

# Evaluation of IDA Training Grants 2005-2010

April 2015



**Department of Jobs, Enterprise and Innovation**  
**An Roinn Post, Fiontar agus Nuálaíochta**

*Strategic Policy Division*

## 9. IDA Training Grants 2005-2010

### Programme logic model

#### Objectives

- Raising company valued added
- Allowing the operation to produce more sophisticated products or services
- Facilitating the setting up of new 'higher order' functions
- Putting in place major new management processes
- Helping to alleviate skills deficits that might threaten the development of an operation, by supporting strategic up-skilling



#### Inputs

- IDA Training Grant investment
- IDA staff and indirect costs
- Cost of training advisors



#### Activities

- Development of opportunities for support to existing clients transformation
- Appraisal, approval and monitoring of training projects



#### Outputs

- Material increase in size, scope, spend and speed of completion of the supported activities
- Number and value of project approvals
- Value of grants processed/paid
- Amount of associated private investment
- Number of training projects completed
- Number of company staff up-skilled
- Number of companies with training plans
- Improved business performance metrics



#### Outcomes and Impacts

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| <ul style="list-style-type: none"> <li>▪ Increased company skills and capabilities</li> <li>▪ Increased levels of company training and training capacity</li> <li>▪ Installation of improved management and operations processes</li> <li>▪ Increased long-term competitiveness and transformation</li> </ul> | <ul style="list-style-type: none"> <li>▪ Increased higher-order functions among client companies</li> <li>▪ Increased productivity, value added, profitability</li> <li>▪ Increased sales and exports</li> <li>▪ Increased or retained employment levels</li> </ul> |
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## Evaluation aim

The aim of this evaluation is to assess the appropriateness, efficiency and effectiveness of the IDA Training Grants programme. This is an ex post evaluation over the six years 2005-2010 inclusive. The evaluation was undertaken by Fitzpatrick and Associates, commissioned by Forfás and informed by the Forfás Evaluation Framework.

## Programme background, objectives and target population

The attraction of mobile inward investment is one of the most long-standing and consistent aspects of Ireland's enterprise development policy, and of wider economic policy generally.

Training Grants were originally introduced in Ireland in 1952, and became part of the combined grant support system for all enterprise built up in the 1960s and 1970s. When the responsibilities for FDI and indigenous enterprise were split between the IDA and EI respectively in the 1990s both agencies continued to provide Training Grants, but their orientation altered to reflect the more specific objectives and client group of each agency. Institutional arrangements also changed, e.g. FÁS approval ceased to be necessary after its in-company training function became part of EI. These changes also meant that Training Grants became more part of enterprise development than of the labour market support system.

For state aid purposes Training Grants are classified as a form of general or horizontal assistance. They are thus exempt under the General Block Exemption Regulation, and they have no regional variation.

The level of grant aid available to companies depends on the type of training involved and on the company size.<sup>1</sup> For IDA clients the maximum rates are 25 percent for company-specific training and 60 percent for general training (i.e. not specific to the company).

- **Specific Training** involves tuition directly and principally applicable to the employee's present or future position in the undertaking and providing qualifications which are not or only to a limited extent transferable to other undertakings or fields of work.
- **General Training** means training involving tuition which is not applicable directly and principally to the employee's present or future position in the undertaking, but which provides qualifications that are largely transferable to other undertakings or fields of work.

## IDA programme objectives and target population

IDA Ireland's Training Grant Programme briefing document for clients sets out the overall objective of Training Grants as "to assist companies already located in Ireland to facilitate a significant upgrading of the skills base in the context of improving the company's long term competitiveness and transformation."<sup>2</sup> It is thus an element in IDA's transformation agenda, as set

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<sup>1</sup> As set out in the Training Support Scheme 2008-13 (DJEI). Higher grant intensities may be permitted for small and medium enterprises

<sup>2</sup> IDA, *IDA Ireland Training Grant Programme Briefing*, April 2013

out in its current Strategy “Horizon 2020.”<sup>3</sup> To obtain a Training Grant companies must have a training plan that addresses some or all of the specific objectives (as shown in the PLM) namely:<sup>4</sup>

- Raising value added;
- Allowing the operation to produce more sophisticated products or services;
- Facilitating the setting up of new ‘higher order’ functions;
- Putting in place major new management processes - e.g. Lean manufacturing, Six Sigma; and/or
- Helping to alleviate skills deficits that might threaten the development of an operation, by supporting strategic up-skilling.

The target population for the Programme is specific, namely existing IDA clients already located in Ireland, and wishing to pursue a transformation agenda using training as either a stand-alone intervention or part of a wider package of measures.<sup>5</sup> There are currently approximately 1,000 existing IDA client companies in Ireland.

There were (and are) no specific quantitative targets for Training Programmes in terms of inputs, outputs, outcomes or impacts. As part of the IDA’s overall suite of supports available to existing clients in Ireland Training Grants contribute to expansion of existing operations in Ireland. However, not all expansions involve Training Grants. While the total number of expansions supported are reported on annually, there are no actual targets for numbers of expansions to be supported in IDA’s headline targets (see Table 9.1 below).

**Table 9.1: IDA Ireland headline targets 2010-2014**

Indicator	Target
No. of new jobs	105,000
Total number of investments	640
Percentage of investments locating outside Dublin and Cork	50
Percentage of Greenfield investments originating from emerging markets by 2014	20
Annual client spend in Research and Innovation by 2014	€1.7bn

Source: IDA Ireland, Horizon 2020: IDA Ireland strategy, 2010

<sup>3</sup> IDA, Horizon 2020, *IDA Ireland Strategy*, March 2010

<sup>4</sup> While these objectives relate to the present period they also applied during the 2005-10 period which is the focus of this evaluation

<sup>5</sup> Of the population of 72 IDA client companies involved in this evaluation in 2005-10, 11 were initially classified as “new names” rather than expansions. However, this was a technical classification issue in that they had been transferred to IDA from EI as a result of change of ownership

Under the 2014 Action Plan for Jobs IDA is committed to supporting 70 clients under its “Client Transformation Programme”, although this will include not only Training but also other grants.<sup>6</sup>

### Programme processes

The principal features of processes for the Training Programme during the 2005-10 period were:

- Project concepts typically arise from the ongoing interaction between IDA Project Executives and client companies;
- If a viable project crystallises this will be encapsulated in an application to IDA from the company;
- IDA asks its independent training advisors (at IDA cost) to review and validate the application, if necessary clarify issues with the company, and advise IDA on its suitability. Applications must be prepared to a standard format and include a 2-3 year Learning and Development Plan;
- The application is then examined by IDA executives. If satisfactory, they make a written request for formal approval to the IDA Management Investment Committee. This may result in further clarifications and alterations;
- When (and if) successful the project is monitored both by the development executives and the external contractor, including prior to grant payment. Final payments are made only when projects are deemed complete.

### Training grant eligible costs

- Trainer’s personnel costs;
- Trainers and Trainees’ travel expenses including accommodation;
- Other current expenses (materials/supplies) directly related to the project;
- Cost of guidance and counselling services with regard to the training project;
- Trainee’s personnel costs up to the amount of the total of the above eligible costs (known as the 50/50 rule).

The appraisal of applications has and remains a function carried out externally. In the 2005-2010 period it was carried out by EI and is now carried out by independent consultants.

### Relationships with other IDA supported programmes

During the 2005-10 period Training Grants were used as instruments to support two other programmes, namely the IDA’s Strategic Competitiveness Programme (SCP) and the IDA-supported IBEC European Orientation Programme (EOP). Both involved relatively small numbers of companies and the EOP only started in 2010.

**European Orientation Programme (EOP):** the EOP is an IBEC graduate placement and training programme.<sup>7</sup> Originally established in 1983, the EOP provides Irish graduates with one-year placements in companies and other organisations to give them international business experience. Originally EI funded, it has latterly become funded by a series of state agencies including IDA with placements taking place in the agencies’ respective clients. IDA co-finances approved placements

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<sup>6</sup> *Action Plan for Jobs*, 2014, p. 9

<sup>7</sup> See [www.ibec.ie/eop](http://www.ibec.ie/eop) . EOP is a registered charity

at a standard cost of 50 percent of total costs, i.e. €22,000 for an EU (incl. Ireland) placement and €26,000 for a non-EU placement.

Under EOP, IDA funds annual graduate placements in IDA client companies both in operations based here or overseas. The application and approval process differs from mainstream Training Grants. Applications are made by an IDA client company through their IDA project executive. During 2009 and 2010, IDA clients were involved in 13 projects and these are classified by IDA as Training Grant recipients. They are therefore included in this evaluation, (although arguably this is a distinct Programme with its own objectives and logic).<sup>8</sup>

**The IDA Strategic Competitiveness Programme (SPC):** This Programme had three objectives within the overarching one of making Irish operations more strategically important to the parent company, namely to:<sup>9</sup>

- Attract additional functions to Ireland across the full value chain with particular emphasis on Research and Development;
- Increase the competence of existing functions within overseas companies; and to
- Assist the Irish subsidiary to secure an EMEA mandate or World mandate from the parent company.

The SCP operated during the first three years of the 2005-10 period. In cohort of 84 approved training projects between 2005 and 2010, seven received support under SPC. This involved mainly training of Irish management in taking a more strategic approach to the future of their operations.

Evaluation results are identified for EOP and SPC Programme companies where possible. However, the number of responses in each category is too small to isolate the Programme impacts in either the counterfactual analysis or in the survey of companies. The survey includes two SPC and six EOP projects.

### Programme rationale

A number of market failure theories support the need for Training Grants and, more widely, the attraction of FDI:

**Relative costs:** IDA Capital, Employment and Training Grants can be categorised as ‘corrective subsidies’ defined as schemes chiefly designed to alter relative prices facing private firms and individuals in order to correct for some externalities.<sup>10</sup>

**Capability failures:** Investment by firms in education, training and management development is positively correlated with higher levels of productivity and innovation. More highly skilled workers are more likely to adapt to change and to be a direct source of innovation and more productive firms are more likely to use advanced technology.<sup>11</sup> Similarly, investment in management development has shown close correlations between labour productivity, sales growth and return on

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<sup>8</sup> EOP list 5 IDA companies in 2010, with a total of 17 placements. It has continued at a similar level in 2011-13

<sup>9</sup> The underlying thinking behind the Programme, see E. Molloy and E. Delaney, *Strategic Leadership of Multi-National Subsidiaries: An Overview for Senior Executives*, 1998.

<sup>10</sup> *EU Structural Funds in Ireland: Mid-term Evaluation of the CSF 1994-99*, P. Honohan et al, ESRI, July 1997, para. 2.1.2

<sup>11</sup> *Tomorrow’s Skills: Towards and National Skills Strategy*, EGFSN, 2007

capital employed.<sup>12</sup> However, enterprises and individuals do not always invest optimally in education, training and management development for a number of reasons such as lack of awareness of the benefits, lack of access to, or relevance of, training available, prohibitive financial costs and lack of time.

**Incentive effects:** Government intervention can play a key role in incentivising behavioural change that can have a transformative effect on industry structure, productivity and growth potential. The presence of incentive effects are one of the criteria used by IDA in deciding whether to provide a training project. IDA defines the incentive effect as present: “present when the aid changes the behaviour of a company to engage in additional activity contributing to the development of an area which it would not have engaged in without the aid or would only have engaged in such activity in a restricted or different manner or in another location”.

