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METHODS FOR GENERATING AND MAINTAINING A CONSTANT FLOW OF BANKABLE INVESTMENT PROJECTS THE IRISH EXPERIENCE 1/

BY

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Methods for generating and maintaining a constant flow of bankable investment Projects.

1. Historical Background

The Irish State since it achieved its independence from Britain in 1922 has had a major goal of industrial development. Although close to Britain and ruled from London, the island of Ireland had been largely bypassed by the industrial revolution of the late 18th and 19th centuries: it had been devastated by famine in the 1840s and from that time had suffered a steady depopulation largely through emigration, declining from some 8 to 5 million people in the years 1850 to 1920. The new State was poor, largely agricultural and with only a few traditional industries. It did possess, however, a good system of public administration, strong attachment to democratic constitutional government, an accepted system of land tenure based on reforms carried out in the early 20th century and an agricultural sector capable of earning considerable foreign earnings.

The Government had been concerned to promote economic development since the attainment of independence but, although valuable work was done, especially in the provision of a modern infrastructure, tangible results in the form of increased employment and incomes had been very slow to emerge.

Agriculture

The territory of Ireland is predominantly fertile and the efficiency of the agricultural sector had been gradually growing. It was, however, evident that the agricultural labour force would fall much further.

Tourism

Many parts of Ireland, especially in the western areas, are very beautiful. This had become the basis of an important tourist industry. But the tourist season is short and tourism alone was not a satisfactory main resource for a locality.

Afforestation and fisheries

While these were important in the context of economic development it was unlikely that they would produce substantial increases of employment opportunities.

Industrialisation

It was in these circumstances that a policy of industrialisation was adopted by successive Irish Governments after 1922. The policy at first was based on industrial expansion through import substitution and it was characterised by protection against imports by means of tariffs and import restrictions. In addition, the Irish legislature placed restrictions on foreign investment in the interests of native Irish firms.

Local manufacturing responded by expanding to supply home markets and many small and medium-sized industries were established, mainly for the production of consumer goods and building materials. Employment in manufacturing industry increased substantially but the growth of employment in manufacturing and other non-agricultural sectors was far below what was needed. Between 1950 and 1959 total employment in the Irish economy fell and emigration continued at a high level.

The policy of protection continued to be a central feature of Ireland's industrial strategy up to the late 1950's. It had by then become clear that this policy would not solve the twin problems of unemployment and emigration, mainly because a home market of under 3 million people was far too small.

It was recognised that further industrial development could not be based on a continued reliance upon a highly protected home market and that future industrial expansion must depend largely on the ability to establish or attract new industries catering mainly for export markets.

It was obvious, however, that a rapid expansion of the industrial base would require the attraction from outside the country of new export-based industries as well as the adaptation of existing Irish firms and the creation of new ones. The new policy for the attraction of foreign industrial investment had the following features -

(i) the re-organisation and enlargement of the Industrial Development Authority;

(ii) a revised and extended system of industrial incentives and services;

(iii) the identification of objectives and priorities in job creation which became the basis of programmes of activity.

The contents f this part of the resentation ar as follows:

1. The origin and functions of IDA Ireland and the resources available to it.

2. An outline of the Planning Framework within which the IDA operates and against which it formulates its objectives and targets.

3. The incentives employed by the IDA in pursuit of its objectives.

4. The main action programmes through which the incentives are deployed.

5. The Organisation and Management Structure of the IDA.

6. A closer look at the Overseas Industry Programme.

7. The Project Identification Programme.

THE INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

The Parliament of Ireland, by the Industrial Development Act, 1969, merged two organisations within the public service. The Industrial Grants Board and the former Industrial Development Authority, into a new and larger Industrial Development Authority (IDA). The Grants Board was originally established in 1952, and at the time of the 1969 Act, had the functions of administering new industry and adaptation grants, and of developing industrial estates. The old IDA was set up in 1950 as an industrial advisory and promotion agency.

The new IDA established under the 1969 Act is constituted as an autonomous state-sponsored organisation outside the civil service, with national responsibility for industrial development, and an expanded range of functions in the industrial development sphere including the following:

1. To act under the Minister (for Industry and Commerce) as a body having national responsibility for the furtherance of industrial development.

2. To provide and administer such grants and other financial facilities for industry as authorised by Parliament.

3. To develop, construct, maintain and administer industrial estates and factory buildings together with the associated facilities of such estates and buildings.

4. To provide and arrange, where the Authority considers it necessary, housing for employees in industry.

5. To foster the national objective of regional industrial development.

Financing the IDA

The IDA is financed by grants-in-aid from the vote of the Department of Industry and Commerce. It currently has an annual revenue budget of £49 millions, and disposes of a total capital budget for industry of £41.9 millions. The capital budget finances actual payments of current IDA grant commitments as well as direct capital expenditure by the IDA on sites acquisition, industrial estates and advance factories.

