase of 484 (26.4%) in manufacturing industry employment as compared with 116 for the previous period. The information on industrial jobs indicates that the increased employment is based in the area. Employment in other services increased by 249 as compared with a rise of just 76 in the previous intercensal period. This sector showed a dramatic increase of 72% in relative terms, while numbers in professional services continued to increase significantly. Professional and other service employment had reached 19.7% of the total by 1996, which, however, was still relatively low.

Duhallow was similar to the rest of rural Co. Cork in terms of unemployment both in 1991 and 1996. However whereas the rate of work participation of the population in Duhallow lagged behind the remainder of rural Co. Cork in 1991 at 33.1% versus 36.3%, by 1996 it had virtually caught up in this aspect.

Table 6.5: Impacts

	1996	Other rural DEDs in Cork 1996	Duhallow Area 1991	Other rural DEDs in Cork 1991
Population	26,812	120,292	27,705	118,577
Employment (residents)	9,662	43,833	9,181	43,007
% of Employment (residents)	36.0%	36.4%	33.1%	36.3%
Unemployment rate	10.2%	10.3%	11.5%	11.9%

Source: Derived from Census of Population and Small Area Population Statistics

Clearly enterprise development, especially manufacturing industry based in the area and to a lesser extent services, has contributed substantially to an improved socio-economic performance. This contribution was especially important in the context of the dramatic decline in agricultural employment. Without the improvement in enterprise activity, the area would have been liable to go into serious decline. While there are no comprehensive data available for more recent years the further lowering of the unemployment rate, in a context of continuing reduction in agricultural employment would imply that enterprise has continued to grow. Excluding agriculture and public administration, employment increased by 16.7% between 1991 and 1996 as compared with 2.7% in the previous intercensal period. It cannot be established as to what extent this acceleration in enterprise development is due to enterprise development activity, as distinct from the general economic up-turn. However the better employment performance of

the area as compared with the rest of rural Co. Cork, including the extra employment and an increased work participation rate is indicative of a strongly positive impact.

It should be noted that the rate of growth in employment of one company, Munster Joinery, has had a major effect on the area. Although other enterprises have developed, this Company has had a disproportionate impact on employment performance, making it considerably better than it would otherwise be.

The impact of support for tourism in the area can be gauged to some extent by the assessment that, while Duhallow is far short of reaching its potential, it is considered to have some identity now, in walking, cycling and fishing, whereas ten years ago it had little or none.

The following combination of features may help towards reconciling the continued population decline until 1996 with the enterprise success in Duhallow:

- the high rate of decline in agriculture in an area strongly reliant on the sector;
- a still relatively low employment contribution from services;
- slack being taken up both in employment and unemployment rates.

It may be that the population has stabilised since 1996.

The IRD enterprise working group maintain that there is no quick fix solution to developing the area, but rather a long-term process of supporting enterprise development, as rural decline has occurred over a period of more than fifty years and will not be readily reversed.

6.6 Lessons/Issues Arising

- the CEB and IRD hold the view that delivery of enterprise support services should aim to be located as close to the client group as possible, within the constraints of efficiency and co-ordination. This would enable the agencies to take account of local conditions and to be more in touch with the needs of the area and more responsive. Thus, they hold that any policy move to bring local enterprise development agencies, such as leader partnership companies, into a centralised administrative framework, as distinct from co-ordination, would be counterproductive. Also, the CEB has found that the actual physical presence of an enterprise development agency in a town has a highly significant positive effect on enterprise in the town and its hinterlands. This would imply that a dispersal of enterprise development personnel and offices, with networking, would be beneficial to the development of SMEs. The DCE has, however, indicated a need for an overall enterprise reception function whereby entrepreneurs would be guided to the appropriate organisation, location and personnel;

- presentation of statistics and formulation of plans on a county-wide or regional basis has hidden the intensity of problems in areas such as Duhallow. Presentation of plans and statistics on an area basis by county and regional organisations would help to highlight unbalanced development and could form an integral part of rural proofing. Also the provision of enterprise units by the County Council may need area proofing;
- there is some disagreement amongst development agency personnel as to the link between remoteness and enterprise success. Some maintain that there is no inherent link between them, but that policies favour large urban centres by providing better enterprise and social infrastructure and by national enterprise agencies directing businesses to those centres. Others hold that entrepreneurs and workers are attracted to areas that are within commuting distance of urban centres that are capable of sustaining desired levels of educational, service, recreational and social facilities;
- IRD have found that rural areas like Duhallow can sustain high tech enterprises. It is also evident from the experience of Munster Joinery that rural areas like Duhallow can support relatively large enterprises (up to 1,000 workers) in most sectors, provided that they grow organically. However placing large enterprises, dependent on volatile markets, in such areas leaves the area highly vulnerable to a sudden downturn or closure. Home grown enterprises, which are from and of the area, are likely to be sustainable and tend to cope better with adverse periods;
- a client centred policy of supporting people in the development of their business ideas into prospective viable business plans is seen as important for development agencies in encouraging development of micro and small enterprises in rural areas. Advice, guidance and mentoring, tailored to individual requirements, are seen as vital. Mentoring by peers is regarded by IRD as being particularly important for micro and small enterprises. Also, in order to achieve best results, training and capacity building should be geared to individual capabilities;
- there is a considerable measure of agreement that a package involving some form of financial as well as soft supports is required for SMEs in rural areas, with the actual mix being varied according to the circumstances of the individual entrepreneur. IRD say that a multi-agency support programme is often required, with possibly FÁS providing training and enterprise agencies providing a mix of financial and soft supports in a flexible manner. Provision of finance is seen as a small but vital component of support for SMEs. It can facilitate provision of loans by financial institutions, as well as resulting in entrepreneurs making larger developments than they might otherwise do. The North Cork CEB, in the financial support aspect, are moving away from grants to interest free loans as well as continuing with soft supports. IRD are considering changing the funding component from pure grant to a mixture

of grant-aid and interest free loan. Interest free loans could be operated through a revolving loan fund. A revolving loan fund would result in a continued impact from the initial fund;

- tourism should be developed on a larger area basis, especially with respect to marketing, according to Cork Kerry Tourism. Thus areas such as Duhallow may need to combine with other nearby areas, especially with regard to marketing and to see the larger picture from the clients' perspective. The policy of not providing grant-aid for new accommodation may be detrimental to the development of areas where tourism and the tourist infrastructure are underdeveloped. Leisure centres tend to produce considerable local spin-offs;
- a long-term strategy is needed to develop an enterprise culture, including an important role for schools;
- migrants are a target group for IRD Duhallow. However, migrants tend to be retirees in the main. They have found that the best stage at which to target migrants from an enterprise perspective is when their children are starting school;
- apart from having a greater extent of community participation, a primary difference in IRD Duhallow's enterprise development strategy from that of the Waterford Leader Partnership (in another case study area) is in the establishment of a voluntary enterprise working group within its structure. This group identifies enterprise strategies and provides a customised business support programme. Also a substantial extent of enterprise networking is being developed. In Waterford, by contrast, there are a number of area, or town-based, community enterprise development groups, operating independently, although supported by Leader Partnership amongst other agencies. Much less enterprise networking is in evidence there. In the case of Duhallow, results are dependent on successful integration of areas and people in the enterprise development process and this is likely to be achieved in a more compact relatively homogeneous area rather than in a larger, more disparate area. The model would be most replicable in such an area. It is significant that IRD Duhallow was part of a larger area organisation (IRD Blackwater) in the early 1990s, but changed to the smaller, more homogeneous area in the interests of sustainability and spatial equity. The Waterford approach is orientated towards the establishment and performance of individual community based enterprise groups. There are spectacular successes in some parts, with little enterprise development activity in others, ie results are patchy.

7 Case Study – Gweedore (Co. Donegal)

7.1 Context

Gweedore is a remote rural area in the north-west Donegal Gaeltacht. It extends from south of the Falcaragh/Gortahork catchment in the north, to the northern hinterlands of Dunglow (the Rosses) to the south, and is bordered by the coast to the west and by the Derryveagh/Errigal upland belt to the east. The area covers about one third of the Donegal Gaeltacht.

Údarás na Gaeltacht operates an industrial estate close to Derrybeg, a village in Gweedore. This estate has been chosen as the focus of the Case Study, and the specific area has been defined as the DEDs which lie within the estate's estimated catchment area. These DEDs are:

- Cross Roads;
- Dunlewy;
- Magheraclogher;
- Meenacady;
- Annagary;
- Crovehy;
- Dunglow;
- Rutland; and
- Gortahork.

The area has a dispersed population with no dominant town or village. It covers approximately 534 sq. km, and in 1996 the population was 14,112, or 26 persons per sq. km. The largest towns in its proximity are Dunglow (part of the catchment of which is within the area), and Letterkenny in the Mid-East of the County.

The area is one of high scenic and amenity value, but has suffered from a lack of indigenous resources. The land is extremely poor from an agricultural point of view, and remoteness from population nodes hampered the development of any sustained indigenous industrial base over the decades. Despite road improvements, Letterkenny remains between 45 and 70 minutes' drive away (approximately 45 km) and the most direct road is severely dilapidated (although improvements are ongoing). The area has very strong traditional links with Scotland, which was traditionally the destination of most emigrants from Gweedore, still reflected in direct air services.

Table 7.1 shows some recent demographic trends.

Table 7.1: Gweedore – Demographic Trends

	Persons 1986	Persons 1991	Persons 1996	% change 86-91	% change 91-96
Cross Roads	2,361	2,261	2,272	-4.24	0.49
Dunlewy	734	684	648	-6.81	-5.26
Magheraclogher	2,834	2,756	2,709	-2.75	-1.71
Meenaclady	1,425	1,326	1,338	-6.95	0.90
Annagary	2,204	2,147	2,137	-2.59	-0.47
Crovehy	220	193	185	-12.27	-4.15
Dunglow	1,631	1,656	1,790	1.53	8.09
Rutland	1,614	1,463	1,415	-9.36	-3.28
Gortahork	1,823	1,709	1,618	-6.25	-5.32
TOTAL CASE AREA	14,846	14,195	14,112	-4.39	-0.58
Rest of Donegal	114,818	113,922	115,882	-0.78	1.72
State	3,540,643	3,525,719	3,626,087	-0.42	2.85

Source: Census of Population, CSO

The area has experienced population decline in both of the most recent intercensal periods (between 1986 and 1991 and between 1991 and 1996). However the rate of decline fell sharply over the last period. In the five years up to 1996, the population fell by 83 persons, or by 0.6%. In the previous five years, the decline had been 651 persons. This shift also occurred in the rest of Donegal and the State as a whole, however in these cases populations actually grew in the most recent period.

In 1996, the labour force amounted to 5,340 persons and the unemployment rate was 30.6%. This was more than double the national rate, and notably higher than the rate for the rest of Donegal (21.2%). Table 7.2 shows the economic status of the resident population.

Table 7.2: Economic Status - 1996

	Gweedore	Rest of Donegal	State
Persons 15+ At Wk	3704	36107	1307236
Persons 15+ Unemployed	1542	8425	199136
Total in labour force	5340	45826	1533964
unemployment rate	30.6%	21.2%	14.8%
% of employment			
Agriculture	5%	14%	10%
mining	0%	0%	0%
Manufacturing	37%	25%	19%
building and construction	8%	8%	7%
Electricity	1%	1%	1%
Commerce	15%	16%	21%
Transport	4%	4%	6%
public administration	4%	6%	6%
professional services	16%	17%	18%
other industries	9%	9%	11%

Source: Census of Population 1996

Despite its rural setting, a low proportion (5%) of the workforce in the area is engaged in agriculture. This compares to 10% for the State as a whole and 14% for the rest of County Donegal. This reflects the poor quality of the land which lends itself to neither dairy nor tillage farming. Agricultural activity is therefore marginal, based heavily on mixed and sheep farming and generally on small holdings and commonage. The area features among the most agriculturally disadvantaged in the State.

Alongside this low proportion of employment in agriculture is a higher than average proportion in manufacturing. According to the 1996 Census, 37% of the workforce, or approximately 1,300 persons are engaged in manufacturing. The equivalent share is 25% for the remainder of the County and 19% for the State. The numbers engaged in manufacturing is very close to the numbers employed in the industrial estate according to Údarás figures. The estate therefore provides the central source of industrial employment and the major alternative to agricultural employment in the region.

Amongst the remainder of the workforce, the proportions in different sectors accord more closely to the national breakdown with building and construction, commerce and professional services accounting for the majority of other jobs.

Table 7.3 indicates workforce trends over the previous ten years.

Table 7.3: Employment Trends – Gweedore

	1986	1991	1996	% change 86-91	% change 91-96
Agriculture	318	250	197	-21.4	-21.2
mining	10	15	11	50.0	-26.7
Manufacturing	923	948	1369	2.7	44.4
building and construction	231	322	286	39.4	-11.2
Electricity	69	61	52	-11.6	-14.8
Commerce	434	582	545	34.1	-6.4
Transport	117	147	163	25.6	10.9
public administration	92	146	136	58.7	-6.8
professional services	471	542	601	15.1	10.9
other industries	201	300	344	49.3	14.7
Total	2866	3313	3704	15.6	11.8

Source: Census of Population CSO

The overall growth in employment (of 16% between 1986 and 1991 and 12% in the more recent period) hides significant sectoral shifts, most notably a marked and sustained decline in agriculture. In 1996, just over 60% of the 1986 number were employed in agriculture in the area. Most other sectors have contributed to balancing this agricultural decline, but the manufacturing sector has provided the greatest increase.

Údarás estimates that the approximately 40% of the estate's workforce are resident in the immediate Gweedore area, 30% are resident in the Gortahork/Falcaragh area to the north, and 30% within the "Rosses" region to the south of Gweedore. The workforce is therefore quite evenly balanced throughout the case study area, in line with the well-dispersed population.

7.2 Process

In the late 1960s there was a very active community council in the area which lobbied extensively for education, services and employment opportunities in the area. The then Land Commission held a plot of 300 acres of low-value land for which it had no use. It sold the land cheaply to "Donegal Industries", a grouping of local investors, which then sold it to Gaeltacht Éireann (subsequently Údarás na Gaeltacht) in 1967. From that point the estate was developed as a central employment source within the North Donegal Gaeltacht, and the location and focus of Údarás industrial activity in the area. Growth has been steady but gradual within the estate (it now having been in existence for more than thirty years).

Údarás na Gaeltacht has owned the estate over this period and is the main enterprise support agency active there. Like elsewhere its role has been one of language and cultural protection supported by enterprise and employment creation. It therefore has responsibility for enterprise attraction and formation, training and employment support, capital supports, land and buildings and other forms of assistance such as marketing and management development. It has always had a policy of having advance space available, but occupancy has generally been high. The emphasis placed on advance space has declined in recent years however. Údarás has had responsibility for both indigenous and foreign mobile investment as sources of employment.

