



Northern & Western
Regional Assembly

Submission on DETE Statement of Strategy 2023-2025

March 2023



Rialtas
na hÉireann
Government
of Ireland

Tionscadal Éireann
Project Ireland

2040

The Northern and Western Regional Assembly welcomes the opportunity to provide input into the development of the Department of Enterprise, Trade and Employment's (DETE) new statement of strategy to cover the period 2023 to 2025. At a high-level, the Northern and Western Regional Assembly welcomes the strategic goals, principles and priorities in the draft statement of strategy for 2023 to 2025,¹ particularly the commitment to ensuring sustainable and balanced regional development in Ireland, supporting the transition to a more green and digital future and to further grow the all-island economy.

That said, the Northern and Western Regional Assembly believes that the DETE's new statement of strategy should ensure a policy of "Positive Discrimination" is adopted towards the Northern and Western Region, as a means to regain the region's previously held status as a "More Developed Region"² and to address the significant economic challenges facing the region's economy. A policy of "Positive discrimination" aims to address regional disparities by providing an above average level of resources to struggling regional economies, with the Assembly advocating for the adoption of such a policy in its submission on the White Paper on Enterprise 2022-2030.³

The delivery of better balanced regional development will be central to ensuring Ireland achieves more sustainable development patterns in the coming years and its delivery could not be more important, particularly considering the economic challenges being experienced by the Northern and Western Region's economy. Such challenges range from the fact that the Northern and Western Region's economy continues to underperform relative to the Irish and EU27 average in terms of GDP per capita, innovation capabilities, research and development (R&D), productivity levels and competitiveness, as documented in the Assembly's Pre-Budget 2023 submission.⁴ As a result of these trends, the difference in disposable income per capita between the Northern and Western Region and State average has risen notably,⁵ rising from a gap of just over €1,400 per person in 2011 to nearly €4,000 in 2021.

The economic challenges being experienced by the Northern and Western Region – particularly in the Border counties – have the potential to undermine the implementation of the vision and objectives of the National Planning Framework (NPF)⁶ and the Regional Spatial and Economic Strategy (RSES) of the Northern and Western Region,⁷ with the issue of rising regional disparities also highlighted by the European Commission in their 2022 European Semester Country Report on Ireland.⁸

¹ <https://www.gov.ie/en/consultation/d497d-public-consultation-on-the-development-of-the-dete-statement-of-strategy-2023-2025/>

² A "More Developed Region" is a region that has a GDP per capita which is above the EU27 average

³ <https://enterprise.gov.ie/en/publications/white-paper-on-enterprise-2022-2030.html>

⁴ <https://www.nwra.ie/wp-content/uploads/2022/09/northern-and-western-regional-assembly-pre-budget-2023-submission97.pdf>

⁵ <https://www.nwra.ie/news/sizeable-response-is-needed-to-address-rising-regional-inequalities/#:~:text=The%20gap%20between%20the%20Northern,have%20also%20shown%20similar%20trends>

⁶ <https://npf.ie/wp-content/uploads/Project-Ireland-2040-NPF.pdf>

⁷ <https://www.nwra.ie/pdfs/NWRA-RSES-2020-2032.pdf>

⁸ https://ec.europa.eu/info/sites/default/files/2022-european-semester-country-report-ireland_en.pdf

With this in mind, the Northern and Western Regional Assembly has made a number of high-level recommendations which should be reflected in the finalised strategy, namely:

1. Embrace a regional approach by adopting a policy of “Positive Discrimination” towards the Northern and Western Region’s economy.
2. Acknowledge and support the high-level sectoral and R&D strengths of the Northern and Western Region, as outlined in the NPF and the RSES of the Northern and Western Region.
3. Outline specific regional targets for the Northern and Western Region in the finalised DETE statement of strategy.
4. Improve regional and local stakeholder input into the development of future enterprise policy and funding schemes.
5. Commit to providing appropriately sized enterprise infrastructure in the Northern and Western Region.
6. Encourage and facilitate greater collaboration between the Northern and Western Region’s enterprise base and its Higher Education providers.
7. Support the Northern and Western Region’s enterprise base in embracing new digital and green technologies.
8. Encourage cross-border collaboration, partnerships and trade between the enterprise base of the Northern and Western Region and Northern Ireland.
9. Engage and collaborate with EU partners in applying for EU funds that will support enterprise development and research in the Northern and Western Region.