**Other impacts:** Internationally, the broad market failure arguments also continue to be used as the rationale for support of all types to FDI, including Training Grants. For example, a 2009 review of FDI in Scotland carried out for Scottish Development International (SDI)<sup>13</sup> cited likely productivity improvements as the main benefit of FDI. Particularly important among these market failures are an information market failure whereby firms are not fully aware of the advantages of investing and doing business in alternative locations.<sup>14 15</sup> Positive externalities have also been cited including the potential for increased inward investment to generate wider economic benefits by accelerating the use of new technology and enhancing competition. In addition, equity considerations have shaped some interventions, which sought to attract inward investment into deprived areas or regions.<sup>16</sup>

## Evaluation methodology

The evaluation follows steps laid out in the Forfás Evaluation Framework. The main evaluation techniques involved:

- A literature review of background documents, including documents on the programme itself and other related Forfás, IDA and other policy documents. The main sources used include: IDA Strategies, Departmental Strategy Statements and successive National Development Plans; formal evaluations of FDI policies elsewhere, especially Scotland and England; previous evaluation of Training Grants in Ireland.

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<sup>12</sup> Management Development in Ireland, Management Development Council, 2010

<sup>13</sup> SQW Consulting, *SDI Policy Evaluation, Final Report*, May 2010, Chapter 4

<sup>14</sup> *Evaluation of NZTE Investment Support Activities*, Ministry of Economic Development (New Zealand), August 2011

<sup>15</sup> See: Hart, M., Driffield, N., Roper, S. and Mole, K., *Evaluation of Regional Selective Assistance in Scotland 2000-2004*, Report Prepared by Kingston University, Aston University and the University of Warwick for the Scottish Executive, 2008; *Inward Investment Evidence Review - Final Report*, Report Prepared by DTZ for Scottish Enterprise, June 2009

<sup>16</sup> See *Impact of RDA Spending - National Report - Volume 1 - Main Report*, Report Prepared by PricewaterhouseCoopers for the Department for Business, Enterprise and Regulatory Reform (UK), March 2009. See also *Evaluation of Regional Selective Assistance (RSA) and its Successor, Selective Finance for Investment in England (SFIE)*, BERR Occasional Paper No. 2, Department for Business, Enterprise and Regulatory Reform, March 2008. The nine RDAs in England were abolished and replaced by 39 Local Enterprise Partnerships (LEOs), covering smaller areas with more limited powers and less funding. Responsibility for FDI has subsequently also become more centralised

- **Review and Analysis of Existing Programme Data:** This has involved examination and use of Programme information available from IDA. This included numbers of approvals, levels of draw-down, types of beneficiaries and annual trends.
- **Counterfactual Analysis:** this involved attempting to link the administrative data with data on outputs from the existing Forfás Employment and ABSEI surveys. This essentially attempts to control for as many other influences as possible. It focuses on two counterfactuals, namely the “before and after” analysis of Training Grant recipients in the 2005-2010 period, and a comparison of the cohort of Training Grant recipients with other similar IDA clients who had not received such grants during same period. The analysis focuses on the 84 projects in 72 companies which had commenced at the time of the evaluation.
- **Company Survey and Interviews:** this also involved a survey of the 72 companies who had approved Training Grant projects which had commenced by the date of the evaluation. This was carried out online using a questionnaire of largely closed, but also some open, questions. A response rate of 54 percent was achieved. The results are used mainly in the section on Outcomes and Impacts. Selected use was also made of a similar larger survey undertaken for a separate review of IDA Capital and Employment Grants.

Formally, the methodological approach used in the survey is broadly consistent with the frequently used “Kirkpatrick” method for evaluation of training programmes. However, consistent with the focus of Training Grants as an enterprise development instrument, the evaluation places less emphasis on the nature of the training content and its impact on individuals and more on its knock-on impact on the companies. Interviews were carried out with general stakeholders, business representative organisations and a number of the companies surveyed.

Regarding stakeholders consulted, these included Forfás and IDA, EGFSN, IBEC and the American Chamber of Commerce in Ireland. With regard to the companies, in the survey companies were asked if they were interested in being interviewed, to which 40 responded that they would if necessary. A total of five were identified from this list for interview candidates, involving a mix of by size, region, sector, type of grant and location.

### Alignment with national policy

Training Grants have been a consistent part of IDA Ireland’s suite of grant supports for many decades, albeit a relatively small one. They have become relatively more prevalent again since the early 2000s, as the FDI policy focus has increasingly emphasised retention of existing operations as well as “new name” investments.

While the international context for FDI has changed hugely over recent decades, and while many other factors influence FDI decisions, financial incentives remain a factor in investment location decisions and are an instrument in the armoury of countries seeking to attract FDI. For example, a recent EIU survey of 351 global respondents regarding investment, when asked the prime motivation for entry into foreign markets, responded as follows: access to markets: 58 percent; availability of key skills: 34 percent; government incentives, including tax incentives: 32 percent; legal transparency and ease of doing business: 32 percent. Therefore government incentives remain important, appearing as joint third in the list overall.

FDI has been a core element in Irish economic policy - both enterprise and jobs creation - since the 1950s, and right up to the present day. During the period being reviewed, FDI and incentives towards it were incorporated in successive National Development Plans, including both the 2000-



2006 and 2007-2013 periods. Statements of Strategy of the then Department of Enterprise Trade and Employment for 2005-2007 and 2007-2010<sup>17</sup> also had FDI as a central arm of enterprise policy.

More recently, continued vibrant FDI has remained a feature of national recovery plans, and as an area that has performed relatively well during the crisis. The National Recovery Plan 2011-14 emphasises “the attraction of FDI has driven growth in the economy in the past, and can do so again in the next phase of Ireland’s economic development. Foreign investment in Ireland is substantial in nature: IDA-supported companies alone sustained over 135,000 jobs, manufacturing of pharmaceutical and medical devices, financial services and provision of ICT and professional services are the key sectors”.<sup>18</sup> The Government’s Action Plan for Jobs<sup>19</sup> of 2014 also emphasises FDI. It includes a series of actions, including actions to attract inward entrepreneurial start-ups and to develop existing FDI. The recent Department of Finance Economic Strategy to 2020 also emphasises the continued importance of FDI.

## Inputs

During the 2005-2010 evaluation period a total of 107 Training Grants were approved, with a combined value of €52.7 million total. Projects approved can be sub-divided between (a) those that have started, and (b) those that have not started (as of December 2013). To date, 84 of the Training projects approved between 2005 and 2010 have started. Projects which have commenced account for total grant approvals of over €41.1 m, while projects that have not commenced account for the balance of €11.6 million. Therefore, about eight out of ten projects had commenced as of December 2013 and these are the main focus of this evaluation.

The availability of grant aid, including Training Grants, forms part of the overall tool kit available to IDA Ireland to negotiate with companies for investment in Ireland against competition from other locations. Therefore, in some instances, projects were approved in principle as part of negotiations to win an investment, but the parent company nevertheless made the decision not to proceed with the project. Other reasons why companies may not have gone ahead with a project, (or did not draw down grant assistance), included targets not being met or being underachieved, project replacement at a later date by another project, or project delay or cancellation. This “not started” group is excluded from the subsequent sections of this evaluation and from the impact assessment on the basis that they have incurred no substantial costs and had no impact.

**Table 9.2: Status of projects - IDA Training Grant approvals 2005-10**

Status	No. of Projects	%	Grant Approved (€000s)	%
Approved and Started	84	78.5%	41,141	78.0%
Projects Not Started	23	21.5%	11,593	22.0%
TOTAL	107	100.0%	52,734	100.0%

Source: IDA Ireland grants data

<sup>17</sup> Now Department of Jobs, Enterprise and Innovation

<sup>18</sup> *National Recovery Plan 2011-14*, para. 2.5.2

<sup>19</sup> *Action Plan for Jobs 2014*, esp. Section 8

In general, most approvals for Training Grants occurred in the later years of the 2005-10 period. This applies to both projects that have started (the primary focus of this evaluation) and the projects that have not yet started. Looking at project numbers shows that nearly 76 percent of total approved projects were approved in the 2008-2010 period.

The 2008-2010 ramping up of the level of Training Grant approvals appears to largely reflect a new policy emphasis in the context of the global and Irish crisis. In particular, with the onset of the crisis retention of employment became a priority, including sustaining that in large existing IDA client companies. This in turn gave increased focus on supporting transformation processes in these firms, including upskilling of their workforce.

Between 2005 and 2013, nearly €17.6 million in Training Grants were paid out to approved and started projects from the 2005-10 period. This gives a drawdown rate of about 43 percent on approved and started projects, three years after the last project was approved (and eight years after the first approval). This is lower than the drawdown rate for Capital and Employment Grants (55 percent and 48 percent, respectively), over the same period. While in part these delays reflect the fact that projects are often multiannual in nature, they appear to primarily reflect slowness in firms applying for payments and in some instances real or perceived bureaucratic delays. There is also the indirect cost of IDA staff time to be considered. In the case of training grants, this primarily includes the cost of Irish-based staff involved in the running of the training grant scheme. Total staff cost over the full 2005-2010 period is estimated at €350,000. The minimum company contribution is estimated at €99.9 million. This in turn gives a minimum total cost for projects ('approved and started' grants plus company inputs) of €141.1 million.

## Outputs and activities

### Grant type

The total number of Training Grants approved and started projects in the 2005-10 period was 84, involving 72 companies. Of those, 62 received one grant, nine received two, and one received four. Companies involved constituted about 7 percent of all existing IDA clients (1,000). IDA Ireland's database of Training projects shows that, in value terms, 69 percent of grants approved between 2005 and 2010 (€28.2m) were specific Training Grants, just under 16 percent (€6.4m) were general Training Grants, while 16 percent (€6.5m) were grants that had combined general and specific elements. This pattern indicates that most training support is company specific rather than contributing to a wider national skills agenda.

**Table 9.3: Status of approved and started projects by grant type 2005-10**

Grant Type	No. of Projects	%	Grant Approved 000s)	%
Training - General	12	14.3%	6,445	15.7%
Training - Specific	61	72.6%	28,193	68.5%
Training - Combined General/Specific	11	13.1%	6,503	15.8%
TOTAL	84	100.0%	41,141	100.0%

Source: IDA Ireland data

In terms of project numbers, shares are similar, in that 73 percent were specific Training Grants, 14 percent general Training Grants, while 13 percent were attributable to combined grants.

### Training grants in IDA investment packages

IDA Training Grants can be approved either as part of a wider grant package or as a stand-alone approval. Some 55 projects (66 percent) of all the training projects approved and started in the 2005-10 period were stand-alone, while 29 projects (34 percent) were part of a wider IDA investment package, i.e. multiple grants awarded under the same approval. Packaged projects accounted for €18.8m of the Training Grants awarded (44 percent).

### Training grant size

Average grant size for the 84 training projects that are approved and have started to date is about €490,000 per project. Grant size ranges from as low as €3,000 to as high as €2.4 million. Average grant size is €537,000 for general Training Grants, €462,000 for specific Training Grants and €591,000 for combined grants. Average grant size for stand-alone training projects is about €407,000, while average grant size for package projects is €589,000.

