

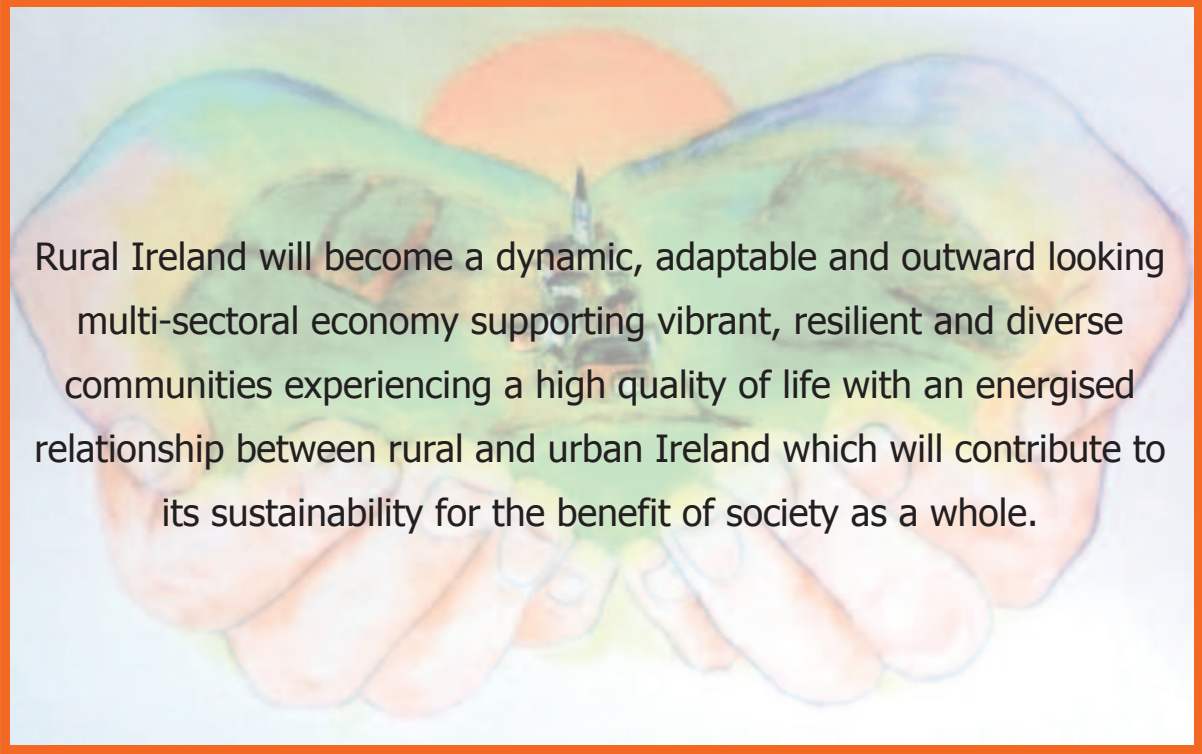
ENERGISING IRELAND'S RURAL ECONOMY



REPORT OF THE COMMISSION FOR THE ECONOMIC DEVELOPMENT OF RURAL AREAS

Energising Ireland's Rural Economy

Vision Statement



Rural Ireland will become a dynamic, adaptable and outward looking multi-sectoral economy supporting vibrant, resilient and diverse communities experiencing a high quality of life with an energised relationship between rural and urban Ireland which will contribute to its sustainability for the benefit of society as a whole.





The Commission would like to acknowledge with gratitude Fáilte Ireland and the Marine Institute for the use of photographic material with the exception of:-

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The artwork on the cover page was prepared by Nora Casey a student at Coláiste Naomh Eoin, Inis Meáin, the winner of our CEDRA Secondary School art competition.



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Foreword of Phil Hogan, TD., Minister for the Environment, Community and Local Government



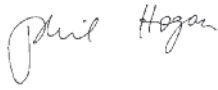
When my colleague Minister Simon Coveney and I established the Commission for the Economic Development of Rural Areas in September 2012 we understood the importance of gathering the information necessary to actively support the economic development of rural Ireland. We felt assured at that time that the leadership skills and passion of Mr Pat Spillane combined with the expertise and commitment of all of the Commission members would result in a robust and comprehensive analysis of the issues and challenges facing rural Ireland in the 21st Century. I am delighted to welcome the final report of the Commission which represents the cumulative effort of a large number of people and organisations whose passion and commitment to the future of rural Ireland is evident throughout the pages of this report

The work of the Commission is all the more important as it involved an extensive consultation process covering the length and breadth of Ireland and talking to members of the public and interested stakeholders alike. While Government and responsible agencies have the primary role in supporting the development of rural areas the opinions and ideas of the people that live and work in rural areas give a unique and valuable insight into the challenges and opportunities in rural areas throughout the country. The level of consultation detailed in this report is its main strength and not only does it display the desire of the people of rural Ireland to engage with the process but it also provides those of us in Government with a high level of confidence in the information contained in this report. The report of the Commission comes at a time when Ireland as a whole is recovering from one of the worst economic crises of this century and there is little doubt that the effects of this crisis were felt differently in rural and urban areas. It is critical therefore that we in Government use all of the information available to us to ensure that rural Ireland has the tools that it needs to identify and address the challenges it faces. The rural economy of Ireland should be supported to access all of the opportunities available and make the significant contribution to the on-going recovery of Ireland as a whole that I am certain it has the potential to make.

I would like to thank the members of the Commission for their time, energy and commitment to the research and report production process. Their expertise in a diverse range of areas has ensured that this report contains a large variety of ideas to support rural development into the future. I would also like to thank the Commission executive that included Teagasc, my own Department and the Western Development Commission who ably supported the work of the Commission. The Commission were also supported by a number of very committed Job Bridge interns whose input with regard to the organisational,



logistical and research elements made a critical contribution to the work of the Commission. Finally I would like to thank the Commission Chair Mr Pat Spillane whose leadership, enthusiasm, hard work and determination has ensured that this report is a comprehensive outline of the support required in order to ensure the future of Ireland's rural economy.



**Phil Hogan, T.D.,
Minister for the Environment, Community and Local Government.**



Foreword of Simon Coveney, T.D., Minister for Agriculture, Food and the Marine.



When I established CEDRA in conjunction with my colleague Minister Phil Hogan, its key function was set out as being to investigate the potential for economic development in rural Ireland and to prepare a report to underpin the development of future strategies to support the medium term economic development of rural areas for the period to 2025. I am delighted to now welcome this report which represents the outcome of the deliberations of the Commission over a period of some 13 months.

In undertaking its work, the Commission has not only sought to build on focused research, but has also ensured that it has sought and considered the views of the public and stakeholders. It is without doubt those people living in rural Ireland who are best placed to identify the main challenges facing rural areas today. The depth of public consultation underlying this report is a clear strength of the work, but also a clear indication of the willingness of the people of rural Ireland to meet the challenges facing them and to identify solutions.

The report of CEDRA comes at a time when the country as a whole is recovering from the economic crisis of recent years. There is no doubt that this economic downturn has had differing effects on urban and rural Ireland, and the work of the Commission is thus very timely in specifically identifying the challenges facing rural Ireland on the road to economic recovery and in setting out a clear strategy in terms of addressing these challenges.

This Government is committed to supporting rural Ireland in building on its wealth of resources – in terms of its people, its heritage, its landscape, its natural resources, and its diversity. The recommendations laid out in this report represent a strategic approach to achieving this goal and to ensuring that rural Ireland plays a central role in Ireland's economic recovery over the coming years.

I would like to thank the members of Commission, who have contributed their time, efforts and expertise to the production of this report. I would also like to thank the Executive comprised of Teagasc, the Department of Environment, Community and Local Government and the Western Development Commission who supported the work of the Commission. Finally, I would like to thank Mr. Pat Spillane, who has expertly chaired the work of CEDRA.

A handwritten signature in black ink that reads "Simon Coveney". The signature is written in a cursive, flowing style.

**Simon Coveney, T.D.,
Minister for Agriculture, Food and the Marine.**



CHAIRMAN'S OVERVIEW



Dear Minister

I am pleased to report the deliberations of the Commission for the Economic Development of Rural Areas which met between November 2012 and September 2013. The Commission was asked to research information to inform the medium term economic development of rural areas for the period to 2025.

The report comes at a critical time as the country recovers from the deep economic crisis that began in 2008. Rural areas have been particularly affected, with an increase in unemployment of 192% compared to 114% in urban areas. The impact is visible nationwide with closed shops, the steady flow of emigrants and the resulting impact on community, sporting and cultural life.

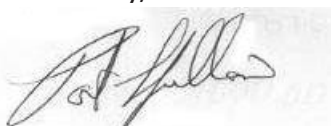
To reverse this process CEDRA undertook one of the most extensive public consultations for an exercise of this kind. Our process was multi-faceted, hosting general public meetings, town hall meetings, meetings with key stakeholders, leaders of the business community and with key experts. In total over 100 meetings were held and about 1000 contributions were made to the Commission. We also hosted an EU Presidency conference, marking the 25th anniversary of the EU strategy for the development of rural areas, in "the Future of Rural Society". We are very grateful for the warm hospitality that was shown to us up and down the country and the time and energy that people gave. The report therefore as much as possible reflects their views, concerns and aspirations.

The fundamental message of this report is that rural Ireland is a valuable national resource with significant potential that can play an important role in assisting the national economic recovery. A significant proportion of our report focuses on how to capitalise on the resources, physical, human, cultural and social of rural areas. We do however recognise the diversity of rural areas, with different roles and capacities to contribute to this recovery.

There are however specific challenges that we try to address in trying to unlock this potential. Many of our recommendations relate to policy measures that can enable this potential to be achieved.

I would like to thank whole-heartedly the members of Commission, who have generously contributed their time, significant expertise and insights to the process - all in a voluntary capacity. I would like thank those who assisted us in undertaking background research and giving advice on specific issues. Finally, I would like to thank the Executive comprised of Teagasc, the Department of Environment, Community and Local Government and the Western Development Commission who managed the process on behalf of the Commission.

Yours sincerely,



 **Pat Spillane**
 **Chairman, Commission for the Economic Development of Rural Areas**


The Commission for the Economic Development of Rural Areas

"If we are to pull Ireland out of recession faster, and also reduce the brain drain leaving the country to seek out work, then we now need to home in on the regions..... We need to provide 'on the ground' supports for people in rural communities. This is so they can create ideas and spot opportunities to develop enterprises. The positive spin-offs could be new job creation at the local level, taking people off the dole, and generating local wealth that feeds back into rural economies"

Professor Suzi Jarvis, October 2013¹

1.1 Introduction and Context

Rural Ireland is diverse in both its landscape and its people; defying universally accepted definition and a neat overall description, its diversity is also the backbone of its potential. Rural communities have experienced the negative impacts of the current economic crisis due largely to their heavy reliance on declining employment sectors, particularly the construction industry, with the result that unemployment in rural areas increased by 192% between 2006 and 2011, compared to 114% in urban centres. The effects of this have been particularly felt in small and medium sized towns and the evidence of small town decline throughout the country is clear. It was in this overall context that the Commission for the Economic Development of Rural Ireland (CEDRA) was established in October 2012 by Minister Phil Hogan and Minister Simon Coveney. The primary task given to CEDRA was to identify strategic initiatives that will ensure rural areas contribute to sustained and sustainable national economic growth and development in the future.

Notwithstanding current economic difficulties and significant associated challenges confronting rural areas, the research undertaken by the Commission establishes that many of the key issues confronting rural communities are part of a long term economic and social transformation. Addressing that transformation is challenging as the nature of many rural communities has been fundamentally changed through the decline of traditional rural industries and growing connections between rural and urban areas. This is reflected in the increasing numbers commuting from rural areas to employment in towns and urban centres. These developments mean that rural economic development is not amenable to simple or single sector strategies. New integrated approaches to rural economic development are required.

¹ Professor Suzi Jarvis heads up the Innovation Academy at University College Dublin (UCD). She was speaking at the launch of a new rural entrepreneurship programme that will roll out in Galway, Clonmel, Mullingar and Letterkenny between 2013 and 2014, <http://www.innovators.ie/p/ruralentrepreneurship>



Rural Ireland has significant potential; the commitment shown, from communities of engaged citizens to individual entrepreneurs, to supporting the development of Ireland's rural areas demonstrates a belief in their future viability, and is inspirational in its energy. It is this energy and commitment that will provide the support necessary to allow Ireland's rural economy to emerge from the current crisis and move forward with self-confidence and a renewed belief in its potential to contribute to national economic recovery.

The work undertaken by, and in support of, the Commission for the Economic Development of Rural Areas confirms that there is an abundance of natural, physical, human and capital resources and a wide variety of high quality, including dormant assets in many rural communities that could be leveraged to support national economic growth and the development of these communities. Examples of successful and sustainable private and social enterprise exist across the spectrum of economic sectors, ranging from dynamic clusters in agriculture, food and tourism, to emergent international capacity in advanced manufacturing and the creative industries. Natural landscapes, historic buildings and monuments, traditions, culture, and outdoor amenities such as Greenways, which are central to tourism and leisure activities, are all examples of areas and sectors that have demonstrable potential and could be targeted to grow enterprise and create employment.

Many rural areas require support from both private and public sources in order to fully activate these resources and ensure their contribution to development. The kind of characteristics that hinder economic development include low population density, relative inaccessibility to employment opportunities, a labour force with lower levels of education than the national average as a result of out migration, and a continued dependence on employment in sectors that have experienced long term decline or are dependent on local demand and buying power. While not all rural areas have these combinations of characteristics a significant number do. These challenges inhibit the activation of resources, the creation of employment and enhanced economic contributions to national recovery. The interrelated nature of the challenges can only be addressed through an integrated strategic and operational approach that aligns the goals of national level economic plans with regional, county and local (bottom-up) strategies. Rural economic development requires a matrix of economic and social supports if they are to contribute to their own, and thus to national recovery.

The approach to national economic recovery adopted by government, particularly those commitments relating to job creation and enterprise development, is dependent on all economic sectors and all parts of Ireland contributing to growth and development. If rural areas are to contribute to, and participate in, national economic recovery, the potential of these areas must be efficiently, effectively and innovatively activated. This presents a significant challenge for government, the public, private and voluntary sectors, rural enterprises, rural communities and the various national agencies tasked with fostering, either directly or indirectly, rural development. When responding to these challenges policy makers should not be unduly influenced by the limited horizons arising from the prevailing but short term economic difficulties and challenges being faced at national and rural levels.



CEDRA is adamant that it is time to firmly shut the door on the policy and implementation shortcomings of the past and put in place new, robust and sustaining structures that will facilitate a brighter future for rural Ireland.

1.2 Vision for the Rural Economy

Rural Ireland will become a dynamic, adaptable and outward looking multi-sectoral economy supporting vibrant, resilient and diverse communities experiencing a high quality of life with an energised relationship between rural and urban Ireland which will contribute to its sustainability for the benefit of society as a whole.

Having engaged with and listened to the people, communities and stakeholders of Rural Ireland this report presents their vision of the rural Ireland of the future. This vision is of a rural Ireland that is vibrant, sustainable and resilient. It is a place where people can and want to live, work and raise their families. It is a dynamic source of economic growth that provides opportunities for its inhabitants. It is a place of equal opportunity where all members of the community have the chance to reach their full potential.

Rural areas are increasingly diverse and there are distinct spatial patterns and differing capacities evident throughout rural Ireland. These patterns reflect the variation in the endowment and scale of human, physical, natural and capital resources available within each area. They reflect past developments and contemporary economic and social profiles. As a consequence rural areas will differ in their capacity to respond to both external and internal stimuli and consideration of this diversity is critical when planning to support the realisation of the vision presented in this report.

How we shape the future is fundamentally based on our vision of what that future ought to be and how we put together the elements to achieve it. This is a matter of values, of a choice between various futures and the relative importance we attach to various national goals. It is clear that rural life is highly valued among Irish citizens and rural areas are particularly cherished for their distinctive quality of life, culture and heritage assets, clean environment, strong community ties and tradition of volunteerism. The growth in rural population during the boom years showed that rural areas are attractive as residential locations. At the same time, the downturn has left many in rural Ireland unable to achieve their ambitions and potential, and out-migration is depleting rural areas of much-needed human resources.

The essence of the vision presented in this report is quite close to the vision outlined in the White Paper on Rural Development in 1999. While the visions are similar the methodologies and systems that are required to support the pursuit of this vision have changed and this report will present what CEDRA believes are the most appropriate recommendations for the current and likely future economic and social conditions. In line with the need to be mindful of the availability of resources, both financial and human, the Commission believes that the



actions recommended can, to a large extent, be implemented within the context of better utilisation, better coordination and better deployment of current financial, human and public resources.

The Commission believes that the vision for Rural Ireland 2025 as expressed by the people who live and work in rural Ireland and presented by CEDRA in this report is tangible, pragmatic and practicable while also being strategically focussed, ambitious and challenging. In this context the Commission believes that it is critical that the Government implement their recommendations and work together with the people of rural Ireland in order to realise this vision.



1.3 Process Overview

The preparation of this report was informed by the experience and expertise of Commission members (see appendix 1), the expertise and research capability, primarily provided by the Rural Economy Development Programme within Teagasc, expert input from other State agencies and bodies, an extensive public and stakeholder consultation exercise and a comprehensive research programme undertaken covering a wide variety of issues and sectors². The development of this report and the associated recommendations was framed by the results of the public and stakeholder consultation, underpinned by the evidence generated or collated by the research team and backed up by targeted stakeholder consultations concerning specific issues that emerged from the public consultations and Commission discussions.



²A full and comprehensive report on the integrated research process can be found at www.ruralireland.ie

The Commission was guided in its work by the Terms of Reference (See appendix 2) and specifically by the need to think about rural development in the medium to long term i.e. to 2025. Early contributions from Commission members drew attention to the fact that virtually no one foresaw the pace or Ireland's economic growth in the 1990s or its collapse in the 2000s. Thus, it is not wise to be guided purely by prevailing economic conditions when trying to determine actions that can shape the future. By the same token, a focus on the longer-term perspective could not be divorced from the immediate national challenges and those facing rural communities and rural enterprises, so discussion of short term measures also formed part of the Commissions deliberations. This approach is reflected in the recommendations made by the Commission which distinguish between the short, medium and long-term in focusing on strategic initiatives and operational recommendations. While strategic initiatives can, and should, be implemented in the short term, the benefits of these will only be fully realised in the longer term. The operational recommendations can be implemented and delivered in the short term and are designed to achieve results quickly.



CEDRA Public Meeting Castlebar, Co Mayo, Wednesday 13th February 2013

1.4 State Support for Rural Development: The need for a joined up approach

There are a variety of State actions that have an influence on the economic development of rural areas. The primary provisions supporting rural economic development are found within the frameworks for national development including, but not limited to, the National Development plan, the National Spatial Strategy, the EU Rural Development Programme and individual sectoral development strategies. It is important to note that Ireland has a long history of engagement with rural development support frameworks and this was fully considered as part of the research process. A concise overview of the main policy frameworks that have influenced the processes of economic development of rural areas can be found in Chapter 2 of the research report on www.ruralireland.ie.



For many who participated in the public and stakeholder meetings conducted as part of the CEDRA research process the primary concern was the apparent lack of coordination in the delivery of support for rural development in Ireland. A common issue raised was that although support was available it was difficult to determine who was responsible for ensuring that the delivery resulted in significant impact. This lack of coordination was identified at all levels of governance and policy delivery – from the lack of a central focus for rural development at national level to the absence of a coordinated approach to, for example, enterprise supports at local level.

While innovative and far sighted and with many useful suggestions, the 1999 White Paper on Rural Development's effectiveness as a strategic approach to rural economic development was undermined by the absence of appropriate support, delivery and coordination mechanisms. Responsibility for delivery was spread across many Government departments and agencies with no effective line of strategic planning and coordination, responsibility and oversight.