IDA PLANNING FRAMEWORK

INTRODUCTION

Industrial development is a complex process. This is reflected in the broad role of the IDA in relation to industry in Ireland.

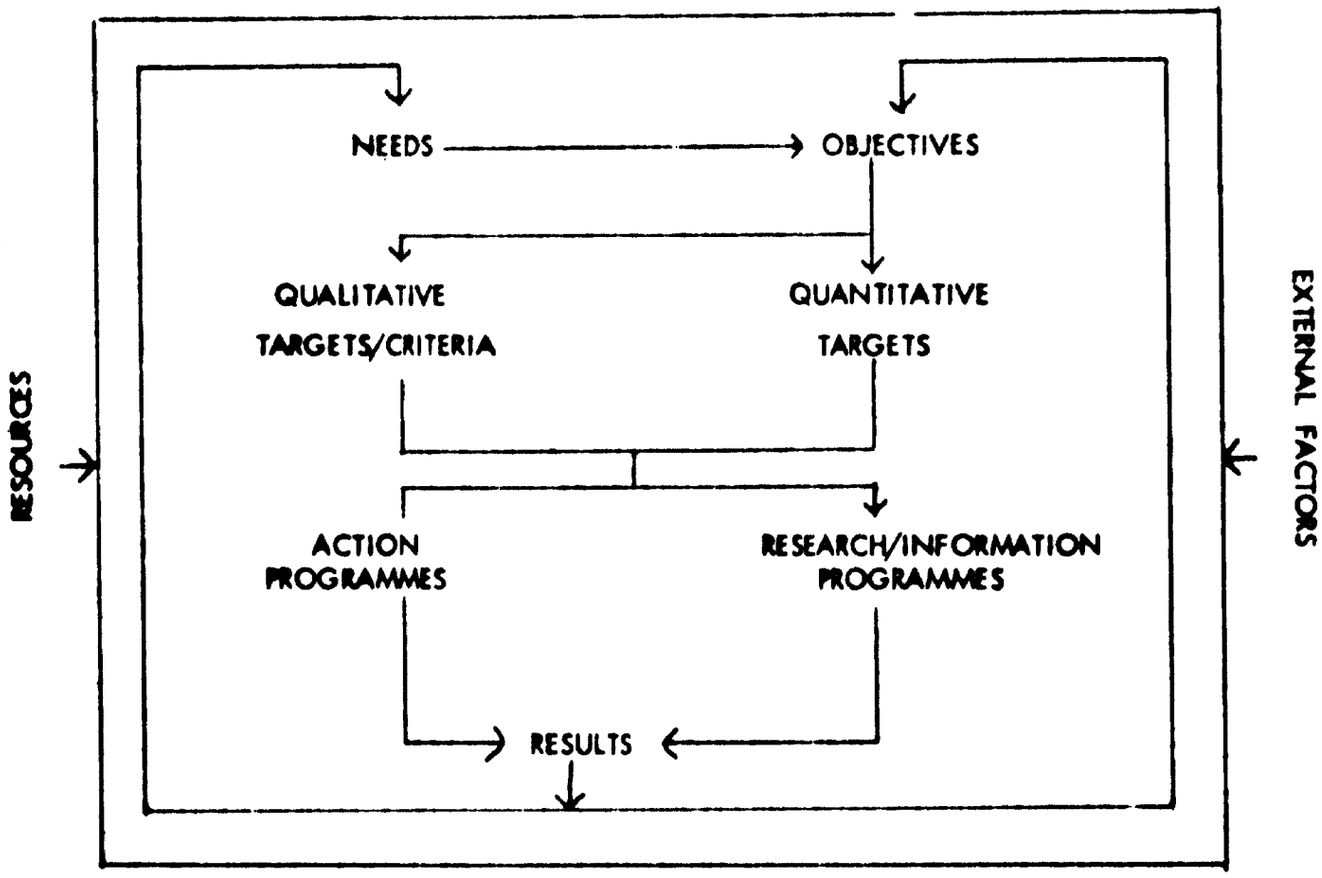
The main aspects of the process can be summarised as

1. Identifying the needs both at national, regional and sub-regional levels which industrial development must meet.
2. Setting objectives, consistent with meeting the needs identified.
3. Translating these objective into operational targets, both quantitative and qualitative.
4. Taking action to achieve these targets.
5. Periodically reviewing objectives and targets to ensure that they take account of changing needs.

The process is illustrated diagramatically below. As the diagram shows, account must be taken of the facts that -

(a) there is a limited pool of resources within which the process must operate.

(b) factors which are outside national control can have important influence on the process.