The other most significant public body in the area is the local authority. Donegal County Council is responsible for housing, roads, water and sewerage. These services are universally acknowledged as having been historically poor. The road infrastructure has suffered from under-investment and a harsh topography. The main Letterkenny road has had recent improvements but remains a low quality secondary road by any standards. Adequate upgrading is not now expected in the life of the 2000-2006 programming period. Water provision is now adequate but the area's first sewerage scheme has not yet begun construction. Power supply has improved over the years, and is now generally adequate in terms of capacity, but power cuts remain frequent. Public infrastructural services have therefore lagged behind what has been provided elsewhere, and up until recently, have always featured as a constraint to enterprise development.

An important infrastructural development in the region was the building and development of Donegal Airport in Kincasslough, a village to the south of the estate, within the case study area. This project has been delivered through a combination of Údarás, County Council, central government and local private investment and support. It has also grown gradually from being a grass-strip to its present status as a small but well equipped regional airport. Its proximity to the estate has been a critical driver of its development, particularly Údarás' support. The airport currently operates scheduled flights to Dublin and Scotland, and new and additional routes are being pursued. Dublin links are supported by the government's Essential Air Services (EAS) scheme.

A small number of public agencies are also active in the area. FÁS provides a small training centre in the estate and provides training assistance to some tenant firms, as well as training for the unemployed in the area. The International Fund for Ireland, and the EU INTERREG and PEACE Programmes are geographically operational, but are felt to have provided little enterprise development supports in the area. MFG is the delivery agency of LEADER and the area-based partnership in the area. Also resident on the estate, its activities are also minimal in relation to enterprise development. Rather its focus is on the most marginal and socially excluded within the entire Gaeltacht region. Finally, Donegal CEB has provided some supports in the Údarás region, but tends to treat the area as under the responsibility of Údarás na Gaeltacht.

The area has a strong and active Chamber of Commerce, the membership of which is widespread among businesses within and outside the estate. It engages with and lobbies local, county-based and national public bodies and is recognised as an important factor behind enterprise developments and successes over the years.

7.3 Inputs

The full range of public inputs into the development of the estate and its environs include the infrastructural investments made by the local authority, infrastructural investments by central government (including on the national secondary route, N56, which passes through the area), as well as health and educational investment among others. However, from the point of view of enterprise development specifically, more relevant is the direct supports provided to enterprise by the development agencies, in this case dominated by Údarás na Gaeltacht.

Table 7.4 shows total grants provided and shares purchased by Údarás in the estate for the years 1985-1999. The figures relate to various grant types and to shares purchased, and therefore exclude investments made in buildings and facilities within the estate.

Table 7.4: Grants Paid and Shares Purchased by Údarás – Gweedore Industrial Estate (historical prices)

Year	Shares (£ 000's)	Grants (£ 000's)
1984	406	493
1985	2	712
1986	77	199
1987	0	1,125
1988	30	612
1989	- 618	435
1990	100	1,502
1991	0	2,794
1992	0	726
1993	100	771
1994	256	897
1995	240	1,885
1996	150	1,332
1997	0	1,291
1998	80	480
1999	825	1,634
Total	1,648	16,888

Source: Údarás na Gaeltacht

Údarás has provided companies on the estate a total of £16.9m in grants and £1.7m in shares between 1984 and 1999 (historical prices). These amounts would be £20.1m and £1.9m if expressed in 1999 prices and discounted over the period to allow for inflation.

Údarás na Gaeltacht has also provided figures regarding its investment in Donegal Airport. Up to recently the total Údarás investment in the airport has amounted to approximately £853,000, broken down into shares purchased and capital grants predominantly, with some small other supports (eg R&D, marketing).

Data isn't available to illustrate the extent of private (matching) and other private investment in the estate, but it would not be unreasonable to assume that matching private investment would be at least equal to the total Údarás grant and shares of £18.5m. The figures in Table 7.4 should be assumed to be only one element of financial investment in the estate. They exclude infrastructure investment by both Údarás and the local authority, as well as all private investment. They are nevertheless useful as an indicator of direct enterprise-related public costs.

Inputs shouldn't be seen as only financial payments. Údarás has a staff based in the estate which has provided much in the way of more soft supports to enterprise development, including advice, mentoring, marketing assistance and other types. Insofar as these have been publicly provided they are also considered an input into the enterprise development process in the area.

7.4 Outputs

Table 7.5 indicates the numbers of firms and total employees in the estate between 1984 and 1999.

Table 7.5: Estate Outputs – Firms and Employment

Year	No. of Firms	Employment		Seasonal
		Full Time	Part Time	
1984	13	688	9	0
1985	15	760	10	0
1986	15	751	24	0
1987	14	763	2	0
1988	18	801	12	1
1989	16	781	22	0
1990	21	853	8	11
1991	21	962	27	4
1992	24	849	39	1
1993	22	897	34	93
1994	19	1004	21	19
1995	19	1118	34	16
1996	19	1150	12	0
1997	22	1120	23	0
1998	23	1141	22	15
1999	25	1094	53	1

Source: Údarás na Gaeltacht

According to the Údarás data, a total of approximately 1,100 persons were employed full-time in the estate at the most recent count, and twenty-five firms were active. As stated earlier, the number of firms has grown gradually in the estate through the years, and some years have seen declines as well as increases.

The employment trend is similar. In some years there have been declines but in general there has been a gradual increase. There have also been generally increasing numbers of part-time and seasonal jobs provided in addition to the full time positions.

Other employers on the estate include Údarás itself, MFG (Leader), FÁS and the North-Western Health Board. In total these public bodies employ approximately seventy-five persons on the estate.

Among the private firms, it is estimated that approximately three quarters, or sixteen firms, are Irish-owned, and account for approximately 660 (60%) of the full time jobs, while seven operations with some 440 employees are in foreign-owned enterprises. However some of the largest employers were bought from previous foreign owners by local investors. In general therefore the small number of large employers on the estate are foreign, or were originally.

7.5 Impacts

The impacts of the industrial estate are reasonably discernible in terms of the socio-economic trends described in section 7.1. Since the mid-1980s the estate's catchment area has witnessed a stabilisation in the then declining population which by 1996 had almost turned into population growth. This shift has been in line with developments elsewhere in Ireland, but starting from a more severe rate of decline in Gweedore.

Table 7.6 presents the results of a "shift-share" analysis that estimates the increase in employment that occurred in Gweedore due to the unique factors at work in the area. The analysis is somewhat limited as 1996 is the most recent year for which detailed data is available and the data relates to residence of employees and not strictly speaking location of enterprise.

Table 7.6: Shift-Share Analysis on Employment Change 1991-96

Sector	Actual Change 1991-96	Gweedore versus Rural Ireland
Agriculture	-53	-16
Mining	-4	-4
Manufacturing Industries	421	211
Building and Construction	-36	-107
Electricity and Gas	-9	-10
Commerce	-37	-112
Transport	16	-9
Public Administration	-10	-22
Professional Services	59	-85
Other Services	44	-112
Total	391	-266

The first column shows the actual change in employment experienced in each sector over the 1991-96 period. The second column presents an estimate of the increase in employment that would have occurred if each sector in Gweedore grew at the same rate as it did in rural Ireland. The table shows that there would have been 266 more people employed in Gweedore if each sector grew as rapidly as it did in rural Ireland as a whole. Interesting it shows that Gweedore outperformed rural Ireland in terms of manufacturing employment growth.

There has been a stark fall in agricultural employment in the area. As in the State as a whole, the agricultural employment decline has been matched by jobs growth in other sectors in Gweedore. Manufacturing has played an important role here and is now a greater contributor to total employment than nationally. A majority of manufacturing jobs in the region are located in the industrial estate.

A total of 1,100 full-time industrial jobs in the estate could suggest up to 1,000 households dependent on it, perhaps covering a population of 3-4,000 persons. In addition, salaries alone would bring something of the order of £15m as local incomes per annum. As such a focus point for employment, the importance of the estate to the locality is therefore quite apparent.

While the area still suffers from high unemployment and fall-out from agriculture, and is still considered a “blackspot” by the local authority, the estate has played a critical role in minimising the negative effects of this agricultural dependence and geographical remoteness. Since 1996, it is felt that the importance has grown, and the estate has continued to offer the dominant source of alternative employment for young people. Traditional out migration is felt to have probably turned to net inward migration, with many returning from Scotland to take up positions in the estate. Also, anecdotal evidence exists that growing numbers of locals who have moved to Dublin, are returning to the area, partly as a response to standard of living considerations, such as house price differentials and congestion.

7.6 Lessons/Issues Arising

In consultations held we asked informants about the outlook for the estate and the tenant firms. In general Údarás expects continued, modest growth in employment and activity. Currently, most of the resident enterprises have expansion plans in place, and little anticipated growth is expected from additional start-ups or new incoming projects. The estate will therefore continue to anchor a population for whom few alternatives to migration or poverty will exist over the short term.

The lessons of the Údarás Gweedore industrial estate are mixed. It provides a clear example of what can be done in the most remote rural areas of the Country, which has had an identifiable impact on population support. It also has built up a credible critical mass of enterprise which has begun “breeding its own success”. For example, prospective investors now take encouragement from existing entrepreneurs and managers. However the success has arguably been the result of a unique set of social, economic and geographical circumstances, interacting over a prolonged period. Such a unique set of conditions is unlikely to emerge in many other rural area in the country. Also, while the success is clearly visible, its costs are less so. Údarás has been instrumental in bringing the estate to where it is today, but has had significant financial resources to apply, the justification of which includes consideration of language and cultural protection as well as socio-economic impact. A cost-benefit approach has not been undertaken here, but some form of comparative cost analysis would seem necessary before its attractiveness as a model of rural enterprise be decided.

The estate also has an airport, which, like all regional airports, is publicly supported to a significant degree. It is not easy to ascertain its importance in the estate. From having spoken to several large and small employers, some consider it critical while some never use it due to inappropriate flight schedules or unreliability of service. However, at least two large employers met felt they relied very heavily on the airport, saying they would not operate here in its absence.

A growing concern in the estate is one of “sectoral vulnerability”. A high share of the resident firms operate in traditional manufacturing sectors (such as textiles). International competition, particularly from Asian countries, continues to threaten such activities in Ireland as a whole, and cost structures in Donegal are not sufficiently lower to allay the pressure from such economies. Recent closures in the county have illustrated this threat quite visibly. In this regard, one manager interviewed commented on his location in Ireland as being fine, but his location in Western Europe as being a major concern. In this regard, the concern is that activity is insufficiently based on “new/knowledge economy” production or services. This brings a threat in terms of international competition, but also acts as a constraint to attracting young workers, for whom ample employment opportunities exist in urban areas and in modern sectors.

The final concern is regarding living conditions. While the estate arguably provides admirable employment opportunities, the area continues to suffer from a lack of other services, particularly social and recreational services. While outside the role of the development agencies, critical mass has not existed which can support any significant level or variety of social amenities. Always a constraint, this has become more acute recently, particularly for young people faced with the option of moving to vibrant and fast-growing urban areas.

8 Case Study – Waterford

8.1 Context

This case study concerns enterprise development in rural Co. Waterford, ie all the county excluding Dungarvan and Tramore. Special reference is made to the western part of the county.

Rural Waterford occupies an area of 1,794 square km, with a population of 38,842 in 1996. Agriculture still accounted for 25% of total employment in 1996, compared with 23% for manufacturing industries. Although the rate of decline in agricultural employment accelerated in the 1990s, it has been much less dramatic than in many of the poorer areas of the country and reflects the better farm size structure in the county. Nevertheless, farming has been changing, with the number of smaller farms declining, giving rise to a requirement for replacement off-farm rural employment in order to maintain the economic and social environment. There are a number of urban centres located on the border of Co. Waterford, which have had a noticeable impact on the growth of the county. Clonmel and Fermoy (and Carrick-on-Suir and Youghal to a lesser extent), have experienced employment growth in recent years, which was contributed to by the fact that about one third of the work force resident in the county were working outside the County in 1991. Many residents commute to Waterford city from the rural areas as well as from the dormitory towns of Tramore, Dunmore East and Passage East. In 1991, some 4,500 lived in the county and worked in Waterford city.

Many districts and towns have been experiencing population declines, especially in the west and north of the county, where the population is relatively old, with a high dependency ratio.

Table 8.1: Area Context

		Latest Year (1996)	Last 5 years (1991)	Last 10 years (1986)
Area (sq. km)		1,793.62	1,777.81	1,777.81
Population (residents)		38,842	38,587	38,832
Employment by sector				
	Agriculture	3,449	3,801	3,973
	Mining	29	57	36
	Manufacturing Industries	3,207	2,744	2,536
	Building and Construction	1,018	863	899
	Electricity and Gas	75	59	77
	Commerce	1,894	1,689	1,576
	Transport	459	418	407
	Public Administration	450	465	318
	Professional Services	2,233	1,633	1,548
	Other	1,150	704	610

Table 8.1: Area Context (continued)

		Latest Year (1996)	Last 5 years (1991)	Last 10 years (1986)
% of Employment by sector				
	Agriculture	24.7%	30.6%	33.2%
	Mining	0.2%	0.5%	0.3%
	Manufacturing Industries	23.0%	22.1%	21.2%
	Building and Construction	7.3%	6.9%	7.5%
	Electricity and Gas	0.5%	0.5%	0.6%
	Commerce	13.6%	13.6%	13.2%
	Transport	3.3%	3.4%	3.4%
	Public Administration	3.2%	3.7%	2.7%
	Professional Services	16.0%	13.1%	12.9%
	Other	8.2%	5.7%	5.1%
Unemployment rate		12.64%	14.70%	16.72%
Estimated Net Migration (county only)		-240	-1,734	-921
		1995		
GVA per capita (counties only)		IR£8,800		

Source: Census of Population and Small Area Population Statistics

Unemployment in the rural areas decreased from 16.7% in 1986 to 14.7% in 1991, which was lower than county or national rates. The unemployment is aggravated by a mismatch between the skills of the unemployed and those in demand. The county has been under-represented in third level education and training institutions and this reduces the human capacity both for establishing and development of enterprise.

The low level of industrial employment based in rural Waterford is evidenced by the number of manufacturing/internationally traded service jobs in relation to the population according to the Forfás database, at 2.7%.

Manufacturing industry has been concentrated on the traditional mature low growth or declining sectors and many of these have closed, eg Irish Leather, which employed about 1,600 people in three locations closed in 1985. There are very few medium to large scale industries in rural Co. Waterford.

Cappoquin Chickens (employment in excess of 200) is vertically integrated with production in the area and so has considerable spin-off. Other important businesses are Pinewood Laboratories (150-200), Cappoquin Poultry and Bacon (40), and Cal Mark Precision Engineering (60). Flair Plastics of Tallow has closed, as also has Cypacea. There are very few non-grant-assisted rural enterprises.

While the county has a relatively narrow industrial and service base, it is well endowed with areas of natural beauty, with extensive coastal and upland areas. However the county has tended to suffer from “corridor tourism”, with tourists passing through from Rosslare on their way to Kerry and West Cork.