From the design and implementation of national, regional and local policy frameworks to sectoral policies, CEDRA believes that there is a critical need for a more coordinated approach across responsible agencies and bodies. While the aims of the 1999 White Paper are mirrored, to a significant extent, by those that have emerged from the CEDRA process, the Commission believes that it was the lack of delivery of a more integrated approach that resulted in a less than successful outcome from the 1999 White Paper. This conclusion is supported by the very large proportion of contributions from the Public and Stakeholder Consultation and other submissions that highlighted, commented on, or roundly criticised, the State, local government and enterprise support agencies for failing to develop a 'joined up' approach to rural economic development.

If past errors are to be avoided the Commission believes that the implementation of the first three recommendations outlined below is critical to the future economic development of rural Ireland.



An Integrated Approach to Rural Economic Development

Governance and Coordination

2.1 Introduction

The vision for rural Ireland presented in this report takes account of a research based assessment of the current status of the rural component of Ireland's economy and society and is informed by an extensive consultation process undertaken by CEDRA with rural residents and interest groups. The public consultation process involved the Commission meeting with and talking to people the length and breadth of Ireland. The discussions, while they were open and very much steered by the participants, the Commission did ask a series of questions at each event in order to prompt the discussion. These questions are listed below;

- Where are the opportunities to develop the local economy in the area?
- What needs to be done to ensure that the opportunities are realised and jobs created?
- What are the key challenges preventing rural economic development in the area?

The process not only revealed a diverse and complex list of both issues and challenges that were often highly specific to the geographical area in question but also a variety of potential solutions to these challenges as determined by the people living and working in those areas. A number of dominant or common themes did, however, emerge including governance and coordination, the need to invest in the regions, the need to address barriers to enterprise development, support for local economic development and sectoral development. Foremost of these was the need for a more integrated, co-ordinated and cohesive approach to the management of rural economic development. It is in this context and following on from the rationale presented in the previous section that Governance issues form the focus of the first set of recommendations.

2.2 The need for an integrated approach

An integrated approach to development that considers social, cultural, economic, environmental and geographic realities is not a new idea. However many of the approaches taken to date have been hampered by a "one size fits all" orientation where the systems and processes are prescribed from a centralised perspective and not tailored to meet the specific territorial needs of a given population or community. The same can be said of many of the approaches taken to rural development in general and rural economic development in particular. In addition, when looking at the economic development of rural areas, policy and strategic planning tends to keep economic sectors discrete without any consideration of joint initiatives that could benefit multiple sectors.

The concept of an integrated approach to rural economic development is characterised not only by its multi-sectoral nature but also by the broad range of actors involved, from government at national, regional and county level to a variety of local development organisations involving a cross section of rural communities, households and individuals,



each having a role to play in the development of their own locality. The recommendations that follow are predicated on the implementation of an integrated approach to rural economic development, advocating a coordinated and collaborative approach by central, regional and local government, local development organisations and other stakeholders to maximise the impact of the potential in, and the resources available to, the people of rural Ireland. The Commission believes that the implementation of these recommendations will not only facilitate the continued sustainable development of rural Ireland but will also reinforce the positive contribution that rural Ireland can make to the recovery of the national economy towards 2025.

For many who participated in the public and stakeholder meetings conducted as part of the CEDRA research process, the primary concern was the apparent lack of coordination when it comes to the delivery of support for rural development in Ireland. For many it appeared that while support was available it was difficult to determine who was responsible for ensuring that the delivery of supports resulted in the greatest impact. This lack of coordination was identified at all levels of governance from the lack of a central focus for rural development at national level to the lack of a coordinated approach to, for example enterprise supports at local level.

At a policy level, while innovative and far sighted and with many useful suggestions, the 1999 White Paper on Rural Development cannot be viewed as a strategic success. Its effectiveness as a strategic approach to support rural economic development was undermined by its attempt to address many issues without the appropriate support, delivery and coordination mechanisms. Responsibility for delivery was spread across many Government departments and agencies with no effective line of strategic planning and coordination, responsibility and oversight. The absence of an appropriate statutory underpinning coupled with the lack of clarity in relation to strategic planning and coordination, availability of the necessary resources, institutional performance and delivery mechanisms and a robust monitoring and evaluation framework were critical weaknesses of the White Paper.

The Commission believes that the first step in the implementation of a more coordinated approach to rural economic development is a clear and unequivocal policy statement from Government that clearly outlines its commitment to support the future economic development of rural Ireland. This statement should be succinct and complementary to other policy frameworks in place to support economic development including the programme for Government, the Action Plan for Jobs and should acknowledge the potential of rural Ireland and how the Government plan to support and develop this potential in the medium to long term.



Recommendation 1: The Commission recommends that the Government reinvigorate their approach to support for Rural Economic Development by preparing a clear and committed Rural Economic Development Policy Statement. This statement should outline in detail how the Government proposes to support integrated rural economic development to 2025 including addressing the recommendations of this Commission. This statement should also be informed by, and contribute to the strategic economic development framework emerging from the forthcoming Medium Term Economic Strategy, the Partnership Agreement between Ireland and the EU covering all of the European Investment Funds, the National Spatial Strategy and Rural Development and sectoral operational programmes.

As a follow up to this policy statement and as a result of the many lessons learned from the CEDRA research and consultation process, the Commission is convinced that it is necessary to put in place an effective, agile, responsive, coordination, decision-making and delivery mechanism to deal with the complex, evolving policy agenda faced by Government while steadfastly adhering to the long term vision set out in this Report. This mechanism should be given a statutory basis through the conferring of the necessary powers and responsibilities on an individual Government Department. The Commission is also convinced that failure to provide such a statutory underpinning in primary legislation to ensure, effective rural economic development coordination, will serve only to repeat the mistakes of the past and undermine the potential of rural areas to make a significant economic contribution to Ireland's recovery in years to come. This approach is supported by a report, currently in preparation by the OECD³ which identifies the main role of central government in the context of an integrated approach to development as the entity that provides coordination mechanisms and systems in order to facilitate effective delivery of such an approach.

³ OECD, Local Job Creation: How employment and training agencies can help – Ireland, <http://www.oecd.org/ireland/ljci.htm> Accessed 27th November 2013



Recommendation 2: The Commission recommends setting up a policy delivery and coordination mechanism with the following elements:

- (a) The creation of a Ministerial function for the coordination of rural economic development that is anchored in the legislative framework.
- (b) Given the Department of Environment, Community and Local Government's existing responsibilities relating to local government, community and planning and development at national, regional and local level, the Commission recommends that the lead responsibility for delivery and coordination of rural economic development should be assigned to the Minister for Environment, Community and Local Government.
- (c) The Minister should be supported by a High Level Implementation Committee (HLIC) which should be chaired by the Minister and be composed of senior representation from key departments and agencies involved in rural economic development. Other relevant stakeholders should be required to attend. The committee shall have the power to
 - Call on relevant stakeholders to attend HLIC to outline their particular roles and responsibilities, strategies and programmes as they pertain to rural economic development
 - Review the annual progress of such agencies on rural development;
- (d) The HLIC should be required to draw up a work programme which specifies actions to implement Government Rural Economic Development policy. The Minister shall make appropriate arrangements for monitoring, control and evaluation of the implementation of Rural Economic Development Policy that should include the submission of an Annual Progress Report to the Minister and the Taoiseach/Cabinet.
- (e) Relevant Departments, public bodies, regional and local governance structures and local development entities should be required to make appropriate provisions for implementing rural economic development policy in plans and programmes under their remit.

In summary, the Commission present Recommendations 1 and 2 and urges government to make a strong statement of intent with regard to support for rural economic development and place this within a more defined policy delivery and coordination mechanism that focuses on the effective and coherent implementation of the relevant elements of all policies that impact on rural economic development. It is the fervent belief of the Commission that the implementation of these recommendations is the vital foundation required in order to ensure the future economic development of rural Ireland.



The High Level Implementation Committee (HLIC) to be established on a statutory basis need not await the passage of the necessary legislation by the Oireachtas to commence its work. The Commission calls on the Minister to immediately establish the HLIC on an interim basis to oversee and coordinate the implementation of the integrated approach to rural economic development set out in this report. The Committee should in the first instance, produce a full and comprehensive work plan based primarily on the recommendations of this report but also take account of the Programme for Government and other national development frameworks.

Recommendation 3: A number of areas emerged from the consultation process that will require further analysis in order to determine their real potential. These areas are detailed in the comprehensive research report produced to support the CEDRA process. Government should establish a strategic research function within DECLG that can commission research to support the achievement of specific objectives as set out by HLIC.

2.3 Funding integrated rural economic development

While putting in place an efficient coordination mechanism to ensure an integrated approach to rural economic development is the necessary foundation for the effective implementation of such an approach, consideration of the financial resources that will be required in order to fund its implementation is also critical. While the Commission believes that no significant additional financial resources will be required in order to ensure effective implementation, this is largely based on the belief that there is scope for a more creative use of resources currently available that provide for both direct and indirect support to aspects of rural economic development. It is in this context that the Commission makes the following recommendation.

Recommendation 4: Government and relevant stakeholders should be required to maximise the potential of available funding mechanisms to support the economic development of rural areas specifically;

- (a) The authorities with responsibility for current national and European **funding mechanisms** available to support economic development, should be required to consider in a more explicit and proactive way, specific support for an integrated approach to Rural Economic Development.
- (b) Full and complete consideration should be given to maintaining the current 10% allocation of EU Rural development funding for initiatives outside the farm gate that support diversification of the rural economy and the improvement of rural quality of life.
- (c) The Government should establish a **Rural Innovation and Development Fund** that can support innovative, small scale pilot initiatives that explore the diverse range of potential identified through both the CEDRA process and the subsequent work of the HLIC.



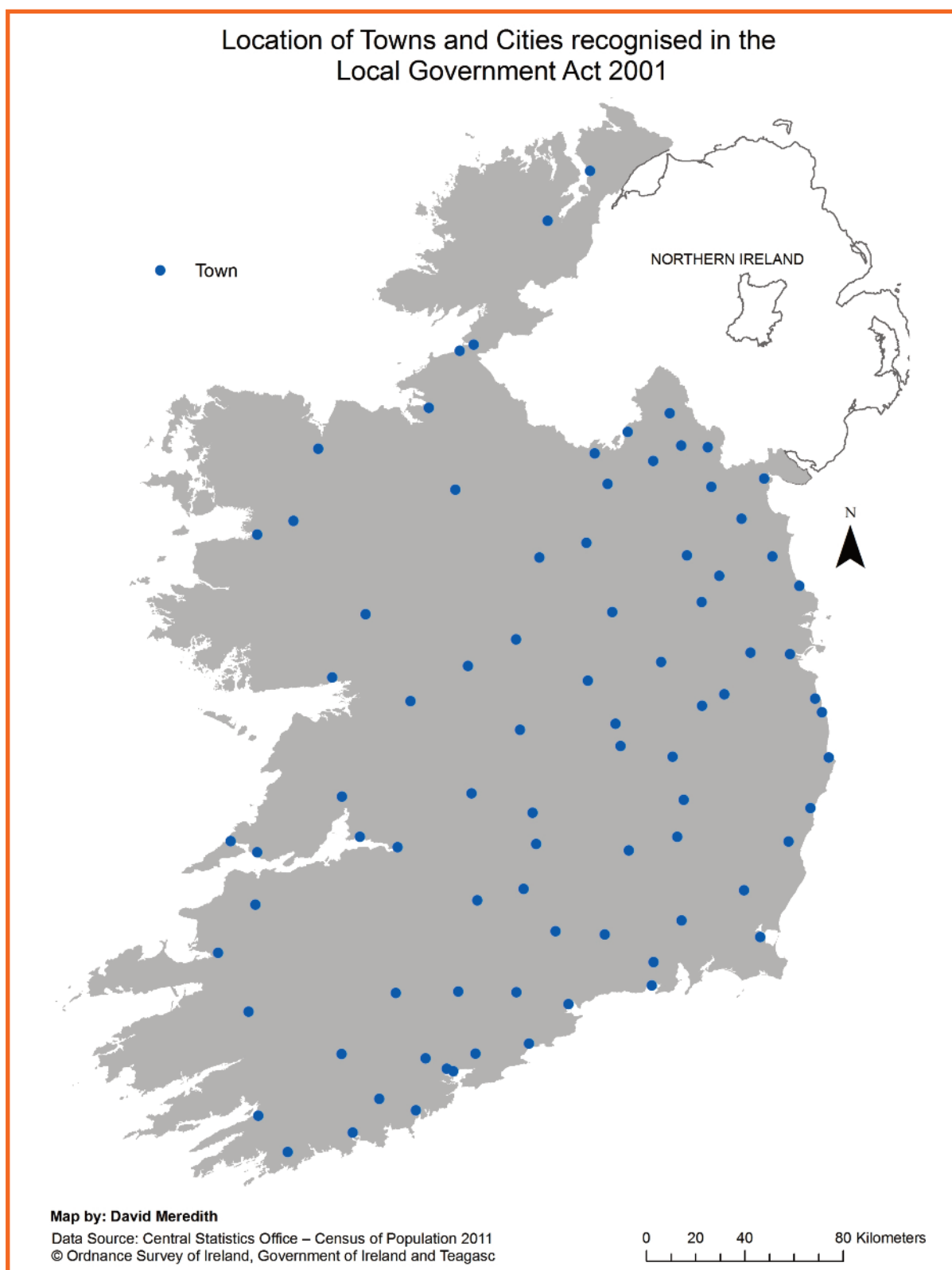
3.1 Defining Rural Ireland

Within this report, rural Ireland is defined as all areas located beyond the administrative boundaries of the five largest cities. This is in accordance with the Terms of Reference. In addition to the open countryside, this definition of rural includes large, medium and small towns of which there are 79 in total. Such towns are defined for CEDRA purposes as all those places with legally defined boundaries and are identified in the Local Government Act (2001). The populations living within their administrative boundaries range from under 1,500 to 38,000 e.g. Kilkenny (23,714), Sligo (18,867), Mallow (11,306), Tuam (8,033), Loughrea (4,925) or Portumna (1,466). The geographic distribution of these towns is uneven with a greater number of larger towns in the South and East region, many of which are clustered in the hinterlands of Dublin and Cork cities. In general, the relative proximity or accessibility of a town with respect to the five cities and the larger towns⁴ explains much of their socio-economic development over the past 20 years. Some of these towns act as the primary employment or service centres within their localities, e.g. Ballina, Co Mayo, whilst others are increasingly integrated with the cities, e.g. commuter towns such as, Tuam, Fermoy or Balbriggan.

The Commission recognise that there are a host of other rural towns in addition to these 79, which play a key role in the economies of rural areas from an economic development perspective, (Map 2). These towns have a social and economic influence that far outweighs their size and, in some instances, because of their location in areas distant from other towns and cities they, in effect, play an economic role commensurate with larger towns. This point was recognised, but its implications given insufficient recognition, in the 2002 National Spatial Strategy.

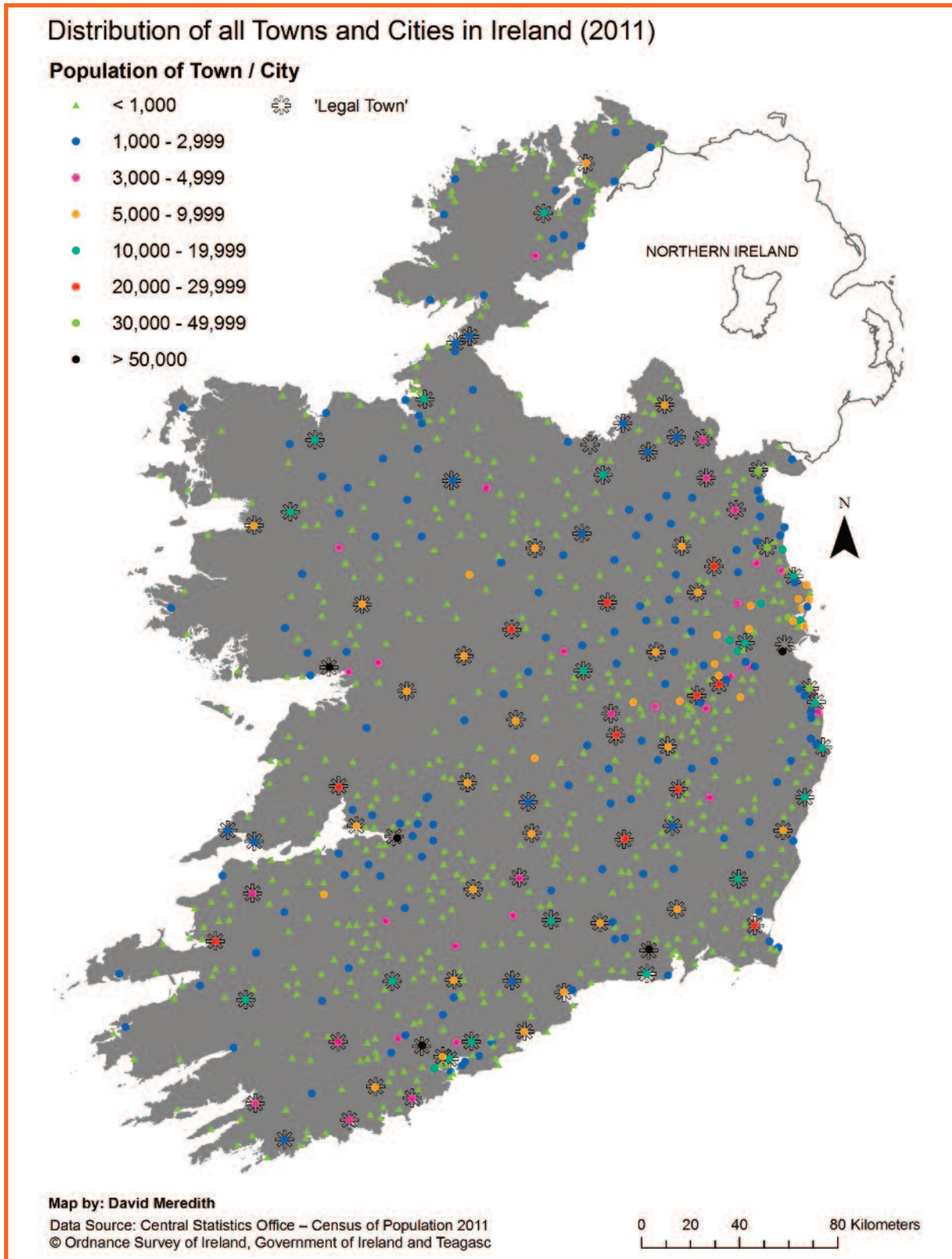


⁴Towns with populations within their administrative boundaries of more than 5,000 persons. .



Map 1: Location of Towns and Cities recognised in the Local Government Act 2001





Map 2: Distribution of all Towns and Cities in Ireland 2011



Closer integration between the countryside, towns and cities is taking place in the context of changes in the distribution of the population, the composition of the workforce, i.e. more women in employment, and changes in the location of employment opportunities. Such growth, if it is not part of a wider local economic development strategy, places a significant strain on rural infrastructure, e.g. road maintenance, water supply, sewage treatment, provision of education etc. If growth is, however, properly accommodated through local strategic economic plans it can make a substantial contribution to local economic development. Towns, both large and small, act as key places around which economic activities, in particular, are organised. The grouping of these activities facilitates 'spillovers' or more efficient organisation of business processes that can, based on international evidence, support further rural enterprise creation and development.

Table 1 : Description of Area Types

| Area Types | Description for CEDRA purposes (see map 10 Appendix 3) |
|--------------------|---|
| Rural Areas | Everywhere outside of the 5 main cities including all towns, villages and the countryside. |
| Towns ⁵ | The 79 towns listed in the Local Government Act, 2001 <ul style="list-style-type: none"> • Large Towns: Greater than 5,000 population • Medium Towns: Between 3,000 and 4,999 population • Small Towns: Between 1,000 and 2,999 population |
| Countryside | The area outside of the city and town boundaries. |
| City | Dublin, Cork, Waterford, Limerick and Galway |

The broad definition of what constitutes rural in this report facilitates consideration of the existence, role and importance of economic ties between the countryside and adjacent towns and cities. Artificial division of the countryside from towns and the five cities does not allow for a full understanding of the processes, opportunities and challenges that are shaping and will continue to shape, the economic development of these areas. As is shown below, there is a clear relationship between rural proximity and accessibility to towns and cities and strong socio-economic performance. The importance of this relationship is increasingly recognised, and in 2013 the OECD⁶ published a report on the relationship and implications of growth in accessible rural areas.