Needs/Objectives

The needs to be met and the objectives to be pursued by the IDA derive from its role as one of the primary government agencies for the achievement of national economic and social objectives. These objectives have been expressed in many forms over recent years. They can be summarised as:

1. the achievement of full employment in the 1980s
2. the elimination of involuntary emigration
3. the raising of personal incomes to levels commensurate with levels achieved in other EEC countries
4. the achievement of balance in regional development.[9]

These broad objectives provide a base from which is is possible for the IDA to derive operating targets and criteria in a pragmatic way. These targets and criteria in turn provide a basis for the control and direction of IDA's action programmes.

INCENTIVES

The basic strategy employed by the IDA in pursuit of the objectives outlined in the previous section is one of promoting investment in industrial enterprises in Ireland by individuals and companies both from within Ireland and from outside it by means of a range of incentives. The main incentives are:

1. Freedom from Export Profits Tax
   Complete exemption from taxes on exports up to 1990

2. Cash Grants for Fixed Assets
   Non-repayable cash grants towards the cost of fixed assets (sites, site development, buildings, new machinery and equipment) negotiable up to a maximum of 50% in Designated Areas and 35% in other areas, except in Dublin and peripheral areas, where industrial development is not usually encouraged by grant.

3. Training Grants
   Grants towards the cost of training workers and managers and towards the cost of instructors and consultants engaged to train personnel.

4. Loans
   Guarantees of loans, subsidisation of interest on loans, equity participation by IDA.

5. Research and Development Grants
   Non-repayable cash grants towards the cost of approved in-company research and development projects in new industrial products and processes, negotiable up to a maximum of 35%.

6. Sites
   Sites with such essential services as water and power in a number of locations throughout the country.

INCENTIVES (Continued)

7. Ready-Built Factories

Ready-made facilities including advance factories on several IDA industrial estates and sites.

8. Rental Subsidies

Grants towards the reduction of rentals on IDA built factories and other commercially operated estates.

9. Housing

Industrial housing for key workers in many centres (provided in conjunction with the National Building Agency).

10. Aftercare Services

An aftercare advisory service for newly established industries in the early years of production.

PROGRAMMES

The foregoing incentives are deployed through a number of action programmes. The main programmes are:

Domestic Industry Programme	-	to promote the development of home industry
Small Industry Programme	-	to promote the development of small industry
Overseas Industry Programme	-	to promote industrial investment from abroad

The operation of the latter programme is discussed in more detail in a subsequent section.

ORGANISATION AND MANAGEMENT STRUCTURE

The diagram attached illustrates the management sturcture of the IDA. Responsibility is delegated from the Authority to, on the one hand, the Managing Director as chief executive in charge of all administrative functions of the organisation. On the other hand, the Authority delegates responsibility to the IDA Board for all grant-giving functions and for direct expenditure on industrial facilities (i.e., factories, land etc). The Managing Director is chairman of the IDA Board.

The IDA's headquarters organisation is made up of a number of divisions corresponding to functional areas of the IDA's work. The major ones are:

The Research and Planning Division, which undertakes overall planning of the IDA's programmes;

The Administration Division responsible for personnel, accounting, legal, and management services;

The Promotions Division, which handles international marketing services and public relations;