2.1: Transition Region Status

Key messages

- The Border's GDP per capita has dropped to 52% of the EU27 average, the lowest since records began.
- The Border's GDP per capita – as a % of the EU27 average – was notably lower than its previous peak of 98% in 2006.
- In 2021, the Northern and Western Region's GDP per capita was 83% of the EU27 average.

According to the latest available Eurostat statistics,⁹ the Northern and Western Region's GDP per capita was 83 per cent of the EU27 average as of 2021. Although this represents an increase of 4 percentage points relative to 2020, the Northern and Western Region's GDP per capita remains 11 percentage points lower than the region's corresponding ratio in 2010, and 22 percentage points lower compared to the region's previous peak of 105 per cent as of 2006, as evident from Figure 1. The Northern and Western Region does not seem to be affected by the distortions associated with regional GDP figures in Ireland.

Eurostat have also released their latest NUTS 3 Regional GDP figures¹⁰, with these statistics showing the economic performance of the Border and the West relative to the EU27 average between 2000 and 2020. The Border's GDP per capita (PPS¹¹) – as a percentage of the EU27 average – was estimated to be 52 per cent in 2020, representing a decline of 13 percentage points compared to 2019; suggesting that the economic impact of COVID-19 in the Border may have been notably acute, in line with the findings of the COVID-19 Regional Economic Analysis.¹²

As evident from Figure 3, the Border's GDP per capita – as a percentage of the EU27 average – was down 46 percentage points on its previous peak of 98 per cent as of 2006 and was down 21 percentage points on its performance a decade ago, when the Border's GDP per capita was 73 per cent of the EU27 average. Encouragingly, the West's GDP per capita – as a percentage of the EU27 average – rose to 103 per cent in 2020, which was the first time the region was above the EU27 average since 2015 and represents a 9 percentage point increase relative to its performance in 2019. That said, the West's GDP per capita remains 8 percentage points below its peak of 111 per cent in 2012.

Such figures reinforce the need to develop a policy of “Positive Discrimination” in favour of the Northern and Western Region – particularly the Border Region – by providing a higher rate of investment – per head of population – in our region's enterprise and R&D assets. Any additional funding resources provided need to support the strategic priorities of the Regional Spatial and Economic Strategy¹³ of the Northern and Western Region, namely for the region to be more “Urban”, “Connected”, “Smart”, “Specialised”, “Green” and focused on “People and Places”.