⁵ This list of towns was used because it is definitive. The issues raised about towns and their relationships with rural areas throughout this report apply to most if not all towns in Ireland regardless of whether they are listed in the Local Government Act 2001.

⁶ Veneri, P. and V. Ruiz (2013), "Urban-to-Rural Population Growth Linkages: Evidence from OECD TL3 Regions", OECD Regional Development Working Papers, 2013/03, OECD Publishing.

<http://dx.doi.org/10.1787/5k49lcrq88g7-en>



3.2 Changing Rural Ireland


In the period 1991- 2011 Ireland experienced a number of interrelated social and economic developments. The number of people living in Ireland and the labour force grew as did the number of people in employment, particularly women. These developments impacted on the evolution of rural areas. Some rural areas benefited substantially whilst others have been heavily exposed not just to the consequences of the recent economic downturn but to long term trends that have undermined their viability. Understanding the spatial patterns arising from these processes provides insights that lead to a different way of viewing rural areas and their communities. Such understanding is critical if we are to comprehend their implications and adopt appropriate measures that will allow for better economic planning and development. This knowledge creates opportunities to maximise the economic potential of diverse rural areas that can yield benefits for the community whilst also contributing to national economic development.

3.2.1 Population Change 1991 – 2011

During this period (1991- 2011) the national population increased by 30% from 3,525,609 to 4,588,198. The population living in the countryside (areas outside the cities and towns) increased by 44% (1.8 million to 2.6 million) i.e. from 51% of the population nationally to 57%. Changes were not uniform and there was substantial spatial variation, some areas experienced very large increases in population whilst others experienced declines

In general, rural areas close or accessible to the main cities and larger towns experienced substantial and sustained growth in their populations. These areas coincide with those that record lower levels of unemployment increase between 2006 and 2011 as well as greater proportions of people with high levels of educational attainment, high levels of both male and female labour force participation and high concentrations of employment in growing sectors such as Commerce, Professional Services, Transport and Communications. This combination of socio-demographic characteristics is important as they reflect high concentrations of populations that are required to support large and medium scale economic development.

In direct contrast to the areas described above are those that showed a decline in population between 1991 and 2011. These tend to be more remote or less accessible to towns and cities. Rural Electoral Divisions⁷ with declining populations contained 9% of the national population in 2011 and accounted for 30% of the total population decline in the 1991-2011 period, i.e. 841 EDs lost a total of 206,120 persons, 615 of these EDs are located in the countryside and these places lost a population of 62,264 people. In marked contrast to areas experiencing high population growth, high proportions of the population in these more remote areas are older. Many living in these areas left school before the age of 18 (Map 2). This points not only to the impact of migration of younger people with higher levels of education from these areas but also to the inability of these rural areas to attract (younger) people with higher levels of education.

 ⁷ Electoral Divisions are small geographic areas that are used to report statistical data, i.e. the Census of Population.

3.2.2 Towns and Population Decline

The impact of national changes in population on towns was markedly different. The overall numbers living within the administrative boundaries of the towns reduced marginally from 437,724 to 434,792. Failure to maintain or grow their populations in line with national trends resulted in the overall share of the national population living in towns falling from 12% to 9% between 1991 and 2011. There are several interrelated drivers behind these developments including a preference for living in the countryside beside towns on the basis that they provide better or more affordable housing, a perceived higher quality of life and the development of retail and other commercial facilities on the outskirts of towns. Taken together these developments undermined the social and economic viability of many towns which, in turn, has affected their capacity to attract and sustain investment.

The changes in population numbers again, were not uniform and these general trends mask considerable variation in the performance of towns. Some such as Westport have experienced very large increases whilst others have experienced substantial declines. **In general towns that have experienced sustained growth in population tend, regardless of their size, to be near or accessible to larger towns or the five cities.**

Notwithstanding the decline in populations living in towns, the evidence clearly demonstrates that in general, there is a clear beneficial relationship between towns and the surrounding rural areas, i.e. the hinterland, and similarly between towns and larger towns and cities that are in close proximity. These hinterlands are local, i.e. with few exceptions they are smaller than counties, and they reflect Ireland's actual economic geography. As such these functional areas represent the most appropriate scale of intervention when attempting to foster rural economic development as they encompass most of the resources available to enterprises and communities that an area has available to support economic development. These areas are classified within this report as **Rural Economic Development Zones or REDZ** and the specific recommendations relating to these will be returned to below.

3.2.3 Rural Labour Force and Employment

Between 1991 and 2011 Ireland's labour force⁸ grew from 1,382,827 to 2,232,180, an increase of 61%. The labour force in the countryside grew by 53% with towns' experiencing an increase of 8% whilst the cities saw an increase of 17%. These developments are directly associated with the growth of the overall population over 15 years of age and the increase in employment, i.e. the numbers classified as "at work" grew by 33% in the cities, 17% in towns and 72% in the countryside.

Counterbalancing this positive development was an increase in the numbers of people classified as 'unemployed'. This population increased by 32% to 75,000 in the cities, 69% to 47,000 in towns and 134% to 268,000 in the countryside. As of 2011, 69% of all unemployed persons lived in the countryside an increase of 12% on the 57% figure

⁸ The labour force comprises the total population that is in work or seeking work.



recorded in 1991. In addition to highlighting the critical need to facilitate development of the rural economy these data raise important questions regarding how over 250,000 people living in rural areas in 2011 found themselves to be unemployed⁹.

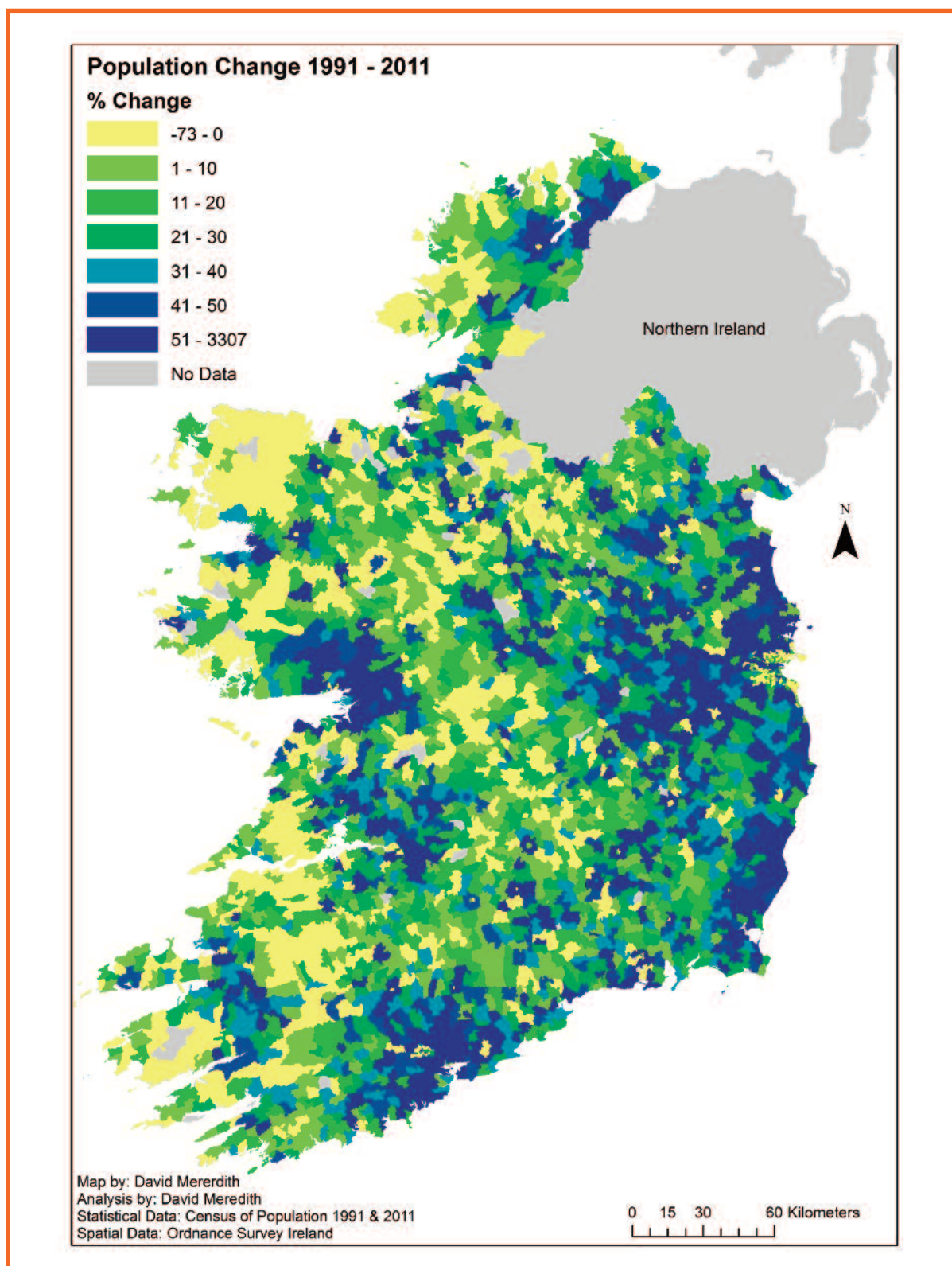
Table 2: Rural Labour Force and Employment in 2011

| | Percentage change in population between 1991 and 2011 | Percentage change in labour force | Percentage change in labour force in number of employed | Percentage change in number of unemployed |
|--------------------|---|-----------------------------------|---|---|
| Cities | +5% | +17% | +21% | +31% to 75,000 |
| Towns | -0.02% | + 8% | +26% | +71% to 47,000 |
| Countryside | +44% | +53% | +19% | +134% to 266,000 |
| Nationally | +30% | 61% | 20% | +95% to 390,666 |

⁹ Defined by the CSO as "Persons who, in the week before the survey, were without work and available for work within the next two weeks, and had taken specific steps, in the preceding four weeks, to find work." (CSO, 2012.

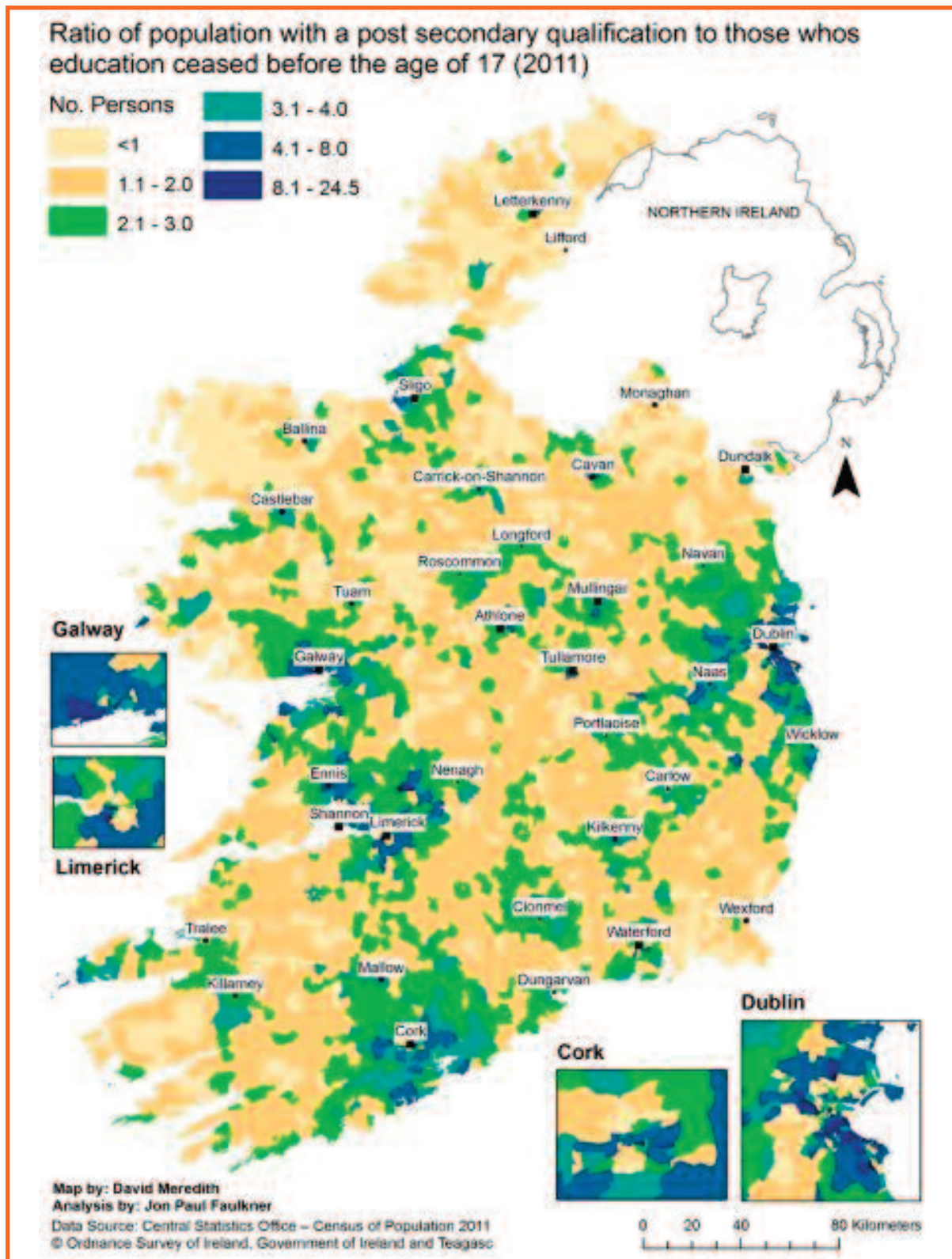
Census of Population, 2011, CSO: Dublin.





Map 3: Population change in the Republic of Ireland 1991 – 2011





Map 4: Distribution of populations with concentrations of persons with higher levels of education

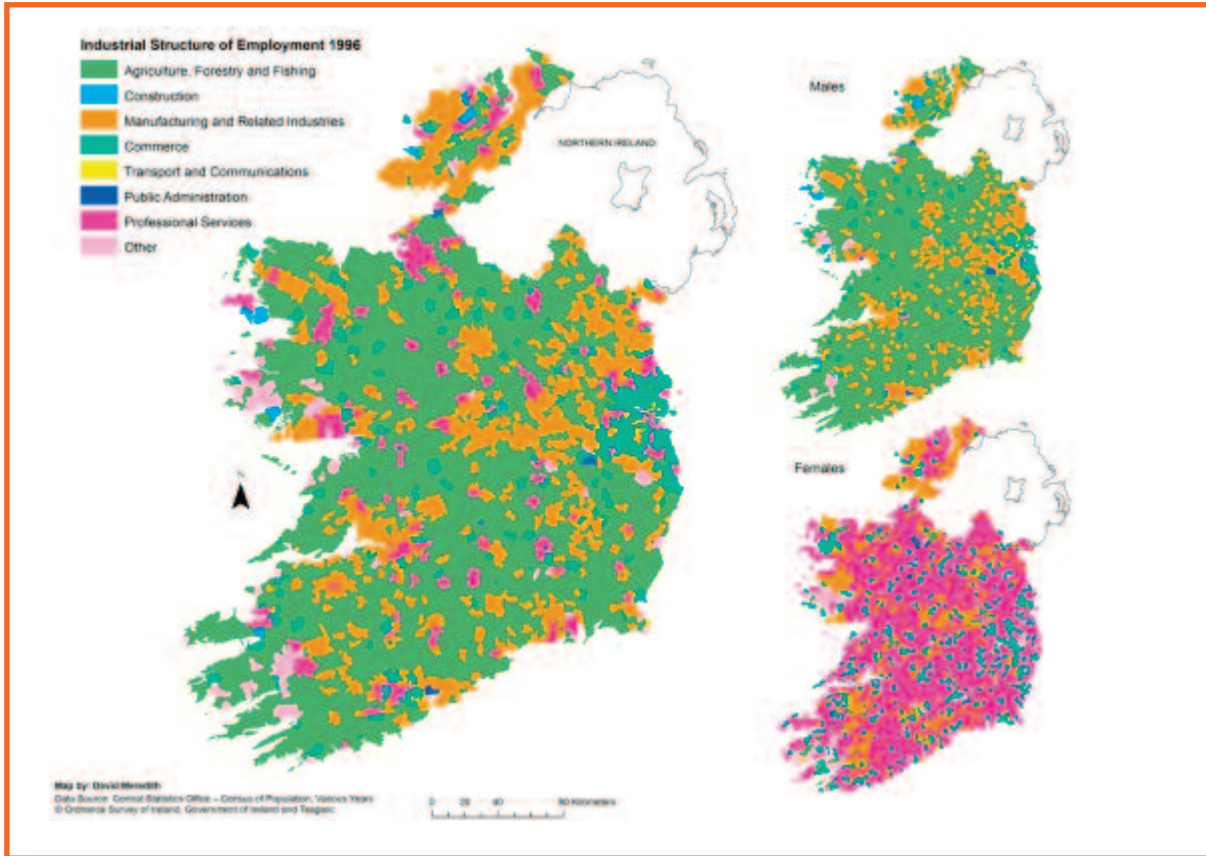


The sharp decline in employment and rapid increase in the number of unemployed persons experienced in the recent past point to the unsustainable nature of rural economic growth during the late 1990s and, particularly, the early years of the new millennium. A sequence of maps presented below; illustrate the relative importance of employment in broad industrial groups to each electoral division¹⁰ (ED) in 1996, 2002, 2006 and 2011 (Maps 5-8). The maps illustrate the changing nature of the employment landscape in rural Ireland and the need to consider this in any research that looks to support the future economic development of rural areas. The maps also display the interesting patterns of male and female participation in employment and in particular the increased participation by women in the rural economy.