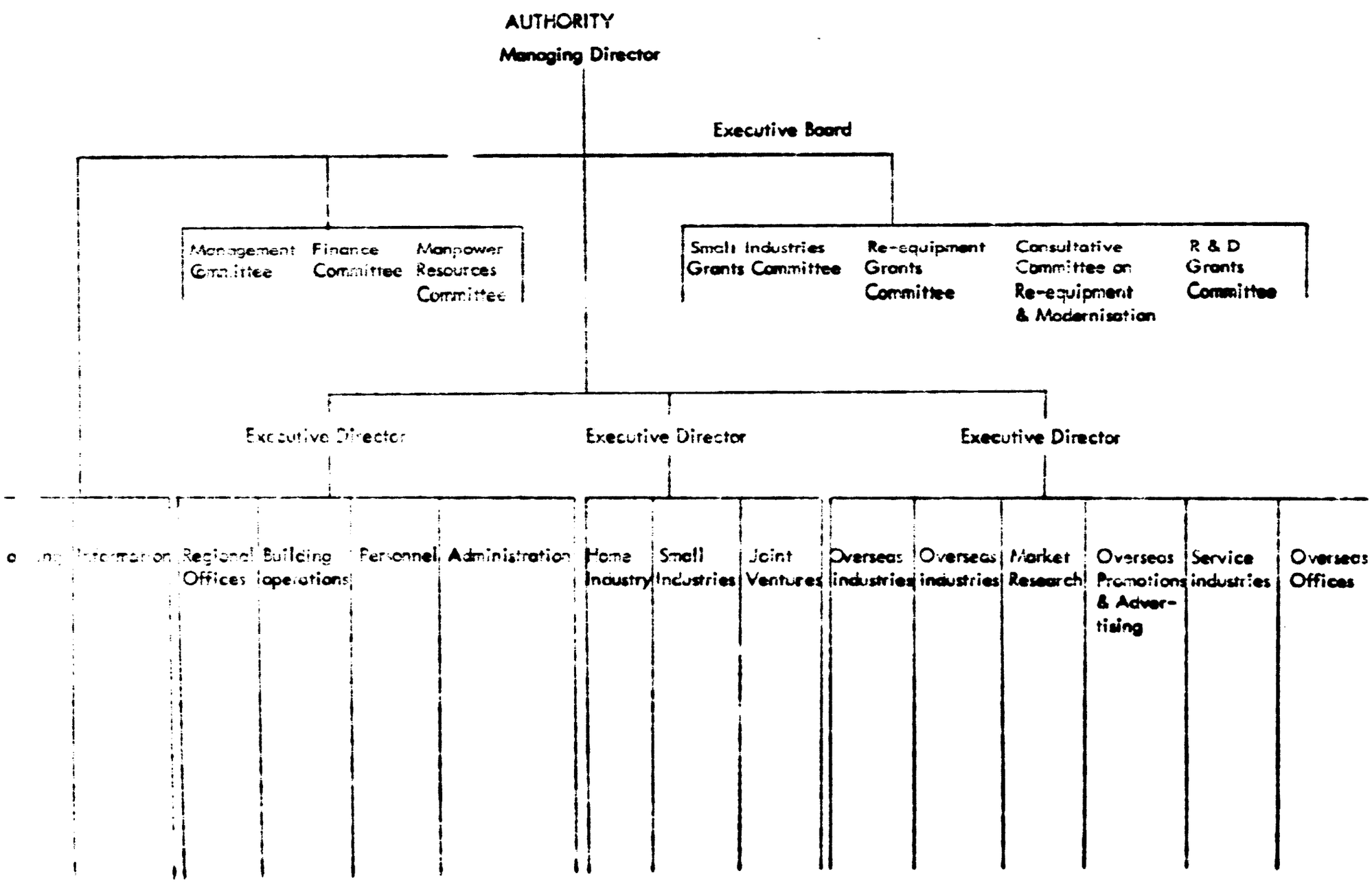
The Overseas Industries Division responsible for overseas project development in the fields of food products, textiles, clothing and footwear, pharmaceuticals and plastics;

The Overseas Industries Division similarly responsible in the field of engineering, heavy chemicals and electronics;

The Home Industry Division with development responsibility in the sphere of existing Irish industry;

The Small Industries Division, responsible for implementation of the IDA small industries programme;

The Building Operations Division, which administers the IDA's industrial estates implements the IDA's programmes of sites acquisition and advance factory construction, and provides physical planning services to industrial projects.


AUTHORITY
Managing Director
Executive Board
Management Committee
Finance Committee
Manpower Resources Committee
Small Industries Grants Committee
Re-equipment Grants Committee
Consultative Committee on Re-equipment & Modernisation
R & D Grants Committee
Executive Director
Executive Director
Executive Director
Information
Regional Offices
Building operations
Personnel
Administration
Home Industry
Small Industries
Joint Ventures
Overseas industries
Overseas industries
Market Research
Overseas Promotions & Advertising
Service industries
Overseas Offices

The IDA's regional offices, supply a wide range of services for existing and new industries in their regions, including information and advice on IDA grants and services, site and factory availability, labour resources, water supplies, housing, communications, and educational and training facilities. The regional offices also provide an after-care service for new industries in their regions and are responsible for monitoring industrial trends in their regions, particularly with reference to impending commercial difficulties.

Overseas offices of the IDA are located in the following centres:

London
Paris
Amsterdam
Cologne
Stuttgart
Milan
Copenhagen
Brussels
Sydney (shared with Export Board)
Tokyo
New York
Chicago
Houston
Los Angeles
Toronto

These provide the points of direct promotional contact between the IDA and overseas industrialists. The offices undertake promotional work through other channels which influence industrial investment decisions, such as banks, accountancy, and management consultancy firms, and financial journalists. A model programme and budget for an overseas office is attached - Appendix 1.

OVERSEAS INDUSTRY PROGRAMME

INTRODUCTION

The attraction of foreign industrial investment has been an important part of Irish economic policy since the end of the 50's. There is widespread recognition of the valuable contribution which foreign industry has made to economic growth, particularly in the last ten years. What of the future? The IDA is convinced of the need for a continued substantial influx of industry from abroad for some time to come. This conviction derives from:

1. Estimating the need for new industrial job creation during the next decade.
2. Assessing the contribution to this need which will come from existing industry.