A major weakness, according to Enterprise Ireland is the scarcity of IT businesses in the County. The LEADER/ADM partnership emphasise the difficulties of attracting younger people to start enterprises or work in rural areas, including lack of social, cultural and recreational facilities as well as lack of jobs for spouses. There are very few rural enterprises that are selling outside the South-East Region.

8.2 Process

The origins of the Waterford Leader Partnership dates back to 1988, when it was originally set up in Cappoquin/Lismore/Tallow with the objective of getting enterprises into the three towns. It had no social dimension at that stage. It was backed by Waterford Foods, the County Development Board and Teagasc with a view to participating in a rural development programme. It raised £26,000 in local funding.

From 1992 it participated in the Area Based Partnership Initiative under the Programme for Economic and Social progress, with National and EU funding. It was found, however, that the objective of placing long-term unemployed in work, following training programmes, was constrained by the scarcity of rural enterprise.

Waterford Leader Partnership, under the LEADER II Programme, has supported IT, including the placing of lap-tops in rural areas and a mobile internet service. Also it has provided capital grants to enterprises in order to complement the CEB who were providing employment grants. Under the **INTERREG Programme**, Waterford Leader Partnership and the Pembrokeshire Business Club in Wales are assisting the networking of businesses, promoting joint collective marketing programmes and developing opportunities for the provision of local goods and services to the major purchasers in both areas.

Waterford Leader Partnership promotes enterprise development groups by encouraging them to get started (animation), as well as providing funding for enterprise centres in conjunction with the CEB and Enterprise Ireland. There is strong coordination between the Leader Partnership and the CEB.

Enterprises established by third level or well trained people are regarded by Leader Partnership as being more likely to be sustainable. In the case of the former, they tended to be up-to-speed technologically and constantly adapting. In the case of restaurants, of which seven or eight were funded, those established by well trained people were found to be more sustainable.

After its establishment, the earlier strategy of the **County Enterprise Board** was focused on employment creation. From recent times the CEB strategy has been moving away from grants towards business development services, including human resources, marketing, product development, management information systems and strategic management. This is based on the reasoning that the hard grant to create employment is no longer so relevant and that firms should be

generating enough cash to invest. They do give grant-aid for start-ups however up to a maximum of £50,000, with half being in the form of an interest-free loan. In some circumstances they provide employment financial assistance and they aid feasibility studies. They do not provide assistance for businesses where there is deemed to be sufficient participation, or if displacement is likely to result.

While the Department of Enterprise and Employment have emphasised manufacturing and internationally traded services, some 75% of the CEB budget has been spent on local services, which is the biggest employer.

Forbairt/Enterprise Ireland has changed the approach from one of start-up, employment and R&D grants to a more holistic approach of eliminating weaknesses and building strengths of businesses in order to make them sustainable. The former approach is considered to be more relevant to CEB and Leader. It does not support enterprises where there is potential for displacement and in the case of those supplying the home market there must be evidence of import replacement. It has up to fifty different methods of support. They have observed that multinationals will not locate in smaller towns, due to lack of amenities and third level education facilities and to the advantages of agglomeration. It is even difficult to get promoters to locate in urban centres such as Dungarvan. They see a lack of information and communications technology companies as a major enterprise weakness in the county.

South-East Regional Tourism (SERT) says that Waterford gets its share of the tourism market. However, some of the best rural scenic areas (Comeraghs and Knockmealdowns) tend to be by-passed by those taking the coastal drive from Rosslare, ie the county suffers from corridor tourism. The main tourist activities in the county, in order of importance, are hotel and self catering (mainly along the coast), town and country houses (including farmhouse), caravan and camping, golf, sea angling (shore and deep sea), river angling (Blackwater, Cappoquin), walking/climbing and cycling, and equestrianism. Lismore is a designated heritage town, but there is not much evidence of enterprise spin-off. Some expansion is occurring in B&B and self-catering accommodation in rural areas, but there has been a perceived over-supply recently. Expansion in golf has been more aligned to urban centres. Equestrian tourism has increased in popularity, with a few new centres established in west Waterford. In addition to its tourism marketing, advice and information remit, SERT has operated the 1994-99 OPT, which included a scheme for renovation of old buildings for accommodation. SERT has also operated the 1994-99 Agritourism OP in conjunction with the DAFF.

The **Waterford County Development Plan**, adopted in July 1999, includes in its policy proposals "Provision, in conjunction with other agencies and local communities, of infrastructure related to SME development, including advanced units and training and enterprise centres". The CDB is charged with promoting the integrated delivery of public services at local level.

There are a number of **community enterprise groups** in the county, including Cappoquin, Carrick-on-Suir, DFBA, Knockanore, Lismore and Portlaw. Also the Nire Valley has a tourist enterprise group. The Leader/ADM partnership as well as the CEB and Enterprise Ireland are supportive of community enterprise groups and help to fund local rural enterprise centres on the grounds that such groups foster an enterprise culture.

Cappoquin Community Development Company was founded in 1993 to improve Cappoquin and its environs socially and economically. It purchased a building in 1997 to develop as an enterprise centre, with two units. It now has eight units leased to businesses. The Centre has computer board manufacture, joinery, retail furniture and building materials, and meat packing/processing, while two of the units are not let.

The main advantage that they can offer for the centre as compared with an urban location is lower cost. The Company is changing its primary focus from employment to training for back-to-work and providing social and recreational activities. They feel a need for an IT training centre, in view of its distance from Waterford facilities.

The **DFBA** is a voluntary development company in the Dunhill-Fenor-Boatstrand-Annestown area of Co. Waterford, with a mission to develop the community economically, socially and culturally by harnessing the skills and resources available. The headquarters is located nine miles from Waterford City. The origin of the Company involved an initiative by a dedicated group of people in bringing together four communities in a quiet rural area for their mutual development. The broad remit of the Company is reflected in its eight projects, including conservation, amenity and village renewal, as well as a substantial enterprise content. The company has fourteen unpaid directors, of which ten are on the enterprise committee. Initial funding consisted of £60,000 raised locally through a combination of donations and loans. It developed an enterprise park, phase 1 of which was officially opened in March 6th, 2000, involving a total investment of £200,000 and grant-aid of £63,000. It accommodates six micro-enterprises that provide twenty-six jobs. The Company has now completed phase 2, which is on a considerably larger scale, ie an investment of £400,000 to 500,000 and generating approximately fifty jobs. A third centre is planned by the Company. The Company lets premises rent-free for the first three months. This attracts businesses to the centres, by helping cash flow in the initial period. The centres also have the flexibility to accommodate expanding businesses. They are currently compiling a directory of skills in the area for prospective enterprises considering locating in one of the centres.

Apart from the financial and other inputs from Regional and County based organisations they got a loan of £60,000 from Credo and were also supported by larger businesses in the wider community.

DFBA community enterprises is now consulted by the County Council and other statutory bodies about their area and have an input into plans relating to the development of the area.

Nire Valley Fáilte is a community group who came together, examined what they had to offer and effectively combined to develop and market their tourism products, including self-catering and guest-house accommodation, walking and angling. They also opened a tourism office.

8.3 Inputs

SMEs and Rural Tourism account for similar levels of grant-aid by **Waterford Leader Partnership**. In total, ninety-nine enterprises were assisted by the Company in rural areas of the County, amounting in total to £1.45 million. The average grant level was £14,646.

With regard to the measurement of the level of grant-aid support to enterprises by the **Waterford CEB** it is important to realise that the amounts shown represent grant commitments. In practice, not all of the funds committed are actually drawn down and the indications are that the amounts claimed are only a little over half of the amounts committed. Over the first two years of its operation the Board approved £112,539 for feasibility studies. However the number of business start-ups resulting was very low. Consequently they reduced the financial support in this area dramatically thereafter. The importance of employment grants increased in later years. On a sectoral basis, manufacturing represented 33% of all grants by the Company over the 1993-98 period, while services accounted for 30%, with an increasing trend in more recent years. Tourism projects, which accounted for 13% have decreased. Investment in food projects has been variable over the years. In total 284 projects were approved, at an average level of grant-aid of £7,712. There was a major difference between the LEADER partnership and the CEB in the allocation of grant-aid, with the former being more orientated towards rural tourism and alternative agricultural enterprises and the latter towards services and manufacturing. The average grant approved by LEADER Partnership, at £14,646, was considerably higher than the CEB's £7,712. This can be partly attributed to the increasing orientation of the CEB towards employment grants, which tend to be smaller, in more recent years.

Table 8.2: Schedule of Investment in Indigenous Enterprise in Rural Waterford

Waterford Leader Partnership – grants to enterprise under Leader 2 (IR£'000)			
Item	Grant (IR£'000)	Number	Av. grant (IR£)
Small and Medium Enterprises	495	33	15,000
Rural Tourism	481	38	12,658
Alternative Agricultural Enterprises	332	18	18,444
Training and Recruitment	142	10	14,200
Total	1,450	89	14,646
County Enterprise Board – grant commitments to enterprise (IR£'000) 1994 – '99			

Table 8.2: Schedule of Investment in Indigenous Enterprise in Rural Waterford (continued)

Year	Capital	Employment	Feasibility	Total	
1994	304.6	42.3	70.1	417.0	
1995	213.0	110.0	42.4	365.4	
1996	171.3	171.5	6.7	349.5	
1997	102.5	237.0	10.4	349.9	
1998	97.1	230.5	11.1	338.7	
1999				369.8	
Total	888.5	791.3	140.7	2,190.3	
South-Eastern Regional Tourism – grants for tourism enterprises (IR£'000)					
Operational programme for tourism				95.3	
Agri-tourism				138.0	
Total				233.3	
Public Investment in Enterprise Centres (IR£'000)					
Centre	Leader/ ADM	CEB	Enterprise Ireland	Other	Total
Cappoquin	30	30	30		90
Carrick-on-Suir	37	46.5	46.5	40*	170
Dunhill-phase 1	25	25	25		75
-phase 2	30	30	30		90
Portlaoise	50				50
Tallow	25	25	25		75
Total	197	156.5	156.5	40	550
Public investment in sea fisheries – BIM and EU in the 1990s (IR£)					
	Aquaculture*	Fleet investment**	Upgrading**	Fish handling	
Total	2,320,900	267,976	89,069	165,100	
* **Excluding repayable ** BIM + EU					

* *Excluding repayable ** BIM + EU

SERT allocated three grants to rural Waterford projects under the Operational Programme for Tourism (OPT) over the 1994-99 period. The main one was for £91,742 to the Lismore Hotel and involved a total investment of £334,000. It grant-aided 18 projects under the Agri-tourism Programme at an average grant level of £7,668.

While SERT have indicated that there is a need for a feature five star hotel in rural Waterford, they are by no means certain that there is sufficient population density to sustain it during the off-season.

In addition to direct grants to enterprises a further £0.55 million of grant-aid was provided to enterprise centres, while Údarás Na Gaeltachta has supported one centre in Ring.

BIM has provided grants for aquaculture, fleet development, fleet upgrading and fish handling. The total indicative amounts of grant-aid in support of fisheries in Waterford in the 1990s from Exchequer and EU funds for the different categories are as follows: aquaculture £2,320,900, fleet investment £267,976, upgrading £89,069 and fish handling £165,100. Aquaculture enterprises were the main recipients of grant support, with sixty-three projects in twenty-seven companies receiving assistance. The main centres of development were Dungarvan and the Waterford estuary. In addition to grants, BIM also supported the industry by means of repayable loans. Údarás also assisted oyster farms on the Ring side of Dungarvan.

In 1996, Forbairt were assisting eighty-one indigenous manufacturing companies in County Waterford, as compared with 101 in Waterford city. Over 80% of those assisted in the county were described by Forbairt as “very small” and only one outside of urban areas as “large”. Enterprise Ireland is helping twenty-six client companies, with a holistic approach. They have indicated that there ought to be more financial support for tourism enterprise start-ups.

The combined Leader/CEB/SERT enterprise grant-aid, taking account of estimated draw-down rate for the CEB and not including enterprise centres, has amounted to about £480,000 per annum.

8.4 Outputs

Some eighty-nine enterprises were supported by the LEADER Partnership in rural areas under LEADER II, of which fifty were new enterprises. Alternative enterprises in agriculture/horticulture/forestry/fishing involved a higher proportion of new enterprises than did rural tourism or SMEs. The employment to be generated, at 250 jobs, was primarily (65%) as full-time people.

Table 8.3: Enterprises and Employment Generated Through Public Investment (NO.)

Leader Partnership				
Item	Rural Tourism	Agriculture/ Forestry/Fisheries	SMEs	Total
Total projects	38	18	33	89
- of which new	19	14	17	50
Jobs				
- FT all year	44	38	80	162
- FT seasonal	0	40	15	55
- PT	4	4	25	33
- total	48	82	120	250
Waterford County Enterprise Board				

Table 8.3: Enterprises and Employment Generated Through Public Investment (NO.) (continued)

Leader Partnership				
Item	Rural Tourism	Agriculture/ Forestry/Fisheries	SMEs	Total
Year	Projects approved	Full-time jobs		Part-time jobs
1994	59			
1995	46	55		10
1996	46	55		21
1997	45	67		
1998	44	62		24
1999	44	101		7
Total	330	340		62

The CEB data on enterprises and employment must again be interpreted in the context that only a proportion of grant approvals are actually claimed. While 330 projects were approved, if the proportions drawn down as indicated in annual reports were to apply generally, the numbers of projects and jobs would be of the order of 170 and 200 respectively. Roughly half the projects were start-up enterprises, a proportion similar to that for the LEADER Partnership. The information on grants and jobs created on LEADER Partnership and CEB assisted enterprises would indicate an overall grant level of about IR6,000 per job.

The total combined numbers of jobs created in enterprises supported by LEADER, CEB and SERT, allowing for the latter on a pro-rata basis, amount to an estimated eighty per annum. To put this job creation level in a context for the rural area, some seventy jobs were lost per annum in agriculture over the years 1991-96.

The annual quantities of fish landed at Dunmore East were variable during the 1990s, with no definite trend. The average tonnage landed was 11,150, with a value of £6,530. These do not include aquaculture output in the area, which secured the largest grant component.

The following general observations have been made, while not taking account of particular situations:

- rural enterprise development in the county has been uneven;
- enterprise centres have worked well;
- agricultural diversification is regarded as not having worked well in general. A lack of market orientation by promoters is thought to have been an important factor in some failures, and a belief that the market would be there without initiative on the part of the promoter;

- private sector tourism enterprises have been very successful. Community based tourism enterprises have not proved to be very sustainable. Tourism in the Copper Coast Area (DFBA) has developed over the past few years. In rural tourism, most of the development is thought to be sustainable, with the possible exception of over-supply in self-catering and B&B;
- the failure rate of enterprises supported by CEB and Leader is low.