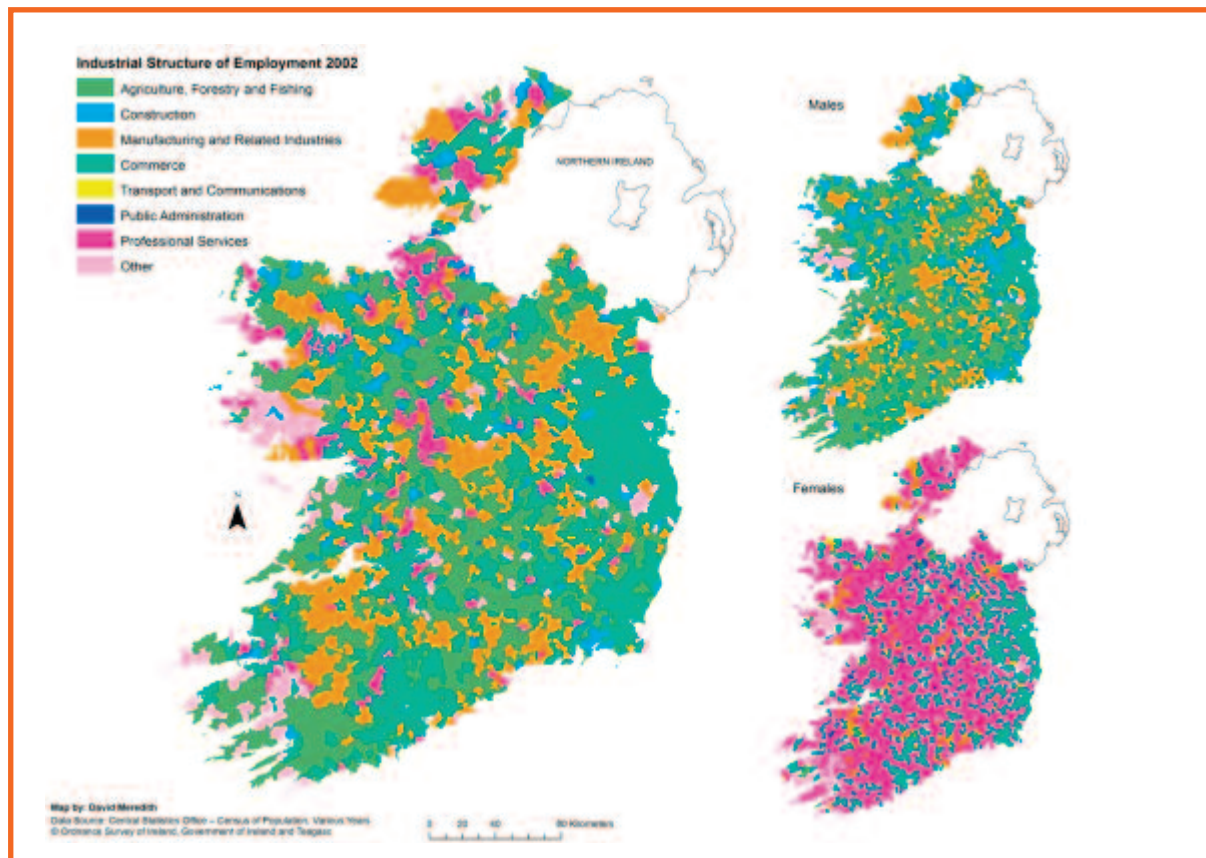
The first map highlights the relative importance of agriculture and related employment and manufacturing and related employment to rural areas in 1996. This map is broadly similar to the map depicting the industrial structure of male employment whilst female employment is largely concentrated in the Professional Services, Manufacturing and Commerce sectors. By 2002, substantial changes are evident, commerce related employment predominates in the hinterlands of the main cities and many of the larger towns, manufacturing employment and the construction sector has emerged as the dominant male employer in some EDs. It is evident that employment in the agriculture sector is in decline. This pattern persists and is amplified in the map associated with 2006; here one sees that, for males, construction related employment dominates most rural EDs. For women, the commerce and Professional Services sector were most important. By 2011, much of the employment in the construction sector had collapsed, commerce related employment had retreated back into the city hinterlands and Professional Services jobs, primarily filled by women, were dominant in many rural areas.

¹⁰ Electoral Divisions (EDs) are the smallest legally defined administrative areas in the State for which Small Area Population Statistics (SAPS) are published from the Census



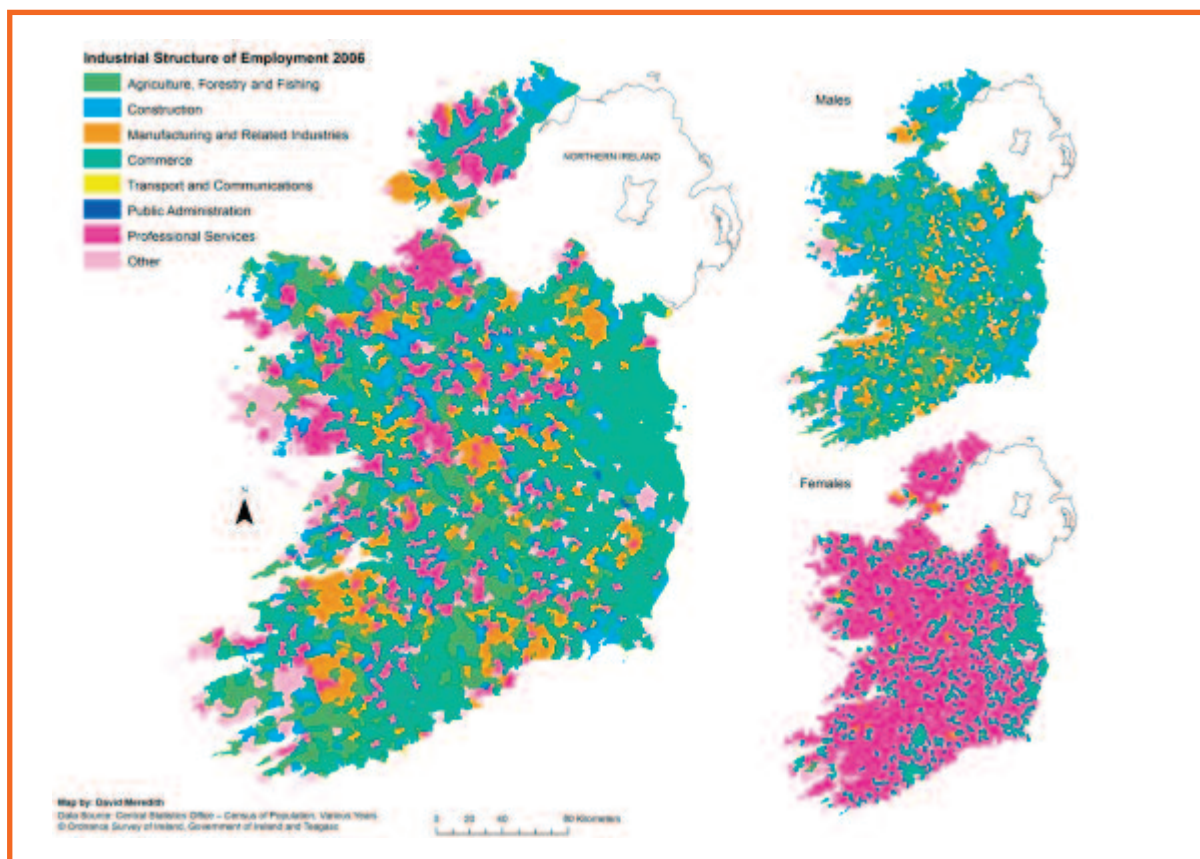


Map 5: Industrial Structure of Employment: Main Industry 1996

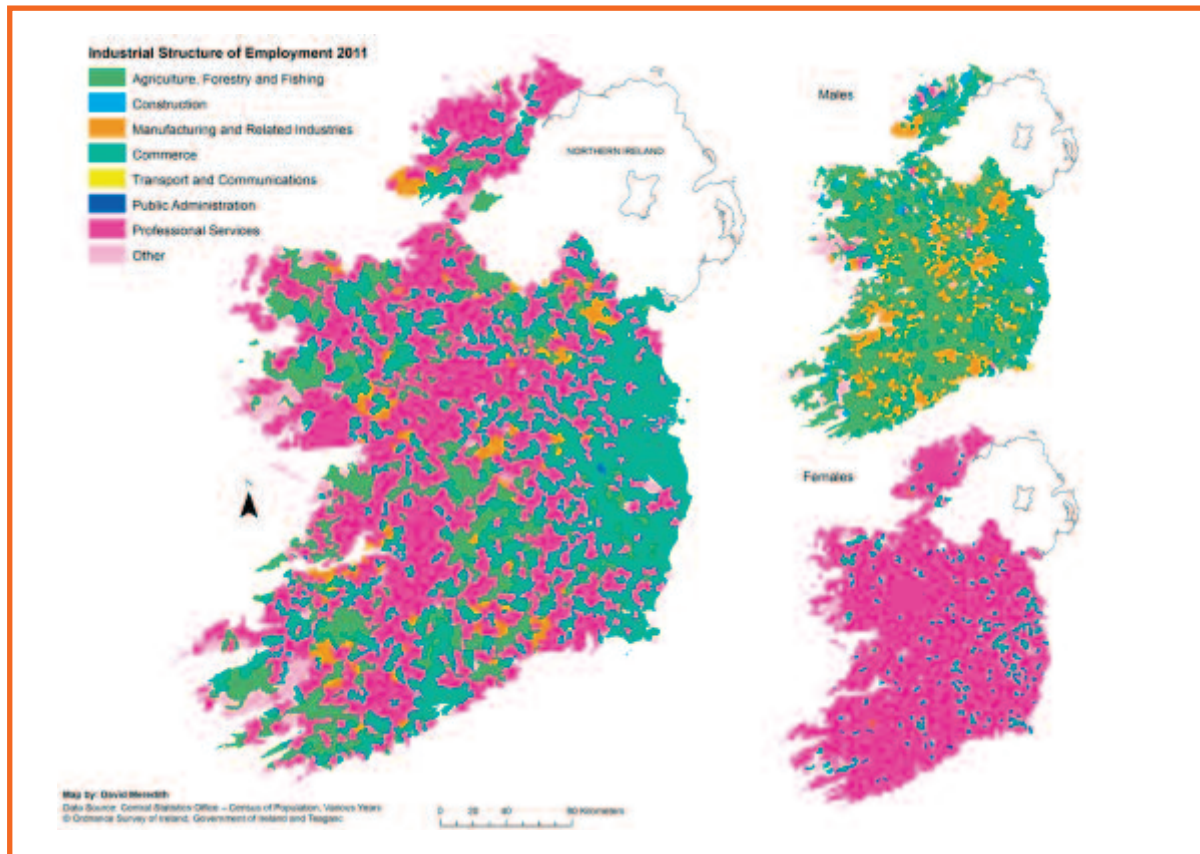


Map 6: Industrial Structure of Employment: Main Industry 2002





Map 7: Industrial Structure of Employment: Main Industry 2006



Map 8: Industrial Structure of Employment: Main Industry 2011



3.2.4 *Unsustainable Economic Choices*

The economic growth experienced during the 1990s and early 2000s brought increased employment and reduced unemployment to most areas of the country, though some benefited more than others. While unemployment decreased substantially in the period between 1991 and 2006 the progress made during this period proved to be unsustainable as evidenced by the rapid increase in unemployment in the 2006-2011 period. There were, however, areas where unemployment remained high throughout the economic boom, particularly in parts of the West and North West of the country (Map 9). The research of the labour force undertaken by CEDRA highlighted the variability in the spatial distribution of unemployment between the countryside, towns and the cities in 2011, i.e. 30% of households in towns are jobless.

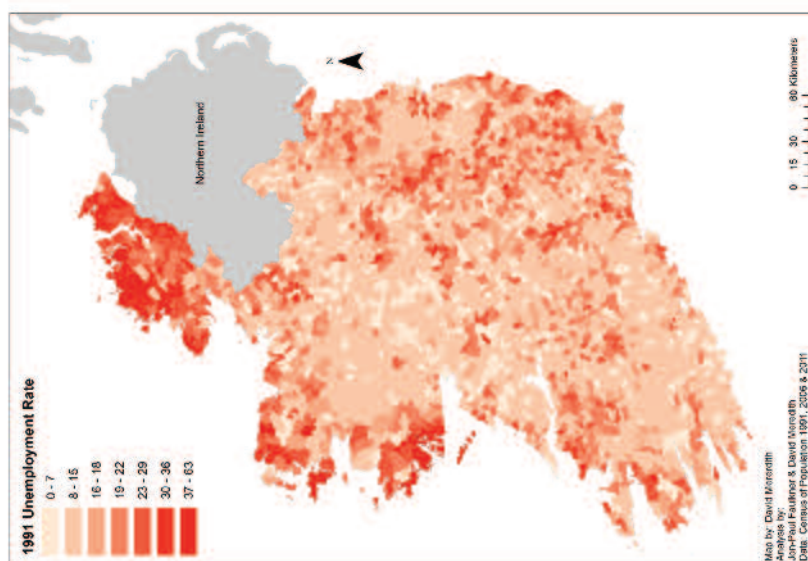
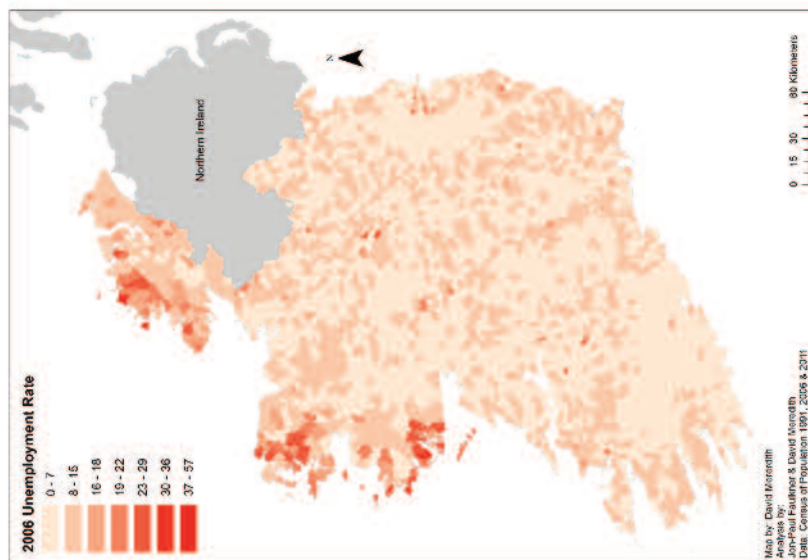
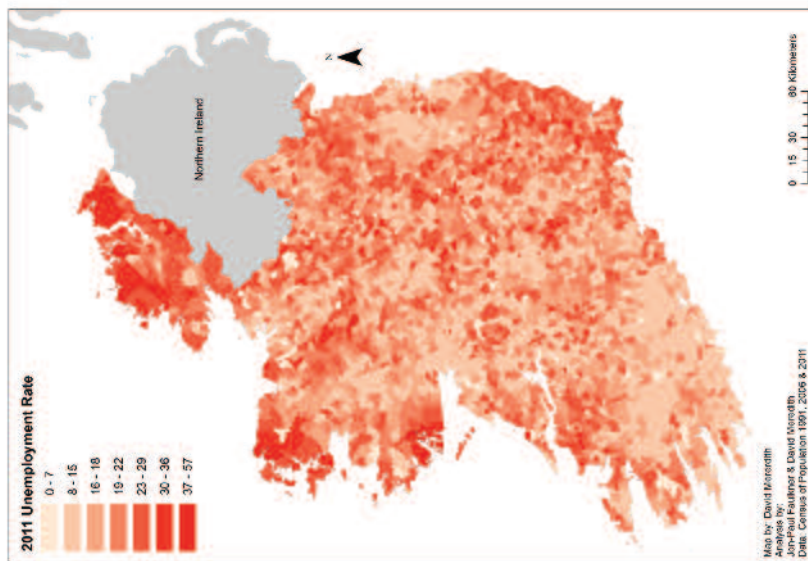
The changing relative importance of industrial employment is significant as it points to the decline of parts of the traditional rural economy, e.g. employment in agriculture, forestry and fishing, and captures the growing importance of mainly public sector employment in the Professional Services category to rural areas. Further to this, it highlights the influence of proximity to cities and towns on the industrial structure of employment, thereby providing an indication of the general concentration of certain sectors in particular places, e.g. commerce related employment. Finally, maps also show that the economic collapse has not been experienced in the same way in all rural areas or by all groups in the workforce, i.e. the disappearance of construction related male employment between 1991 and 2011. Recent research¹¹ undertaken by University College Cork (UCC) Geography Department established that the ultimate consequence of unsustainable economic choices, migration, is most keenly felt in rural areas. This work established that 27% of households living in the countryside had experienced the direct emigration of at least one family member since 2006.

This contrasted with urban and accessible countryside areas where the corresponding figure was 15-17% of households. Once again, a distinction between accessible rural areas and less accessible areas can be drawn. This point is exemplified in the sequence of maps¹² depicting the unemployment rate in each ED in 1991, 2006 and 2011 (see Map 9).

¹¹ MacEinri, P. (2013) Irish Emigration in an age of austerity. UCC: Cork,

http://www.research.ie/intro_slide/research-funded-irish-research-council-irish-emigration-age-austerity Accessed 27th November 2013

¹² The scales have been held constant for all three maps to ensure that they are directly comparable.



Map 9 Unemployment Rate in the Republic of Ireland 1991, 2006 and 2011



3.3 Rural Ireland in summary:

The data presented above highlights some of the changes reshaping rural Ireland and also the complex implications of these developments. What is evident in the spatial patterns described above is a long running concentration process that draws people and some types of economic activity out of more remote or less accessible rural areas into urban areas *initially*. This is only part of the story. The past 20 years have seen flows of people and households out of the cities and many towns into the surrounding countryside, a process commonly referred to as counter-urbanisation. The impacts of these processes mean that accessible rural places are increasingly areas or 'zones of growth'. Less accessible and remote rural areas have not fared as well as these zones. Decline in traditional industries combined with a general inability to retain or attract sufficient population has denuded the critical social and economic capacity of these places, particularly through the process of youth migration. It has left them with relatively weak industrial structures, exposed to consolidation of various economic sectors, e.g. farming and food processing, high levels of persistent unemployment and emigration.

This is a rough and overarching picture of the key processes of rural change and some of their implications. A more nuanced assessment would show that, within these two broad categories of rural areas, that there are distinctive subgroups of rural areas, e.g. rural areas with strong agri-food economies, rural areas that are transitioning from an agrarian based economy to increasing dependence on the services sector. The central point is that neither rural areas nor the communities that live within particular types of rural area are homogenous. Past failures to adequately understand or fully appreciate the implications of this point accounts, to a large degree, for the increasing disparities between different types of rural areas. Simply put, a sector based strategy to rural development is insufficient. Growing spatial, social and economic disparities between rural areas are a reflection of the fact that stronger rural areas are not only located in a geographically advantageous place but also have the human and social capital to identify their needs and effectively engage with the design and implementation of a variety of local, regional and national supports such that whatever strategies are developed, they can use these to further their development. During the Commission's Public Consultation process a number of rural areas stood out as examples of places with highly engaged communities that were proactive in responding to the challenges confronting them through the development of their resources. In many instance, the success of these groups has been in the identification of a specific need, the identification of potential and subsequently harnessing a network of pre-existing supports. Some have been engaged in this process over many years, e.g. Letterfrack, Kilmallock and Dunhill whilst others, e.g. the East Clare Development group and Oldcastle, Co. Meath, are at a relatively early stage. Regardless of their degree of maturity, each of these communities is characterized by the integrated and territorial approach that they have adopted in response to the challenge of economic development.

This approach is similar to the kinds of community led local development approaches that have proven to be an effective method of supporting local development in the past, not just in Ireland but all over Europe. The achievement of rural places such as Dunhill in creating employment points to the potential of this model of development. This success is



inextricably linked to the emphasis on overcoming specific local challenges and exploiting local opportunities through the development of local resources. This is something that is impossible for a national or indeed regional level strategy to deliver and highlights the key benefit in partnering with sub-county areas by facilitating their participation in the design and delivery of local economic development.

It is the Commission's view that an important and effective means of ensuring that economic development happens is to facilitate local community involvement in the design and implementation of development strategies. These strategies need to be driven from the community level and be cognizant of local authority and regional authority economic strategies. The regional and local authority role is vital as it links the strategy back to wider planning frameworks and medium term strategic priorities.

3.4 The Centrality of the Regional and Local Dimension

It is difficult to design initiatives to ensure the potential of all rural areas is realised such that they contribute to and benefit from national economic recovery and longer-term economic development. While advocating a more integrated approach to the coordination of rural economic development at national level is key to Ireland's rural future, in order to ensure consideration of the diversity of rural areas this approach also needs to be embedded in the planning processes at regional and local levels. Evidence shows that national sectoral policies have spatially uneven impacts and the Commission believes that the implementation of recommendations 1 and 2 introducing a more integrated approach to rural economic development will facilitate the recognition of this uneven impact from a national perspective at legislative, policy and implementation levels. However in order to facilitate a fully integrated approach full consideration at regional and local level is also critical. *Putting People First* proposes to strengthen both the regional and local planning processes to include socio economic planning and implementation and the Commission believes that such initiatives should also include the need to look at rural economic development. The Commission also believes that there is strong evidence from the consultation process that supports the need to take a more tailored approach to planning at both Regional and Local level and suggests that such an approach should not be restricted by current administrative boundaries.