The largest five projects (in terms of size of grant approved) account for over 26 percent of all approvals, the top 10 projects account for nearly 46 percent and the top 20 projects account for 70 percent. Similarly, about 44 percent of payments to date are attributable to only five projects, 66 percent of payments are attributable to just 10 projects and 85 percent of payments are attributable to 20 projects. The role of large companies and large projects is therefore evident.

**Table 9.4: Relative size of grant approvals and payments**

Status	Grant Approved (€000s)	%	Grant Payments (€000s)	%
Top 5	10,790	26.2%	7,758	44.2%
Top 10	18,823	45.8%	11,558	65.8%
Top 20	28,804	70.0%	14,850	84.5%
TOTAL (84)	41,141	100.0%	17,568	100.0%

Source: IDA Ireland data

### Projects by sector

Sectors with the largest shares of training projects, in terms of project numbers, include electronics (24 percent), medical technologies (18 percent), pharmaceuticals (10 percent), transport (8 percent) and content industries (7 percent). In terms of grant approvals value, however, the biggest sectoral shares are for medical technologies (24 percent), pharmaceuticals (22 percent), electronics (15 percent), content industries (11 percent) and transport (9 percent).

Combined, these latter five sectors account for more than 80 percent of grant approvals. In terms of grant size, meanwhile, averages range from a low of €160,000 for financial services up to a high of more than €1.1 million for pharmaceuticals, while average grant size for medical technologies, content industries and transport projects are also well above the overall average of €490,000.

**Table 9.5: Projects approved and started - pattern by sector**

Sector	No. of Projects	%	Grant Approved (€000s)	%
Medical Technologies	15	17.9%	9,996	24.3%
Pharmaceuticals	8	9.5%	9,100	22.1%
Electronics	20	23.8%	6,018	14.6%
Content Industry	6	7.1%	4,620	11.2%
Transport	7	8.3%	3,822	9.3%
Electrical and Precision Engineering	4	4.8%	1,426	3.5%
Construction and Material Handling	3	3.6%	1,220	3.0%
Software	2	2.4%	1,173	2.9%
Financial Services	4	4.8%	641	1.6%
Other	15	17.9%	3,125	7.6%
<b>TOTAL</b>	<b>84</b>	<b>100.0%</b>	<b>41,141</b>	<b>100.0%</b>

Source: IDA Ireland data

Medical technologies and pharmaceuticals projects are also more likely to be part of package projects rather than being stand-alone, particularly in terms of grant approvals. Package projects in these sectors, for example, account for a combined 61 percent of all grants approved for all package projects, compared to 46 percent across all Training Grants.

In terms of grant payments, drawdown rates by sector are generally within a range of between 30 percent and 45 percent, i.e. relatively close to the overall average of 43 percent. Exceptions to this are content industries (88 percent) and construction and material handling (80 percent), which have especially high drawdown rates, and pharmaceuticals (24 percent), which has a particularly low drawdown rate.

### Projects by region

An examination of patterns by region shows that the South-West accounts for the largest share of projects (in terms of numbers) at 26 percent. It is then followed by Dublin (23 percent), the West

(13 percent), the Mid-West (12 percent) and the South-East (11 percent). In terms of grant value, meanwhile, the South-West share is 30 percent, followed by Dublin at 28 percent, the South-East at 13 percent, the West at 12 percent and the Mid-West at 8 percent.

Looking at shares by NUTS II region shows that the Southern and Eastern (S&E) Region accounts for 75 percent of project but more than 80 percent of grants approved, while the Border, Midland and Western (BMW) Region accounts for 25 percent of projects but less than 20 percent of grants approved.

**Table 9.6: Project approvals: trend by region**

Region	No. of Projects	%	Grant Approved (€000s)	%
Dublin	19	22.6%	11,662	28.3%
Mid-East	3	3.6%	1,024	2.5%
Midlands	2	2.4%	467	1.1%
Mid-West	10	11.9%	3,095	7.5%
North-East	4	4.8%	769	1.9%
North-West	4	4.8%	1,602	3.9%
South-East	9	10.7%	5,331	13.0%
South-West	22	26.2%	12,226	29.7%
West	11	13.1%	4,965	12.1%
Total	84	100.0%	41,141	100.0%
BMW	21	25%	7,803	19.0%
S&E	63	75%	33,338	81.0%

Source: IDA Ireland data

Payment trends by region show that most regions have a drawdown rate that is above the average of 43 percent. The exceptions to this are the South-West, where the drawdown rate is just 19 percent, and the Mid-East, where the drawdown rate is less than 3 percent. The low rate of drawdown in the South-West is primarily attributable to the predominance of large pharmaceutical training projects among its grant approvals - the sector accounts for 64 percent of all grant approvals in the South-West in value terms, but the drawdown rate for pharmaceuticals projects in the region is less than 14 percent.

The highest drawdown rates are in the North-West (62 percent), North-East (59 percent), Dublin (57 percent), the Midlands (54 percent) and the West (54 percent), while the drawdown rate in the wider BMW Region (56 percent) also exceeds that of the S&E Region (40 percent).

### Company satisfaction with IDA training grant system

The company survey asked the Training Grant Recipients about their level of satisfaction with IDA's grant system. They were asked to rate a series of features of the system in terms of their level of satisfaction ranging from "very satisfied" to "very dissatisfied". The results are shown in the Table below.

**Table 9.7: How would you rate the company's satisfaction with the IDA training grant programme?**

Count	Very Dissatisfied	Dissatisfied	Neither Satisfied nor Dissatisfied	Satisfied	Very Satisfied
Initial awareness	0	0	4	17	24
Formal approval process	1	2	3	14	24
IDA project monitoring	0	1	7	13	22
Financial claims/drawdown	1	4	5	10	24
Follow-up/interaction during the project	0	1	4	13	24
Synergy/co-ordination with other IDA financial supports	0	1	10	9	18
General IDA advice/guidance	0	3	5	10	27

Source: Company survey

Almost all of the responses were either "very satisfied" or "satisfied" on all counts, typically the former. Very few expressed any dissatisfaction. The areas of relatively less satisfaction were synergy/co-ordination with other IDA financial supports, and the financial claims/drawdown.

The survey also invited further comments from the respondents to this question. Some 18 companies commented. Particular IDA strengths cited included supportiveness, frequent interaction, pro-activeness, and quality of advice. Less positive comments generally focused on administrative and procedural matters, especially the claims system. These were cited by about one-third of those commenting. Words used include "burdensome", "bureaucratic", "onerous", "time-consuming". The low draw-down rates may in part be explained by these views.

## Impacts and outcomes

### Methodology and interpretation

It could be argued that company employment is not an ideal metric and is not a direct objective of Training Grants. However, it is a good proxy metric of overall company activity levels, and Training Grants should ideally lead to such activity being higher than would otherwise have been the case. Furthermore, employment data is available on a consistent basis over time in a way not true of any other metric for IDA client companies.

The analysis tracks the chronological relationship between the level of total employment in a company before and after the year of grant approval, this grant year being referred to as “Year T”. The analysis therefore compares total employment in the company in the three years prior to the year of grant approval (T-3, T-2, T-1) with employment in the three years after approval (T+1, T+2, T+3). In the analysis “Year T” can therefore be any year between 2005 and 2010, inclusive. The comparison is thus a “before and after” one in the case of the same company, i.e. the counterfactual is the level of company employment in the three years before the grant was approved. The analysis therefore uses employment data ranging from 2002 to 2013, depending on the grant approval year.

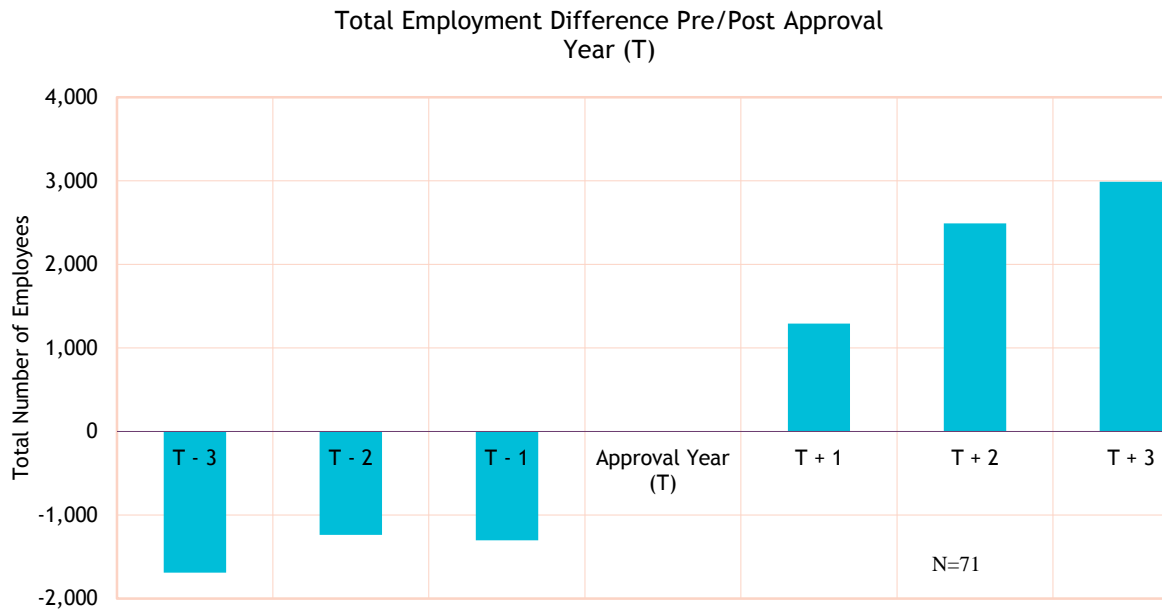
This methodology has limitations, some of which is attempted to be addressed in the analysis, e.g. other causal factors may be involved such as the receipt of another grant. Also, the analysis relates to total employment in the company rather than to employment directly associated with Training grants, i.e. the employment in the company as a whole in Ireland is assumed to be affected by the grant. Appendix I sets out the results controlling for a number of variables. The key results are set out below.

### Results: all companies

Total employment pre- and post-grant approval for the aggregate of all Training Grant recipients shows a distinctively positive trend. Employment rose from 29,571 in year T-3 to 34,429 in year T+3. It should be noted again that the data in Figure 9.1 is not time-series data, i.e. the actual seven years involved varies between 2002 and 2012 by company depending on year of grant approval, i.e. the years 2005-10 inclusive, plus three years at each end.

In terms of average annual employment before and after year T, this is 12 percent higher post grant approval. This therefore provides overall reassurance that total activity (as measured by total employment) in Training Grant recipient is generally higher after grant receipt than before. This is a particularly positive finding in the context that these are by definition all existing rather than “new name” clients, so there is no start-up period of employment growth involved. It also involves many companies who were undergoing a transition which might be expected to lead to a fall in headcount.