8.5 Impact

Comparing the 1991-1996 intercensal period with the previous one for rural Waterford shows the following:

- total employment grew by 1,531 (12.3%) as compared with 453 (3.8%). Employment growth was somewhat greater in the east in the 1991-96 period;
- employment, excluding agriculture and public administration grew by 1,898 (23%) as compared with 478 (6%);
- employment in manufacturing industries increased by 463, as compared with 208;
- while it has been observed, in the 1999 County Development Plan, that the manufacturing and service base of rural Waterford is narrow, nevertheless service employment, especially Other Services, increased dramatically in proportionate terms. Professional and Other Services employment increased by 37% and 63% respectively as compared with 5% and 15% for the previous period;
- there was a marginal increase in population as compared with a marginal decline;
- the percentage employment of residents increased from 32.2% in 1991 to 36% in 1996;
- the unemployment rate in rural Waterford as a whole has decreased from 16.72% in 1986 to 14.70% in 1991 and to 12.64% in 1996.

To compare the employment performance of rural Waterford to that of other rural areas in Ireland Table 8.4 presents the results of a "shift-share" analysis that estimates the increase in employment that occurred in rural Waterford due to the unique factors at work in the area. The analysis is somewhat limited as 1996 is the most recent year for which detailed data is available and the data relates to residence of employees and not strictly speaking location of enterprise.

Table 8.4: Shift-Share Analysis on Employment Change 1991-96 Rural Waterford

Sector	Actual Change 1991-96	Rural Waterford versus Rural Ireland
Agriculture	-352	210
Mining	-28	-27
Manufacturing Industries	463	-145
Building and Construction	155	-35
Electricity and Gas	16	15
Commerce	205	-13
Transport	41	-30
Public Administration	-15	-54
Professional Services	600	167
Other Services	446	81
Total	1,531	168

The first column shows the actual change in employment experienced in each sector over the 1991-96 period. The second column presents an estimate of the increase in employment that would have occurred if each sector in rural Waterford grew at the same rate as it did in rural Ireland. The Table shows that there were 168 more people employed in rural Waterford than there would have been if employment in each sector grew at the same rate as it did in all of rural Ireland. The main reasons for this were the less rapid decline in agricultural employment, and the more rapid rise in professional services employment (although this may reflect people living in rural Waterford and working in Waterford city) and "other services" including personal and recreational services.

The rate of unemployment has been considerably higher in the east of rural Waterford, although the gap with the west has narrowed. In view of the presence of Waterford city in the east of the county attracting workers from Wexford and Kilkenny, it would appear that there is considerable structural unemployment in rural east Waterford.

Table 8.5: Impact

	Waterford 1996	West and East Waterford 1996		Waterford Area 1991	West and East Waterford 1991	
		West	East		West	East
Population	38,842	22,285	16,557	38,587	22,528	16,059
Employment (residents)	13,964	8,070	5,894	12,433	7,237	5,196
% of Employment (residents)	36.0%	36.2%	35.6%	32.2%	32.1%	32.4%
Unemployment rate	12.64%	11.06%	14.70%	14.70%	12.6%	17.4%

Source: Census of Population and Small Area Population Statistics

The substantial increase in employment has resulted in a lower unemployment rate and increased employment participation, as well as stabilisation of the overall population. However individual rural towns (Tallow, Cappoquin, Kilmacthomas, Lemybrien) have experienced population declines in the intercensal period 1991 to 1996. Out of the total of ninety-two DEDs, forty-eight experienced declines in population, as might be expected in a context of an overall almost static population. The level of net migration out of the county has declined dramatically, but this may be in large part attributable to development of Waterford city, whose population grew by 2,212 from 1991 to 1996.

It is not feasible to attribute the increased employment in rural Waterford as between enterprise development activity in rural areas and improvements in the general economic climate. The proportionate increase in employment, excluding agriculture and public service, was similar to that of the Duhallow case study area at roughly 17% between 1991 and 1996. Both case study areas had increases in total employment which were considerably higher than rural Co. Cork excluding Duhallow. The employment performance would indicate a positive impact from enterprise development activity. However there are some indications that the strong positive impact on employment number and participation rate in rural Waterford may involve commuting and be due in large measure to enterprise activity in urban areas within and surrounding Waterford rather than in rural parts of the county. Thus relatively large proportionate population increases occurred in Dunmore East and Ardmore, involving commuting to Waterford city and Youghal respectively. Also, the number of Forfás industrial jobs in rural Waterford in 1999 was only 1,067, as compared with total manufacturing employment in 1999 of 3,207. This would also be indicative of substantial commuting to jobs in urban centres within and surrounding the county. Furthermore, enterprise development agency personnel indicate a continuing high level of commuting activity. Map 8.1 illustrates the distribution of full-time jobs in grant-aided manufacturing firms for County Waterford in 1999.

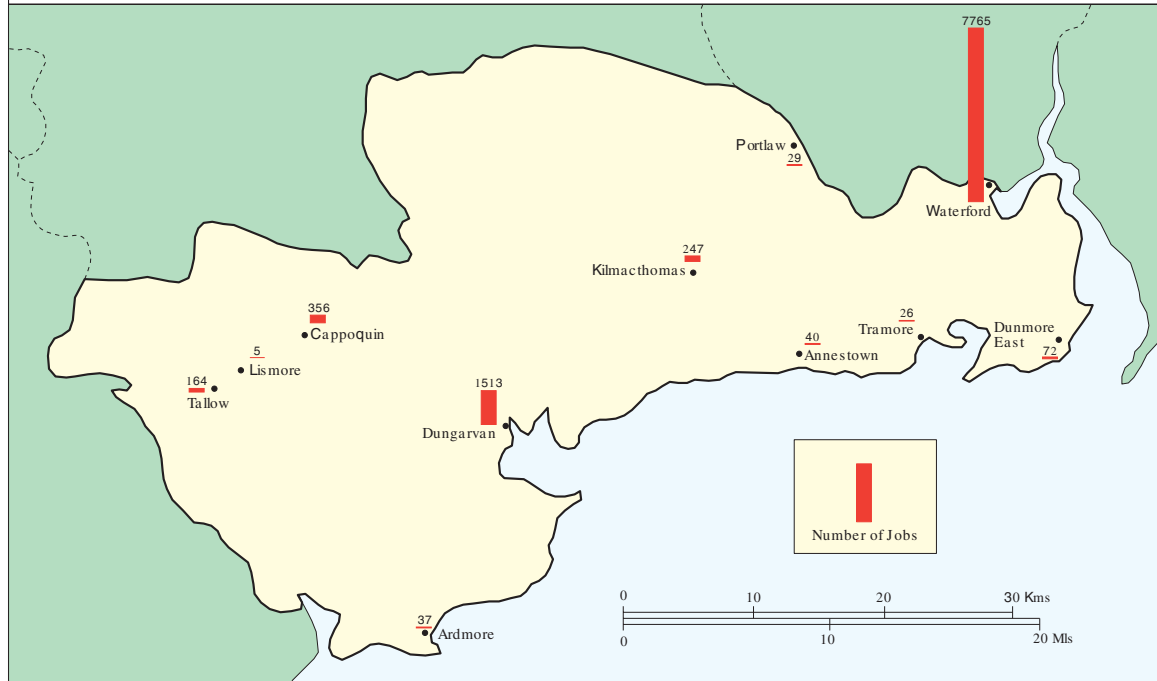
In individual rural areas of Waterford, such as the DFBA, the rural enterprise performance has been very positive. However, the indications are that the very substantial employment increase and participation rate in rural Waterford as a whole has only been due to rural enterprise development activity to a limited extent. This should not be taken to mean that rural enterprise development activity was not worthwhile, in that in its absence the socio-economic performance would have been poorer in the context of the declining agricultural employment. The indications are that the numbers of jobs created in enterprises supported by enterprises supported by LEADER Partnership, CEB and CERT were somewhat higher than those lost in agriculture. The limited impact has been at least partially attributed to a lack of entrepreneurial hunger.

The social infrastructure has improved considerably. While tourism in the county as a whole has progressed, with more jobs, hotels upgraded, restaurant and bar trade as well as B&B having expanded, the development has occurred disproportionately in urban areas.

8.6 Lessons/Issues Arising

- Every area should look at its own resources for the most appropriate types of enterprise to develop, eg in the case of Waterford, there is thought to be a huge potential for contemporary glassware, with the technology and skilled people available and the synergies are waiting to happen. With considerable potential for added value food processing generally, it is contended that there ought to be a separate milk quota allocation for specialist cheeses;
- the link between remoteness and enterprise success is thought not as great as it used to be, due to better infrastructure, technology and improved management processes. However, enterprise establishment is regarded as being linked to availability of a population centre with a range of job opportunities and services to attract people to the area;

Map 8.1: Distribution of Full-time Jobs in Grant-aided Manufacturing Firms in Co. Waterford, 1999



1. Firms Grant-aided by IDA, Enterprise Ireland, Shannon Development and òdar s na Gaeltachta.
2. This includes Manufacturing and Internationally-traded Services

Map produced by 

- a pro-active local enterprise development group with a positive business-like approach can have a substantial effect on an area. Thus the coming together of a few dedicated “die-hard” optimists can give the process a tremendous impetus. It can help an area to play a major part in controlling its own development, rather than being passive and having development being totally determined from outside. It is thought that the success of the DFBA Community Enterprises in Waterford could be repeated in more remote areas, with the driving force of an effective committee. Enterprise development groups may need a professional manager in the long-term, as otherwise good ideas may not be acted upon;
- the DFBA see no simple formula for success, but some of the features are: (i) having a vibrant committee with a range of skills; (ii) working as a team; (iii) getting the community behind them; (iv) having a business-like approach; (v) solving problems as they arise; and (vi) knowing where to go for information;
- community support is generally regarded as being very important in rural enterprise development. If the community is involved they can create a very positive environment. Conversely, a negative attitude or a skewing of debate can have an adverse effect. It is also important to avoid divisiveness on a parish or other basis. It is important to find the nerve centre of the community;
- enterprise development agency personnel have indicated a need for a distinct rural tourism policy within overall tourism policy. There is also a need for co-ordination of tourism activities of regional tourism with those of LEADER and the CEBs. The overlap between LEADER and the CEB in assisting enterprises, as well as between both and the regional tourism boards with regard to tourism projects, results in confusion amongst users and requires rationalisation. Having personnel from different organisations sitting on project evaluation boards can hardly be regarded as sufficient to address the problem. The Lancashire model of enterprise development has been suggested as having a role to play in enterprise development, with a locally based enterprise development agency, independent of public state and regional structures, with public funding, based on agreed targets. The public body providing the funding would have performance assessed regularly and continuity of funding would be dependent on the outcome of such assessment. Greater accountability amongst enterprise development agencies has been proposed, with more rigorous evaluation, setting of targets, and measurement of achievement. Also, the primary measures of achievement should relate to uptake of projects, rather than to approvals. This, it is suggested, could result in a greater emphasis on achieving uptake of approved projects;

- the stop-go funding under which Leader operates leads to management and staff insecurity and tends to result in many inexperienced staff. The system could engender a tendency to spend the allocation without due regard to the quality or sustainability of projects;
- there is a basic need for enterprise related statistical input, output and impact information to be provided on a standardly defined area basis, with regular reporting, by all organisations concerned. This would enable combined assessment of different programmes and monitoring of progress. Regional organisations, such as Enterprise Ireland and the Regional Tourism Boards should also break down their information base on this (sub-county) manner in order to measure the implementation of their programmes on a localised basis and for rural proofing. There is a need for rural proofing of enterprise development agencies as regards policies, strategies and criteria for support;
- there would be hardly any enterprise centres in place without the support of the local and regional enterprise development agencies and accessibility of those agencies is very important to success. Cappoquin Community Co. Ltd have found that there is a lot of support for enterprise development from various agencies, but that much work is required to use and access the system effectively, requiring a lot of networking. The Café Handbook is not widely enough available;
- enterprise centres provide a focus for people within the community to draw down support for enterprise, according to the CEB. They can reduce the sense of isolation that rural entrepreneurs may feel. They also provide the flexibility to allow for expansion through having a range of unit sizes. Their benefits are illustrated by a lack of significant numbers of enterprises in some areas;
- while the bottom-up approach to supporting the establishment and development of micro enterprises is advocated, it is important to guard against the feel-good aspect dominating, with consequent sacrificing of hard-nosed realism, according to the LEADER Partnership. Enterprise development agencies in general see a continuing role for capital and employment grants for small start-up enterprises, as these tend to be strapped for cash and, without support, they are liable to collapse in the second year. The various types of support all go together and their relative importance depend on the project, the stage of development of the enterprise and the characteristics of the promoter. It is considered important by the CEB that professional mentoring should be available, as the quality of some can be very poor. Isolation is seen as a big danger for micro enterprises. For these, flexible training for owner-managers is important, as they are usually very busy and certification is largely irrelevant. In this regard a questionable move has been detected by some enterprise development agency personnel

towards certification becoming an end in itself in measuring accountability, with the result that training becomes automatically stylised rather than flexible and geared to the needs of the enterprises. It has been questioned as to whether LEADER partnerships have the capacity to provide adequate soft supports to the range of enterprises. However, professionals can be engaged to provide these where necessary;

- with almost half of all CEB project proposals being rejected, it is proposed that a systematic analysis of these be carried out and the reasons categorised. This might lead to some modification of mentoring processes relating to design of project proposals, or of criteria for aid, while maintaining a rigorous evaluation approach. Also a high proportion of approved projects are apparently not proceeded with. While enquiries may be made regarding these, it is proposed that they be followed up on a systematic basis, with a view to minimising the leakage of potentially viable projects from the system;
- it has been suggested that enterprise development agencies (LEADER Partnership, CEB) should be more pro-active in developing enterprise in rural areas, rather than being primarily reactive and dealing with applications. They would identify appropriate types of enterprise and work to develop synergies, which are waiting to happen, between resources, skills and markets. Also it has been suggested that the County Council should take a more supportively pro-active role in developing enterprise by providing serviced land, supporting local initiatives to provide enterprise centres and supporting training initiatives;
- SERT have found that tourism development groups can come together successfully for marketing and promotion, but they must not be too integrated to the extent that they are dependent on individuals to provide different facilities;
- the criteria whereby firms other than manufacturing cannot be aided by Údarás in Gaeltacht areas, yet the CEB cannot aid them needs to be addressed;
- traditions in Waterford are mainly agrarian, with a lack of focus on trading. Thus migrants may in general be more business orientated. Development of enterprise is also affected by the knowledge and skills base. The effect of an enterprise competition run by secondary schools is generally very positive in developing an enterprise culture, although the extent to which different schools promote it varies;

- apart from being 40% larger than Duhallow, rural Waterford is much less closely knit, with various parts having different geographic orientations. Thus, the integrated and cohesive enterprise development strategy adopted by IRD Duhallow would be unlikely to be as effective if applied to rural Waterford as a whole. Support for community groups seems a logical aspect of enterprise development strategy in larger and or more diverse areas. However, it is worth considering what scope there could be for synergies between the various groups and what forms they might take.