⁹ <https://ec.europa.eu/eurostat/web/regions/data/database>

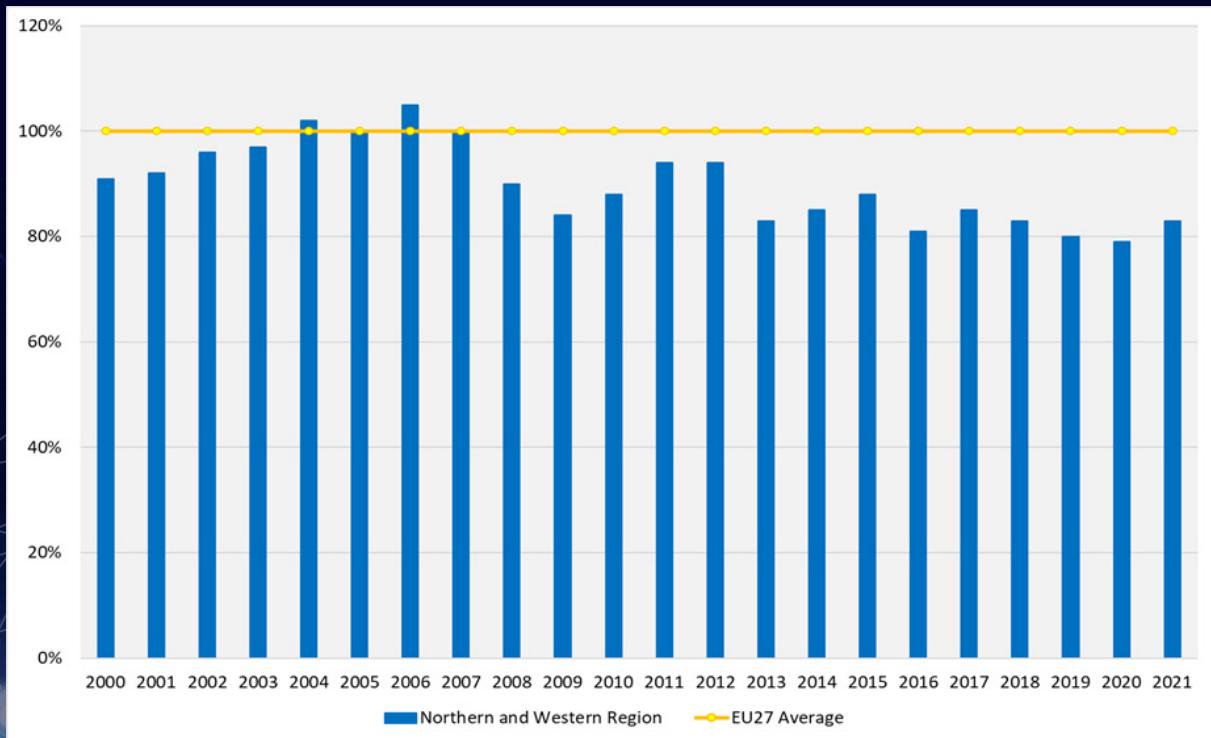
¹⁰ <https://ec.europa.eu/eurostat/web/regions/data/database>

¹¹ Purchasing power standard