There is universal agreement that the long term objective of industrial policy should be the establishment of an industrial sector that can generate sufficient growth from within itself to meet national and regional economic and social needs. Agreement is less wide-spread on where the balance should be struck between the pursuit of this desirable goal and the solution of shorter term difficulties that constantly manifest themselves. This is one of the most fundamental questions raised in discussions on industrial policy. Other related questions which frequently arise are:

1. Are we attracting the industries which have the best chance of establishing strong linkages with existing industries and with each other.
2. Are we getting too many industries of the final assembly type which provide very little added value to the economy.

If one accepts the need for a continued flow of investment from abroad then a number of quite different but equally important questions arise:

1. Are we developing our physical infrastructure at a sufficiently fast pace to provide the basic facilities which industry will require?

2. Are we putting sufficient resources and effort into industrial training to ensure that at least the minimum supply of skilled labour required by new industry can be provided without making damaging inroads into the skilled workforce of existing industry?

3. Are local communities who seek new industrial projects for their areas making the maximum effort to enhance the attractions of their areas for industrialisis and is sufficient being done to assist local communities to cope with the social problems which the advent of new industry frequently brings in its wake?

Operating Criteria:

The IDA applies certain criteria in order to guide and continue its overseas Industry programme. In considering what the appropriate criteria are it must be remembered that any individual industrial project has potential for beneficial and adverse effects on the area in which it is located. Among the potentially beneficial effects are:

- The provision of direct employment
- The secondary economic benefits resulting from the expenditure by workers of their income
- Expenditure by the company at the construction stage and subsequently on services needed by the industry, e.g., transport, packaging, construction and maintenance work, banking, insurance, telephones, power, water and other public services
- Purchase of raw materials and other industrial supplies
- Improvement in the social life of the area.

Among the potentially adverse effects are:

- Economic risk to community, e.g., if a single industry is the major employer in an area, then the economic and social life there is dependent on the continued success of that industry

- Commercial threat to other industries manufacturing competitive products

- Commercial threat to other industries by competing for scarce resources, e.g., skilled labour, housing

- Environmental effects - air, water, noise or visual effects

The criteria used are based on the need to have as many as possible of the beneficial and as few as possible of the adverse effects outlined above. They also take into account the need to ensure that the industrial sector as a whole develops in a coherent way. The criteria breakdown into three broad categories:

- Search criteria
- Negotiation/Discussion criteria
- Balance criteria

Search Criteria:

These criteria arise from:

(a) the need for IDA to search for products and companies suited to the industrial development of the country and

(b) the need for IDA to be able to respond to companies which take the initiative in proposing the setting up of a manufacturing plant in Ireland.

Search Criteria (Continued)

The principal criteria under this heading are:

Product Criteria:

- Growing International demand
- Predominantly male employing
- Good Profitability
- High value added
- High value relative to transport costs
- High skill requirement
- Products which are linked with other economic activity in Ireland, e.g., making use of Irish natural resources, raw materials or the input of other manufacturing plants in Ireland
- Products for which Ireland can offer natural advantages
- Low energy utilisation

Company Criteria:

- Commercial soundness
- Record of growth and expansion
- Record of successful investments in new manufacturing plants
- Capacity to finance new investment
- Sound management capability
- Social compatibility

Negotiation/Discussion Criteria:

In addition to the above criteria certain other related considerations come into play at the point where negotiations are taking place between a company and the IDA. Principal among these are:

- Overall return to the economy from the new project
- Suitability for locating within Ireland in a location badly in need of new industry
- Possibility of the project being launched as a joint venture with an Irish company
- Capital intensity of project
- Probability that it will grow and expand in Ireland
- Quality of the employment and management development opportunities it will provide for local people
- Commitment to growth in Ireland

Balancing Criteria:

Certain other criteria are applied as period checks on whether industry as a whole is developing in a balanced and coherent manner.

Sectoral Distribution:

It is necessary to check periodically on the sectors in which new projects have been established to ensure that no one sector is growing disproportionately.

Size Distribution:

Similarly, a certain spread of industry sizes is implicit in the IDA's plans. It is necessary, therefore, to see that over a period the projects which have been established are broadly in line with the desired size distribution.

Regional Distribution:

Periodic checks are necessary on the progress being made in meeting IDA regional job targets.

These balancing criteria are applied by way of surveys at regular time intervals of the totality of new industrial projects and are thus distinguished from the other criteria described which have a relevance to each specific project coming up for consideration.

Domestic Industry - Operating Criteria:

Broadly speaking the criteria described above are applied to the full range of industries dealt with by the IDA, whether they are domestic or foreign industries. However, in relation to the operating criteria above it will be clear that some of them are applied in a somewhat different manner to domestic industry than to foreign industry. In the first place the search procedures which the IDA use in identifying companies abroad are not relevant to domestic industry where the principal companies are already well known to the IDA. Second, the IDA operates from the principle that the growth of existing industry in Ireland should be encouraged to the maximum possible extent, and therefore, exercises its discretionary powers accordingly when dealing with Irish industry. There is also a need for the IDA to be seen to be impartial as between industries already in Ireland. For this reason it has developed sectoral criteria for the operation of its scheme of grants for the re-equipment and modernisation of Irish industry.