The Commission believes that the proposed reform of both the regional and local government structures and processes outlined in PPF has the capacity to support a new approach to planning that is participative as well as integrated. The economic planning role of the new Regional Assembly structures along with the proposed role for local development structures as outlined in PPF will be critical to the success of this new approach providing the links in the economic development planning processes at regional and local levels that are required in order to support a more integrated approach. This will require not only new systematic approaches but also a new cultural approach to planning that is focussed on participation and flexibility while centred on evidence of where the potential for economic development is situated. To avoid the detrimental impacts that can arise from uncoordinated development strategies best practice in this area stresses the importance of hybrid or 'networked' approaches. The networked approach facilitates rural communities to extend



their reach beyond their immediate locality to engage with a broad range of supports and access all levels of government, i.e. identify appropriate solutions to the problems of their area wherever they might be found. *This 'networked' model of rural development requires government support at all scales. There is a new role here for government as facilitator and enabler rather than provider or manager.*¹³

However it is not enough to simply enhance co-ordination from national, through regional to local authority levels. Strategies need to be tailored to the needs of communities; after all it is at this geographic scale that all economic development strategies are implemented. The Public Consultation process undertaken by CEDRA established that local communities want to play a role in the development and implementation of economic strategies that specifically address the challenges in their areas. In this context the idea of a more flexible approach to administrative boundaries for the purpose of rural economic planning emerged as a theme from the consultation process. This emerged largely from the consideration of the interactions and relationships between rural towns, their hinterlands and their nearest urban centres and cities and the need to consider these relationships when planning to support the economic development of these areas. It would appear that a more functional approach to economic planning is required that reflects the spatial patterns of local economic activity and development processes at both regional and local level. This in turn would facilitate a more participative approach to development planning where local communities involved in the planning process are planning to exploit the strengths and address the weaknesses of their own regions.

Locally-led, place-based development is critically important as this ensures that the resources and potential available to a community to support rural economic development are identified and the necessary steps together with appropriate interventions to ensure their activation are taken. There are a large number of success stories associated with place based development in Ireland, e.g. the Great Western Greenway, Dunhill GeoPark, and Ballyhoura. It needs, however, to be recognised that bottom-up development centred on the mobilisation of community assets is not enough. Evidence supplied through the public consultation process and review of international literature concerning economic development and rural development demonstrate that bottom-up initiatives can be limited in their impact as a consequence of the unintended consequence of national or international policies. There needs to be an alignment between, on the one hand, the development requirements and capacities of local areas and, on the other hand, national, regional and local authority strategic economic development plans and associated supporting programmes and initiatives.

3.5 Rural Economic Development Zones (REDZ)

It is in this context that the Commission recommends that economic planning at regional/local level should be conducted using an approach that considers functional rather than administrative boundaries and facilitates full community participation i.e. sub-county

 ¹³ Shucksmith, M. 2013. Future Directions in Rural Development?

 <http://www.carnegieuktrust.org.uk/CMSPages/GetFile.aspx?guid=c032b476-c5e8-4f56-b3ef-a04e9e4494e2>



zones within which most people live and work. These **Rural Economic Development Zones or REDZ** are functional rather than administrative geographic areas that reflect the spatial patterns of local economic activities and development processes, i.e. they are the sub-county zones within which most people live and work. The emergence and intensification of spatially extended relationships between the countryside and rural towns and the cities, in particular those that separate town and county, have undermined the importance of defined geographic administrative areas from an economic planning viewpoint. Many rural economic zones will encompass rural towns and their hinterlands. There are benefits to be gained by taking an integrated territorial approach to rural and regional development and by focusing on interdependencies and commonalities rather than on differences, i.e. between urban and rural. In some instances, particularly in parts of the country with few medium or large rural towns, REDZs may encompass an area characterised by the absence of such places, i.e. very low and dispersed populations. This type of planning process should form part of the socio-economic planning processes envisaged for both Regional and Local Authorities in Putting People First and would reflect a very real commitment to integrated planning for rural economic development at regional and local levels.

Recommendation 5: The Commission recommends the facilitation of Rural Economic Development Zones (REDZs):

- (a) The Commission recommends the piloting of a selected number of REDZs, to enhance the capacity for local communities to contribute to and take ownership of local economic development by creating local strategic economic development plans that will contribute to and align with local, regional and national economic development plans.
- (b) In this context Local strategic economic development plans should identify and specify the needs and opportunities within a REDZ, identify those supports that both enterprise and labour require, and provide evidence to support their plan. This will ensure that the potential that lies dormant in many rural areas is activated such that it contributes to national economic development.
- (c) Successful implementation of local development plans is contingent on local coordination support. As part of the REDZs initiative resources need to be made available to ensure effective implementation of the strategic plan. This should also include support for the development of community capacity with initiatives that develop skills in community leadership, governance, community development planning and rural economic development in order to support the participation of all communities in the preparation of local strategic economic development plans.

NOTE: While the data used to support this recommendation was centred largely on the 79 towns outlined in the Local Government Act 2001 the Commission believes that the REDZ initiative should apply equally to all rural towns.



Recommendations 1 to 5 present what the Commission feels is the necessary governance and coordination frameworks that are required to implement a strong, focussed integrated approach to the economic development of rural areas. This perspective is supported by evidence collected through the Public Consultation and Stakeholder Consultation phases of CEDRA's work programme. Recommendations 6-34 below are predicated on the implementation of such an approach at national, regional and local levels and are designed to ensure that all actors in the rural economy are supported to participate fully in the future implementation of this kind of integrated approach.

3.6 Rural Towns Initiative

CEDRA research has shown that rural towns have felt the impact of the economic downturn more acutely than cities and larger urban centres. This is evidenced in the higher rates of unemployment due largely to a disproportionate reliance on industrial sectors with falling employment, higher poverty rates and the fact that one third of working age households are without a job. In order to address this directly CEDRA proposes the implementation of a targeted rural town stimulus programme within the context of the development of Rural Economic Development Zones as described above. The purpose of this programme is to support the economic revitalisation of rural towns leading to enterprise development and creation and, ultimately, to increased employment.

Rural towns are key assets as they represent locations where significant investments have been made over a long period in critical infrastructure including water, waste and advanced communications, i.e. broadband. They also have other critical assets such as education facilities. Most importantly, however, they are the location of concentrations of private enterprise. The programme seeks to bring together private enterprise and relevant public bodies (local authorities, town councils and development agencies) to identify critical steps required to ensure that rural towns are attractive places to invest in, visit and live. The plans should identify key or unique economic strengths that can be developed in support of private enterprise, generally, and retail services, creative sectors and manufacturing, in particular.

Such a stimulus programme should be centred in rural towns and their hinterlands (REDZ) based on approaches that are rooted in the local territory, value local resources and distinctiveness, are led by local stakeholders working in partnership with local authorities and State bodies in line with the integrated approach for both planning and implementation advocated throughout this report. Building upon the local government sectoral strategy "*Supporting Economic Recovery and Jobs – Locally*" published in 2012 and as a complement to the strategy for spatial development outlined in the NSS, the objectives of such a programme would be multifaceted with a focus on making towns more attractive to live in and visit; making it easier to do business and increasing consumer demand. The Commission believes it could be possible to finance such a stimulus within the framework of the Community Led Local Development (CLLD) approach advocated at EU level and supported through the regulatory frameworks of the European Investment Funds¹⁴ for the



2014-2020 EU programming period and would strongly encourage the consideration of such a stimulus programme in the forthcoming design process for the operational programmes for these funds.

Within this stimulus programme resources should be concentrated in a small number of areas with the greatest need in order to maximise its effectiveness and impact. Access to resources should be competitive and based on potential impact outlined in a community led development plan submitted for this particular purpose but that has strong links to the local development planning processes outlined in other parts of this report. While concentrating on towns with demonstrable need, the stimulus programme should also ensure that its initiatives are complementary to other economic, social and cultural initiatives and supporting the overall integrated approach to rural economic development advocated by CEDRA.

In preparing such plans local communities should be encouraged to support the improvement of physical architecture and the appearance of small towns by creating targeted incentives to facilitate town and village renewal and refurbishment. Plans should incentivise the use of unoccupied commercial properties and develop capacity to serve for example as rural tourism hubs if appropriate. In the context of supporting entrepreneurship in rural towns the plans should outline incentives that make it easier to do business in line with the proposals in Putting People First and the overall integrated approach advocated by the Commission. By way of example plans could promote the reduction of fixed costs (such as rent, rates, insurance) by supporting a change to a turnover based calculation system for small start-up and vulnerable companies or facilitate the development of profit sharing rental schemes for private landlords

The Commission also suggests the use of an integrated approach to the implementation of these stimulus programmes including the need for various public bodies to work together to address a diverse range of issues in support of rural town development. In line with suggestions in other parts of this report this could include initiatives to improve the skills and capacity of existing and new businesses, support to implement derelict sites regulations, encouragement of active participation in Tidy Towns and incentives to increase the focus on tourism potential (domestic and overseas) and to improve access to finance by enterprises by addressing problems with loan guarantee and micro finance schemes.

There are a number of pilot initiatives at local level that provide good examples of the kind of interventions that could become part of a more integrated approach to stimulating economic development in rural towns, see Box 1 below for one such example. This kind of initiative fits very well into an overall small town stimulus package as described above and is already underway at pilot level in some counties. The example below is used to illustrate the kinds of interventions that could form part of a small town stimulus programme. In line with the more participative approach to rural economic development advocated throughout this

¹⁴ European Investment Funds include the European Regional Development Fund (ERDF) the European Social Fund (ESF) the European Agricultural Fund for Rural Development (EAFRD) the Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF).



report the types of interventions considered within any such initiative will inevitably emerge through the local development planning process within particular towns. However the Commission recommends the general consideration of such stimulus programmes in order to support the economic development of small towns throughout rural Ireland.

Box 1: Case Study: Incentive Scheme for Businesses & Retailers to Occupy Vacant Properties, Limerick City and County Council

The Business & Retail Incentive Scheme provides financial incentives to encourage new businesses to open in designated areas of Kilmallock, Newcastle West, Abbeyfeale and Rathkeale. Occupiers of vacant properties are offered incentives for higher order retail and office uses. The scheme is intended to address property vacancy rates, improve streetscapes and to support the business community.

The grant relief provided under the scheme for vacant property is:

Year 1 – Grant relief is based on certified fit out costs subject to a maximum of 50% of the annual rates liability.

Year 2 – Grant relief is based on original certified fit out costs (as submitted at year 1) subject to a maximum of 25% of the annual rates liability.

Limerick City and County Councils aims to ensure that any incoming business respects and enhances the multifaceted character of these county towns and encourages a diversity of uses to increase the overall attractiveness of these towns for shopping, leisure, and business purposes.

Recommendation 6: The Commission recommends the development of a Rural Town Stimulus Programme that focuses on rural towns/villages and their hinterlands. Such a programme should be set within the context of Rural Economic Development Zones and facilitate a collective approach to identifying, valuing and building towns' resources and distinctiveness. It should be led by local stakeholders working in partnership with local authorities and State bodies to develop an integrated socio-economic action plan for their area.



An Integrated Approach to Rural Economic Development:

Facilitating Economic and Community Participation

4.1 Introduction

While the Commission believes that a particular focus on cooperation and coordination at all levels of governance/management is required in order to support the economic development of Ireland's rural areas, it also believes there is a need to address more specifically particular areas of potential identified during the consultation process. A widespread belief emerged from the consultation process that there were significant levels of dormant and underutilised assets both physical and human that could be activated to support the economic development of rural areas. In this context the recommendations in the following sections are presented not only for the potential contribution their implementation can make to the success of the proposed integrated approach to rural economic development, but also with a view to ensuring that all identified potential can be utilised to support the future economic development of rural Ireland.

The following section examines identified potential for economic development from a regional and local perspective and how that can influence rural economic development. Under the heading of Access and Enabling supports areas of the rural economy are identified where additional support is required in order to facilitate enterprise development in rural areas. Recommendations are made on how individual sectors of the economy can contribute to rural economic development. Finally recommendations are made on mobilising community capacity and supporting the potential role of social enterprise.

4.2 Investment in the Regions

Ireland's economic success in the recent past has been accompanied by very obvious spatial patterns of development that have seen employment opportunities concentrate in particular areas with underlying economic weaknesses remaining in others. The National Spatial Strategy (NSS) is the primary framework to address this uneven distribution of development and is designed to "*deliver more balanced social, economic and physical development between regions*"¹⁵. While the Commission believes that the integrated system of rural economic development outlined in the previous recommendations will contribute to a more cohesive approach to regional and local development, it also offers below some specific suggestions to support investment in the regions. In this context the Commission also acknowledges the importance of the National Spatial Strategy as a framework for balanced regional development and urges Government to fully consider the economic development of rural areas in the review of the NSS currently underway.

As Ireland is a small open economy, exports are an important source of income and driver of economic growth. While some rural based sectors such as agri-food are export oriented, others are non-traded, or locally-traded i.e. focussed on the domestic economy. As a result of the unprecedented recent economic conditions, there have been many job losses and a

¹⁵ National Spatial Strategy for Ireland (NSS), 2002-2020, People, Places and Potential, pp10,

<http://nss.ie/pdfs/Completea.pdf> Accessed 26th November 2013



significant reduction in domestic demand in these latter sectors in the last few years. In this context one important strategy for rural economic development involves increasing the number of exporting businesses and providing further support for rural businesses already exporting.

Rural areas do have their own advantages ranging from less labour turnover, lower costs, a better quality of life and better access to inputs as in the case of agriculture and energy along with a clean environment. Equally it should be noted that as global businesses strive to harness ever scarcer resources and also to ensure unique customer offerings, rural regions are evermore coming into their own in providing compelling reasons for certain types of inward investment opportunities. This offers the regions of rural Ireland unprecedented niche opportunities in areas such as energy and data storage and management which have yet to be fully realised.

While Ireland has an exceptional track record in attracting foreign direct investment (FDI) with some notable investments in the most rural parts of Ireland (e.g. west Mayo), much of recent investment has gone to larger urban areas. However CEDRA believes that there is potential for smaller scale or niche inward investment outside of larger centres, and that there is an imperative for agencies involved in FDI to renew their focus on attracting more investment into rural areas. Thus, the Commission believes that Enterprise Ireland and the IDA, as the primary agencies focused on the development of enterprise, should strengthen their collaboration at regional level particularly in the context of examining the potential to attract small scale FDI into rural areas and to improve the performance of rural enterprises.

For indigenous enterprises, the challenges of increasing the export share of those already exporting and enabling others to open up export markets are considerable. These include accessing export markets, export sales expertise, trade finance and appropriate branding. Associating products with place i.e. regional branding has proven to be a successful way of improving export performance by associating quality and consistency with particular places of origin. Thus, the Commission believes that a partnership of stakeholders and State promotion agencies should be created to investigate and develop the potential of regional branding not just from the perspective of promotion but also from the perspective of how such branding initiatives can contribute to increased sales and facilitate access to new and emerging markets. The Commission also feels that such an initiative could also examine new ways to brand and promote innovative products, such as those that are produced organically or in an environmentally sustainable way. In this context there should be a particular focus on facilitating the local development of rural based sectoral clusters such as the dairy sector in the South and the marine sector in the West where existing natural comparative advantage can be exploited,

The border areas and in particular the North West region face particular challenges, relating primarily to issues of peripherality, currency volatility and cross border hinterlands, as well as less developed infrastructure. As a result, the North West region benefitted to a lesser extent from the boom and future development in this region will require increased cross-border cooperation in terms of infrastructure, development and trade. While the border



region brings a particular set of challenges, it also brings specific strengths in terms of greater experience in local export markets which can make it easier to expand further into mainland Britain. In this context placing an emphasis on increased exports to Northern Ireland may present a lower cost and risk based approach to exporting in the short term and the Commission suggest a more detailed examination of this potential is assigned to the High Level Committee.

Recommendation 7: The Commission acknowledges the importance of the National Spatial Strategy (NSS) in achieving balanced regional development. It recommends that Government include in the forthcoming review of the NSS full and comprehensive consideration of the needs of rural Ireland and its potential to further contribute to national economic development.

Recommendation 8: State agencies, particularly Enterprise Ireland and IDA, but also other export promotion agencies should strengthen their collaboration at regional level in general but specifically when looking at areas identified below;

- the potential to attract small scale/niche FDI to rural areas. IDA & Enterprise Ireland should jointly establish a new unit that will develop and pilot test an approach to attracting and intensively supporting small scale sector appropriate FDI to small rural towns. This Unit should have a steering committee made up of representative of IDA, Enterprise Ireland and a representative of the County Council Managers.
- regional and rural networking, clustering and branding in order to increase the export share of business already exporting and with identified potential to export.
- Local enterprise support mechanisms should also be charged with strengthening and developing local economic partnerships in key county towns to support Enterprise Ireland/IDA to develop small scale/niche FDI suggested in the previous recommendation.

4.3 Local Enterprise Support

Micro, small and medium sized enterprises are the cornerstone of the rural economy, comprising 92% of all rural enterprises. However, with 81% of all SME closures and 91% of micro enterprises closures in rural areas, they have faced and continue to face significant challenge in the current economic downturn. The collapse in domestic demand that has disproportionately affected rural towns is one of the primary causes of these closure rates. While recovery of the national public finances and a resulting improvement in consumer sentiment will be critical to a recovery of this sector there are specific skills, capacity and financial constraints that need to be addressed..

"Putting People First" (PPF) an Action Programme for Effective Local Government, published in October 2012 is the central focus of the national approach to the provision of support for local economic development. In particular PPF envisages a more significant role for local



government in economic development, enterprise support and community development at local level in conjunction with other local development bodies.

CEDRA supports the provision of a local enterprise support service through the Local Enterprise offices (LEOs) as envisaged in *Putting People First* (PPF). The LEOs will act as “first stop - shops” for the micro-enterprise and small business sector, delivering direct enterprise support and coordinating access to other services for business. Many rural entrepreneurs expressed frustration with both the level and amount of regulatory compliance for business and the lack of coordinated support and advice at local level. While this will require cultural change amongst regulatory agencies to expedite decision making, CEDRA acknowledges the commitment in PPF to ensure that the need to address regulatory barriers forms part of the enhanced role for Local Government in economic development and encourages local government to prioritise such commitments in the short term.

In the context of CEDRA findings what is required is a more comprehensive small business development service at local level and this report outlines a range of actions that the new local economic development structures could undertake to fulfil such a role. Important emphasis should be placed on skills and capacity building, proactive development, leadership mentoring and coaching. In particular it is critical that any viable business in a rural area, irrespective of its profile or export potential, should be eligible to avail of the enterprise support provided through this service including for example local service providers and indigenous enterprises such as small retailers. The service should be structured to deliver direct enterprise support where relevant and co-ordinate access to other services for business (including relevant national, regional and local supports).

This coordinated approach to services for business development should also include services provided in the pre and post start-up phase. These should provide the skills necessary to ensure the sustainable development of the business model, e.g. mentoring and management support. These supports are critical for “necessity entrepreneurs”. It should also be noted that a business development role requires a different approach to a compliance focussed role and in this context a level of reskilling and capacity building may be required in order to provide the comprehensive support service required.

In line with, and complementary to the responsibilities of the LEOs as outlined in the detailed framework service level agreements already in place, any additional supports for enterprise available from agencies other than the LEOs should also be developed and delivered using a more integrated approach in line with the overall ethos of the Commission recommendations and in the context of the planning processes outlined in PPF.



Recommendation 9: The Commission believes that coordination of enterprise support should rest with one service provider and in this context the Commission supports the provision of a comprehensive local enterprise support service through the Local Enterprise Offices (LEOs), which will act as ‘first stop shops’ for any potentially viable business in the micro-enterprise, small business and social enterprise sectors

Recommendation 10: Regulatory and administrative frameworks should be proportionate, agile and customer focused and a particular effort should be made to ensure that bodies and agencies involved in ensuring regulatory compliance are engaging in performance dialogue with stakeholders and working in an integrated way in order to lessen the administrative burden on business.