¹² <https://www.nwra.ie/news/coronavirus-the-towns-most-economically-at-risk/>

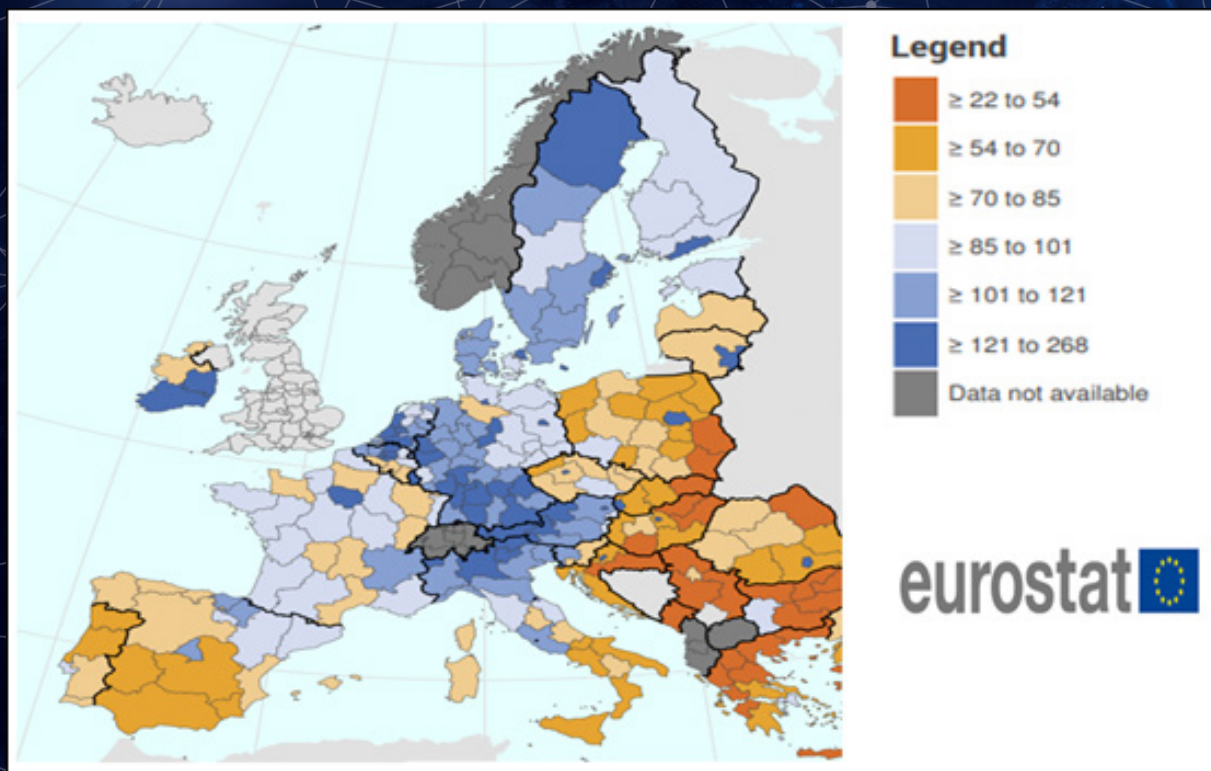
¹³ <https://www.nwra.ie/pdfs/NWRA-RSES-2020-2032.pdf>