International Marketing

A large proportion of the expansion needs of industry over the next 10 years will continue to be met by attraction of new industries from abroad. The IDA's programme of attracting external industrial investment comprises the following elements:

(i) Researching the pool of investment possibilities arising in the industrial countries making up the developed international economy, i.e., for practical purposes, North America, Western Europe and Japan.

(ii) Selection of the product areas, projects, and industrial companies which best meet the criteria of economic benefit already mentioned.

(iii) Identification within these selected groups of the projects and industrial companies which have the greatest potential for conversion into actual projects in Ireland.

(iv) Implementation abroad of general promotional campaigns and direct marketing activities aimed at specific industrial companies.

Research and selection of industrial projects and companies provide a portfolio of investment possibilities to which the IDA can apply its marketing activities. In this way it is possible to influence the expanding industrial structure in accordance with development priorities. Rather than the foreign industrialist choosing Ireland as a location, which leaves the IDA little or no control over the pattern of new industrial development, the IDA will choose the foreign industrialist. It then undertakes a direct approach to his company with a specific investment proposal. Success in this effort depends on arranging that the proportion of desirable "candidate" industrial projects in the total portfolio of investment possibilities is kept to a maximum on a continuing basis.

The table overleaf gives a list of some of the industrial product areas which have been isolated by IDA research as having priority in future industrial development. Few of these product areas are currently to be found in the Irish industrial sector on any developed scale.

SOME PRIORITY AREAS: IDA NEW INDUSTRIES

FOOD

- Nutritional/health products
- Processed meat products
- Delicatessen products

INSTRUMENTATION

- Electronic navigational aids
- Medical, surgical, ophthalmic instruments.
- Laboratories and scientific measuring equipment.
- Hand power tools
- Video equipment
- Process control equipment
- Computer/peripheral equipment

CHEMICALS

- Antibiotics (bulk)
- Other pharmaceuticals (active ingredients only)

ENGINEERING/ELECTRONICS

- Environmental control equipment
- Office equipment
- Commercial/institutional food service equipment
- Supermarket/retail accounting equipment
- Automobile parts and accessories
- Security devices
- Mechanical handling/hydraulic equipment

OTHER PRODUCTS

- Industrial ceramics and refractories
- Adhesives
- Bonded fabrics
- Sports/leisure equipment
- Pleasure boats
- Educational/teaching products

All of the above areas possess high ratings on the economic benefit indicators of market growth potential, low obsolescence potential of the required technology, high male employment content, low capital intensity, or, where capital intensity is high, good linkage potential. The inclusion of food-processing in these priority product areas is noteworthy. In particular, meat production could find major new outlets in the rapidly growing institutional markets for portion-controlled meat.

Research into priority industrial sectors is only the beginning of complex process of identification and selection of new industrial investment possibilities. From industrial sectors, the process leads to industrial companies which are established as leaders in the various priority production areas. These companies are researched and rated on the company criteria already listed.

The sifting of industrial companies on the criteria is a long and laborious process. A recent search in a certain product area started with 21,000 companies, was reduced to 3,325 after elimination of companies employing less than one hundred employees, and yielded 1,235 candidate companies after screening on the above criteria.

The emergence of company prospects from the research and selection process provides the basis for international marketing activities by the IDA and particularly by the overseas offices listed in an earlier section. The focal element in these activities is direct approaches to selected companies with specific proposals for location of their investments in Ireland. Such proposals are in effect intercepting on-going investment planning in candidate companies, since each company has been selected with an eye to the pressure which its growth performance is putting on existing production capacity and which may be leading the company to decisions on new locations for its activities. This is a vital outcome of the selection effort, namely, the channelling of the IDA's scarce marketing resources to where investment planning by industrial companies is at critical stages, and, therefore, where the benefits of locating new investment projects in Ireland are likely to be most relevant and attractive.

The IDA's marketing presentations to industrial companies typically cover three areas of interest:

(a) The physical environment and services for industry in Ireland;

(b) The general economic and monetary factors affecting industrial investment in Ireland;

(c) IDA financial incentives and their incorporation in a financial model of a general or specific investment proposition.

Under (a), Ireland's main selling point is that, in relation to most other European industrial locations, it has plentiful supplies of trainable industrial labour, an effective training system embracing industrial training centres, regional technical colleges and local vocational schools, infrastructure, and transport and communication services. With growing congestion in other industries, these advantages of themselves give Ireland an increasing competitive edge as a base for European industry.

Under (b), it is emphasised to overseas industrialists that Ireland is a very strong monetary region in relation to many other countries, and that there is free transfer of capital and profits in all foreign currencies between Ireland and elsewhere.