4.4 Mobilising Community Capacity for Rural Economic Development

A report entitled “Delivering Local Development: Ireland” currently in preparation by the OECD defines local economic development as “*a cross cutting and integrated activity where the physical development of a place is linked to public service inputs, place management, and wider drivers of change such as employment, skills, investment, enterprise, innovation, productivity, quality of life*”¹⁶. CEDRA fully supports this concept of local development and believes that local government should have a key leadership role as envisaged in *Putting People First*. CEDRA also believes that central to the success of local development efforts is the involvement of communities in local and rural development planning. The “bottom up” or LEADER approach for the distribution of rural development funds since the 1990s has been an acknowledged success. In this context CEDRA has developed a set of recommendations around the need to address the varying levels of capacity at community level to ensure that even the most marginalised and remote communities are empowered to participate in a more integrated approach to rural economic development.

Support for rural economic development rests not only with national, regional and local plans and strategies, but also comes from action on the ground in local communities. Many of the initiatives advocated in this report require coordinated local actions, and will rely not only on passionate and determined individuals and vibrant communities, but also on harnessing and management of this energy through effective community leadership. Ireland has a strong history of community participation in development and this should be further developed through initiatives that increase the leadership development capacity and sustainable structures at a community level. Such initiatives should place particular focus on the diversity of communities in rural Ireland ensuring that support structures for different communities are adapted to their particular needs.

¹⁶ Delivering Local Development: Ireland, OECD, LEED Forthcoming, 2013



To achieve improved citizen/community engagement, “*capacity building will be required across all relevant sectors and should draw on all available resources and guidance on best practice in building local capacity and effective inter-agency working*”¹⁷. “*The development of strengthened relationships between local community groups, local development bodies and local authorities would be mutually beneficial, and presents opportunities to utilise skills in the area of participative, community-based socio-economic planning.*”¹⁸

A “Community Led Local Development approach” (CLLD) to local development has formed part of the local development landscape in Ireland since the 1980s and has been particularly successful in rural Ireland due largely to the emphasis placed on this approach to deliver elements of the EU Rural Development Programme (LEADER). The success of this approach is evidenced in its inclusion as an optional instrument for the delivery of European Structural and Investment Funds (ESI) for the 2014-2020 periods. The regulatory frameworks for these funds allows for the use of a CLLD approach to deliver initiatives that will support the aims and objectives of each of the funds and in turn support the overall aims of Europe 2020 to support Smart, Sustainable and Inclusive growth. While the CLLD approach is mandatory for the LEADER element of the rural development fund it is optional for all other EU funds.

Putting People First advocates a more cooperative approach to local and community development with a more comprehensive role for local authorities in the strategic management of local development in the form of community and local development plans. This process (identified as Alignment of Local and Community development in PPF) will be overseen by bodies known as Local Community Development Committees (LCDCs) that will utilise a community led approach to both planning and implementation of local development interventions in future. The approach advocated in PPF is in line with the integrated approach suggested by the research process of the Commission. In this context the Commission recommends the continued use of such an approach placing the emphasis on full and comprehensive participation of all members of the community.

The Commission also acknowledges the significant capacity that is already in place in rural communities developed particularly through the delivery of the LEADER element of rural development funding since the 1990s. The skills and experience of both communities and local development organisations established during this time are valuable resources and should be used to support the development of a more integrated approach to rural economic development.

In order to support enterprise and innovation in local areas a culture of entrepreneurship and risk taking should be encouraged. In this context it is necessary to address the barriers in place that challenge entrepreneurial initiative and ensure that entrepreneurs have the capacity to address these barriers. It is critical to the future of the rural economy that

¹⁷ *Putting People First, Action plan for Effective Local Government*, Department of Environment, Community and Local Government, October 2012, pp 160

 ¹⁸ *Putting People First, Action plan for Effective Local Government*, Department of Environment, Community and Local Government, October 2012, pp 162



interested members of the community with innovative ideas are encouraged and supported to bring their ideas forward and develop them to the point where they can be viewed as viable business options and as such have real potential to generate economic activity in rural areas.

Animated and empowered rural communities working in partnership have a strong track record of innovative thinking and adaptation to changing circumstances as evidenced by the development of Community Enterprise Centres, food units, high quality office space, craft studios, tourism infrastructure, theatres, arts centres, social enterprises and collaborative projects with State agencies, such as OPW for the development of local infrastructure supporting local potential for economic development. Such initiatives emerge as a result of facilitated community development together with local leadership within communities who identify both specific challenges to the development of their communities but more importantly the solutions that can address these challenges. This type of leadership should be fostered and supported with activation measures, training and development opportunities. Such community leadership programmes should encourage the development of systems of knowledge transfer and sharing of best practice within and between communities.

Recommendation 11: The Commission recommends the continuation of a CLLD approach to the delivery of rural development initiatives utilising resources available through all of the European Structural and Investment funds to support the integrated approach to rural development presented here and advocated in Putting People First.

Recommendation 12: The Commission recommends the development of a programme of capacity building for rural communities initiated and implemented by local government in partnership with local development structures in line with the proposals in PPF. Such a capacity building programme should include support for leadership and governance training, for development of community structures and participative planning, as well as support for specific training initiatives.

4.5 Social Enterprise

Social enterprises have been recognised both nationally and at EU level as having an important role in economic recovery in relation to their ability to create local employment opportunities, fill gaps in services, and get people back to work / into work through the building of both social capital and community spirit. While there is, as yet no nationally recognised definition of a social enterprise, the 2013 Forfás report defined social enterprise as *'an enterprise that trades for a social/societal purpose, where at least part of its income is earned from its trading activity, is separate from government, and where the surplus is primarily re-invested in the social objective'* (p 2). While this definition may not be universally accepted, it does provide a very good starting point in defining, what is a particularly rich environment of different organisational and business structures.



Mechanisms such as the Social Enterprise and the Cooperative sectors have emerged as a significant component of the Irish economy with the recent Forfás report "*Social Enterprise in Ireland Sectoral Opportunities and Policy Issues*" identifying the potential to create 25,000 jobs by 2020 in this sector alone. Reports at European level have also outlined the importance of social innovation and its potential to contribute to the targets set out in Europe 2020 to achieve a smart, sustainable and inclusive economy. In its General Guide to Social Innovation (2013) the EU highlights the need to support social innovation through the design of area based strategies built on local potential and encouraging partnerships between public, private and voluntary organisations as well as citizens and local communities. It highlights the merits of piloting social innovations and their potential for scaling and replicating.

The Commission consultation process highlighted the potential of social enterprise to make a valuable contribution to rural economic development in the future and the need to build the capacity of rural communities to avail of opportunities in this area. In this context the Commission fully supports the findings and recommendations of the Forfás report, particularly those in respect of procurement by public bodies and easing access to enterprise supports as well as tackling disincentives and barriers for development and growth and suggests that all initiatives that emerge from the recommendations should pay particular attention to the specific challenges faced by social enterprises in rural communities.

In addition, the Commission recommends a particular emphasis on the need to develop capacity in the social enterprise sector in the context of the improved enterprise support measures outlined in this report and identified in PPF. In line with the specific recommendations of the Forfás report, capacity building initiatives such as facilitation of increased networking and sharing of best practice, increased capacity to access funding and other supports available in line with other business models, consideration of measures that can support Social Enterprise to become investment ready with longer term strategic perspectives that facilitate access to sustainable financing.

Recommendation 13: Efforts should be made through the enhanced processes of enterprise support in local areas described in this report, to build capacity in the social enterprise sector to ensure that social enterprises are 'investment-ready' at all stages of their development including start up, early stage development and growth phases.

Recommendation 14: The Government should introduce a funding mechanism, either stand alone or in partnership with other finance instruments, to incentivise and support the early stage development of social enterprises.



Access and Enabling Supports

5.1 Introduction

A number of areas were identified that are currently creating barriers to the development of enterprise in rural Ireland and the Commission have grouped these under the heading access and enabling supports. These are areas of the economy which need to be robust in order to facilitate business development and job creation and initiatives under this heading will facilitate access and enable economic actors to support rural economic development. It should also be noted that in many cases ensuring provision of these supports not only supports the economic development of rural areas but also improves the quality of life in general therefore contributing to the overall sustainable development of vibrant rural communities.

5.2 Broadband

Physical access to markets, suppliers and services is critical for enterprise start up and development however this can present a challenge in rural areas generally and particularly in remote rural areas. The need for this kind of access has historically resulted in the clustering of industry in cities and urban areas where they are either close to market or transport hubs. However, rurally based businesses can partially overcome these challenges through high quality and low cost internet connectivity, providing access to a global marketplace through online trade.

Access to and cost of high quality broadband emerged from the CEDRA consultation process as one of the most significant challenges faced by rural communities particularly from a business perspective. While many rural businesses and households have access to a basic broadband service they are unable to access the kind of cost effective, high capacity internet services that are required in a modern business environment. In a significant number of areas the quality and types of services that are currently available are not sufficient to support efficient and effective business practice.

Delivery of next generation broadband infrastructure is similar to other infrastructure in that delivery is less commercially attractive in more sparsely populated areas. As in other countries there needs to be significant State investment to ensure delivery to areas outside the principal urban areas. While improved broadband speeds are a national issue, it is particularly important to ensure next generation broadband for rural businesses and those needing to trade online¹⁹. Technology can reduce distance to market for more peripheral locations but only where quality services are available at a competitive price.

In 2012 the Department of Communications, Energy and Natural Resources (DCENR) published "*Delivering a Connected Society – A National Broadband Plan for Ireland*" which recognises the importance of high speed broadband for economic development and which

¹⁹ WDC (2012), Connecting the West, Next Generation Broadband in the Western Region,

<http://www.wdc.ie/wp-content/uploads/WDC-Connecting-the-West-Next-Gen-Broadband-2012-large.pdf>

Accessed 27th November 2013



sets out the strategy to deliver high speed broadband throughout Ireland. The strategy identifies high speed broadband as a “key enabling infrastructure” with 9 out of 10 SMEs identifying the internet as having a positive influence on their company in terms of better communications, time savings, productivity gains and increased sales.²⁰ This strategy commits to a minimum of 30Mbps broadband availability for every business and home by 2016. The evidence from CEDRA supports the need for this as a minimum and a priority and goes further to recommend State support to facilitate the delivery of 100Mbps broadband to smaller centres. There is also direct job creation potential in rural and regional locations arising from planned State investment in next generation broadband. Construction skills will be needed and many rural areas still have such skills in supply with many construction workers unemployed or underemployed. As technologies develop, the minimum of 30Mbps should improve proportionally and all possible measures should be employed to ensure that access to high speed internet in rural areas is prioritised as an essential component of contemporary living and doing business.

Recommendation 15: In the context of the strategic role of broadband, particularly from an enterprise perspective public funding for the provision of next generation services to rural areas (minimum 30Mbps) needs to be ring-fenced and should be delivered as soon as possible. Considering the current widespread availability of speeds of 50Mbps and higher in many urban areas, the priority must be delivery of 30Mbps minimum to all rural areas by the end of 2015.

Recommendation 16: For population centers of more than 1,500 and in the absence of commercial investment, further State investment should be used to support the deployment of fibre networks to these areas, enabling next generation speeds of 100Mbps as soon as possible and not 40Mbps, as is the current target. The aim is to ensure that smaller urban areas and rural towns are not at a disadvantage in attracting and retaining enterprises and employment compared to the principal urban areas.

5.3 Roads

Improvement in the roads infrastructure over the past decade has been substantial, however significant problems remain and there is a need for progress particularly in relation to road connections outside Dublin for example the Atlantic and North West-South East corridor. CEDRA acknowledges the current financial limitations with regard to investment in infrastructure; however the continued improvement of road networks should be prioritised as and when the financial position improves as a well-functioning road network is crucial for the future economic development of rural Ireland.

²⁰ Delivering a Connected Society – A National Broadband Plan for Ireland, Department of Communications, Energy and Natural Resources, 2012,

Recommendation 17: The continued improvement of road networks, particularly those outside of the greater Dublin area, should be prioritised as a well-functioning road network is crucial for the future economic development of rural areas.

- (a) It is recommended that adequate funding is provided to maintain the improvements in road infrastructure undertaken in the past decade.
- (b) In order to facilitate the development of significant enterprise and economic activity in rural areas, it is recommended that funding be reallocated for specific improvements to local/regional roads of significant economic importance with prioritization given to relief roads that have potential to open up economic and employment opportunities in key towns.

5.4 Rural Transport

Access to public transport in some parts of rural Ireland can be problematic and local and secondary road networks can often be in need of improvement. This can have a negative effect on rural populations in the context of access to services and this is particularly critical when looking at very remote and vulnerable populations. However specific focus on the transport needs of rural Ireland has been on going over the last number of years. The Rural Transport Initiative, piloted in the 2000-2006 National Development Plan was formalised in the 2007-2013 National Development Plan and has been working towards providing the necessary support required to fulfil the transport needs of rural Ireland.

The Department of Transport, Tourism and Sport is currently overseeing a significant restructuring process for the Rural Transport Programme in order to facilitate its full integration into the wider public transport system. The restructuring process entails the creation of 18 new Transport Co-Ordination Units (TCUs) across the country. The new TCUs will be based where practical in local authorities and will co-ordinate the running of transport services within their area. They will be overseen by the National Transport Authority (NTA). The TCUs will be staffed by personnel from the 35 rural transport programme companies currently in operation. As part of the reform, each local authority will prepare annual rural transport plans which the TCUs will have to work to. This will give local Government a role in the planning of rural transport provision for the first time and will provide an opportunity for every parish to have their transport needs assessed.

The purpose of the restructuring of the RTP is to protect the provision of rural transport services into the future by ensuring a more efficient delivery structure that maximises integration with other State transport services and by making the programme a sustainable part of the public transport system. These plans are consistent with the more integrated approach to rural economic development advocated throughout this report and the Commission encourage Government to ensure that this newly integrated rural transport system provide the transport system that rural Ireland needs and deserves.



Other initiatives to support the provision of transport options in rural areas are also to be welcomed including the proposed Rural Hackney Licence which is likely to be announced shortly on a pilot basis. The Commission would urge Government to continue to develop innovative and cost effective ways to provide for the transport needs of rural Ireland particularly those in remote rural areas. See Box 2 for a case study description of the proposed Rural Hackney Licence initiative.

Recommendation 18: The Commission supports the Governments initiative to improve and integrate the Rural Transport Programme (RTP) into the overall public transport system. The Commission recommends ongoing and comprehensive monitoring of the programme in order to ensure that it is meeting the transport needs of rural Ireland going forward.

Case Study: Rural Hackney Licence

The Taxi Regulation Review Report 2011 which was adopted by the Government contains a recommendation regarding the introduction of a "Local Area Hackney Licence" for rural locations meeting certain criteria. The recommendation arises from the fact that there is a market failure in the provision of hackney services in certain parts of the country and in rural areas in particular. Quite simply, there are many places where taxi/hackney services do not exist.

For the granting of such a licence, certain regulatory requirements would be waived. The basic criteria would be the following:

1. the area of operation would be limited;
2. the need for a Local Area Hackney Licence would have to be validated by a local community or business organisation;
3. low entry cost for operators;
4. drivers would have to be resident in the area in respect of which the need for the service has been identified and there would be no requirement to sit area knowledge tests; and
5. the driver would not be allowed to ply for hire on public roads or at taxi ranks. However the establishment of an approved "hackney stand" in an off-street area would be permissible.

In accordance with the Taxi Regulation Act 2003 (which will shortly be replaced by the recently enacted Taxi Regulation Act 2013) it is a matter for the National Transport Authority to make regulatory provision for the grant of a Local Area Hackney Licence. The NTA is considering the matter in consultation with the Taxi Advisory Committee which includes representatives of the taxi and hackney industry.

The objective of the Local Area Hackney Licence is designed to facilitate a low cost entry to the hackney market for transport provision in rural areas that, otherwise, would be unlikely to have such services. It is expected the specific proposal will be announced shortly. The scheme is likely to be announced on a pilot basis initially.



5.5 Water

From an international perspective pressures created by the world's growing population and economy in tandem with the challenges presented by the impact of climate change are already having an impact on the availability of water. In this context the Government has initiated a comprehensive reform of Water Services in Ireland that intends to *"take a national approach to water, to significantly improve the quality of service, increase the cost efficiency associated with water provision and conserve our national resource"*²¹.

The provision of an efficient and effective water service is not only essential for life but also for economic development. In line with the overall approach to a more integrated approach to rural development advocated throughout this report the Commission believes that during this time of structural change it is critical for Irish Water, the newly established organisation that will provide this service, to ensure that they take full and comprehensive consideration of the needs of rural Ireland when it comes to the design and implementation of their new service delivery model and it is in this context that the Commission recommends the following.

Recommendation 19: Given the transition currently underway from 34 local water services authorities (county/city councils) to one national water services authority (Irish Water) providing water/waste water infrastructure and services, it is recommended that measures are put in place to ensure that adequate provision is made for the economic development needs of rural areas in the planning and delivery of water services infrastructure by Irish Water.

5.6 Access to Finance

Finance for both working capital and investment is critical for the future development of small and medium enterprise (SME) in Ireland. In 2010 the SME sector made up 92% of rural enterprise so it is therefore not surprising that the CEDRA consultation process revealed evidence of continuing need for appropriate access to finance to allow rural businesses to expand and develop. The results of a recent survey conducted by the European Commission show that access to finance is second only to finding customers as the most pressing problem identified by SMEs throughout Europe²² with 20% of SMEs in Ireland identifying this as a problem above the EU average of 15%. The Commission found that rural entrepreneurs felt that while there remained a need to address the current weaknesses of the traditional banking sector in the context of access to credit there was also scope to be more innovative with regard to the number and types of instruments available.

²¹ Reform of the Water Sector in Ireland, position paper, January 2012, Department of Environment, Community and Local Government,

<http://www.environ.ie/en/Publications/Environment/Water/FileDownload,29192,en.pdf> Accessed 25th November 2013

²² 2013 SMEs Access to finance survey, European Commission, 14th November 2013,

http://ec.europa.eu/enterprise/policies/finance/files/2013-safe-analytical-report_en.pdf Accessed 22nd November 2013



In policy terms current measures to support access to finance can broadly be divided into two main areas those that attempt to improve access to banking finance for SMEs and those that aim to develop non-bank sources of SME finance.²³ The SME sector traditionally finds it more difficult than larger firms to access credit for a variety of reasons including their reliance on local markets, and the lack of certainty with regard to future cash flows which applies particularly to younger businesses.

During the CEDRA consultation process the provision of credit for working capital purposes was identified as a particular challenge. As working capital is traditionally provided through core bank lending (term loans, overdrafts, etc.) it is vital that the restructuring of the banking sector and imposition of lending targets is progressed, to facilitate greater credit flow to rural enterprises. The recent budget initiatives to improve availability of non-bank finance such as seed funding and micro funds are welcome, but need to be monitored on an on-going basis. Indeed, there is some consensus in the research that the provision of a mix of options for SMEs, banking and non-banking, is the optimum way to approach the access to finance challenge. Added to this a consideration of the means of making such core financial support available to rural SME's must be undertaken. For many sectors, actual knowledge and experience of the dynamics of their business is crucial to ensure meaningful commercial engagement. Many rural support bodies have developed such sectoral experience and have accordingly presented some interesting results.

One example of the innovative use of a financial instrument is the response of the western rural creative industries sector to an analysis of demand for working capital in order to facilitate growth within the sector. Not only was the demand identified but the attendant pilot micro fund program (launched in June 2012 by the Western Development Commission), has so far supported jobs at minimal impact to the State see case study in Box 3.