9 Case Study – Ballyconnell (Co. Cavan)–Ballinamore (Co. Leitrim)

9.1 Introduction

The term “Ballyconnell–Ballinamore” refers to a delimited area within the disadvantaged rural region of west Cavan, Leitrim and north Roscommon. It approximates the catchment area of the “Woodford Reach” section of the restored Shannon–Erne Waterway, previously known as the Ballinamore–Ballyconnell Canal. It was considered appropriate to regard these two towns and their hinterlands as forming a single case study area. The area was selected because it has experienced major public investment in the reopening of the Waterway as a tourism resource, while there has also been substantial private investment in hotel and manufacturing business.

9.2 Context

9.2.1 Demographic and Socio-Economic Trends

To represent the socio-demographic characteristics of the Ballyconnell–Ballinamore area statistics relating to two Rural Districts (RDs) are used here. These RDs are Bawnboy in Cavan (population 3,679 persons) and Ballinamore (3,205 persons). Their combined map area is 42,364 hectares, giving a population density of 16.2 persons per km². Hereafter, this will be referred to as “the study area”.

This study area is highly rural and agricultural in character. There are only three towns/villages: Ballyconnell 433 persons, Swanlinbar 191 persons, and Ballinamore 782 persons. In 1996, 28% of the area’s workforce were engaged in “agriculture, forestry and fishing”. This was more than double the corresponding national percentage although not substantially different from the position in the other RDs (combined) in Cavan and Leitrim (Table 9.1).

Table 9.1: Occupational Composition and Change in Workforce, 1991–1996

	1986	1991	1996	% change	
	%	%	%	1986–1991	1991–1996
			Study Area		
AFFI	41.1	37.4	28.3	-8.7	- 21.9
MMB2	27.7	26.4	29.8	-4.2	+16.8
Services	31.2	36.2	41.9	+16.6	+19.7
Total	100	100.0	100.0	+0.4	+ 3.4
(n =	(2335)	(2,345)	(2,424)	(+10)	(+ 79)
Remaining RDs in Cavan					
AFFI ^a		33.4	26.8		- 13.9
MMB ^b		25.4	28.0		+ 19.4

Table 9.1: Occupational Composition and Change in Workforce, 1991-1996 (continued)

	1986	1991	1996	% change	
	%	%	%	1986-1991	1991-1996
Services		41.2	45.2		+ 18.3
Total		100.0	100.0		+ 7.8
n =		(15,111)	(16,286)		(+1,175)
Remaining RDs in Leitrim					
AFF ¹		30.9	22.9		- 20.6
MMB ²		23.4	26.5		+ 21.2
Services		45.7	50.6		+18.8
Total		100.0	100.0		+ 7.2
n =		(6,894)	(7,389)		(+ 495)

a. Agriculture, forestry and fishing

b. Mining, manufacturing and building construction

Source: Derived from Census of Population (Small Area Statistics)

About one-eighth of the agricultural land in the study area is classified as “rough grazing in use”, but land resources generally are poor with limited use range, especially in Ballinamore.

As regards overall population trends in the study area, the record is one of decline over the past twenty-five years (1971 to 1996), (Table 9.2).

Table 9.2: Population Trends, 1971 to 1996

RDs	1971	1981	1986	1991	1996	% Change			
						71-81	81-86	86-91	91-96
Bawnboy	4,185	4,071	3,868	3,751	3,679	-2.7	-5.0	-3.0	-1.9
Ballinamore	3,649	3,446	3,347	3,214	3,205	-5.6	-2.9	-4.0	-0.3
Study Area	7,834	7,517	7,215	6,965	6884	-4.0	-4.0	-3.5	-1.2
Other Cavan RDs	45,160	46,544	46,716	45,713	45,756	+3.1	+0.4	-2.1	+0.1
Other Leitrim RDs	24,711	24,163	23,688	22,087	21,852	-2.2	-2.0	-6.8	-1.1

Source: Census of Population

Significantly, the rate of decline during the 1991-96 years was much reduced, especially in the Ballinamore RD where population levels practically stabilised, an achievement not repeated in the other Leitrim RDs combined (Table 9.2). However, this stability was due to increases in only two of Ballinamore’s eleven District Electoral Divisions – the neighbouring DEDs of Ballinamore and Garadice, both of which are on the Waterway.

Population trends in towns and villages (places with fewer than 1,500 persons) and in urban areas (having more than 1,500 persons) are shown in Table 9.3. During 1991-96 the relatively poor performance in Ballyconnell contrasted with the recovery in Ballinamore (and in the smaller village of Swanlinbar). Of the twenty other towns and villages in the two counties only nine increased population between 1991 and 1996. Of the four urban areas in the two counties

(Cavan, Bailieborough, Cootehill and Carrick-on-Shannon) all except Bailieborough increased population in this period. The highest percentage increase (+ 7.0%) was in Cavan.

Table 9.3: Population Trends in Villages, Towns and Urban Areas, 1971-1996

	1971	1981	1986	1991	1996	% Change			
						71-81	81-86	86-91	91-96
Ballyconnell	421	492	466	465	433	+16.9	- 5.3	-	- 6.9
Swanlinbar	257	235	197	188	191	- 8.6	- 16.2	- 4.6	+ 1.6
Ballinamore	839	860	810	743	782	+ 2.5	- 5.8	- 8.3	+ 5.2
Study area	1,517	1,587	1,473	1,396	1,406	+ 4.6	- 7.2	- 5.2	+ 0.7
12 villages/towns in Cavan	6,071	6,841	7,055	6,935	6,797	+12.7	+ 3.1	- 1.7	- 2.0
8 villages/towns in Leitrim	3,164	3,842	3,893	3,660	3,696	+21.4	+ 1.3	- 6.0	+ 1.0
3 urban areas in Cavan	7,353	8,441	8,747	8,595	8,974	+ 14.8	+ 3.6	- 1.7	+ 4.4
1 Urban area in Leitrim	2,195	2,037	1,984	1,858	1,868	- 7.2	- 2.6	- 6.4	+ 0.5

Source: Census of Population

Population levels have been influenced mainly by two demographic processes – out-migration and declining birth numbers. Compared to these factors, the scale of in-migration or return migration has been of minor importance. During the 1980s and early 1990s it is estimated that out-migration reduced the numbers of males and females born in the area by 41% and 51% respectively (Table 9.4). Declining birth numbers reflect the general pattern in the country as a whole.

Table 9.4: Estimated Net Migration Rates^a

	Males	Females
	(%)	(%)
Bawnboy RD	- 34.3	- 58.0
Ballinamore RD	- 47.0	- 45.1
Study Area	- 41.1	- 51.4
Remaining Other RDs in Cavan	- 33.2	- 42.0
Remaining RDs in Leitrim	- 41.7	- 50.1

a. Rates are percentage changes in age cohort 0-4 years in 1971, compared to age cohort 25-29 in 1996
Source: Derived from Census of Population

Out-migration from rural areas has the effect of lowering the statistical incidence of unemployment. Nevertheless, in 1996 unemployment rates in the study area RDs were in the order of 10%-12%, though these rates were little different from those in other Cavan and Leitrim RDs. It is likely that unemployment rates are now much lower than the 1996 level.

Taking tables 9.1, 9.2 and 9.3 together, and making a general observation on the changes in the study area during the late 1980s and early 1990s, it will be seen that: (i) there was a slow-down in the rate of depopulation, and (ii) an improvement in the rate of increase in the numbers at work. In 1991-1996 the numbers at work in agriculture fell by 192 but this loss was more than offset by an increase in 271 in other sectors – leaving a net increase of 79 (see Table 9.1). The increases were spread across a number of sectors, especially manufacturing, building and professional services.

9.2.2 Enterprise

In relation to enterprise development the study area has experienced particular difficulties, until comparatively recently. In Ballyconnell especially business has been hindered by the restrictions on movement across the border. A shoe factory in Belturbet (just outside the study area) closed with a loss of some 200 workers. The conflict in Northern Ireland had also some negative consequences for tourism development, particularly as Sligo captured much of the reduced business. More recently, however, the position in Ballyconnell has improved considerably with the expansion in tourism activity, the enterprises established by the Quinn group (see below under “Inputs”), and the exchange rate with sterling.

By comparison with Ballyconnell there is little enterprise in Ballinamore, apart from businesses linked to the Waterway development. These are mainly small hotels, restaurants, and boat-hire firms. A textile firm closed, a bottled water plant encountered some production difficulties, while the remaining businesses are small-scale services and fabrication (motor repairs, tiling).

9.2.3 Summary

To summarise: the Bawnboy and Ballinamore RDs show the classic symptoms of rural underdevelopment, viz out-migration and depopulation. However, some signs of stabilisation and recovery were evident in the early 1990s and, most likely, have strengthened during the past five years with the expansion in tourism and in non-farm employment.

9.3 Process

9.3.1 Agriculture and Forestry

For the agricultural economy, the major marker has been the 1992 “MacSharry” reforms of the Common Agricultural Policy. The measures of most relevance for the study area emanating from these reforms were: the increases in non-market direct payments to farmers; the provision for an agri-environment protection scheme (known here as “REPS”), and incentives for farmer forestry. National farm survey data show that for the kind of livestock farming practised in the study area direct payments contribute the major share of family farm income.

REPS provide cash incentives to farmers who manage their holdings according to a plan for environmental protection. This involves limits to the numbers of livestock carried. Data on the up-take of REPS show comparatively high rates of adoption for Leitrim and west Cavan. Forestry has also a high uptake rate in Leitrim, and, to a lesser extent, in Cavan.

These policy changes have had implications for farm enterprises in the west Cavan-Leitrim areas. Teagasc, the agricultural development agency, has focused its programmes in disadvantaged areas towards ensuring that individual farm households maximise the “stream” of household income, rather than aim for high technical performance. This approach is also consistent with part-time farming, the incidence of which is increasing, especially in the context of major private investment in manufacturing in Ballyconnell (see below).

With the central support of ADM (Area Development Management) area partnership companies in Cavan and Leitrim focus on countering unemployment and social exclusion. Among their activities is a “low-income smallholder households initiative” aimed at developing and testing interventions to enable such households to make informed decisions about the opportunities and obstacles they face. The Leitrim Partnership provides a service to low-income farmers – a major component of which is the provision of information on the various farm schemes, so that low-income smallholders might derive greater benefit from these. Referrals to other agencies are a significant element of the Partnership service. The Partnerships have also played an active role in promoting the Farm Assist programme which provides a social transfer payment to low-income farmers. Actions under this initiative are overseen by committees which include representatives of Teagasc.

State-sponsored afforestation is handled by Coillte. Tree planting by individual farmers is promoted by the forestry service, now in the Department of the Marine and Natural Resources, but formerly in the Department of Agriculture, Food and Forestry.

9.3.2 Enterprise and Employment

In regard to enterprise formation and job creation the relevant agencies are:

- the IDA (with responsibility for inward investment);
- Enterprise Ireland (formerly Forbairt for the promotion of indigenous enterprise);
- the County Enterprise Boards (CEBs) (responsible for small-scale enterprise development);
- the LEADER Groups (which can support small-scale enterprises not normally eligible under existing programmes);
- the Partnership Companies (for the unemployed).

Since the early 1990s, therefore, there has been considerable expansion in the support systems for enterprise development. As far as the IDA and Enterprise Ireland are concerned, there is an awareness of the need for a greater dispersal of client companies to the more rural regions but in practice the strategy is influenced by a range of factors including:

- the human resource base, which has a bearing on the relative sophistication of the enterprises that can be established in a region;
- the existing enterprise milieu, especially the significance of manufacturing and traded services within a region;
- the urban system or network of towns over 5,000 inhabitants;
- the quality of infrastructure in the broadest sense, eg including their level education facilities;
- cost factors, eg, in accessing markets.

Clearly, the study area has a number of deficits in this context. This is reflected in the fact that of the twenty grant-aided enterprise establishments in the area only three were of foreign origin.

The CEBs were established in 1993 to support the development of small-scale economic projects. Grant support is normally confined to projects where the capital investment does not exceed £100,000. Eligible enterprises include manufacturing, domestic or internationally-traded services and certain tourism activities. In the case of manufacturing or internationally-traded services the Boards are confined to supporting projects in the micro-business sector (ie having a job potential of up to ten persons). Financial aid is supplemented by a range of business supports and aimed at enhancing business survival and success.

The Arigna LEADER Group covers all of Leitrim and part of Roscommon. Cavan/Monaghan LEADER caters to Cavan county. LEADER Groups place a strong emphasis on “capacity-building” (training people for a variety of roles in rural enterprise and development, including business skills), and on financial support for small-scale tourism projects (eg self-catering accommodation) and for small enterprises.

Partnership companies (one each in Leitrim and Cavan) are concerned with specific target groups and their main activity in enterprise development is the implementation of the Back to Work Enterprise Allowance (formerly the area Allowance Enterprise Scheme). This guarantees the recipient a social welfare entitlement for four years (on a sliding scale) while he/she is preparing a self-employed business project. Clients of the scheme are also given other supports such as mentors to assist in the management of new businesses.

On the non-statutory side Ballyconnell and Ballinamore have active local development associations. Ballinamore, in particular, has a long history of community organisation and activity which has included the establishment of a Community Council, development of a marina, formation of a credit union and development of recreation facilities locally. Ballyconnell was a winner of the National Tidy Towns Award on two occasions. Other areas have local development groups (eg for tourism or heritage), some of which have benefited from LEADER funding for their activities.

9.3.3 Tourism

The major milestone in tourism development in the study area was the restoration of the Waterway, closed and abandoned since 1869. Trends in tourism had signalled a new demand for waterways, while peace initiatives in Northern Ireland raised hopes of increased business. Care of the Waterway is shared by the Republic's Office of Public Works and the Northern Ireland Department of Agriculture. A specially formed company, based in Ballinamore (Shannon-Erne Waterway Promotions, Ltd), has responsibility for promotion and marketing.

Apart from this company, several players are involved in some way in tourism development, promotion and marketing. These include:

- Bord Fáilte;
- carriers and tour operators internationally and nationally;
- CERT;
- Regional Tourism Organisations;
- County Tourism Committees;
- LEADER Groups;
- County Enterprise Boards;
- accommodation and product providers;
- boat hire companies/services companies;
- Regional Fisheries Boards;
- local development groups (eg Sliabh an Iarainn Tourism).

Currently, there are indications of an integrated approach to tourism development in the study areas. Examples are the closer linking of boating activities with "land-based" recreation such as golf and touring locally, and the promotion of product packages by a group of providers on the basis of initiatives taken by the Waterway promotions company.

9.3.4 Summary

In summary, then, there is a comprehensive support system for enterprise in the study area but the usefulness of this is dependent on its accessibility in all local areas and on the emergence of entrepreneurs who can succeed in generating employment and income.