Figure 9.1: Link between grant approval and employment performance: all companies



Source: Fitzpatrick Associates/Statistical Insight Consulting

### Role of other grant approvals

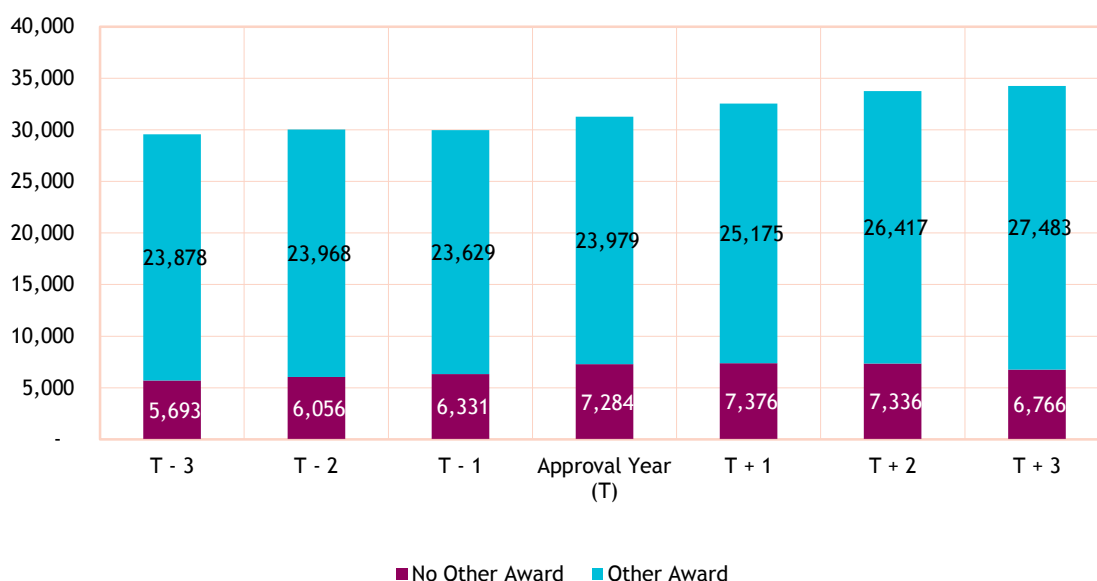
One of the limitations of the analysis of the impact of Training Grants in the previous sections is that these were not the only grants from which IDA client companies were benefitting at the same time. IDA support also being made available under other schemes, notably Capital and Employment Grants. While in some cases these were approved as part of a package with the Training grants. In addition, many companies also separately received other IDA grants during the evaluation period. These latter are the focus of this section.

During the 2005-10 period, 43 companies (or 61 percent) of the Training Grant recipients analysed here were also in receipt of such other grants. The role of these was analysed on a simple binomial basis, i.e. the companies were divided into those with or without such other concurrent grants in the period. As elsewhere receipt of a grant is defined as being approved for one, and this project having commenced.

Figure 9.2 shows the pattern in employment before and after Training Grant receipt classified by whether the recipient companies had received another type of grant or not, purple equals “no” and blue equals “yes”. It shows that the bulk of total employment was in companies that received other awards during the period. Total Employment increased after Training grant receipt (Year T) in companies in both categories. However, in grant recipients receiving other awards the increase was much more consistent. Companies only receiving Training grant experienced an employment fall in 2013. However, it would be unwise to over-interpret a single year result.



**Figure 9.2: Total employment pre and post approval employment by receipt of other awards**



Source: Fitzpatrick Associates/Statistical Insight Consulting

The same before-and-after comparison for the Training Grant recipient companies was done with the companies classified by grant type, “packaged” v “stand-alone”, Grant size, Year of Approval, No. of Training grants, and receipt or otherwise of other IDA Grants. The positive pre- and post-approval trend remains reassuringly consistent for most of these breakdowns.

**Employment growth relative to matched pairs**

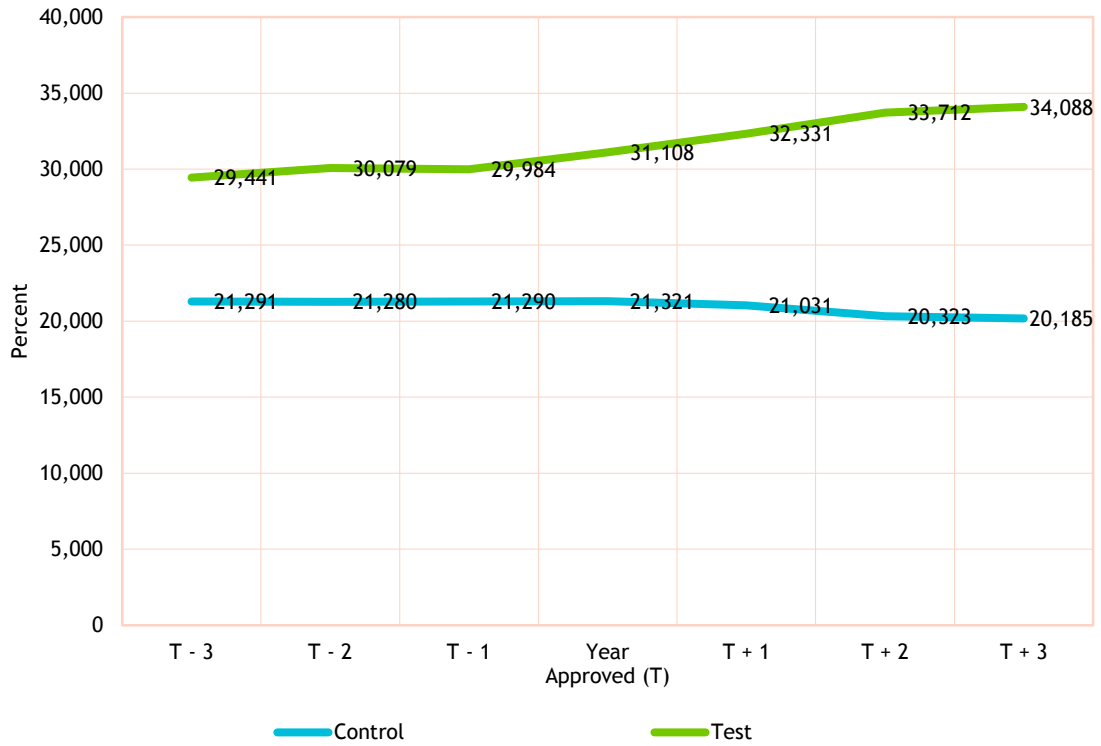
The previous analysis involved comparisons of the Training Grant recipients before and after grant receipt. This section shows the results of a different analysis of employment performance in the companies, namely how it compares with similar companies which did not receive a Training Grant.

Figure 9.3 shows the results of the comparison of employment in the Training recipient companies before and after their grant receipt, with a series of matched companies over the same time periods. This again utilises employment figures from the AES. Matches were found for 69 of the companies which had commenced approved Training Grant projects in the 2005-10 period. The matches are done on the basis of sector and size, i.e. they are another 69 IDA clients in the same size and sector but which did not receive Training Grants in the 2005-10 period.<sup>20</sup>

The results are shown in Figure 9.3. They show that for the “test group” of Training Grant recipients the employment trend before and after grant receipt was clearly upward, i.e. the green line in Figure 9.3. This result is essentially what was already demonstrated earlier in Figure 9.1. The employment trend for this “control group” of matched companies which did not receive a Training Grant in the period was downwards in the post grant period (the blue line in Figure 9.3).

<sup>20</sup> The comparison is therefore focused on whether companies had or had not received a Training Grant in the period. Companies in both groups could in principle have received other types of IDA grants.

Figure 9.3: AES Employment pre and post approval employment: recipients v non-recipients



Source: Fitzpatrick Associates/Statistical Insight Consulting

Focus on the absolute numbers in Figure 9.3 shows that, in percentage terms, average annual employment in the Training Grant recipients (test group) is 11.9 percent higher in the three years post grant approval than in the three years pre-grant approval. In the similar set of other IDA client companies (control group) which did not receive a Training Grant it is 3.6 percent lower, (see Table 9.8). This is a differential of 15.5 percent. This means that measured in employment terms Training Grant recipients performed 15 percent better over the three year post grant receipt than similar IDA clients who had not received a Training Grant in the same three-year period. While there are many limitations to this analysis already cited, especially the ability to attribute direct causation to Training Grants and subsequent company performance, this finding is further reassurance that there is on average a positive association between Grant receipt and subsequent performance.

**Table 9.8: Comparison of average annual employment in test and control group**

Group of IDA Client Companies	Average Total Employment		% Change
	Pre-Award	Post-Award	
Test-Group (109 companies) <sup>1</sup>	29,835	33,377	11.9%
Control Group (109 companies)	21,287	20,513	3.6%

<sup>1</sup> Companies In receipt of Capital and Employment grants in 2005-10, and whose project had commenced  
Exc. 4 of the 71 companies analysed as no match company found.

Source: Fitzpatrick Associates/Statistical Insight Consulting

### Analysis of Training Grant Impact: Other Metrics

This section reports on a further aspect on the impact assessment, namely analysis of the relationship between Training Grant receipt and company performance using metrics (i.e. dependent variables) other than company total employment. These three were motivated by a combination of Training Grant objectives and data availability.

The metrics used are derived from the Annual Business Survey of Economic Impact (ABSEI) for the cohort of 2005-10 Training Grant recipients. This data-set has the advantage of including indicators which relate more directly to the objectives of the Training Grants. The ones used are:

- Company sales (total and per employee);
- Company added value (total and per employee);
- Company expenditure on training (total and per employee).

However, ABSEI data also have a major weakness as against AES employment data, namely they do not constitute a consistent annual time-series and hence cannot be used for the analysis of companies performance in the years before and after grant receipt, irrespective of when that year was. This limitation in turn loses one of the key elements in the earlier T-/T+ comparative data of a time-related link between the grant and company performance. The time-related link provides at least some basis for a presumption of causation.

Here a less satisfactory approach is taken of comparing the performance of the 2005-10 Training Grant-aided companies with non-aided ones over the full period, 2002-12, irrespective of when they received the Training Grant. This is done for 69 of the Training grant recipient companies.

### Trend in sales

Figure 9.4 shows the comparison between Training Grant recipients (test, blue line) and other companies (control, green line) over the 2002-12 period. It shows the value of total sales (current prices) and total sales per person.

It can be seen that for total sales both groups show growth over most of the period, with a slump in 2008/9. However, the rate of growth is much higher in the test group.

In the case of sales per head, the divergence is much more pronounced in the period after 2008. This period coincides with the bulk of 2005-10 Training Grant approvals. This pattern and contrast is reassuring regarding impact, but it must not be over-interpreted as some of the growth may have been occurring anyway. The survey results in Table 9.14 also confirm that companies saw them as areas where Training Grants would have a positive impact.

Figure 9.4: Trend in sales 2002-2012 - recipients v non-recipients



Source: Annual Business Survey of Economic Impact

### Trend in value added

Figure 9.5 shows similar information as figure 9.4 on added value, a named objective of the Training Grants. The trend in total added value as between Training Grant recipients (test) and non-recipient (control) groups is clear and pronounced. In the case of value added per head it appears to be already present since before the 2005-10 period but widens a little further thereafter. But again, the caveats about causation mentioned already must be borne in mind.

The company survey results in Table 9.14 confirm that increased productivity/added value were one of the top-ranked impacts of Training Grants, as seen by respondents.