Under (c), it can be said that the combination of IDA incentives and Ireland's EEC membership puts industrial companies in Ireland at a unique advantage as producers for European markets.

Though offering very attractive incentives, the IDA's international marketing activities must face substantial and intensifying competition from other countries in Europe. Most countries within the enlarged EEC are competing for new industrial projects for their less developed regions, though a "ceiling" has been placed by the EEC on grant incentives to industries in the central regions of the Community. In Great Britain, the activities of the Industrial Development Executive to attract new industries to high unemployment regions of the British economy has meant additional competitive pressure on the IDA's marketing programme.

SOME RESULTS

The table below illustrates some results of the Overseas Industries Programme.

In the period 1960 to end March 1974, 793 new industrial projects were established in Ireland with IDA assistance. Of these, 549 are sponsored by overseas firms and 244 are Irish owned. The total investment in these firms is £325 million, of which £257 million is in overseas-sponsored projects.

Of the overseas-sponsored firms which were established 35% are British, 27% American 18% German and 4% Dutch. Others came from Australia, Austria, Belgium, Canada Denmark, France, Finland, Japan, Norway, South Africa, Switzerland and Sweden.

These industries produce a wide range of products, including engineering goods, electronics and electrical equipment, pharmaceuticals and chemicals, textiles, foodstuffs, metal and plastic products.

All new projects established by external industrialists are export-oriented.

Country	Amount Invested £m.	No. of Projects	Estimated Employment
U.K.	47.4	193	13,409
U.S.A	102.9	149	17,576
Germany	20.4	106	9,153
Netherlands	39.6	25	5,193
Others	46.4	76	8,684
Total Overseas	256.7	549	54,015

In an earlier section we have discussed the criteria used by the IDA in its search for and appraisal of new industrial projects. These criteria represent the characteristics of products and companies required to meet industrial development needs in Ireland. Criteria of this kind can be applied with varying degrees of strictness. Long term objectives would probably be best served by applying them very strictly. But it is necessary to be realistic in their application to allow for the fact that;

(a) the volume of international investment varies with world economic conditions and is also influenced by other factors such as political disturbances. A slow down in world economic growth can cause a contraction in international investment. When such a development occurs it may be necessary to choose between getting a smaller number of new industries from abroad or accepting some that do not meet IDA criteria to quite the extent that one would ideally wish.

(b) economic and employment conditions at home also vary. A slow down in the growth of the domestic economy can reduce the rate of growth in employment, including industrial employment. During such periods of unfavourable economic conditions there may be an overwhelming case in favour of creating new jobs even if some are in projects that do not measure up to the ideal criteria.

Irrespective of economic conditions at home or abroad certain minimum standards must apply. These standards are constantly raised as the increasing sophistication of our industrial sector allows us to be more and more selective in our approach to new projects. Examples of the sorts of projects excluded from consideration are:

- high female employing projects, dependent on low cost labour, in the clothing, electronics or metals industries doing only final assembly or finishing work.
- products with doubtful market prospects.
- companies with unstable profit records and weak financial structures.
- companies with bad records in industrial relations and social integration.
- Manufacturing operations generating unacceptable environmental effects.

It is in the area of trying to achieve balance between, on the one hand, the need for more jobs immediately and on the other hand the achievement of an industrial structure capable of self sustaining growth that the IDA exercises its most critical judgements. There is not a sufficient quantum of industry in the country as yet to provide an adequate base from which to measure definitely how well these judgements have been exercised.

The IDA is encouraged however by:

(a) the number of firms that have been here for over ten years and are still prospering;

(b) the number of firms that have launched or are planning seccend and third stage expansions of industries initially established here.

PROJECT IDENTIFICATION

PROGRAMME

SLIDE PRESENTATION

CONCLUSION

What conclusions may be drawn from these two programmes for the organisation and follow-up of feasibility studies?

The most important point is that for projects generated under both programmes detailed feasibility studies are only prepared by promoters. Under the international marketing programme the IDA typically will only prepare a simple financial model related to the economies of scale and the realities of the industry sector in question. Essentially this is simply a method of highlighting some of the attractions from a financial point of view of locating in Ireland. The aim is to whet the promoter's appetite and arouse his interest to the point where he will carry out his own feasibility study and design a project appropriate to his company's technical competence and marketing opportunities as he sees it. The project is only then subjected to IDA scrutiny and appraised in a social and commercial framework to determine the degree of state support which it merits.

Under the project identification programme - admittedly a much less important part of the overall work of IDA Ireland, preliminary work by IDA on the identification of the project is more detailed. A definite product or service is identified and the size of the domestic market and the approximate level of investment needed to get the project started are broadly estimated but then, and this precedes any detailed feasibility study, a promoter is sought. Then, if he is committed sufficiently to the project, he will carry out a detailed frasibility study.