9.4 Inputs

9.4.1 Major Projects

Because the study area does not constitute an administrative unit (in Cavan or Leitrim) difficulties were encountered in quantifying levels of inputs (investments and other resources) for enterprise development. However, some orders of magnitude can be stated in relation to the main items of public investment in indigenous enterprise over the past decade.

Over £30m was spent on restoring the canal as a leisure waterway but only a proportion of this – somewhat less than half – would apply to the Ballyconnell-Ballinamore link.

The second major development has been that of the Quinn Group in Ballyconnell under which there are three main enterprises: a plastics factory, a cement production plant and a hotel and leisure complex. No information was available on the scale of public investment involved but estimates suggested by representatives of local development agencies indicated that this was quite limited – less than £2m.

Similarly, grants by Forbairt/Enterprise Ireland in other enterprises in the study area were not of significant proportions. More enterprise support came from the CEBs and LEADER.

9.4.2 Small and Medium Enterprises – Bawnboy RD

From its inception in September 1993 to the end of 1999, Cavan CEB has allocated, per annum, about £500,000 to 45-50 projects. Almost another £100,000 per annum is devoted to “soft supports”. Approximately 70% of grant expenditure goes towards capital investments, 22% for employment and the remainder on feasibility studies. On the basis of the allocations for a single year (1998), and from discussions with CEB staff, it would appear that Bawnboy RD does not draw down grant payments on a scale proportionate to its population. Of the £416,620 in Cavan CEB grant payments in 1998, £16,000 or 3.8% went to Bawnboy RD, which has almost 8% of the county population.

Grant approvals to projects in Bawnboy RD under LEADER II (1996 to 1999) amounted to £54,000, most of which was for capital investments to seven projects in tourism or other small enterprises. The spatial distribution of LEADER funding in Cavan also shows a strong tendency towards clustering around the larger urban centres and away from west Cavan. ¹

For the Cavan Partnership Company “the Ballyconnell area” is not a priority area given its existing scale of enterprise development and the continuing problems of unemployment in the larger urban centres.

9.4.3 Small and Medium Enterprises – Ballinamore RD

In the Ballinamore area the main investments have been related to tourism apart from some light engineering and crafts projects funded by the CEB. Arigna LEADER II, in its entire catchment area of Leitrim and north Roscommon, allocated £1,945,690 to 222 projects, excluding tourism events. Of this, £523,600 (27%) went to rural tourism, £437,000 (22%) to SMEs, with “recruitment and training” accounting for £617,000 (32%). No breakdown is available for Ballinamore RD but assuming, optimistically, that the area obtained its share per head of population the allocation to Ballinamore RD would be £110,000.

Leitrim CEB has an annual budget of some £700,000 which includes contributions from the International Fund for Ireland, the Peace and Reconciliation Programme and EU INTERREG. About £350,000 per annum has been expended on enterprise grants (ie apart from business, advice, counselling, and management development). The distribution among capital grants, employment grants and feasibility studies was in the ratio of 72:20:8. On the basis of grants approved in 1997, the Ballinamore area obtained approvals for £52,350 or an amount roughly equivalent to the RD’s share of the county population. The CEB has indicated that marketing efforts have been significantly under resourced.

In 1999 the Leitrim Partnership had a funding of £1,244,232 (42% of which came from ADM, 37% from FÁS and 21% from the Peace and Reconciliation fund). About £497,700 of this could be deemed to be assigned to enterprise, jobs initiatives and economic development. The Ballinamore area accounts for 11% of the Partnership’s clients, a percentage proportionate to the area’s share of the county’s population. On this basis Ballinamore would have received £54,750 for enterprise and related development in 1999. However, the corresponding figures for earlier years would be much lower.

9.4.4 Summary

Because of the fragmentation of the data available (especially the lack of a complete year by year set of figures), together with the estimation necessary for the two RDs of relevance, it is not possible to provide precise data on the level of public investment in enterprise in the study area. However, on the basis of the limited statistics available, and from discussions with agency representatives, an order of magnitude is shown in Table 9.5.

I. Even omitting the concentration in Ballyhaise Agricultural College for projects concerned with training

Table 9.5: Estimates of Public Expenditure on Enterprise Development in Study Area, 1990-1999

	Bawnboy RD	Ballinamore RD	Total
	(£000)	(£000)	(£000)
Waterway Cnstruction ^a	5,000	5,000	10,000
IDA/Forbairt	2,000	-	2,000
County Enterprise Board	96	200	296
Leader I and II	78	110	188
Partnerships	-	150	150
Total	7,174	5,460	12,634

a. This expenditure might be more accurately regarded as infrastructural development

Thus, the general picture of public investment aid for indigenous enterprise in the study area over the past ten years is one of some £10-12m for a limited number of major projects (dominated by the Waterway Scheme), and an estimated £0.6m to £0.7m for numerous small-scale and quite varied projects, biased towards tourism and small-scale fabrication.

9.5 Outputs

Enterprise-related indicators are not easily linked specifically to the study area. However, the towns of Ballyconnell and, to an even greater extent, Ballinamore share in the gains from an estimated annual spend of some £7.5m by almost 15,000 boating visitors. Development agency personnel estimate that 85-90 extra jobs have been created in Ballinamore and its environs arising from the development of waterway tourism. This includes employment in retailing, and compares to some twenty jobs in the early 1990s, mostly dependent on limited business from coarse angling.

The town's small-scale hotels have been upgraded, several restaurants have opened in the vicinity and there has been much increased provision of tourist accommodation, apart from hotels. Because of the high level and mobility of Waterway tourism, bednight occupancy rates would not reflect the full scale of tourism activity in Ballinamore.

To some extent this pattern is replicated in Ballyconnell but the town's economy is not so dependent on the Waterway. Ballyconnell is a single company "corporate town", where employment is dominated by three major enterprises (one of which is a large hotel), with a combined labour force of 420 to 480, depending on season. This is roughly the population size of the town itself. Company policy emphasises the employment of local labour but some functions require the presence of specialists (eg in cement production). Because of the relatively minor public investment in these enterprises (confined mainly to the hotel's golf and recreational facilities) the scale of employment is not evident from the data on total grant-aided employment indicated in Table 9.6. Even

taking this into account the average employment complement of grant-aided enterprises in the study area is low, compared to other towns/villages under 1,500 persons in the two counties. The database used for Table 9.6 may not adequately reflect the type of development that has taken place (ie hotel tourism and industry which has received limited grant-aid).

The average number of enterprises per centre, however, is about the same for the areas compared in Table 9.6.

Table 9.6: Total Employment in Grant-aided Enterprises, 1999

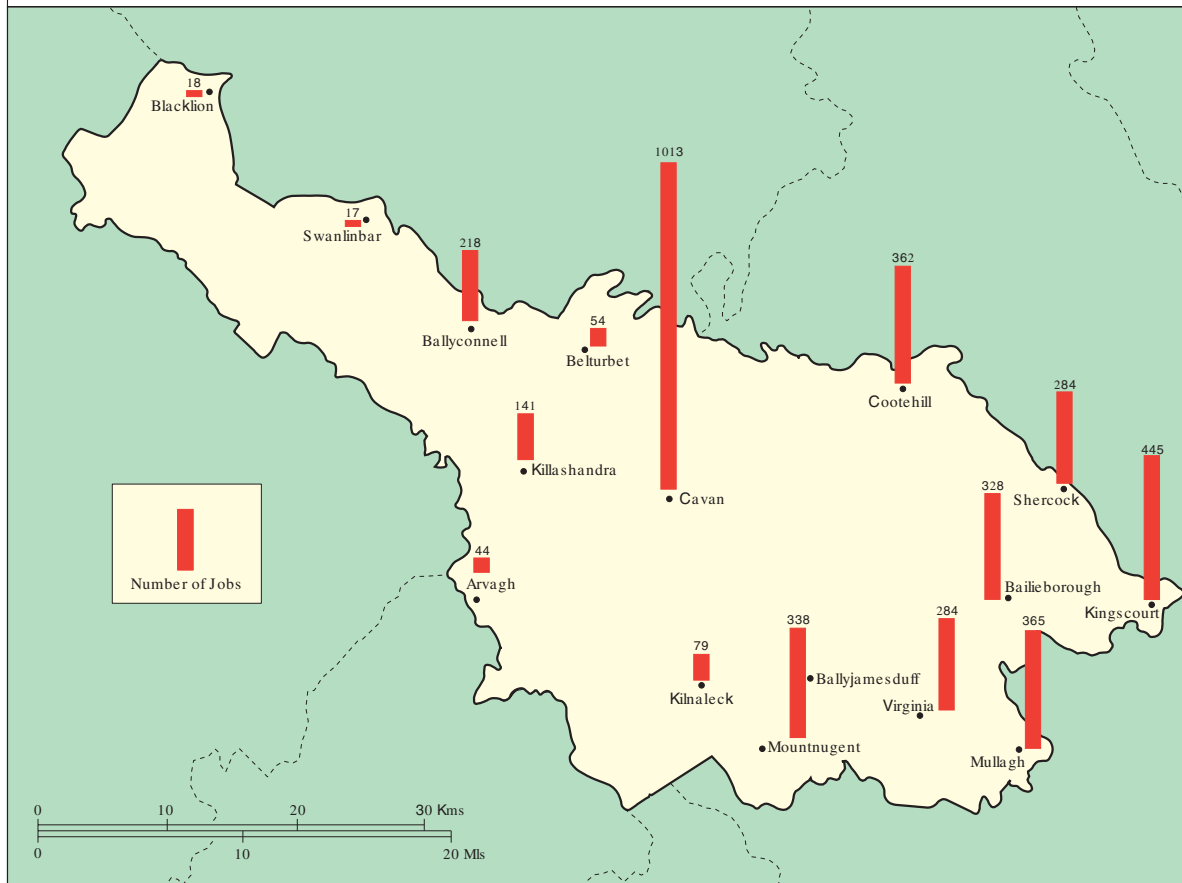
	No of Places	Jobs	Enterprises	"Jobs/Enterprise"
Ballyconnell	1	218	5	44
Swanlinbar	1	17	3	6
Ballinamore ^a	1	173	12	14
Study area	3	408	20	20
Other towns/villages in Cavan	13	2,052	55	37
Other towns/villages in Leitrim	8	902	45	20

a. Includes Newtowngore

Source: Derived from Forbairt/Enterprise Ireland database

The distribution of full-time jobs in grant-aided enterprises for County Cavan as a whole in 1999 is illustrated in Map 9.1.

Map 9.1: Distribution of Full-time Jobs in Grant-aided Manufacturing Firms in Co. Cavan, 1999



1. Firms Grant-aided by IDA, Enterprise Ireland, Shannon Development and òdar s na Gaeltachta.
2. This includes Manufacturing and Internationally-traded Services

Map produced by 

9.6 Impacts

Changes in the overall population numbers conceal the recovery evident in key age groups. As shown in Tables 9.1 and 9.2, even by 1996 the workforce in the study area had increased since 1991, despite the labour losses in farming. Gains in the secondary and tertiary sectors were more than sufficient to cancel out the declines in the primary sector, in both Bawnboy and Ballinamore RDs. The “replacement rate” was higher in Bawnboy than in Ballinamore. Influenced by the hotel investment, the percentage increase in the tertiary sector in Bawnboy during 1991-96 (at 22.1% or 89 persons) was the highest of any of the RDs in the two counties except Carrick-on-Shannon. About 60% of the increases in non-agricultural jobs were in the services sector. This also means a better gender balance in the workforce. Percentage increases in the secondary sector (manufacturing and building) compared favourably with those in the other RDs.

Analysis of the study area population changes by age groups for 1991-96 also shows increases (in the order of 6%) in the numbers aged 15-54 years, despite overall population declines. The percentage increase was similar to that in the county RDs combined. Some of this is due to survivals from the relatively low out-migration of the 1970s but there is also evidence, from those consulted, of return migration to take up employment or establish a business.

It is most likely than these positive trends have intensified since the mid-1990s, especially as the impact of the Upper Shannon tax incentive scheme comes to be realised. Applications for residential planning permissions have doubled in Leitrim in recent years.

Table 9.7 presents the results of a "shift-share" analysis that estimates the increase in employment that occurred in Ballyconnell due to the unique factors at work in the area. The analysis is somewhat limited as 1996 is the most recent year for which detailed data is available and the data relates to residence of employees and not strictly speaking location of enterprise.

Table 9.7: Shift-Share Analysis on Employment Change 1991-96

Sector	Actual Change 1991-96	Ballyconnell versus Rural Ireland
Agriculture	-192	-62
Mining	6	6
Manufacturing Industries	45	-61
Building and Construction	53	27
Electricity and Gas	3	3
Commerce	23	-15
Transport	3	-10
Public Administration	-9	-19
Professional Services	45	-18
Other Services	102	42
Total	79	-107

The first column shows the actual change in employment experienced in each sector over the 1991-96 period. The second column presents an estimate of the increase in employment that would have occurred if each sector in Ballyconnell grew at the same rate as it did in rural Ireland. The Table shows that there would have been 107 more people employed in Ballyconnell if each sector grew as rapidly as it did in rural Ireland as a whole. It highlights the importance of the decline of agricultural employment for the area and the less rapid rise in manufacturing employment. Employment in "other services", including personal and recreational services, and in building and construction outperformed rural Ireland as a whole.

Compared to Ballinamore, Ballyconnell town and environs has a higher number of workers (up to 500) but the spin-off locally (eg through sub-supply business) appears to be limited. By contrast, it is estimated by Shannon-Erne Waterways Promotions that the Waterway has stimulated considerable other investment – reckoned to be in the order of £30m – through up to twenty boat hire companies and a fleet of nearly 800 craft. The recurrent annual expenditure of £7-8m is sufficient to support 300 full-time equivalent jobs. Only a minor proportion of this spin-off, of course, would relate to Ballinamore and would not be sufficient to counter the full loss of employment in the town due to the closure of a textile plant some years ago.

Whereas Ballyconnell and west Cavan do not benefit to the same extent from the Waterway business its industrial base offers work to a wide catchment area and regular off-farm employment is a major benefit to those living on the poor farms of west Cavan. Thus, the main contrast between the two areas is that between relatively high numbers of employees in industrial employment, as against the greater generation of a self-employed category, although in smaller numbers and dependent on seasonal tourism.