**Figure 9.5: Trend in value added 2002-2012 - recipients v non-recipients**



Source: Annual Business Survey of Economic Impact

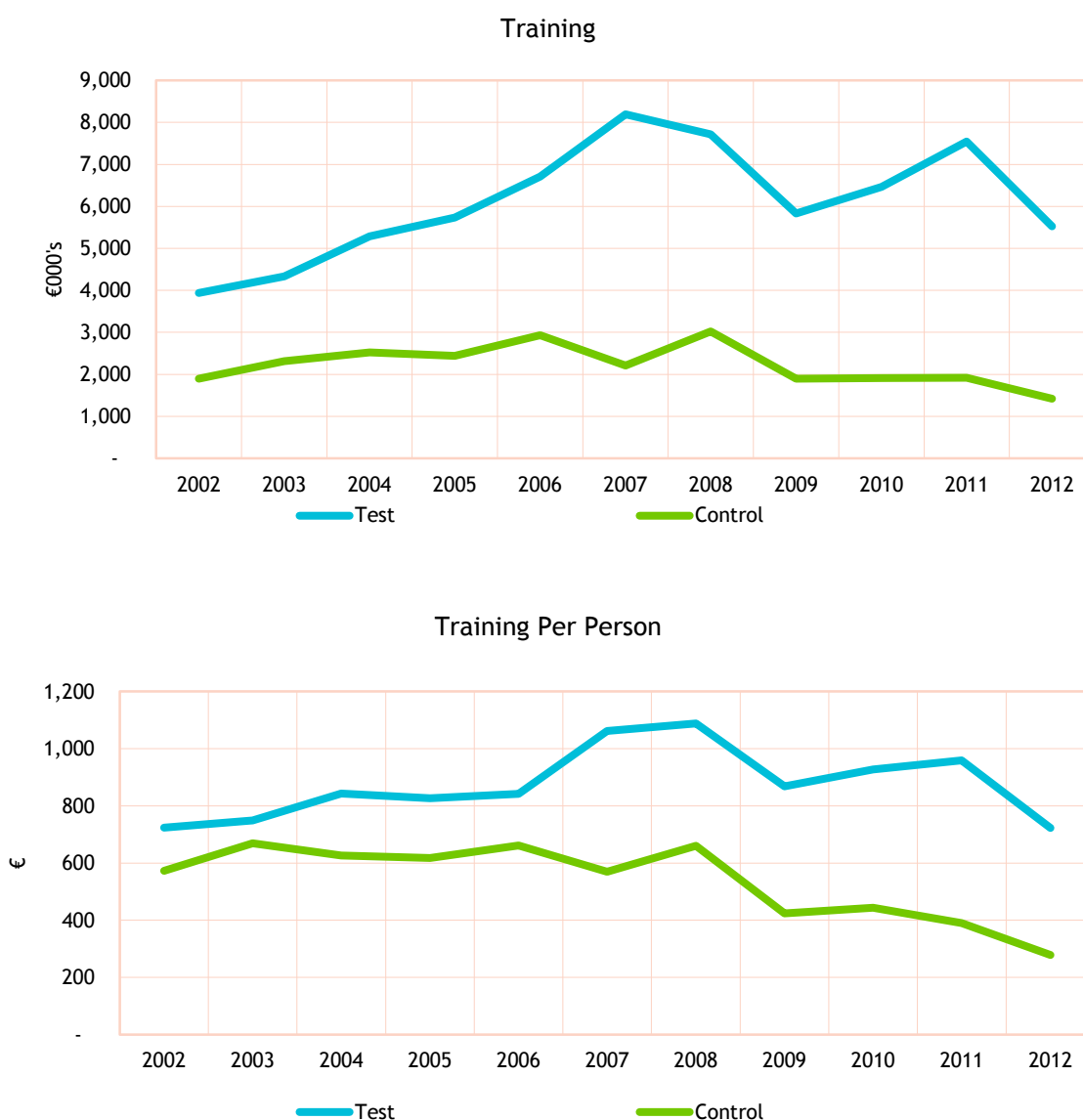
### Trend in training expenditure

Although not an ultimate goal of Training Grants, it is reasonable to treat company training levels as a desirable outcome of Training Grants.

Figure 9.6 compares expenditure on training in the Training Grant recipients (test) and non-recipient (control) groups over the 2002-12 period. For both total expenditure and expenditure per head, spending in the test group rises over most of the period (with a temporary dip in 2008/9). For the control group spend declines sharply from 2006 onwards. From being above test companies, training expenditure per head in control companies fell well below that in test companies by the end of the period. Once again, the evidence suggests that the hypothesis of a positive connection between Training Grant receipt and company training expenditure is supported, and once again the caveats around the analysis must be borne in mind.

The survey of companies confirms that increased training expenditure was seen by Training Grant recipients as one of the main benefits (Table 9.14).

Figure 9.6: Trend in training expenditure 2002-2012 - recipients v non-recipients



Source: Annual Business Survey of Economic Impact

As with employment, the analysis of sales, value added and training expenditure metrics for the period 2000-12 shows a pattern whereby Training Grant recipients generally performed better during the period than similar IDA client companies not in receipt of a Training Grant. This pattern is reassuring regarding impact, but it must not be over-interpreted as some of the growth may have been occurring anyway. However, the survey results also confirm that companies saw these as areas where Training Grants would have a positive impact, providing a level of “triangulation” of these results. The survey results on outcomes and impacts are focused on in the following sections.

### Project aims and objectives

Companies were asked to rank their top three business objectives for the project using the Programme Objectives for Training Grants. The results are shown in Table 9.9.

**Table 9.9: Please rank the top three business objectives of the project (where 1 is the most important)**

No. of Responses	Rank			Total Responses
	1	2	3	
Helping to alleviate skills deficits that might threaten the development of an operation, by supporting strategic up-skilling	18	8	7	33
Allowing the operation to produce more sophisticated products or services	14	8	7	29
Putting in place major new processes	7	15	3	25
Raising value added	2	10	13	25
Facilitating the setting up of new 'higher order' functions	3	3	6	12
Other objectives	0	0	2	2

Source: Company survey

As shown in Table 9.9 the most commonly cited objective was alleviation of skills deficits followed by introduction of new processes, more sophisticated products/services and raising value added.

Regarding the extent to which main business objectives had been achieved, 29 percent felt they were wholly achieved 54 percent largely achieved, see Table 9.10. This was higher for packaged than for stand-alone Training Grants. Responses to an open follow-up question suggested that reasons for partial achievement reflect the fact that transformation “is an ongoing process”.



**Table 9.10: To what extent has the most important business objective been achieved?**

	No. Responses	%
Wholly achieved	13	29.5
Largely achieved	24	54.5
Partly achieved	4	9.1
Still emerging	2	4.5
Not achieved at all	1	2.3
Total	44	100.0

Source: Company survey

Asked about achievement of immediate training objectives (i.e. numbers of people trained and increased skill levels) 50 percent said reported wholly and 48 percent largely achieved. Again, this was higher for packaged than for stand-alone projects.

#### Role of IDA support

Asked about the importance of IDA Training Grant support to the project, this was rated as “vital” (33 percent) or very important (49 percent). Only one response rated it as “not important”, see Table 9.11.

**Table 9.11: Please rate the importance of the IDA Training Grant support to achieving the overall business objective**

	No. Responses	%
Vital	15	35.7
Very important	22	52.4
Important	4	9.5
Not important at all	1	2.4
Total	42	100.0

Source: Company survey

Companies were also asked about how the IDA Training Grant influenced their decision to proceed with the project. The findings are shown in Table 9.12. Demonstrating Ireland’s supportive

environment came first followed by the highlighting of the operations' competitiveness / sustainability issues, and reduced investment cost.

**Table 9.12: In what way did the IDA training grant influence the company decision to proceed with the project?**

	No. Responses
Showed parent Ireland is supportive environment	32
Highlighted operations competitiveness/ sustainability issues	26
Reduced investment cost	21
Increased training capacity/capability	16
Made hiring people more attractive	15
Reduced risk of investment	11
Improved business performance metrics	8
Highlighted the importance of training/transformation	6

Source: Company survey

### Nature of Training Delivery

Most respondents (80 percent) reported that training at all levels was involved in their Training Grant project. Typically trainee numbers were in the 100-499 category (45 percent) with others mostly below this, i.e. 10-99 (25 percent) and below 10 (18 percent). The median number of trainees was 115.

Average duration of training was most often less than one month (41 percent), 1-3 month (23 percent), 3-6 months (6.8 percent) and 6-12 months (29 percent). Staff trained mostly involved a mix of new and existing personnel (67 percent) while new staff accounted for 19 percent of cases and existing staff only for 14 percent.

Regarding the source of training this was most often in-house in Ireland 73 percent, and external in Ireland 18 percent. Training at a parent/sister company or by an overseas provider were unusual (6 percent and 2 percent of cases respectively). Related to this 70 percent of all trainers are company staff, and 30 percent external. This may raise an issue of a very internal focus in a transformational context.

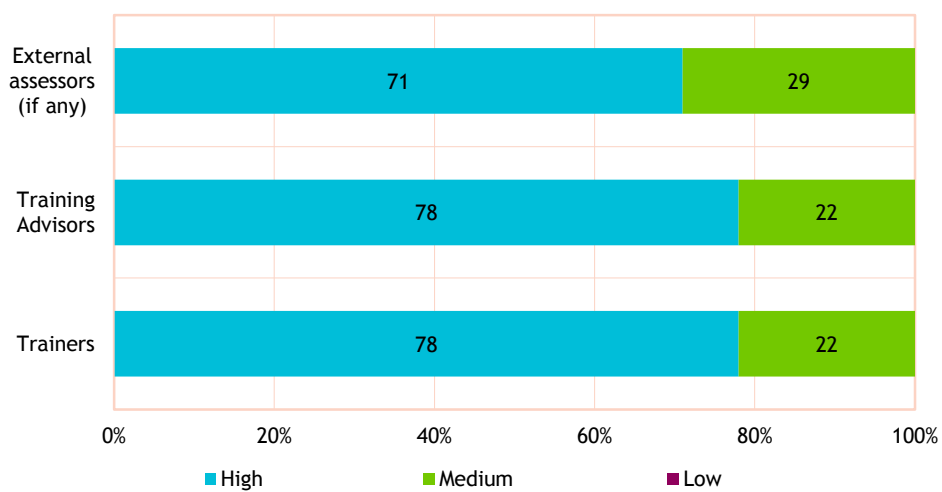
Asked about whether training is subject to external validation or qualification (i.e. certification) 42 percent reported yes and 58 percent no. This response was higher for specific than for general training. However, very low response numbers make this unreliable. All approved projects are of course subject to ex ante review by external project assessors as described previously.

In cases of external validation/qualification (19 responses), companies were asked if this involved a recognised qualification within the National Framework of Qualifications (NFQ). Some 58 percent

replied yes and 42 percent no. Where it was NFQ within recognised this was generally a Level 5 Certificate or above.

Asked whether training plans changed during training, 62 percent reported “not much” and 33 percent “somewhat”. Explanations in an open question were that training plan content were dependent on the nature of new people hired, changing customer needs, and changes in a companies’ own training plan. Companies were generally satisfied with performance of external providers, see Figure 9.7.

**Figure 9.7: Rating of performance of external parties involved in training**



Source: Company Survey

### Impact of Training Grants

Companies were asked about the “top 3” impacts of the Training Grants on them. The results are shown in Table 9.13. These are ranked by totals for all three ranking for any of the 11 impact types (right column in Table 9.13).

