Investment and Investment Finance: Funding Growth and Recovery – the Irish story from a European perspective

Joint European Investment Bank and Central Bank of Ireland Seminar

Declan Hughes, A/Sec
Strategic Policy Division
Department of Jobs, Enterprise & Innovation

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Context - good progress on job creation, but challenges remain...

Direct employment
2011-2016

- EI firms up 35,706
- IDA firms up 45,940
+ 46,618 indirect jobs
+ 32,158 indirect jobs

Sectoral Employment Performance

<table>
<thead>
<tr>
<th>Industry</th>
<th>Construction</th>
<th>Wholesale/Retail</th>
<th>Accommodation/Food services</th>
<th>Services*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2008</td>
<td>266,000</td>
<td>136,000</td>
<td>278,000</td>
<td>149,000</td>
</tr>
<tr>
<td>Q1 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 2016</td>
<td></td>
<td></td>
<td></td>
<td>374,000</td>
</tr>
</tbody>
</table>

Note: * incl. information and communication; financial, insurance and real estate; professional, scientific and technical; and administrative and support service activities.
Seasonally adjusted data, Source: CSO

Unemployment DOWN in all regions
Q3 2011 - Q3 2016

- 147.6% WEST
- 45.7% MIDLANDS
- 59.0% MIDWEST
- 42.9% SOUTH-EAST
- 54.1% SOUTH-WEST
- 45.8% STATE AVERAGE

61% of new jobs by EI firms in 2016 were outside Dublin

EIT target:

60% of new jobs created by EI clients to be outside of Dublin in 2017

IDA target:

52% of new jobs by IDA firms in 2016 were outside Dublin

52% of new jobs created by IDA clients to be outside of Dublin in 2017

30-40% more investments in each region outside Dublin between 2015-2019

Spend in the Irish Economy by agency supported firms in 2015

Irish-owned firms
- Payroll: €7.1bn
- Services: €4.7bn
- Materials: €10.5bn
- Total: €21.8bn

Foreign-owned firms
- Payroll: €5.8bn
- Services: €4.5bn
- Materials: €10.5bn
- Total: €20.8bn

Source: DfE

Central Bank of Ireland - UNRESTRICTED
Managing through Global Uncertainty & Challenges....

<table>
<thead>
<tr>
<th>Jan/Feb 2017</th>
<th>Year 2016</th>
<th>Year to January ’17</th>
<th>January 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Company Incorporations</strong></td>
<td><strong>Manufacturing Investment</strong></td>
<td><strong>Goods Exports</strong></td>
<td><strong>Ireland’s Share of UK Goods Imports</strong></td>
</tr>
<tr>
<td>+11.0%</td>
<td>+29%</td>
<td>+13.7%</td>
<td>3.1%</td>
</tr>
<tr>
<td>(3,748)</td>
<td>(€5.96bn 2016)</td>
<td>(Food +9.0%)</td>
<td>(2.9% Jan '16)</td>
</tr>
<tr>
<td>(CRO)</td>
<td>(CSO)</td>
<td>(CSO)</td>
<td>(ONS)</td>
</tr>
</tbody>
</table>

Source: CRO, CSO, ONS
Finance for Growth - a key focus on Action Plan for Jobs....ongoing needs...

<table>
<thead>
<tr>
<th>Year 2016</th>
<th>Commencement to Q4 2016</th>
<th>Commencement to Q4 2016</th>
<th>Year to Q3 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed &amp; Venture Capital raised by SMEs</td>
<td>Credit Guarantee Scheme</td>
<td>Microfinance Ireland</td>
<td>SME New Lending</td>
</tr>
<tr>
<td>€888.1m (+70%, €522.1m 2015) (IVCA VenturePulse)</td>
<td>€64.6m Funding</td>
<td>€17.1m approved</td>
<td>+5.1% (€3bn)</td>
</tr>
<tr>
<td></td>
<td>+ 1,543 New Jobs (1,040 Jobs maintained) (DJEI)</td>
<td>42% approval rate</td>
<td>(Central Bank)</td>
</tr>
</tbody>
</table>

(DJEI)
Ambitious Enterprise Targets in New Trade Strategy to 2020/2025...

International reach - intensify and diversify

- Increase Irish INDIGENOUS EXPORTS by 26% to reach €26bn
- Increase 80% of INDIGENOUS EXPORT GROWTH to reach markets outside UK
- Increase AGRI FOOD & DRINK to reach €19bn by 2025
- Increase INTERNATIONAL STUDENTS by 27% to reach 176,500
- Generate 5bn in TOURISM REVENUES
- Increase IRISH OWNED COMPANIES OF SCALE BY 30%
- Increase EXPENDITURE in the economy by agency supported companies by more than 20%
- Increase RD&I SPEND in IRISH-OWNED ENTERPRISES by 50% to reach €1.25bn per annum
- Delivering sustainable growth

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Potential areas for strengthening EIB Engagement and innovative investment...

• Enterprise Growth and Scaling
  o Enterprise Policy 2025
  o Action Plan for Jobs – Finance for Growth
• Research and Innovation
  o Innovation 2020
  o National Skills Strategy
• Economic Infrastructure and Property Solutions
  o Regional Action Plans for Jobs
  o National Planning Framework to 2040