²³ Policy Measures to Improve Access to credit for SMEs: A survey; Sarah Holton, Fergal McCann, Kathryn Prendergast, David Purdue, Central Bank of Ireland,
<http://www.centralbank.ie/publications/Documents/Policy%20Measures%20to%20Improve%20Access%20to%20Credit%20for%20SMEs%20a%20Survey.pdf> Accessed 4th November 2013



Case Study: Creative Industries Micro loan fund example

The WDC Micro-Loan Fund: Creative Industries is a pilot initiative of the WDC, allocating €1,000,000 over a three year period from the Western Investment Revolved Fund to the creative industries sector. This was launched in June 2012. The Micro-Loan Fund operates on a competitive 'Call for Applications' basis. Calls to the Micro- Loan Fund will be quarterly. The funding is provided on the basis of repayable loan finance. The funding will be used to grow and develop the business in accordance with the promoter's business plan with a focus on exports. WDC research has identified access to funding as an issue for creative industries and an impediment to the growth of the sector. The majority of businesses in this sector are sole traders or micro enterprises who face particular difficulties accessing finance. Access to funding has been exacerbated by the current financial crisis. The projects funded under the micro-loan fund currently employ 45 staff plus 18 seasonal workers and forecast to grow to 74 plus 25 seasonal workers.

However in broader terms than just working capital issues (e.g. seed and investment capital), the use of financial instruments such as micro funds, equity, trade credit and internal funding should be explored and supported by Government as part of an overall package to support the creation and development of rural enterprise.

One example of the innovative use of financial engineering instruments is the Western Investment Fund. The WIF has three distinct components that provide risk capital (equity and loans) to all types of indigenous enterprises in the Western Region (SMEs, Micro-Enterprises and Community Enterprises), sustaining and creating jobs so critical to the western and rural economy. The WIF is a multi-sectoral fund that has invested across a very broad spectrum of industries, many of which the West has a natural advantage in (See the case study in Box 4). This innovative and necessity driven use of financial engineering instruments such as micro loan funds, equity, etc. funding should be explored and supported by Government as part of an overall package to support the creation and development of rural enterprise.



Case Study: St. Canice's Kilkenny Credit Union (CU) Small Business Loan Scheme

In partnership with Kilkenny County Enterprise Board (CEB), St Canices Kilkenny Credit Union launched a Small Business Loan Scheme in 2009 in order to provide credit to small businesses within the common bond area of the CU (i.e. applicants must be living, working or operating a business in the St. Canice's CU bond area). All industry/business sectors are eligible to apply under the Scheme, subject to the common bond criteria. The maximum loan available under the Scheme is €40,000, repayable over a 5 year period at a rate of 6.4%. Loans are provided for working capital as well as capital items.

Kilkenny CEB co-promotes the Loan Scheme; assists applicants make applications; undertakes due diligence; presents loan applications; provides secretariat to a Joint Evaluation Committee; provides after-care to loan applicants approved; appoints, manages and co-funds mentors appointed to loan applicants approved. The CEB has a Panel of specialist mentors it can call upon to assist applicants to prepare applications for the Scheme. All applicants to the Scheme are appointed a mentor. In the first instance, the role of the mentor is to screen the applications according to the agreed Evaluation Criteria, carry out due diligence, identify any weaknesses/gaps in the application and present a summary of same to the Evaluation Committee. The Evaluation Committee reviews the application and considers the summary and then makes a recommendation to the CU Credit Committee. The CU Credit Committee has the final discretion to approve or reject applications. It should be noted however that all recommendations made by the Evaluation Committee to date have been accepted by the CU Credit Committee.

A mentor is assigned to all successful loan applicants. The mentor continues to assist the applicant with business planning and development, as well as management capability (to include advice on cash-flow management; reaching performance targets such as sales, etc.). This is aimed at helping improve the chances of success, as well as safeguarding the loan, thus reducing the level of default.

To date, 85 applications have been processed, with 56 (or 65%) receiving funding, with an average loan approved of €24,000. The total number of jobs associated with the projects approved under the loan scheme to date is 123, or approximately 2 jobs per application. The sectoral distribution of loan approvals is as follows: 54% to local services, 20% to retail; 14% to manufacturing operations; 7% to community projects and the remaining 5% to internationally traded projects.



Recommendation 20: The Commission recommends that in order to drive employment and enterprise growth there is a need to identify and implement market/client led access to finance initiatives for rural/regional SME's (e.g. micro loans for renewable energy, tourism and creative industry businesses, and seed funding for the general rural economy). This should be facilitated by an inter-departmental working group assessment with lead regional development bodies on the exact manner of support instruments and preferred attendant implementation mechanism.

5.7 Skills Development

Skills levels tend to be lower in rural areas for a number of reasons, including the types of employment found in rural areas as well as outward migration of well-educated young people and the lower participation rates in lifelong learning of rural dwellers in the 25+ age groups. In 2011, the share of rural adults with third level education was 30% as opposed to 40% in the cities. In Galway city it was as high as 48% while in the open countryside and villages the rate was as low as 26%. In this context the need to address the skills deficit in rural Ireland is critical for the future economic development of rural areas.

The Commission notes and acknowledges the significant and interlinked initiatives implemented by Government to address the unemployment crisis particularly the Jobs Strategy and the Pathways to Work policy statement regarding the long term unemployed. In particular the Pathways to Work strategy sets out how the Government intends to engage with and support the unemployed to get back into the workforce and sets out 5 support strands designed to facilitate this.

Education and training programmes are most effective from an employment perspective when they are closely linked to labour market demand. This came to the fore as part of the CEDRA consultation process particularly in the context of national labour market activation initiatives. While existing national skills strategies have focused on skills provisions for sectors with high growth potential such as ICT, and the Green Economy, there are specific rural needs, particularly in the delivery of localised ICT, sales and language training that need to be supported.

The Commission also identified (and has outlined in other sections of this report), a number of rural resource sectors that have significant development potential, it recommends that priority is given to the delivery of programmes that support skills development in these sectors within rural areas. Skills provision must both accommodate different needs and be proactive in helping people unlock their potential.

The development of generic and transferable skills in line with the Future Strategy Group recommendations²⁴ is particularly relevant in rural areas where specific skill needs are

²⁴ The Changing Nature of Generic Skills – Prepared by the Expert Groups on Future Skills Needs Secretariat, Forfás, 2006, <http://www.skillsstrategy.ie/pdfs/TheChangingNatureofGenericSkills.pdf> Accessed 24th November 2013




difficult to predict and where more flexibility and responsiveness to emerging demand is required. As Ireland's economy begins to recover the expectation is that consumer demand will also improve over time and will result in increased general opportunities in local rural economies. This requires a focus on more general skills training particularly in areas such as customer service, sales, security, transport, financial, business and management skills. There is currently a strong focus on the concept of "dual education systems"²⁵ with the vocational strand concentrating more on apprenticeship and traineeship approaches to skills development like the system currently in use in Germany. This type of approach can be seen in some of the labour market activation measures currently in use by the Department of Social Protection. In line with national labour market activation policy larger businesses and organisations already working in rural areas should continue to be encouraged to facilitate internship programmes and student work placements in this context.

Evidence indicates that those with higher levels of education and skills have better labour market outcomes, including higher earnings, higher employment rates, lower unemployment rates; and an increased likelihood of returning to the labour market more quickly should they find themselves unemployed. In 2011, the employment rate of those with third level education was 50% higher than those with secondary level education. Those with higher level skills training who participated in Active Labour Market programmes also had a higher probability of re-entering the workforce.

Skills development is not limited to formal education and skills interventions. Strategies for up-skilling should recognise the advantages of alternative mechanisms such as Life-Long learning, continuous skills development and enterprise-based experiential learning. This is particularly important in the context of the current difficulty with both youth and long term unemployment in Ireland. Youth unemployment in Ireland currently stands at 30% (rising from 9% in 2007). Ireland has one of the highest rates of young people who are not in education, not in employment and not in training (NEET) in the EU at 21%. These figures suggest a need to develop alternative pathways to education outside of the current formal third level structures.

To maximise the impact of training on rural economic development, consideration should be given to improving the linkages between local economic development structures including local employers and Institutes of Technology, and other relevant providers of technical education and skills such as the Education and Training Boards (ETBs), Teagasc and Fáilte Ireland etc. In this context and in order to address the regional and rural gaps in higher education access, CEDRA suggests the expansion of two existing initiatives, the HEANET roll out of broadband to post primary schools and the integration of further education and skills delivery with the former VEC's as part of the Education and Training Boards. These would build upon the existing high speed broadband tele-conferencing and other distance learning tools for part of the course, with more intensive engagement being provided in the main

²⁵ ESF Conference, Dublin 2013, Karen Roly, Senior Political Advisor, Confederation of Danish Employers

 <http://www.eu2013.ie/media/eupresidency/content/documents/Karen-Roiy-Social-Partners.pdf> Accessed 24th

 November 2013



campus (a form of blended learning). This would provide a relatively low cost way of increasing access, without the heavy financial investments required for full campus-based provision.

Given the diversity of human and physical capital and opportunities in the regions, CEDRA proposes that the provision of skills training be closely linked with and responsive to the areas of potential identified in regional and local development strategies, in order to ensure that the training supported reflects the capacities and strengths of individual regions. The effective implementation of a more participative integrated approach to rural economic development will also require consideration of the skill sets necessary to ensure that communities have the capacity to engage fully with the planning development process as outlined and recommended in the context of the REDZ initiative (See recommendation 5). This is in line with the integrated approach to skills development recommended by the Commission and is supported by a recent report of the OECD which states that “*local policy co-ordination and integration could be strengthened in Ireland through stronger local partnerships and governance structures*”²⁶.

In summary the Commission would like to see the application of a more integrated approach to the delivery of skills based initiatives that include the consideration of the needs of and opportunities available to, rural dwellers as well as addressing the skills needs of relevant sectors of the rural economy.

Recommendation 21: The Commission recommends that a multi-agency approach to reskilling and up skilling of rural dwellers should be employed taking into consideration availability of and access to opportunities; and that all skills strategies should actively consider the needs of rural dwellers.

Recommendation 22: The Commission recommends that Capacity Building Programmes to develop the skills sets required in order to ensure full and comprehensive participation by all communities in rural economic development planning processes and implementation should be an integral part of the development processes at local level. The responsibility for this should rest within the revised local economic development systems proposed in Putting People First.

²⁶ OECD, Local Job Creation: How employment and training agencies can help – Ireland, <http://www.oecd.org/ireland/ljci.htm> Accessed 27th November 2013



Sector Specific Development

6.1 Introduction

The following sections of the report look at prioritisation and change in the implementation of national sectoral policies and strategies in order to maximise the impact of such policies in rural Ireland. The Commission believes that the implementation of these recommendations in conjunction with individual sectoral strategies and plans can not only maximise the impact of sectoral policies but also address any potential issues of uneven distribution of impact identified in the consultation process.

Rural resources (physical, human and cultural) can provide specific advantages for the development of rural economies e.g. across sectors such as the food and marine, rural tourism, renewable energy and the creative sectors. It should be noted that while the terms of reference for CEDRA relate to activity outside of the farm gate, when looking at rural resources the potential for economic growth in rural areas depends significantly on the interaction between activity inside the farm gate and the products and processes that add value to agricultural products. Such interactions are an integral part of the broader rural economy. From agriculture to tourism and in line with its overall approach to integrated rural economic development CEDRA acknowledges the need for a more integrated approach to the management of rural resource potential.

A number of specific sectors of the rural economy emerged as having particular potential to contribute to the economic development of rural Ireland to 2025 including Food and Beverage, the Creative Industries, Tourism and Recreation in Rural Areas, the Marine and Renewable Energy. When developing recommendations for sectoral support consideration was given to the content of sectoral strategies such as *Food Harvest 2020 and Harnessing our Ocean Wealth – An Integrated Marine Plan for Ireland* and the recommendations presented by the Commission are in addition to the recommendations outlined in such strategies.

6.2 Food and Beverage (Artisan and Speciality)

The significant growth potential of the agri-food and beverage sector is already widely recognised. The removal of milk quotas in 2015 will introduce potential not only for significant growth in the milk sector but also for the development and production of value added dairy products. In the meat sector where a number of producers are already creating innovative ways to add value to meat products there is significant potential to move up the value chain increasing economic activity in rural areas as a result. Alternative use of crops, a process which currently faces the challenge of under developed markets, can also present opportunities to add value and support the broader rural economy. There is also a need to increase the size of the speciality food and beverage sector and to improve its export performance which can be facilitated by expansion of measures such as the Food Works programme (see Box 5).



The speciality food sector, valued at approximately €615 million in 2012²⁷ with about 350 producers employing more than 3,000 people, represents significant economic potential particularly as evidence would suggest that this sector can have significant impact on local economies. This impact is highlighted in a UK study which shows that every £1 spent on local food in a local outlet generates £2.50 for the local economy²⁸. Assuming sales of 90% of output locally (as suggested by the Taste Council) this could result in €1.125 billion in revenue. Increasing the share of the national food grocery and foodservice markets accounted for by speciality food from 3% to 6% would result in the circulation of over €2 billion in the local economy. Growth prospects for this sector are positive, driven by increased consumer interest in the provenance of food, environmental concerns, health and a desire to support the local economy (see footnote 22) in spite of high levels of unemployment and economic concerns.

Case Study: Foodworks

Foodworks is a joint initiative of Bord Bia, Enterprise Ireland and Teagasc. The programme is designed for new and early stage food entrepreneurs who have ambitious export plans for a manufactured food product. The programme is aimed at experienced people who have a prototype or product and who with direction and support believe they can build scalable exports.

This is open to all pre or early stage food entrepreneurs trading less than two years. Entry to stages 4 Take Your First Steps and 5 Begin Your Venture is through a detailed competitive application.

There is potential for more foreign direct investment in the food sector and this should be explored within the context of the CEDRA recommendation on niche FDI outlined earlier. The small scale nature of some speciality food producers would benefit enormously from initiatives that facilitate easier product development such as access to industrial kitchens. In addition there is an identified need within this sector to facilitate access to export markets through greater collaboration and branding initiatives. Some expert stakeholders suggested that placing an initial focus on the market in Northern Ireland due to its proximity and ease of access could facilitate testing of export markets with a view to expansion into other jurisdictions based on the this learning process.

Recommendation 23: The Commission recommends that support provided to the food industry at present should focus on the expansion of the speciality food and beverage sector through the implementation of initiatives that will facilitate product development and access to export markets.

²⁸ New Economics Foundation (NEF), 2001, Local Food Shopping better for Rural Economy than Supermarket Shopping, 7 August.



Recommendation 24: There was some evidence that a more streamlined approach to support for the agri-food sector was required in order to maximise its potential for rural Ireland. In particular, the existence of a number of different agencies providing services to the sector was highlighted. In this context the Commission recommends that the Food Harvest 2020 High Level Implementation Committee and the CEDRA High Level Implementation Committee examine the possibility of a more coordinated role among the agencies currently supporting the agri-food sector that maximise its impact on the economic development of rural Ireland. Such an examination should draw on examples of existing best practice such as that identified in the case study "Scotland Food and Drink".

Case Study: Scotland Food and Drink

Scotland Food and Drink was established in 2007 to guide food and drink companies of all sizes towards increased profitability. Led by the industry itself, the organisation assists food and drink companies to gain access to a wide range of services and benefits specifically designed to help grow their business. They also offer expert advice and support in areas ranging from accessing new markets for products, new product development and skills & training to marketing & PR and legislation.

A not for profit organisation-supported by the Scottish Government-their mission is to grow the industry to a value of £16.5billion by 2017 with a vision to build Scotland's international reputation as a "Land of Food and Drink"

<http://www.scotlandfoodanddrink.org/>



6.3 Creative Industries

Creative industries can be defined as the cycle of creation, production and commercialisation of products and services that use knowledge and intellectual capital as primary inputs. They deal with the interplay of various subsectors, ranging from traditional crafts, books, and visual and performing arts, to more technology-intensive and service-orientated fields such as music and film industries, television and radio broadcasting, new media and design. Today, creative industries are among the most dynamic sectors in world trade.

The Creative Sector in Ireland, which draws upon our rural image and capitalises on our creative strengths is an important potential source of value added employment in rural areas. In the ten years up to 2005, the creative economy grew at twice the annual rate of the service industries and four times the rate of manufacturing in OECD countries. In Europe, the growth of the cultural and creative sector was 12.3% higher than the growth of the overall economy from 1999 to 2003. From an economic perspective, international trade is a key component, from 2000 – 2005, trade in creative-industry products grew on average by 8.7% annually.

The creative economy is a globally significant growth sector with above average sectoral growth trends. Evidence also suggests that this sector is a unique and potentially critical sector for sustainable growth in rural Ireland with some significant success stories identified particularly through the work of the Western Development Commission²⁹. Employment forecasts vary, but given the 17,000 potential jobs forecasted in the western region alone, they remain significant and enticing in the sense that they are diverse in nature and indigenous, which leads to a greater potential sustainability for the locality in which they are situated.

Many of the issues identified as barriers or challenges to enterprise in general also apply to the creative sector, particularly those that relate to broadband infrastructure, skills and support for marketing and finance; and in this context the recommendations around these areas apply equally to the creative sector as to other enterprise areas. However in the context of providing further support nationwide, and in line with the overall emphasis on a more integrated approach to rural economic development, CEDRA believes there is a need for economic development strategies to include a specific focus on the development of this sector as a sector with high potential to support rural economic development in the future.

Policies exist for many of the individual creative industries which make up the creative sector, but the sector lacks a coherent voice for the sector. . As a result there is a lack of clarity that sees different creative enterprises falling under the remit of a number of Government Departments and State Agencies with little integration. No single Department has overarching responsibility for the sector. Enterprises work under a combination of departments from Enterprise, Trade and Innovation, Communications, Energy and Natural

²⁹ Western Development Commission/NUIG – “*The creative sector in the western region – future growth trajectories June 2011*” <http://www.nuigalway.ie/cisc/documents/eiareportcisc2011.pdf>



Resources to the Department of Tourism, Culture and Sport. In this context the main recommendation of CEDRA with regard to the creative industries centres on the need to develop a cross agency strategy for all elements of the creative industry sector. The Commission believes that the implementation of this recommendation coupled with the already presented recommendations around the challenges facing enterprise in general in rural Ireland would put the creative industries in a strong position to contribute to rural economic development into the future.

Recommendation 25: The Commission recommends the development of a coordinated strategy for the Creative Industries that places a specific focus on its potential to contribute to the development of the Rural Economy. Consideration should be given to a specific mechanism that combines the creative economy support competencies of the relevant Government Departments (Arts, Heritage and the Gaeltacht, Enterprise, Trade and Innovation and Environment, Community and Local Government) with existing lead agencies (Western Development commission, Craft Council, Arts Council, Film Board etc.) to introduce a more integrated approach to funding in line with the overall approach advocated by the Commission.



6.4 Tourism and Recreation in Rural Areas

The tourism industry is a key driver of local economic development, building upon key assets such as our landscape, history, people, culture and human resources and is arguably one of Ireland's most important and successful sectors. Being to some extent place specific, it has therefore the potential to generate value in relatively peripheral rural areas. The extent of the tourism industry in Ireland is reflected in the visitor information available through Fáilte Ireland, which estimates the value of tourists visiting Ireland in 2012 at €4 billion. This represents a 4.4% increase on 2011, with the numbers of visitors into Ireland also increasing by 1% to 6.3 million. The value of domestic tourism was €1.3 billion, making tourism a 5.4 billion industry in 2012 representing 4.1% of GNP. The numbers employed in the sector are estimated to be 185,000 in total of which 123,100 (6.7% of total employment) were employed in 'Accommodation and food services activities'³⁰

Recurring themes from the CEDRA consultation process indicate that tourism in rural areas is a complex and largely untapped resource, with potential to generate income and create jobs, but in order to do so it must be given a clear identity and valued economically. Consultations indicated that tourism in rural areas has had limited benefit from recent growth in the sector. This is largely due to rural areas being viewed as somewhat secondary 'sight-seeing territory' as tourists move between the established attractions, rather than as substantive tourism and recreation resources in their own right. This lack of a specific identity inhibits the identification of an explicit market for rural tourism. Countries like Austria and Finland have defined rural tourism products and Finland in particular, has a specific policy for rural tourism.