**Table 9.13: Please rank the top three effects of IDA-supported training (where 1 is the most important)**

Count	1	2	3	Total Responses
Increased skills and capabilities	16	11	7	34
Increased efficiency/productivity	10	9	2	21
Improved competitiveness	2	10	5	17
Increased Irish role/status in the company globally	4	3	9	16
Improved sustainability in Ireland	4	2	7	13
Increased or retained employment	3	2	4	9
New products/services developed following the	2	4	1	7
Facilitated introduction of a new function	2	1	3	6
Enabled access to new markets	1	0	3	4
New product/service offers with regional/global	0	2	2	4
Increased sales/exports	1	0	1	2

Source: Company survey

The top-ranked was increased skills and capabilities followed by increased efficiency/productivity, increased role/status of the Irish company, improved competitiveness, and increased sustainability in Ireland.

As shown in Table 9.14, companies were positive about the impact of the Training grant across a range of six potential impacts. Most of them involved the view that performance would be “higher” or “much higher” over a five-year time horizon. Combining these two categories, the top impact areas was skills/capabilities consistent with Training Grants’ role. This was followed by productivity/added value and training expenditure. Employment ranked lowest. However, the majority still felt it would grow and the remainder mostly expected it to remain static.

**Table 9.14: How was (will) company performance in Ireland (be) effected by the IDA Training support over a 5 year horizon from approval?**

No. Responses	Much Lower	Somewhat Lower	About the Same	Somewhat Higher	Much Higher
Skills/Capabilities	0	0	1	16	27
Productivity/Added Value	0	0	4	23	14
Training Expenditure	0	3	11	17	12
Sales/Exports	1	1	11	14	11
Employment	1	2	18	10	10
Profits	1	1	13	21	4

Source: Company survey

Regarding sales/exports, median cumulative growth rates were predicted to be 10 percent after five years and 15 percent after 10 years, and the average 15 percent and 27 percent respectively.

The questionnaire also asked if the Training Grant had influenced a company’s decision not to have a training plan. Responses indicate this was the case in about 11 percent of cases, while the rest said they would have had one anyway. This contrasts with the finding of a positive link with Training expenditure. It may reflect the fact that as relatively large, well-established foreign-owned firms most existing IDA clients would automatically have some form of training plan.

### Deadweight

Regarding deadweight, the Training Grant recipients were asked a two-part question about their projects. Firstly, they were asked if the project had not received IDA support, would it have gone ahead in Ireland, gone ahead outside Ireland or not gone ahead at all.<sup>21</sup>

As shown in Table 9.15, 41 percent said that without grant assistance it would have gone ahead in Ireland, while 36 percent said it would have gone ahead elsewhere outside Ireland. This response was consistent across the range of different parameters, i.e. grant type, packaged/stand-alone and sector, etc. Approvals in earlier years (2005-07) indicate higher deadweight than later (2008-10) levels. This is consistent with very low drawdown from earlier years. Some 23 percent felt that it would have not gone ahead at all.

<sup>21</sup> The two-stage question used follows the distinction between “full” and “partial” deadweight used by e.g. H. Lenihan, *Evaluating Irish Industrial Policy in Terms of Deadweight and Displacement: A Quantitative Methodological Approach*, *Applied Economics*, 36:3, PP 229-252, 2007

**Table 9.15: If the project had not received IDA support would it have?**

	No. Responses	%
Gone ahead in the same location in Ireland	18	40.9
Gone ahead elsewhere outside Ireland	16	36.4
Not have gone ahead at all (anywhere)	10	22.7
Total	44	100.0

Source: Company survey

Where projects would have gone outside Ireland, companies were also asked where it would have gone. Specific locations were cited in 16 cases. Of these USA was named by seven responses, Poland by two, and a range of others once.

The second part of the deadweight question related to the projects which would have gone ahead in Ireland without grant assistance. It asked whether these would have gone ahead in the same manner, in the same manner but delayed, gone ahead on a somewhat smaller scale, or gone ahead on a much smaller scale. As shown in Table 9.16, the predominant answer to this was again that it would have gone ahead on a somewhat small scale (39 percent) or gone ahead in the same manner (33 percent). The balance of firms generally indicated that it would have gone ahead on a much smaller scale, or that it would have been delayed. The result generally remained consistent across different types of firms and projects.

**Table 9.16: If the project would have gone ahead in Ireland anyway, would it have?**

	No. Responses	%
Gone ahead in the same manner	6	33.3
Gone ahead in the same manner but would have been delayed	3	16.7
Gone ahead but would have been somewhat smaller in scale	7	38.9
Gone ahead but would have been much smaller in scale	2	11.1
Total	18	100.0

Source: Company survey

Regarding overall deadweight, combining the results of Table 9.15 and 9.16 gives an overall level of 27 percent. This figure is arrived at by applying 100 percent deadweight to the cases where projects would have gone ahead in the same manner, and 50 percent deadweight to the cases that would have gone ahead delayed or on a smaller scale.

## Conclusions and findings

### Appropriateness

Support to FDI is a critical element of Irish economic policy generally and has been so for many years. Training Grants are a consistent, albeit small, part of the IDA suite of interventions in this regard. These grants have a long standing rationale in terms of being an appropriate “corrective subsidy” to help address any disincentives towards investing or staying in Ireland. Such supports are also part of the FDI enterprise policy suite in many other jurisdictions.

During the period under review here (2005-2010) there was an increase in Training Grant usage during the second half of the period, and this has continued since then. This reflects a greater IDA policy focus on sustaining employment in the economic crisis and its aftermath, and increasing awareness among existing IDA clients about the challenges of continued sustainability here and the need for associated transformation, including their workforce skill-sets. There is a case for such a de facto policy change to be more clearly and explicitly articulated.

The focus of Training Grants on expansions is also supported in that this dimension of FDI is now extremely significant given the large stock of IDA companies in Ireland and the fact in particular that some longer established companies need to take measures to ensure their sustainability and evolution.

There are issues about the appropriateness of how Training Grants are articulated by IDA as a form of support. It may be the case that Training Grants are more appropriately deemed a funding mechanism as opposed to a “programme”. Specific programmes would have clear goals, targets and related inputs. This issue is returned to in the recommendations.

A finding of the survey is that the bulk of training activity is provided internally within Irish plants, which does not seem entirely consistent with the transformation objective of the training grant. This points to it being desirable to encourage a greater element of external provision and involvement.

A majority of Training provided under the programme is not subject to formal external certification. This reflects its short-term and internal nature. However, the issue deserves consideration to see if a greater level of external certification might be appropriate, as it could increase benefits for trainees.

### Efficiency

In the overall IDA context, the level of resources being expended on Training Grants is relatively small. However, over the five year period (2005-2010) it is still a sizeable public funds investment in excess of €40 million.

The estimate of unit costs in this evaluation suggests that the cost per training day in IDA resources is akin to the public costs on Skillnets programmes. However, the duration of training is relatively long and the absolute number of trainees is more limited. Consequently the cost per trainee of circa €4,250 is relatively high. However, caution is needed here as average training costs in an area involving very different types of training can be of limited value and the associated benefits also need to be taken into account.

Also significant is behavioural change in the companies. Most evident of these is the increased level of training expenditure in the Training Grant recipients over time and by comparison with their peer companies. However, in the survey companies did not credit Training Grants with their decision on whether or not to have a training plan.

The level of deadweight in the programme is significant, although somewhat lower than in the case of Capital and Employment Grants. Deadweight is long recognised as an issue in the case of in-company training based on a view that such activity would be undertaken anyway as it is vital to company's existence and performance, and successive evaluations over the years have highlighted this challenge. As such, it is important to continually assess level of additionality that the grant is delivering.

An area also meriting attention is administration efficiencies which might be improved by attempting to limit the cumulative gaps between approvals and commencement, between commencement and completion, and between completion and drawdown. One approach in this regard may be to introduce a time-limit both on uptake and on drawdown.

Related to this, companies in receipt of Training Grants are generally very positive about their experience of interacting with IDA. However, a minority report a bad experience with Training Grant drawdown, citing what is perceived as over-complexity, uncertainty about requirements, and time consuming. These comments relate to 2005-2010 approvals so this situation may have changed with recent changes in procedures and use of an external provider of training assessment and validation.

### Synergies and overlap

An area where company views on the high service level provided by the IDA is slightly less positive than average is that of synergies with other forms of support. However, it should be acknowledged that these may relate to not only IDA supports but also to supports from other parts of the system.

A feature of IDA Training Grants is that they are sometimes approved on a stand-alone basis and sometimes as part of a wider package of other supports such as Capital, Employment or R&D grants (i.e. also approved at the same time and under the same approval number). There is evidence from the evaluation that Training Grants may be more effective when part of a package. In the 2005-2010 period employment in recipients of packaged Training Grants grew nearly twice as fast as for stand-alone grants. However, the latter also grew and packaged grants might not always suit the client. The company survey respondents also reported higher levels of achievement of objectives in the case of packaged than of stand-alone Training Grants. On balance, therefore, an increased focus on packaged grants may be appropriate. This is the opposite to the recent direction which is towards stand-alone approvals.

### Effectiveness

The overall effectiveness of the programme is positive. Key findings are:

- The overall policy objectives of the programme are being met judging by the evidence of the impact assessment and of the company feedback;
- The companies feel that the IDA is vital or very important in fulfilling their objectives, and in encouraging their investment decisions, albeit that they also declare that there is a relatively high level of deadweight involved;
- Companies are very positive about the quality and professionalism of their relationship and interaction with the IDA regarding Training Grants;
- The mix of incentives, of which Training Grants are a part, are seen as being such as to retain Ireland's attractiveness for FDI.



A number of challenges also need to be addressed which would enhance effectiveness:

- The absence of any targets relating to Training Grants means that it is difficult to be definitive as to whether objectives are being achieved;
- There is some ambiguity as to the existence of and boundaries between a Training Grant programme on the one hand and other programmes co-financed by the Training Grants on the other, e.g. in the 2005-10 period between Training Grant “Programme” and the SPC and EOP and current between Training Grants and the “Client Transformation Programme;
- Notwithstanding transformational objectives, training is largely provided within IDA client companies in Ireland. However, this could involve internal training staff who have been trained externally, inc. In company HQ or sister plants;
- The actual footprint of the programme is relatively small, i.e. 72 companies over a five year period out of a stock of approximately 1,000 existing IDA supported companies in Ireland. The Evaluation shows that companies benefiting from Training Grants perform better on a variety of metrics than those which do not.

## Recommendations

### Management information system:

- Address problems of outdated client company information on the IDA system. e.g. contact points;
- Better tracking of project status. e.g. when projects are complete, and whether old projects “not started” are in fact going to start;
- A time-limit on approvals not started should be considered. e.g. 3 years;
- Existing project-level information on project targets and performance - already used for individual project monitoring and for grant payment - should be collated and aggregated in a way that would facilitate Programme - level monitoring and evaluation of results, targets, achievements and unit costs;
- Refine the classification of approach whereby all projects that are not “new name” as expansions e.g. some may be contractions.

### Training approach and content:

- Incentivising greater external (i.e. HQ, other plants, external) input to training in IDA clients should be considered;
- The desirability and feasibility of more external certification of training should be examined by a training expert;
- Some agency stakeholders interviewed suggested there could be a greater focus on leadership training (as envisaged under the Jobs Action Plan 2014. However, as a prelude to this a review of the previous (Training Grant supported) Strategic Competitiveness Programme might generate useful lessons. It would be important to gather firm-level views in this regard.