Promoters then are the links between both programmes and actual projects. Indeed in the appraisal of any project, and this includes all projects of any kind in any field whether in the private or public enterprise category, it can be argued that the essential link between feasibility and successful implementation is the promoter. It is possible that of two projects identical in every respect except their promoters one will fail and one will succeed. The promoter is the key (but let us distinguish between the promotion of a project and its

/over

execution even though these can be combined in one body. A Board of Directors can delegate the execution of a project to one of its managers; a government dept. can delegate the execution of a project to a parastatal; a State Development Corporation can delegate execution of a project to one of its divisions; but overall responsibility remains with the board, the department or the holding Co.) Feasible projects are myriad; successful projects limited. Is it then possible that the proliferation of unimplemented pre-investment studies is due in many cases to the failure at a sufficiently early stage to identify the project promoter without whom it cannot be implemented and in whose absence detailed feasibility studies are a fruitless exercise?

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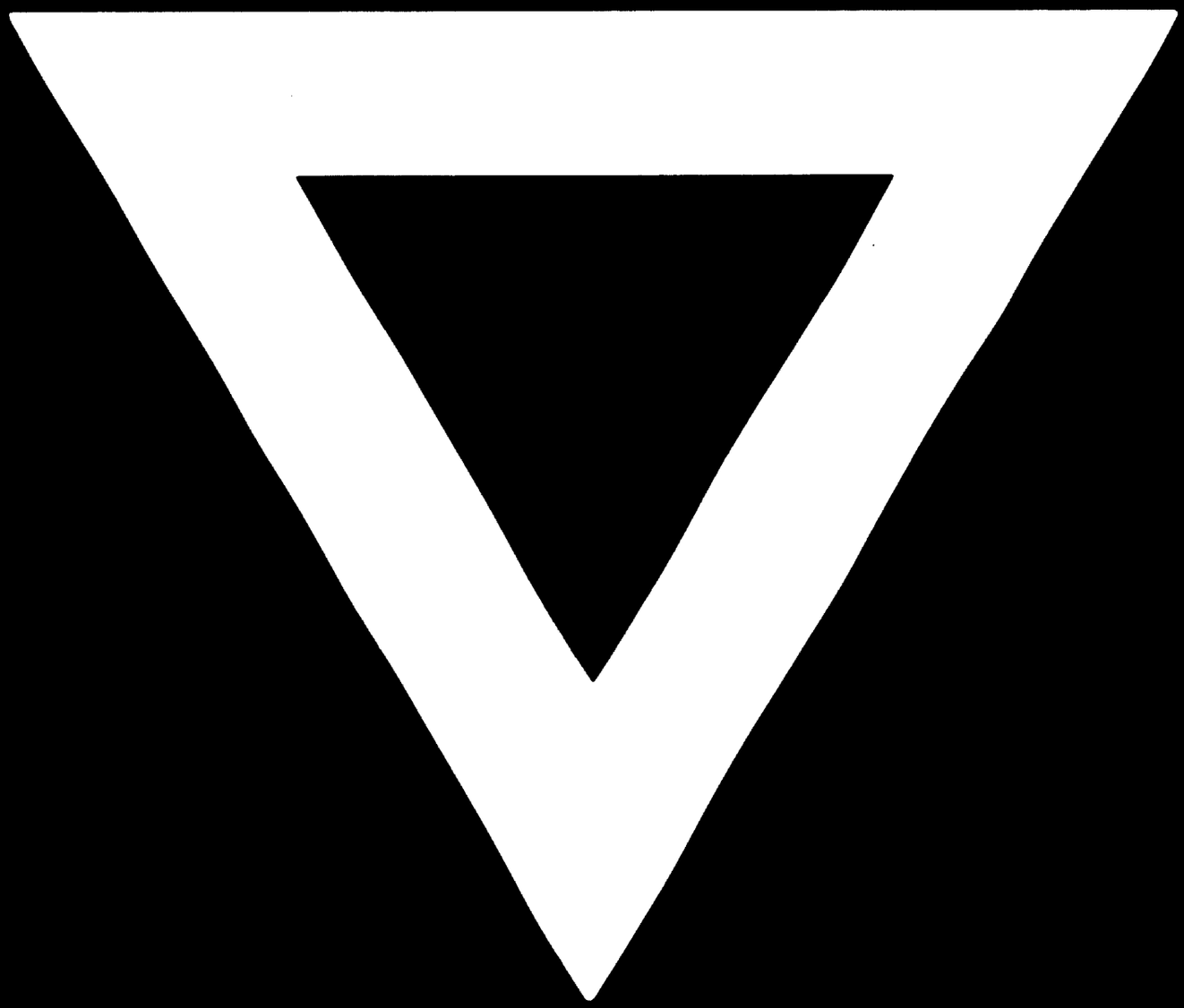

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