Figure 1: GDP per capita – as a percentage of the EU27 average – for the Northern and Western Region, 2000-2021 (PPS)



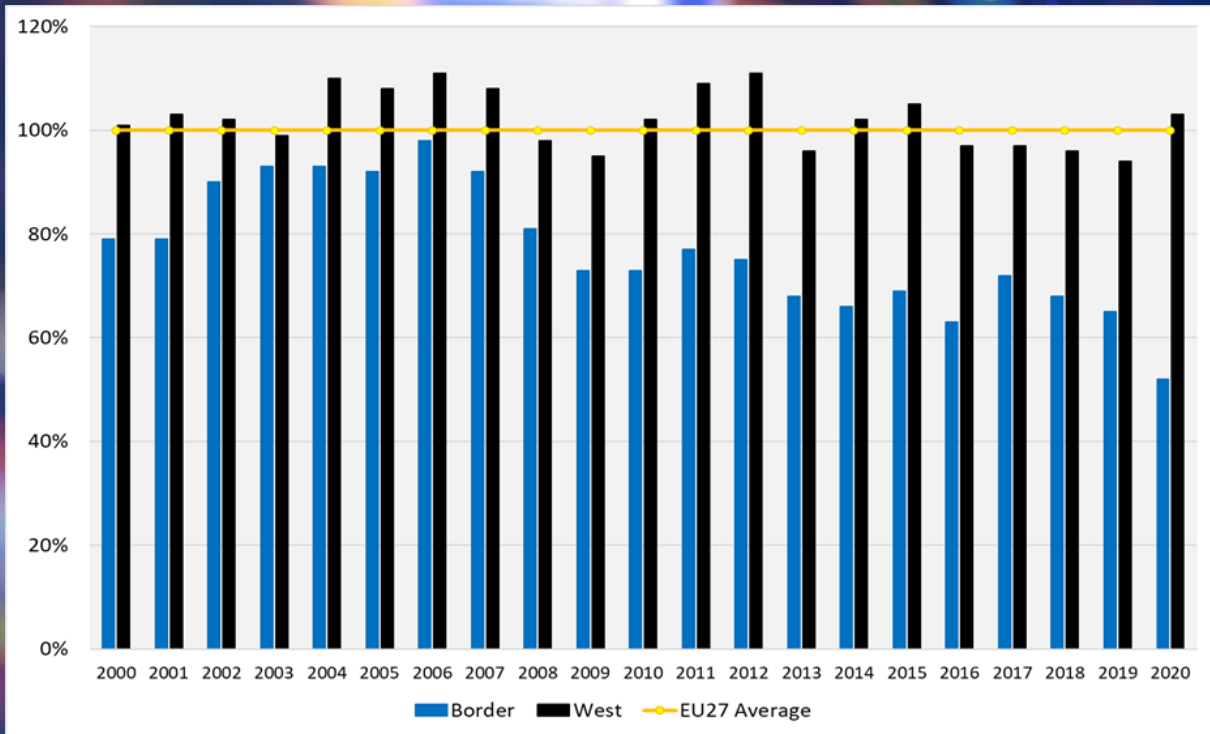
Source: Eurostat

Figure 2: GDP per capita – as a percentage of the EU27 average – for the NUTS 2 Regions of Europe, 2021 (PPS)



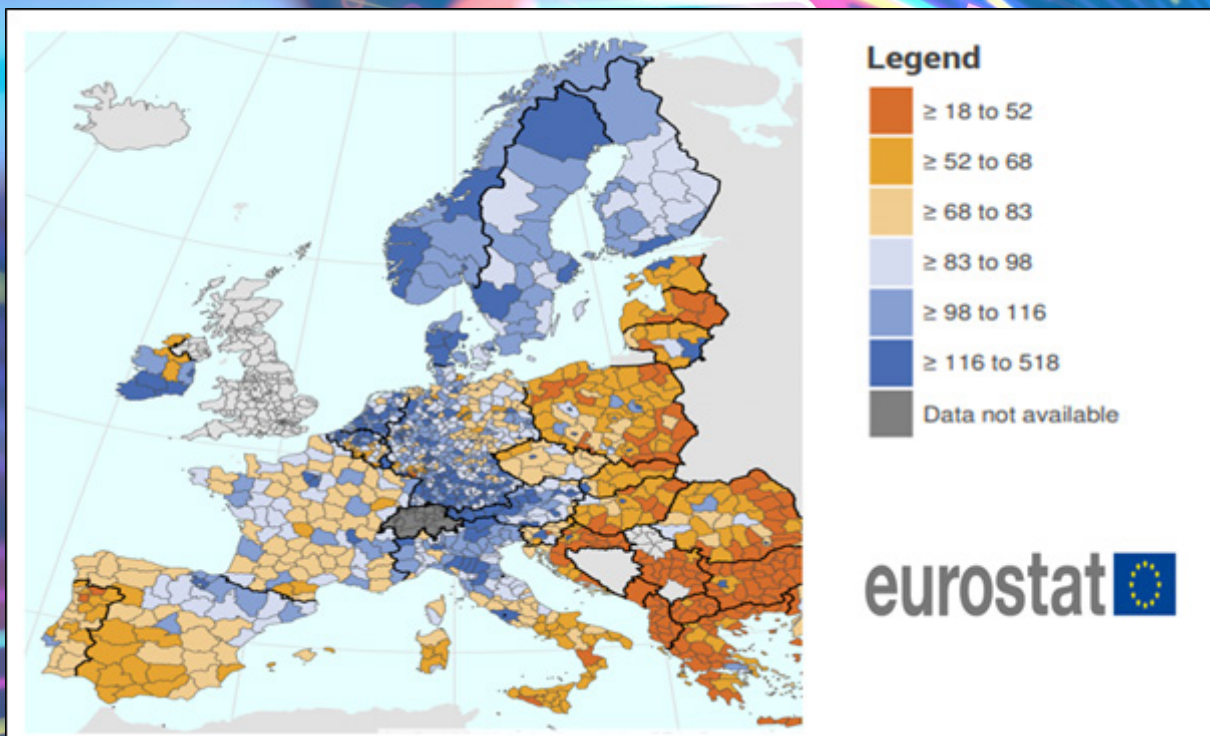
Source: Eurostat

Figure 3: GDP per capita – as a % of the EU27 average – for the Border and the West, 2000-2020