9.7 Lessons/Issues Arising

- Changes in agricultural policy – 1992 reforms of CAP and in the Berlin Agreement – together with “normal” structural change in farming will mean changing functions for rural space and for land resources especially. In the disadvantaged upland areas land will increasingly serve such functions as afforestation, recreation, environmental conservation, a base for utilities and residential accommodation for farm-based households not dependent primarily for farming. A spatial strategy will need to take greater cognisance on rural economic change than hitherto;
- there can be significant differences in the development paths of local areas at sub-county level, some of which may be related to the different impacts of private and public investment – and in the degree of which public policy can influence private investment decisions. Some differences may relate to “accidental” patterns of past development – such as “spontaneous” local

community organisation and support for enterprise. Those consulted in Leitrim pointed to Ballinamore's long tradition of local community development which had established a supportive basis for subsequent economic development, once the Waterway was opened up. Local community organisation can also help improve the physical environment; Ballyconnell has been a winner in the Tidy Towns competition;

- there may be limits to which a National Spatial Strategy can directly influence processes of development at local level. A spatial strategy must itself be complemented by focused efforts to generate enterprise locally. Even initiatives like LEADER and the CEBs, on current patterns of enterprise promotion, may not adequately cover geographical areas outside the main county centres of population;
- arising from the above, local development agendas and strategies cannot be centrally prescribed except to a limited extent. This case study suggests that models of development and strategies implementation (eg training supports) have to be tailored to local resources, circumstances and "stages" of development. The county would seem to be the appropriate administrative unit to manage development in different types of sub-county locations;
- there is no evidence in the case study that remoteness is a critical factor in enterprise success, or failure but it does seem to have a bearing on where enterprises get established in the first place. The LEADER data show concentration of enterprises in the larger centres;
- major issues centre on size-of-place functions. Gateways, nodes and hubs, based on the larger centres, are likely to "draw-in" development to themselves especially if public provision (eg policing or post offices) is also centralised. Town and village development must complement that of the larger centres by emphasising such "quality of life" factors as a pleasant physical environment, good education provision, housing, transport, recreation facilities, childcare and a credit union. Experience in both Ballyconnell and Ballinamore testifies this;
- activities under LEADER, CEBs and Partnership companies serve important functions in making development supports more accessible – even if, to date, remoter areas are still less well serviced;
- the multiplicity of agencies involved in local enterprise promotion means that synergy and coordination at local level are very important. Examples were cited of the lack of complementarity among agencies in the activities administered at different levels. The County Development Boards seem the appropriate forum for improving matters in this regard;

- soft supports, especially pre-development mobilisation and post-establishment servicing seem very important. The CEBs pointed to the significance of the Boards' entrepreneurial skills programmes in second level schools, their mentor schemes to support new businesses, their sales and marketing skills training programmes, as well as strategies for achieving quality certifications. LEADER Groups and the Partnerships stressed the need for "capacity building", pre-enterprise training and business planning as well as community development approaches which create a supportive milieu for enterprise;
- a factor likely to limit enterprise success, especially in tourism, is failure to improve quality standards. This point was stressed by boat hire companies, in particular, which cater to continental visitors;
- incomers (including returning emigrants) can add greatly to the pool of entrepreneurs in rural areas. Conditions should be such as to facilitate their settlement in rural areas;
- "local development" may mean a loss of local control over some resources, through "imported" enterprise or buy-out by external capital. Examples were cited where boat hire companies and marina facilities were bought out by non-national interests. Afforestation by corporate entities is another illustration.

10 Case Study of Rural Enterprise in Co. Clare

10.1 Context

10.1.1 Location and Physical Characteristics

This case study concerns enterprise development in rural county Clare, ie all the county excluding the urban areas in the “Golden Triangle” namely Ennis, Newmarket-on-Fergus, Sixmilebridge and Shannon.¹

Clare is situated on the West Coast of Ireland in the Province of Munster and is bounded by counties Galway to the north, Limerick and Kerry to the south and Tipperary to the west. Its natural boundaries comprise Galway bay to the north, River Shannon and Lough Derg to the east, and the Shannon estuary to the south. Together with counties Limerick and North Tipperary it constitutes the Mid-West region. The County has a diverse topography from high Atlantic cliffs to lakes and has a coastline of 36km.

Rural Clare occupies an area of 3,307 square kilometres, 96% of the whole County, and had a population of 65,228 at the last Census of Population in 1996. This suggests that Clare is the fifteenth most rural county in Ireland with about 70% of its population living in rural areas.

Table 10.1: Socio-Economic Variables for Rural Clare 1986-1996

	1996	1991	1986
Population	65,228	63,967	64,456
Employment	21,506	19,765	19,571
Employment by Sector	%	%	%
Agriculture	24.2%	31.6%	36.6%
Mining	0.5%	0.3%	0.2%
Manufacturing Industries	16.3%	14.7%	15.4%
Building and Construction	8.0%	7.0%	7.7%
Electricity and Gas	2.5%	2.5%	2.9%
Commerce	14.7%	14.2%	12.1%
Transport	5.5%	5.0%	4.8%
Public Administration	4.0%	4.1%	3.7%
Professional Services	14.4%	12.6%	11.3%
"Other Services" Including Personal and Recreational Services	10.1%	7.9%	5.3%
Unemployment	2,495	2,593	2,415
Unemployment Rate	11.4%	13%	12.9%

Source: Central Statistics Office (CSO), Census of Population

1. Our definition of rural Clare includes two towns, Kilrush and Ennistymon, with a population of over 1,500. These towns are not categorised as “urban” due to their location; because their economic structure is different to that of the “Golden Triangle” with a higher reliance on agriculture; because both towns experienced de-population over the 1991-96 period; and because both towns are important focal points for rural economic activity in their respective parts of the county.

10.1.2 Population

The population of rural Clare declined during the late 1980s and rose in the early 1990s. The number of people living in rural Clare declined by 489 or by 0.8% between 1986-91 (a more rapid decline than experienced in the country as a whole) and increased by 1,261 or by 2% over the 1991-96 period. The population increased particularly in western coastal areas, the Lough Derg area and the south-east of the county, in particular areas bordering Limerick.

Although the total number of people living in rural Clare increased during the early 1990s, a number of rural towns and villages experienced falls in their population eg Kilrush, Ennistymon, Scariff and Doonbeg. Furthermore, the population in the urban parts of Clare increased more rapidly than that of rural areas, 6% compared to 2%, and nearly 60% of the overall growth in the county's population occurred in the Golden Triangle. This reflects net inflows of people moving to the Golden Triangle from rural parts of Clare, from other counties in Ireland and from abroad. Indeed Clare became more "urban" over the period and is regarded as having a good "cultural mix" of people.

Clare's population is thought to have increased further since 1996 with the number of planning permissions for new homes up by 548 in 1997 and up by 789 in 1998.

10.1.3 Employment

Of the 65,228 people living in rural Clare 35% were employed in 1996, the equivalent figure for people in the Golden Triangle was 45%. Nearly half of the people living in rural Clare were employed in the services sector, and roughly a quarter were employed in industry (27%) and agriculture (24%). These shares are similar to that of all rural parts of Ireland.

Tourism is an important sector, nearly 600,000 overseas visitors came to Clare in 1999 generating revenues of about £63mn. A number of towns such as Shannon, and Ennis along with Kilkee and Lahinch (in rural Clare), are particularly strong performers. Most areas in the county are viewed to have benefited from tourism.

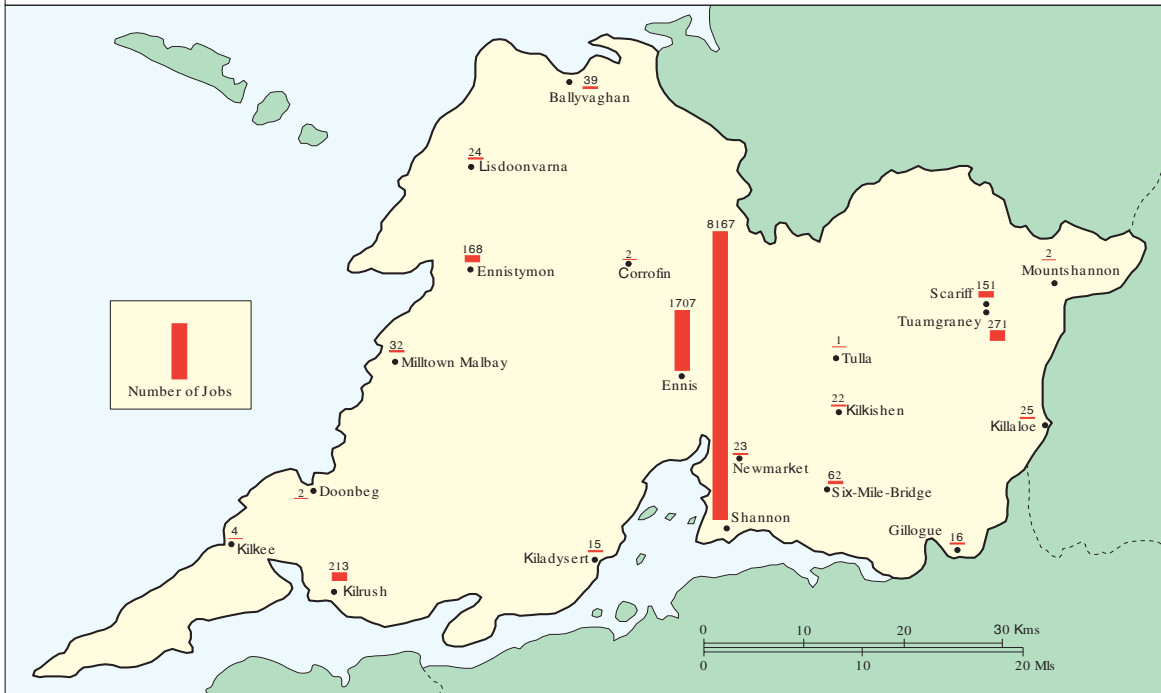
Over 8,000 jobs (mainly in electronics, aerospace and equipment manufacturing sectors) are located in the Shannon Free Zone and in Shannon Aviation Park. A number of people live in rural areas of the county and commute to work in the Golden Triangle, to Limerick and to Galway. The ESB power station at Moneypoint is the main industrial employer along the Shannon estuary.

The number of employed people living in rural Clare increased by 1,935 or by nearly 10% over the 1986-96 period. Most of this increase (90%) occurred between 1991 and 1996. The number of people working in agriculture decreased by over 1,000 between 1991-96. In contrast, non-agricultural employment increased by 2,782, the main drivers being manufacturing (up by

595), professional services (up by 592), "other services" including personal and recreational services (up by 592), commerce (up by 354) and building and construction (up by 321).

Rural Clare's share of new grant-aided firms and its share of gross job gains in grant-aided firms in the County as a whole declined in recent years. It accounted for 29% (56 firms) of gross new grant-aided firms and 33% (876 jobs) of gross job gains for the 1981-86 period but only 12% (14 firms) and 11% (439 jobs) for the 1993-98 period. According to the Forfás database there were over seventy grant-aided enterprises in rural Clare employing over 1,000 people in 1999, see Map 10.1. This suggests a relatively low industrial base in rural Clare as evident by the number of manufacturing jobs in relation to the population, 1.6% compared to 2.7% in rural Waterford, 3.6% in rural Cork and 7.1% in Duhallow.

Map 10.1: Distribution of Full-time Jobs in Grant-aided Manufacturing Firms in Co. Clare,



1. Firms Grant-aided by IDA, Enterprise Ireland, Shannon Development and ódar s na Gaeltachta.
2. This includes Manufacturing and Internationally-traded Services

Map produced by 

10.1.4 Unemployment

There were 2,495 unemployed people in rural Clare in 1996, equivalent to an unemployment rate of 11.4%. The number of unemployed people in rural Clare and the area's unemployment rate increased between 1986-91 and declined over the 1991-96 period.

The unemployment rate in the Golden Triangle area was higher than that of the remainder of the county in 1996, 11.9% versus 11.4%. However, it is felt locally that social deprivation is more widespread in rural Clare due to a lower availability of employment. This anecdotal evidence is supported by the Hasse Index of social deprivation that indicates that the more remote areas of the county are more socially deprived, with the most widespread levels of deprivation in West Clare.¹

10.1.5 Transport Infrastructure

County Clare has a range of road, rail and air transport facilities. Clare's County Development Plan (CDP) notes that "an efficient road network is essential to the economic development of the county". Two national primary routes and three national secondary routes traverse the county including the N18 Ennis to Galway road and the N19 link to Shannon Airport. However, local roads account for about 80% of the road network and regional roads account for about 15%. It is felt that many roads in rural areas are "not as good as they should be". Ennis hosts the county's rail station, it is a terminus on the mainline rail network and connects with the Limerick line. Clare's CDP notes that it is "imperative to improve and expand the rail transport system in the County". Shannon Airport is located to the south of the county and is one of Ireland's two international transatlantic airports. The Shannon Estuary serves as one of Ireland's premier ports but it is felt that "its potential has not been fully exploited".

10.1.6 Household Incomes

The CSO estimated average household income in Clare of £8,713 in 1996. This is equivalent to about 92% of average national household and 94% of average household income in the Mid-West region. Between 1991 and 1996 household income in Clare grew less rapidly (31%) than it did nationally (33%) and the gap between the county and the country as a whole increased slightly.

1. The failure of unemployment rates to capture this patterns most probably results from the older age structure of people living in remote areas and the higher tendency for these people to declare themselves "outside" the labour force.

10.2 Process

10.2.1 Shannon Development

The Shannon Free Airport Development Company was established in 1959 with a view to promote the business of air transport, developing the Shannon airport, assisting tourism and transport and encouraging enterprises to develop at the airport. Today the role of the Shannon Development Company has been broadened significantly to provide integrated regional development within the Shannon Region and the company's stated mission is "to initiate, participate in and support integrated development that will achieve sustained economic growth in and throughout the Shannon Region".

In the Irish context Shannon Development is a unique organisation for two reasons. First, it is the only statutory regional development agency of its kind. It provides its services in the Shannon region which consists of counties Clare, Limerick and North Tipperary, together with south-west Offaly and north Kerry. Second, its functions are uniquely cross-sectional including in particular industrial development, tourism and aspects of area development, functions that are elsewhere carried out by separate agencies, such as Enterprise Ireland, IDA Ireland and Bord Regional/Regional Tourism Authorities.¹

Shannon Development's range of development activities include: the development of indigenous industry throughout the Shannon region; inward investment in the Shannon Free Airport Zone; tourism development functions of product development, marketing, visitor services and enterprise support; as part of the development function, management of a major property portfolio including the Shannon Free Zone, the National Technology in Plassey and Raheen Industrial Estate and a number of subsidiary companies, in particular Shannon Castle Banquets and Heritage Ltd which manages Bunratty Castle and Folk Park among other facilities.

The company provides these activities on a co-ordinated service package as reflected by its local development activities through five local area offices (the Clare office is located in Ennis), through partnering a variety of other organisations in projects and development activities, and through its particular strength in developing key projects of scale in the areas of industrial property parks and in tourism.

Shannon Development has been conscious in developing employment in the rural areas of Clare, with industrial units throughout the county (Kilrush, Kilkee, Killaloe and Scariff host units). However, the development of manufacturing in more rural areas has not been as successful as in urban areas. One of the difficulties faced by these areas is the relatively low population base

1. Brian Callanan's book "Ireland Shannon Story: Leaders, Visions and Networks – A Case Study of Local and Regional Development" (2000) gives a detailed account of the development and the activities of Shannon Development.

of the surrounding areas. A possible strategy to overcome these difficulties is to develop gateways that link complementary rural settlements in the west of the county to form a "cluster" of critical mass.