A comparative advantage for tourism in rural areas is the high level of community and voluntary activity that facilitates more authentic experiences with visitors. Cultural, historical, heritage, sports events and festivals are all delivered with huge community investment of time, energy and expertise. These accessible, localised and authentic experiences however, require national platforms and live web portals, e.g. The Gathering 2013, Ireland Reaching Out and the Historic Graves Initiative to support and promote their activities.

Rural destinations are often a mix of micro and small enterprises and non-commercial attractions that include a wide range of activities such as cultural, marine, adventure/activity and nature tourism. When divided into niches or subsectors fragmentation can occur leading to a lack of common purpose and inhibiting development. A cooperative approach to destination development is required in order to achieve success, as visitors are more likely to visit an area if they have a clear image of that area and its identity. In order to ensure market-led product development and proper destination management an effective industry-led partnership is required to enable efficient co-ordination of all public, private and community interests that impact on tourism.

³⁰ Fáilte Ireland, Tourism Facts 2012, October 2013,

http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/3_Research_Insights/3_General_SurveysReports/Tourism_Facts_2012.pdf?ext=.pdf Accessed 26th November 2013



The growing importance of tourism in rural areas to the national economy should be established empirically as an integral part of national tourism strategies and plans. Such plans should contain clearly defined objectives to maximise product development potential; build the capacity of individuals and rural communities to avail of emerging opportunities; identify and facilitate marketing initiatives to maximise job creation; and facilitate a multi sectoral approach to on-going research and development.

The development of rural tourism and recreation infrastructure in Ireland has, to date, been spread across a range of government departments and agencies. The recent success of the Western Greenway³¹ is an example of what can be achieved with a modest investment in a relatively short time frame (see Box 7). Assets with huge capacity for development in rural areas include canals, rivers, lakes, coastal locations, unused rural pathways, railways, mountain and hills, heritage sites, forests and woodlands, harbours and slipways, wetlands, architecturally interesting villages and trails etc. The development of such assets for rural recreation purposes would allow for the delivery of tourism and recreation infrastructure providing a stimulus to many local areas affected by unemployment. Similarly such assets would lend themselves to secondary development spurs off primary national routes. The proposed National Outdoor Recreation Plan for Public Lands and Waters in Ireland is a significant development which CEDRA fully endorses.³² As the State owns over 15% of the existing lands in the country there is significant potential to be realized through a more coordinated and planned approach to their management and development.



³¹ The World Class Great Western Greenway is a traffic free cycling and walking trail which follows the route of the renowned Westport to Achill railway which closed in 1937. At 42km the Greenway is the longest off-road walking and cycling trail in Ireland. www.greenway.ie

³² National Outdoor Recreation Plan for Public Lands and Waters is currently under negotiation between the Department of Environment

In summary there is little doubt that tourism in rural areas has enormous development potential. However, in order to realise that potential targeted research, innovation, capacity building, cross sectoral organisational supports and capital investment is required if it is to continue to grow its contribution to the rural economy.

Recommendation 26: The Commission recommends the preparation of a national plan for the development of tourism in rural areas as a distinct part of the national tourism planning process. This plan should identify a clear strategy for an innovative approach to the promotion and product development of tourism in rural areas. It should be informed by research and provide for on-going linkages between research and innovation in tourism.

Recommendation 27: The Commission recommends that national State owned infrastructure that can support national, regional and local tourism initiatives should be prioritised for development. The Commission believes that this is essential to build on the success of initiatives such as the Great Western Greenway in Mayo, and the O'Sullivan Beara Way from West Cork to Leitrim.

Recommendation 28: The Commission recommends that Local and Regional Tourism Destinations to complement National Destinations should be developed through a multi sectoral approach. This should be complemented by a destination management and marketing initiative.

³¹ Delivering Local Development: Ireland, OECD, LEED Forthcoming. 2013



Case Study: The economic potential of The Greenway

The World Class Great Western Greenway is a traffic free cycling and walking trail which follows the route of the renowned Westport to Achill railway which closed in 1937. At 42km the Greenway is the longest off-road walking and cycling trail in Ireland.

www.greenway.ie

Recognition of the potential for greenways to stimulate local economies has led to growing support for this type of development around the country. Not only are greenways valuable from the perspective of enhancing local recreational amenities but they also have the potential to encourage tourists to move off the beaten track generating considerable benefits for local business along the route. Fáilte Ireland state that, in 2010, 164,000 overseas visitors to Ireland engaged in cycling for some element of their stay in Ireland, with the expenditure of these visitors estimated at €180m.

Additionally, during construction, greenway investment helps to stimulate employment as these types of projects are more labour intensive when compared to major projects, such as motorway schemes, which are mainly delivered by machines. In general, from experience to date, this type of construction has been outsourced by local authorities to contractors thus boosting local economies further. While investment in greenways would seek to preserve and support local economies, such investment can also be expected to generate new business, particularly for complimentary services such as bike hire. This would have a direct impact on the creation of jobs and the longer term objective of creating and consolidating employment in a more sustainable tourism sector, particularly in rural areas where there can be a greater dependence on tourism.

An independent economic assessment of the route by Fitzpatrick Associates in 2011 found that major benefits were being obtained mostly through maintaining and creating employment arising from a consequent increase in demand for services including accommodation, bike hire, tour operators, local shops, bars and restaurants etc. The impact on jobs was significant with 37 new full time jobs being created and over 50 existing jobs being sustained by the route. These are long term benefits which greatly outstrip the level of job creation directly created through the delivery of the infrastructure itself.



6.5 Marine

As an island nation the sea has always provided potential for economic activity from a variety of perspectives. The marine sector has important regional socio-economic impacts with a large proportion of the employment and 'value-created' by the sector located outside the most developed regions of the country. In July 2012, the Government published *Harnessing Our Ocean Wealth – An Integrated Marine Plan for Ireland*, setting out the Government's Vision, High-level Goals and the Key Actions it will take to put in place the appropriate policy, governance and business climate to enable our vast and diverse marine potential to be realised. To support the vision, goals and targets set out in the Plan, eight enablers, key to creating the conditions for growth and investment, were identified. In total, 39 actions are outlined under these eight enablers.

Targets set out in *Harnessing Our Ocean Wealth*/related national strategies include the doubling of the value of Ireland's ocean economy to 2.4% of GDP by 2030 and increasing the turnover to exceed €6.4bn by 2020. Although there has not been an analysis of the impact of these scenarios on rural communities, the majority of marine/marine-related activities take place outside of the five main cities (with the exception of the Maritime Commerce & Ship Leasing Sector which is primarily Dublin-based). Within *Harnessing Our Ocean Wealth*, a significant number of the 39 actions directly / indirectly positively impact on rural areas.

While the CEDRA consultation process identified this sector as having a significant number of opportunities for rural communities, a considerable number of challenges also emerged. These challenges included regulatory frameworks, planning and licensing, the need to establish more clarity in areas such as inshore fisheries and seaweed and the need to increase the focus on the potential for marine tourism and recreation.

The CEDRA consultation highlighted opportunities for local coastal communities related to an untapped inshore fisheries resource. Feedback included: the need for a management strategy and framework for inshore fisheries; evaluation of the importance and significance of the stock; and the development of new inshore fisheries. Stakeholders also highlighted the importance of initiatives under the Fisheries Local Action Groups (see Box 8).



Case Study: Fisheries Local Action Groups

The precursor to the EMFF fund, the European fisheries fund (EFF), continues to provide funding to the fishing/seafood industry and coastal communities to help them adapt to changing conditions in the sector and become economically resilient and ecologically sustainable.

Axis 4 of the EMF, Sustainable development of fisheries areas, is based on local development strategies, reflecting a bottom-up approach. Axis 4 is similar to the Leader 'area-based approach' to development in rural areas. Currently, six Irish FLAGs have been launched. Each FLAG consists of a mix of representatives from State organisations and fishing, marine and community groups. It is anticipated that the strategies will inform the work of the FLAG for successive programmes up to 2021.

The strategies are being guided by socio-economic analysis and SWOT of the area; and community consultation and participation process. Strategic priorities set out in the draft strategies prepared to-date include: Enhancing the market value of shellfish; Artisanal seafood development; Enhancing marine tourism potential e.g. Small-scale infrastructure improvements, 'The Blue Way'³³, development of marine tourism apps; training, up skilling and diversification; projects integrating seafood & tourism; and clusters/marine incubation centre. These programmes complement / add value to initiatives funded under the LEADER programme. Systems are being put in place to ensure the two Programmes are complementary to each other and avoid duplication.



³³ The Blue Way concept follows on from the road-based Wild Atlantic Way linking piers, festivals, regattas, and cruising routes covering the coasts of Clare and Galway.

Despite a long traditional use of seaweeds in Ireland, the seaweed sector remains largely underdeveloped at a time when national and global demand for seaweeds is rising. Opportunities span across biotechnology, food (animal and human), industrial applications including fertilizers and chemical, cosmetics, and health & well-being. Fit-for-purpose planning, licensing and regulation of the sector can ensure the sustainable development of the sector and related economic benefits. On-going R&D in the areas biotechnology, food and seaweed aquaculture continue to be important enablers for the sector.

Harnessing Our Ocean Wealth commits to developing an integrated approach to marine and coastal planning and licensing in order to maximize the potential for Ireland's ocean economy. Development of marine spatial planning and coastal strategies should be considered to ensure the economic benefits are realized nationally, regionally and locally. These should be developed in partnership in Regional and County Development Planning, across national enterprise and development agencies, LAs and associated LEOs, LEADER and FLAG and other local groups/industry representatives. Implementation and enforcement should be achieved through the licensing and permitting process with clear inter-agency communication strategies developed early in the planning process. Consideration to further integration and coordination of planning and licensing should be given.

Recommendation 29: The Commission supports the introduction of a "Plan-Led" development of Ireland's vast marine territory to support economic targets and goals set out in the Government's integrated Marine Plan – *Harnessing our Ocean Wealth*. The Development of Marine Spatial Planning in Ireland (underpinned by robust Environmental Assessment, coordinated across all levels of governance, with extensive public and stakeholder participation) will be an important element of this approach.



Recommendation 30: The Commission recommends a concerted effort to progress the streamlining of marine licenses (foreshore and aquaculture) in line with commitments made in *Harnessing our Ocean Wealth* and the Programme for Government as this is a critical step for the future development of the marine sector. Establishing best practice criteria including statutory time limits and potential for a single point of contact to assist with the planning, licensing and regulation process should also be reviewed.

Recommendation 31: The Commission recommends that a clear national definition of and policy for inshore fisheries should be developed to guide governance, strategies and management arrangements for the sector at national, regional and local levels.

Recommendation 32: The Commission recommends that the regulatory and development framework (ranging from legal through to licensing) required to further grow Ireland's sustainable commercial seaweed sector be in place and fit-for-purpose (both wild and aquaculture).

6.6 Renewable Energy

"The Green Economy is one of the most dynamic and rapidly growing markets in the world. For Ireland, the green economy covers activities as diverse as renewable energy, energy efficiency, sustainable food production, tourism, "Green" financial services, and energy-efficient products and services."³⁴ As the resource is largely rural based, the sector has significant potential for economic development in rural areas.

Current Government initiatives with regard to the development of the green business sector as set out in *Delivering Our Green Potential*, which was published in 2013. It outlines an integrated approach, at State level to the development of the green economy, reviews how the State is supporting the Green Economy and identifies opportunities for growth and job creation. The area with most potential for economic development in rural areas relates to the development of the renewable energy sector to supply both domestic and international demand.

Research indicates that the three renewable energy areas with the most significant potential to contribute to rural economic development are Wind Energy, Marine Energy and Bioenergy.

- Ireland has substantial **wind energy** potential. It is estimated that Ireland has the capability to achieve its national targets for renewable electricity from onshore renewable generation alone, with capacity to spare. This potential to export was

³⁴ *Delivering our Green Potential*, Government Policy Statement on Growth and the Green Economy, 2013, http://www.djei.ie/publications/enterprise/2012/Delivering_Our_Green_Potential.pdf Accessed 27th November 2013

recognised when Ireland and the UK signed a memorandum of understanding in 2013 that will allow wind farms located in Ireland to export electricity to Britain.

- In the context of **marine energy** Ireland's offshore renewable energy resources are amongst the highest in the world. A recent study by the IMDO³⁵ highlights the opportunities for Irish Ports in facilitating future large-scale developments and operations of ocean energy devices. The report notes that much of the business in the offshore renewable energy sector over the next decade will focus on installation, operations, maintenance and servicing of offshore wind farms in the Irish Sea, involving a large investment by the UK Government. The Report sets out eight recommendations which if implemented would benefit the economic development of port hinterlands.
- **Bioenergy** is a renewable energy source derived from biomass encompassing a range of wood, plants and gas and liquid based fuels. Bio-physical conditions (soil and climate) combined with a large number of farm animals mean that Ireland is well suited to the production of biomass, particularly wood, plants and gas. After wind energy biomass, predominantly derived from wood products, is the largest contributor to renewable energy and presents the most immediate potential to support rural economic development. Substantial potential of anaerobic digestion.

However while energy has the potential to generate local economic development, there are challenges to the establishment of business in this sector. Such challenges include, but are not limited, to issues relating to infrastructure (both from the perspective of the generation of the energy and access to the national energy infrastructure) to issues of planning, as well as the need to ensure that communities are able to benefit financially from the generation of energy from renewable sources.

In this context the Commission supports and encourages Government to continue to implement the actions outlined in Delivering Our Green Potential. In line with the overall emphasis on a more integrated approach to rural economic development advocated throughout this report, the Commission would also encourage Government to ensure that any measures taken to support the economic potential of renewable energy generation considers the potential benefits for rural Ireland in particular. All of this must also be underpinned by a need to ensure that the communities within which the raw materials for energy generation are situated are in a good position to benefit from their exploitation. In this context the following recommendations are presented.

³⁵ The Irish Ports Offshore Renewable Energy Services (IPORES) Report. IMDO. 2013.



Recommendation 33: In line with the overall integrated approach advocated by CEDRA the commission recommends the elaboration of a comprehensive national framework for development and growth of indigenous renewable energy businesses with a particular focus on their potential for the economic development of Rural Ireland.

Recommendation 34: Public policy instruments (including financial) should be further developed to encourage the production of energy from renewable sources fulfilling environmental obligations and supporting sustainable development. Initiatives emerging from these instruments should be designed in a way that realizes direct benefits for rural areas in terms of increased income, additional employment, indirect benefits (e.g. amenity, rural tourism) and direct community benefit. The initiatives must be of sufficiently long timeframe to be of benefit to allow the enterprise to get off the ground.



7.1 Overall Conclusion

The Commission for the Economic Development of Rural areas is convinced of the potential of rural Ireland to actively participate in its own economic development as well as its capacity to contribute to the economic recovery of the Irish economy as a whole. The people and communities of rural Ireland have spoken throughout the CEDRA consultation process not only of the challenges they face in order to ensure their active participation but also of their desire to address these challenges and make a full and effective contribution to the future of the rural and national economies.

It has already been highlighted that the aspirations of rural communities in 2013 are not significantly different to those identified and outlined in the White Paper on rural development in 1999 or indeed in the discourse around rural development in Ireland as far back as the 1880s. Not only are the aspirations similar but the solutions to the identified challenges have a number of similarities that all centre on the need for a more integrated and territorial approach to support for rural economic development. It is in this context that CEDRA offers to Government, a series of recommendations tailored to the 21st Century that address the challenges and offer solutions to the future economic development of rural Ireland.

The Commission believes that there are two essential differences that distinguish its recommendations from the solutions offered in the past. Firstly, the key difference between the policy frameworks that the Commission is proposing and current and previous policy implementation mechanisms lies not only in the requirement to coordinate across departments and agencies but more importantly in the fact that there is an explicit Ministerial responsibility to ensure coordination, and that this responsibility is given a statutory footing. The importance of this cannot be underestimated, as all indications are that it was this lack of explicit responsibility in previous policy frameworks that resulted in a less than effective approach to the economic development of rural areas to date.

Secondly, the local government reform process that is currently underway offers a unique opportunity to ensure that rural Ireland has a distinct voice at regional, local and community level. The Commission recommendations are in line with the aims and objectives of the reform process and their implementation should readily integrate with the overall implementation of PPF, particularly at regional and local levels. The CEDRA process emphasised the importance of the role of rural communities in rural economic development. In this context both the implementation of PPF and the CEDRA recommendations should be mindful of the need to consider this well-developed capacity within rural communities, and the need to ensure that this capacity is harnessed in a useful and effective way.

In conclusion the Commission for the Economic Development of Rural Areas would like to thank the people of rural Ireland for their insight and input into this research process. It truly believes that it has captured the essence of what is needed to ensure the future economic development of rural Ireland while maintaining the integrity of what emerged from the public consultation processes. While there is no denying the task ahead for Government



to ensure the full and active participation of rural Ireland in Ireland's recovery process to 2025, the Commission believes that full implementation of its recommendations will go a long way to support government in this task. There seems little doubt that the passion and determination of rural communities the length and breadth of this country will then take over to take rural Ireland over the line and realise the laudable vision presented at the outset.



"Go n-éirí an bóthar linn go léir".

Commission for the Economic Development of Rural Areas

November 2013



Appendices





Appendix 1: MEMBERSHIP OF THE COMMISSION

Chairman

Pat Spillane

Damien Barrett
Liam Walsh
John Dillon
Carmel Fox
Finola Moylette
Jenny O'Leary

Seamus Boland
Orla Clancy
Bernard Donohue
Pat Gallagher
Paul O'Connor
William Parnell

Ian Brannigan
Senan Cooke
TJ Fleming
Finbarr Kelly
Pat O'Hara
Prof. Jim Walsh

Secretariat

Head of the Secretariat

Prof. Cathal O'Donoghue

Projects and Events

Sean O'Shea
(Project Coordinator)
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Deirdre Kelly
Pauline Lavin
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Niall Farrell
Mary Ryan
Prionnsias Breathnach
Tom O'Toole
Helen McGrath

Maeve Henchion
Alexandra Kahn
Steve Stefanko
Scott Elston
Sara Ross
Walt Zawlocki
Colm O'Gorman
Brendan O'Keeffe



Appendix 2: Terms of Reference

The terms of reference were agreed by both Minister Hogan and Minister Coveney, and approved by Government on the 18th September 2012.

Having regard to the commitments on development contained in the Programme for Government, in particular,

- To encourage job creation and sustainable enterprise development
- To be recognised as a modern, fair, socially inclusive and equal society supported by a productive and prosperous economy
- To facilitate where possible export led growth,

marking the 25th anniversary of the EU strategy for the development of rural areas, in “the Future of Rural Society” [COM (88) 501] as part of the Irish Presidency of the European Union 2013 and

- given both the differential degree of economic development and the variable impacts of the economic downturn between urban and rural areas,
- the Commission will provide research information to inform to the medium term economic development of rural areas for the period to 2025

This research should

- Examine the key actions needed to ensure that rural areas, to the maximum extent will, contribute to and benefit from economic recovery
- Examine the ways in which rural areas can contribute to and benefit from national economic development strategies
- Be cognisant of pressures on the public finances in drawing conclusions
- Inform prioritisation made by Government and other stakeholders in implementing future actions

Take on board inputs from a public consultation to be undertaken by the Commission and analysis provided by a secretariat, comprised of the Department of the Environment, Community and Local Government, Teagasc and the Western Development Commission.

While the definitions of rural areas are varied, the Commission will adopt a holistic view of rural as being outside the main metropolitan areas. It recognises of course the relational nature of economic and social development and the interconnections between rural and urban areas.

The research report will be short and specific and will take a multi-sectoral approach with specific focus on rural areas. It is expected that the draft report will be presented to the Minister for the Environment, Community and Local Government and the Minister for Agriculture, food and the Marine in September 2013.



Appendix 3: Map of Area Types





Comhaltas, Párlamint agus Rialtas Éireann
Department, Community and Local Government



Western Development Commission
Comisiún Forbartha an Iarthair



teagasc
Agriculture and Food Development Authority



**Department of
Agriculture,
Food and the Marine**
An Roinn
**Talmhaíochta,
Bia agus Mara**