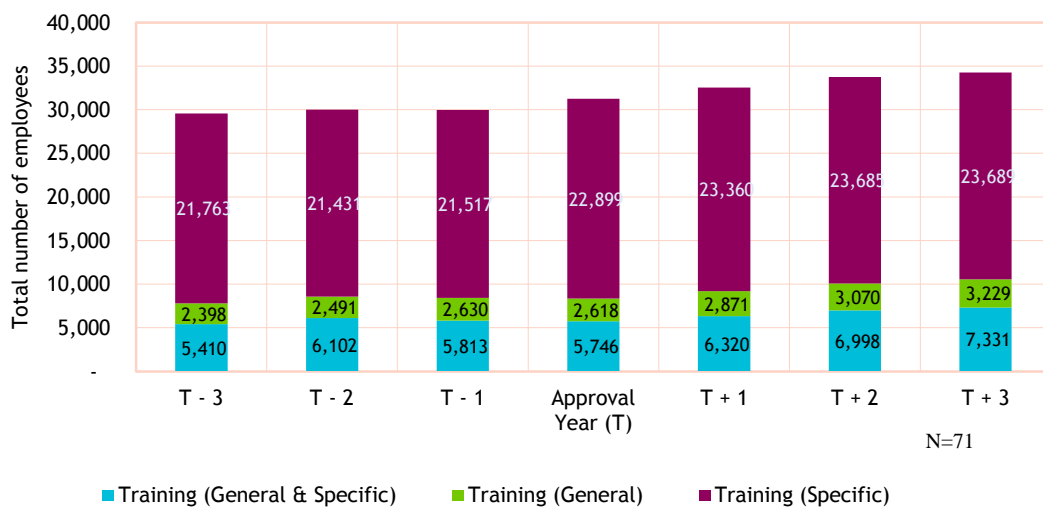
### Programme approach:

- There is a question over how Training grants are considered as a form of support. It may be the case that Training Grants are used a funding mechanism for other programmes such as the IDA transformation agenda, the Export Orientation Programme and the Strategic Competitiveness Programme or as a distinct programme in itself. There should be an IDA-generated PLM for Training Grants or Training Grant funded programmes as appropriate. There should be quantified Training-specific clear goals, targets and related inputs for Training Grants, linked upwards to higher-level IDA targets.

## Appendix I

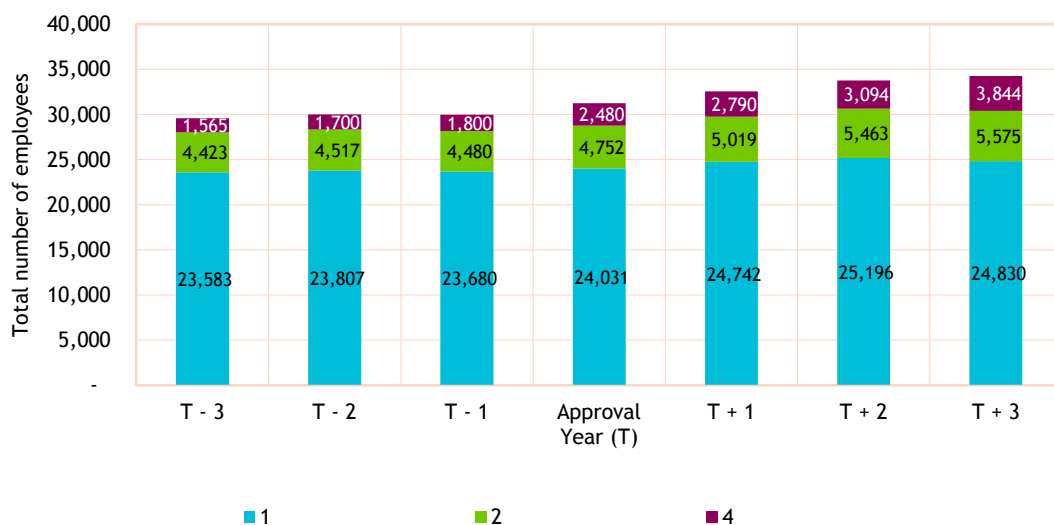
Figure 9.8 shows that for company-specific Training employment (purple bar) in the companies is well in excess of 23,000 as against being in the 21-22,000 prior to the Training grant. These account for the bulk of the Training Grants. For both “general” training (green bar) and combined general and specific (blue bar) the trend is also upwards.

**Figure 9.8: Employment pre and post approval by training type**



Source: Fitzpatrick Associates/Statistical Insight Consulting

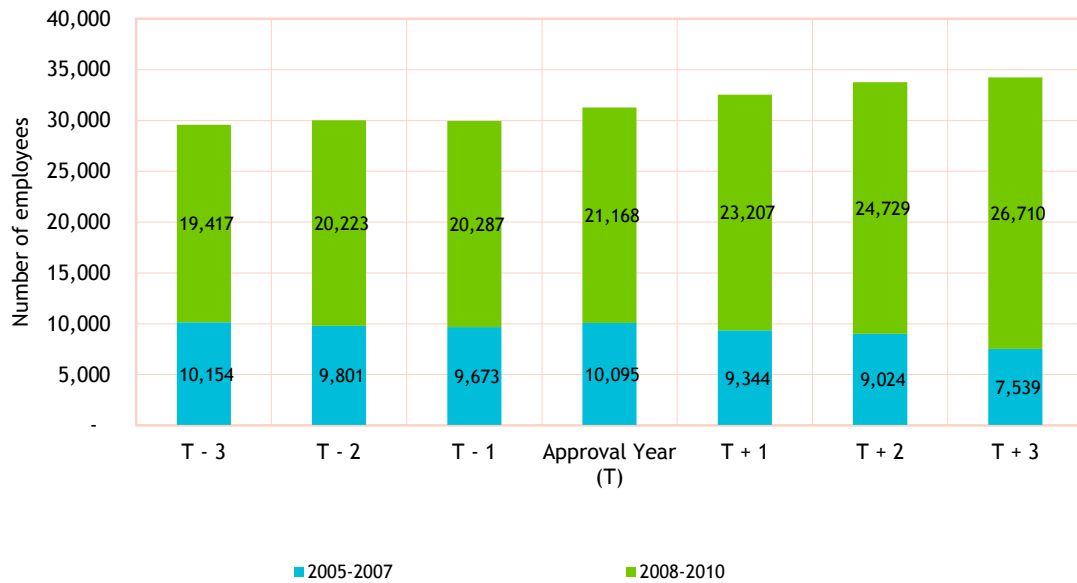
**Figure 9.9: Employment pre and post approval by number of training grants**



Source: Fitzpatrick Associates/Statistical Insight Consulting

Figure 9.9 shows the analysis by number of Training Grants per company. Most companies received one grant (blue bar), and a small number received two and four (green and purple bars respectively). No firms received three.

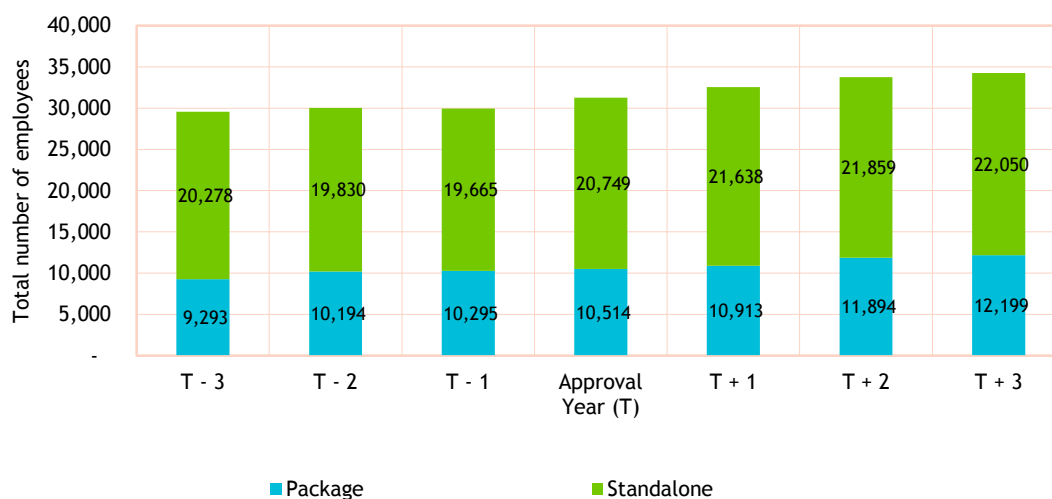
**Figure 9.10: Employment pre and post approval by year of first approval**



Source: Fitzpatrick Associates/Statistical Insight Consulting

Figure 9.10 shows the analysis with companies grouped into the first and second three-year periods of the full period, i.e. 2005-7 (blue) and 2008-10 (green). This division accords with the increase in Training grant activities after 2008 and also with the pre-recession and recession years. It can be seen that employment actually declined in the 2005-07 cohort, but rose in the 2008-10 cohort. This means that the overall positive result shown in Figure 9.10 above is explained by the 2008-10 projects. This analysis per se does not provide a ready-made explanation for this observable pattern. It may be a result of the recession in that projects approved in 2005-07 were overwhelmed by the subsequent recessionary effects on their headcount or this recession prevented their benefits from being reaped. It may also be that IDA policy and practice altered, and that 2008 onwards project selection improved.

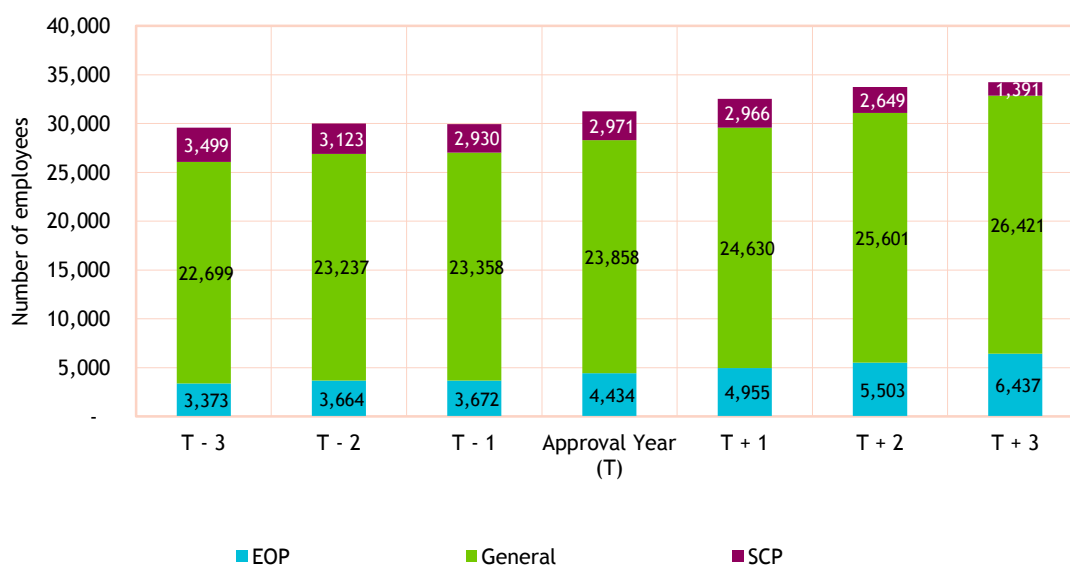
**Figure 9.11: Pre and post grant employment by standalone/package grant**



Source: Fitzpatrick Associates/Statistical Insight Consulting

Figure 9.11 shows the before and after employment comparison by whether Training Grants were stand-alone or approved as part of a wider IDA grant package. Most employment involved was among stand-alone rather than packaged projects. The results show that average annual employment was higher post-grant receipt in both cases. However, it grew about twice as fast (17.5 percent) among the packaged projects (blue bar) than the stand-alone ones (green bar).