Other factors regarded as being important for successful rural enterprise include the right individual to drive the project, adequate infrastructure and sufficient enterprise support. Research undertaken for Shannon Development found that four key factors were significant in determining the level of innovation (defined as the introduction of new products, new processes, or new services during the last two years) in firms in the Shannon Region. These factors include: the size of the firm; nationality of ownership; market location and economic sector. Location of firms, in terms of rural or urban, and the age of firms were not found to be significant determinants. Some key constraints to innovation identified by firms were cultural attitudes, expertise, finance, market, and public policies.

10.2.2 Clare County Enterprise Board

Clare County Enterprise Board (CEB) was established in 1993 and assists micro-enterprise. While the initial focus was on employment creation in later years increased focus has been placed on granting so called "soft" investments such as business development services, marketing, human resources and product development. The CEB believe that a key aspect of its activities is not just provision of grant-assistance but also its follow up work with clients and the organisation of business training to meet recognised needs.

10.2.3 Rural Resource Development Ltd

Rural Resource Development (RRD) Ltd developed from a partnership with statutory, co-operative and voluntary organisations under LEADER I and LEADER II. RRD's board members consist of representatives from Golden Vale, local communities, Teagasc, Clare County Council, FÁS, Clare CEB and Rural Resource Organisation (which had been involved in rural development for over a quarter of a century). RRD's aim is "to facilitate and empower people in County Clare to participate to the full in a sustainable development process which is rooted in a bottom up philosophy, as its core value".

Under LEADER II RRD had a total budget of £3.654m, with about 1.1m allocated for administration and for animation of the local community. Education and Training was a priority of RRD under LEADER I and its importance continued under LEADER II with a budget of £250,000. The remainders of RRD's activities were divided across the areas of technical support; small enterprise development; rural tourism; alternative agriculture, and improvement of the environment and living conditions. RRD's activities were well spread across the county and focused on rural areas.

RRD's technical support activities involved feasibility studies, assistance with marketing plans, guidance with the development of local, area and strategic development plans. Assistance in rural tourism ranged from capital grants for the development of physical amenities, employment grants and grants for "softer" investments such as marketing. Small enterprises, crafts and local services funded varied from a number of relatively high tech areas (music recording and photographic studios, and an internet café) to craft and agri-business. Projects that received assistance for development of agricultural, food, forestry and fisheries products ranged from various goats and sheep's cheeses, to organic farming, to seafood products, to forestry and to horse breeding. Finally, assistance in relation to the improvement of the environment and living conditions covered cultural activities (highlighting the history of areas, developing physical amenities with sculptures and developing Clare's strong music tradition) and included environmentally friendly activities (recycling and alternative forms of energy).

Some particularly innovative projects include the Waste Plastic Bailing Machine, the Clare Blueberry Centre, the Naturequest Centre, the Kilkee Thalassotherapy Centre and the Irish Seed Savers Association project.

RRD note that a common trait in successful rural enterprise is not only at person's ability to spot an opportunity but also their ability, drive and determination to realise it. Such people are typically very "open" to training, human resource development and research. Also important is the role of continual training and personnel development along with RRD's approach of "engagement" and "relationship" development. Finally, a lack of appropriate business skills (such as basic accounting and costing procedures) is a factor that commonly leads to enterprises not realising their full potential or indeed failing.

10.2.4 EIRI Corca Baiscinn

Three community groups have operated in Clare since 1997 funded by Area Development Management (ADM) Ltd under the Operational Programme for Local Urban and Rural Development (1994-99). Two of these are based in "urban" areas, Ennis West Partners and Obair Newmarket-on-Fergus, and EIRI Corca Baiscinn covers rural West Clare. These programmes were designed to effectively "synergise the financial /infrastructure resources of the state and the commitment of citizens and neighbours in local communities". To achieve this it aims to offer supports that are tailor-made, result from local consultation, are delivered locally, and integrate the efforts of all parties, both state and voluntary, in the community.

The activities of the community groups in Clare cover five key areas: education and young people; actions to combat unemployment; enterprise support; childcare, and the social economy.

EIRI note that a high proportion of potential entrepreneurs possess flair and knowledge in their own area of expertise but lack the capacity to undertake sales, marketing, management, accounting or business planning functions. To try to address this EIRI's full-time enterprise worker ran a number of training sessions for locals. EIRI's core focus in relation to rural enterprise is to engage with business planning sessions, to assist people in applying for state support for business and income support schemes through the Department of Social, Community and Family Affairs.

The challenges faced by potential rural enterprises and the work of EIRI is well illustrated by the example of Domestic Appliance Repair established by Paddy Gorman in Carrigaholt in West Clare. Paddy was previously an apprentice electrician and was working on the Carrigaholt Community Employment Project in the mid-1980s. Following a presentation by a FÁS Employment Service Officer (ESO) Paddy applied for a place and later completed a Domestic Appliance Repair Course in the FÁS Training Centre in Shannon (attending the course required a round trip of 112 miles a day). EIRI engaged with five intensive business planning sessions with Paddy (arranged for times when he was returning from his course in Shannon). Paddy started on the Back-to-Work-Enterprise Allowance Scheme in June 1998 and a start-up grant helped him to organise a small workshop at the back of his house. He recently purchased a van and has gone into selling washing machines on a small scale, with a delivery and fitting service supplied.

EIRI feel that "the eligibility criteria for state supports are set far too high for unemployed people" and echo the evaluation reports on the Enterprise Programme which notes that "there is a perception among the start-up clients that the language and process of application to agencies is off-putting and places the long-term unemployed at a disadvantage" and "this suggests that there is a role for the LDPs to aid entrepreneurs to access state supports and to provide training/mentoring to small enterprises which will never fall into the eligibility criteria".

10.2.5 Clare/South-West Offaly RTA

The Clare/South-West Offaly Regional Tourism Authority note that tourism has historically been an important industry for County Clare and is currently one of the County's growing sectors. Bunratty Castle and Folk Park is the second highest fee paying attraction in Ireland. Indeed most areas benefit from tourism with a broad spread of major attractions across Clare, for example: the Burren; the Atlantic Coast; Lough Derg; Lahinch; Kilkee; Doolin; Ballyvaughan; Lisdoonvara; Killaloe; Mountcallan; Mountshannon; Ennis; the Cliffs of Moher; Craggaunowen; Ailwee Caves; various cultural festivals including the Willie Clancy Summer School and numerous golf courses.

10.2.6 Teagasc

Ennis, Scariff, Ennistymon and Kilrush all have Teagasc offices. Teagasc's Rural Enterprise Service provides specialised training courses, seminars, support and individual advice to rural enterprises. About 60% of the Rural Enterprise Service activities are concentrated in rural tourism (mainly B&B type projects) with about 20-30% in food related businesses. Despite the good performance of tourism in Clare over recent years, a survey by Teagasc (in association with the Clare Rural Tourism Forum) found that in 1999 only 31% of rural tourism businesses reported an increase in business on 1998, with about 53% achieving a similar level of business and 15% recording an increase. A separate survey by the Clare Champion newspaper yielded similar results.

10.3 Inputs

Table 10.2 provides a summary of grant-assistance provided to enterprises in Clare over the last number of years.

Table 10.2: Enterprise Assistance in County Clare 1994-2000

Rural Resource Development Limited Project Grants for Rural Clare 1995-200			
Item	Grant Size (£)	Number of Grants	Average Grant Size (£)
Technical Support	171,573	15	11,438
Small Enterprises, Crafts and Local Services	442,732	30	14,758
Rural Tourism	683,741	26	26,298
Alternative Agriculture	292,540	19	15,397
Environment and Living Conditions	561,832	35	16,052
Total	2,152,418	125	17,219
Clare County Enterprise Board Project Assistance for County Clare 1994-1999 ¹			
	Grants Size (£)	Projects ²	Av Project Size ²
1994	743,900	93	7,999
1995	365,000	61	5,984
1996	370,000	49	7,551
1997	369,000	48	7,688
1998	360,000	55	6,545
1999	319,975	56	5,714
1994-1999	2,528,775	362	6,986

¹ Figures relate to all of Clare County. ² The number of projects is greater than the number of assisted firms.

The above table shows that 125 projects in rural Clare received £2m between them in assistance from RRD Ltd over the 1995-2000 period, an average grant of about £17,000. It also shows that a slightly higher amount of assistance, £2.5m, was provided to over 300 enterprises throughout the County by the CEB, with about two-thirds located in rural areas.

In addition to this Shannon Development provided assistance to firms and invested in industrial units (Shannon Development have funded units in Kilrush, Kilkee, Killaloe and Scariff). EIRI assisted over fifty enterprises. Clare/South-West Offaly RTA facilitated the running of visitor services and about £90m was invested (by public and private investors) in tourism over the 1994-99 period.

10.4 Outputs

Table 10.3 presents a summary of employment in firms assisted by RRD Ltd, the CEB and Shannon Development throughout the 1990s.

The table shows that RRD Ltd facilitated the creation of 141 jobs in rural Clare, 55% of which were full-time. Throughout the whole County the CEB assisted the creation of over 740 jobs, nearly 650 of which were full-time. EIRI Corca Baiscinn assisted about 50 firms resulting in the creation of between 100 to 175 jobs.

In 1999 over 10,774 people were employed in Shannon Development assisted firms located in Clare. Nearly 11% (1,155 jobs) of these were located in rural Clare. Table 10.3 also shows that over the 1990-95 period Shannon Development assisted rural enterprise grew more rapidly in rural areas than in the Golden Triangle. However, more recently the number of employees in foreign-owned firms located in rural Clare declined (down by 5.2%) while that in the Golden Triangle rose rapidly (up by 29%).

Table 10.3: Enterprises and Employment Generated in Rural Clare

Rural Resource Development Limited Project Grants for Rural Clare 1995-200				
Item	Full-time	Full-time Seasonal	Part-time	Total
Rural Tourism	5	15	27	47
Small Enterprises	15	4	32	51
Environment & Living Conditions	5	0	9	14
Agriculture, Food, Forestry, and Fishing Products	20	0	9	29
				141
Total	45	19	77	141

Clare County Enterprise Board Project Assistance for County Clare 1994-1999 ^a			
	Full-time	Part-time	Total
1994	67	20	87
1995	105	47	152
1996	101	19	120
1997	62	6	68
1998	106	5	111
1999	208	0	208
1994-1999	649	97	746

a. Figures relate to all of Clare County. 2 The number of projects is greater than the number of assisted firms.

Employment in Shannon Development Assisted Enterprises for a Selection of Years					
	Rural Clare		Ennis and Shannon		Total Clare
	Indigenous	Foreign	Indigenous	Foreign	
1990	509	413	2015	5596	8533
1995	611	499	1987	5759	8856
1999	682	473	2196	7423	10774
% Change 1990-95	20.04	20.82	-1.39	2.91	5.40
% Change 1995-99	11.62	-5.21	10.52	28.89	19.70

10.5 Impact

This section estimates the overall impact of enterprise support activities in rural Clare. We use a recognised method called "shift-share" analysis which estimates the increase in employment that occurred in rural Clare due to the unique factors at work in the area. The analysis is somewhat limited as 1996 is the most recent year for which detailed data is available and the data relates to residence of employees and not strictly speaking location of enterprise.

Table 10.4 presents our estimates. The first two columns relate to rural Clare and the third and fourth columns relate to all of County Clare.

Table 10.4: Estimated Impact of Enterprise Support on Employment in Rural Clare and County Clare

	Rural Clare		County Clare	
	Actual Change 1991-96	Rural Clare versus Rural Ireland	Actual Change 1991-96	Clare versus Ireland
Agriculture	-1,041	-118	-1,124	-98
Mining	37	38	57	61
Manufacturing Industries	595	-50	1,269	417
Building and Construction	321	14	407	120
Electricity and Gas	40	28	56	69
Commerce	354	-7	657	-42
Transport	194	28	381	101

Table 10.4: Estimated Impact of Enterprise Support on Employment in Rural Clare and County Clare

	Rural Clare		County Clare	
	Actual Change 1991-96	Rural Clare versus Rural Ireland	Actual Change 1991-96	Clare versus Ireland
Public Administration	57	-10	70	18
Professional Services	592	-70	861	-73
Other Services (including Pers. & Recrtnl)	592	-223	1,203	-203
Total	1,741	-370	3,837	369

The first column shows the actual change in employment experienced in each sector over the 1991-96 period. The second column presents an estimate of the increase in employment that would have occurred if each sector in rural Clare grew at the same rate as it did in rural Ireland.

Table 10.4 shows that 370 more people would have been employed in rural Clare if each sector grew at the same rate as it did in rural Ireland. The main reason for this "deficit" was the more rapid decline in agricultural employment in Clare than experienced nationally and the less rapid rise in "other services", professional services and manufacturing (to a lesser extent). However, more recent data shows that the survival rate of enterprises in rural Clare is above the national average.

However, the county as a whole performed better with 369 more jobs in 1996 than if sector in the county performed as it did nationally. One of the main factors here was the strong performance of manufacturing, probably reflecting Shannon Development's activities.

10.6 Lessons/Issues Arising

The core lessons for this case study of rural enterprise in Clare are as follows:

- to be sustainable certain types of enterprise need to be located within or close to settlements with a population of critical mass. To develop sustainable enterprises in such areas it may be necessary to develop gateways that link complementary rural settlements to form a cluster of critical mass;
- common characteristics of successful entrepreneurs include the ability to "spot" an opportunity; the determination and capability to realise the opportunity; an above average level of education or relevant "experience" and an open mind to ongoing training and development;

- a common characteristic of successful rural enterprises in more remote areas is the ability to identify resources in that area. However, these "resources" are frequently far from obvious and calls for "thinking outside of the box";
- remoteness per se is not an insurmountable obstacle to developing innovative rural enterprises. This is supported by examples of successful rural enterprise in the most remote locations of the county and by broader survey evidence;
- general confidence and optimism can positively impact on enterprise culture, while general pessimism can have a negative effect. While "past success often begets future success" unfortunately the same is often true of "failure", unless this process is somehow "interrupted";
- people with an "external view" of an area (either migrants into the area or locals that returned following some time away) frequently provide the necessary impetus to turn around poor performance;
- rural areas tend to suffer from a lack of an obvious focal point or defining area;
- the absence of local government at sub-county level in rural areas may hinder development;
- lack of appropriate business skills, such as basic accounting and costing procedures, can be a factor in enterprises failing to maximise their potential or indeed failing;
- it is important to recognise that running a business is a process that requires continual learning and development of skills;
- in certain instances there may be advantages to adjust national standards or conditions to local conditions. A "one size fits all approach" can frequently be inappropriate;
- good physical infrastructure can aid the development of areas. However, even where this exists there is a need for national policies to ensure that the benefits of local infrastructure are maximised;
- poor basic infrastructure, such as roads, can act an obstacle for the development of areas, including areas that are not overly remote.