**Figure 9.12: Pre and post approval employment by sub-programme**



Source: Fitzpatrick Associates/Statistical Insight Consulting

Figure 9.12 presents the pre- and post-analysis for the Training Grant recipients split by the whether they were part of the SCP Programme, EOP Programme or neither (general). Most were not part of either programme. It suggests that employment in SPC companies did not grow, while that in EOP companies did.

### Results by Key Company Parameters

Here employment results are assessed in terms of key parameters of the recipient companies. Figures 9.13 to 9.14 present the results in terms of their IDA Department, their main sector, their size and their region.

In terms of sector the pattern is mixed. However, small numbers by sector make the analysis unreliable.

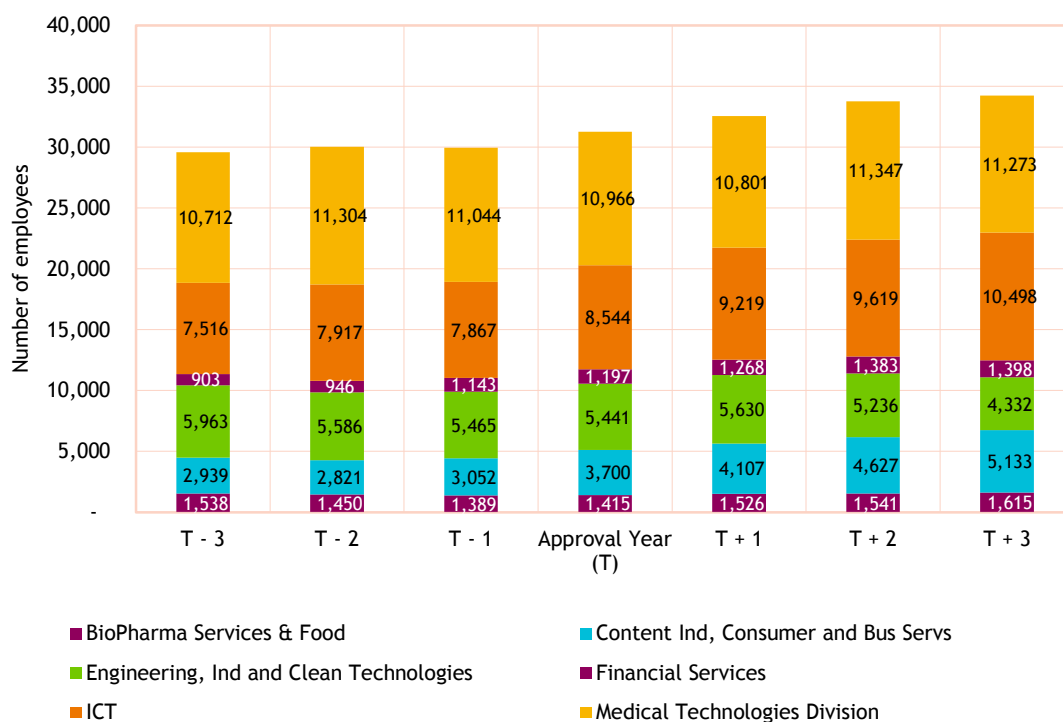
In term of services v manufacturing, the former show the faster growth. However, even manufacturing employment has increased modestly.

In terms of company size, large firms dominate - reflecting the grant recipients' status as established IDA clients. The larger companies show a clear growth trend as do medium and small grant recipients, but the low company numbers mean the result is not reliable.

In term of company region, the BMW shows decline pre year T and a rise thereafter, the other two regions a rise after grant receipt.

The overall finding that receipt of an IDA Training grant is on average associated with a subsequent rise in employee headcount is reassuringly consistent across categories of recipient firms, just as it is across type of Training grant.

Figure 9.13: Employment pre and post approval employment by IDA department



Source: Fitzpatrick Associates/Statistical Insight Consulting

Figure 9.14: Employment pre and post approval employment by main sector

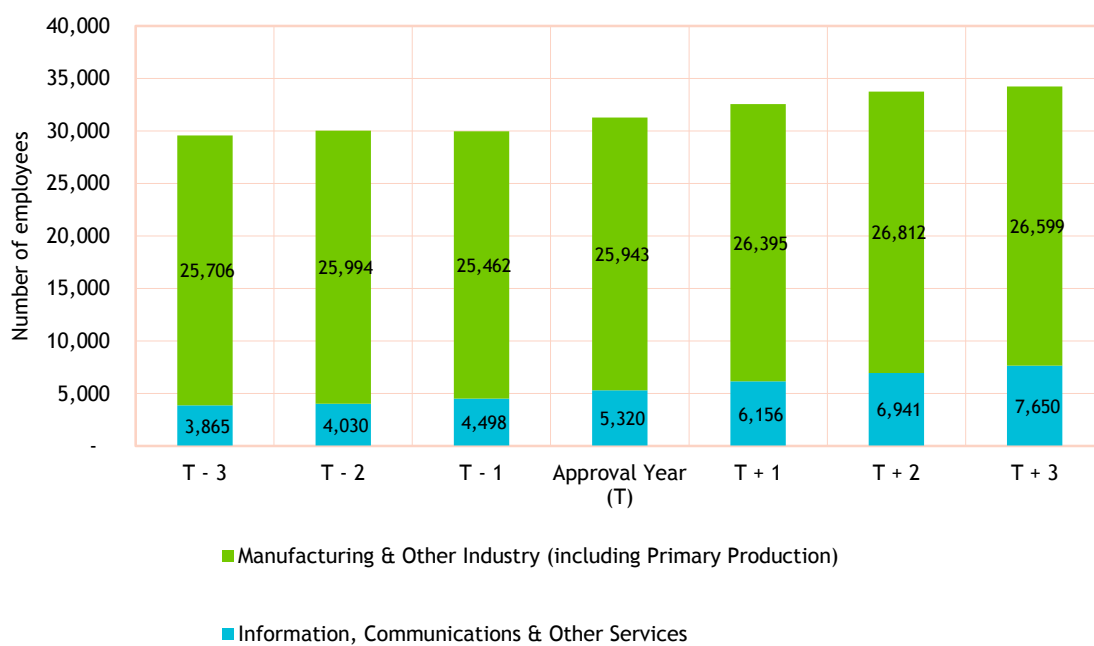
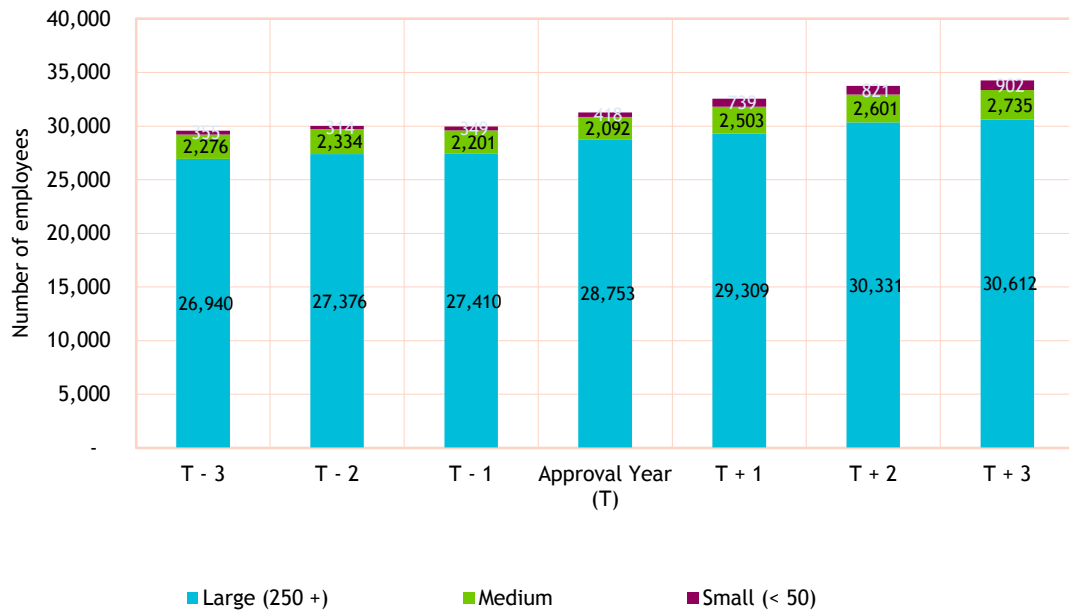


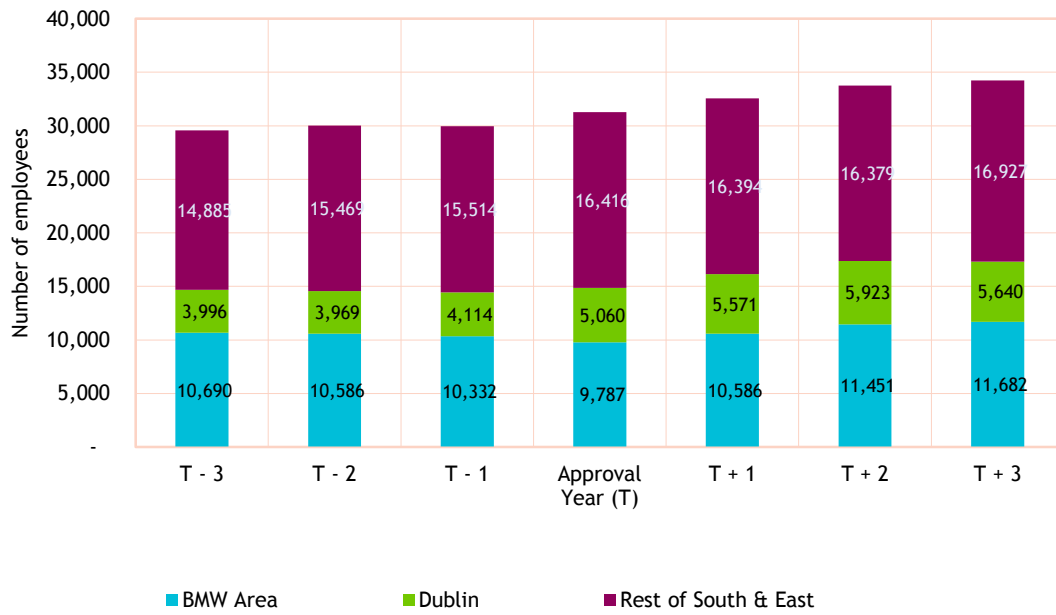
Figure 9.15: Employment pre and post approval employment by company size



Source: Fitzpatrick Associates/Statistical Insight Consulting



Figure 9.16: Employment pre and post approval employment by regional location



Source: Fitzpatrick Associates/Statistical Insight Consulting