Source: Eurostat

Figure 4: GDP per capita – as a percentage of the EU27 average – for the NUTS 3 Regions of Europe, 2020 (PPS)



Source: Eurostat

2.2: Regional Competitiveness

Key messages

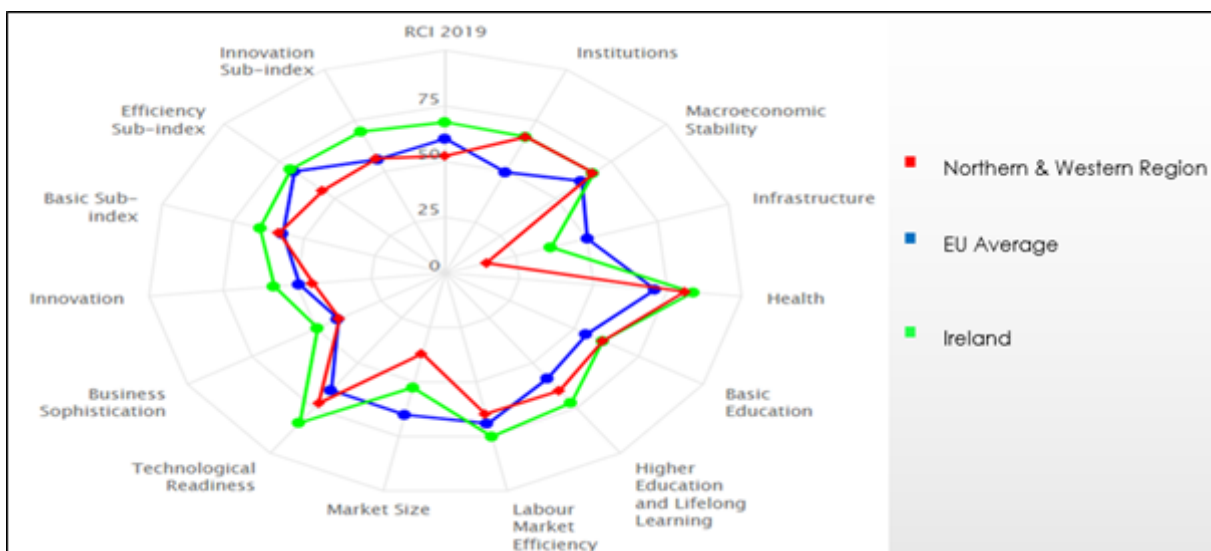
- The Northern and Western Region is not as competitive relative to the EU norm
- The region registered below average performances in areas such as infrastructure, market size and innovation
- Provision of high quality infrastructure key to supporting balanced regional development

The EU's Regional Competitiveness Index¹⁴ has been measuring the major factors of competitiveness since 2010 for all the NUTS 2 Regions of the European Union. With more than 70 comparable indicators, the index measures the ability of a region to offer an attractive and sustainable environment for firms and residents to live and work. The indicators are grouped into 11 dimensions of competitiveness capturing concepts that are relevant to productivity and long-term development with these 11 dimensions organised into three sub-indexes, namely a basic sub-index, efficiency sub-index and an innovation sub-index.

As evident from Figure 5 – and relative to the corresponding index scores for Ireland and the EU – the Northern and Western Region recorded a notable underperformance with respect to indicators related to infrastructure and market size, while a below average performance was also registered for indicators related to innovation. As a result of these underperformances, the Northern and Western Region registered an overall “Regional Competitiveness Index” score which was below both the Irish and European norms, as can be seen from the label “RCI 2019” in Figure 5.

Such findings are reinforced by Figures 6 and 7, with these graphics providing a visual sense of the scale of the infrastructure deficits being experienced by the Northern and Western Region, with the region underserved in terms of motorway, rail, gas and electricity infrastructure.

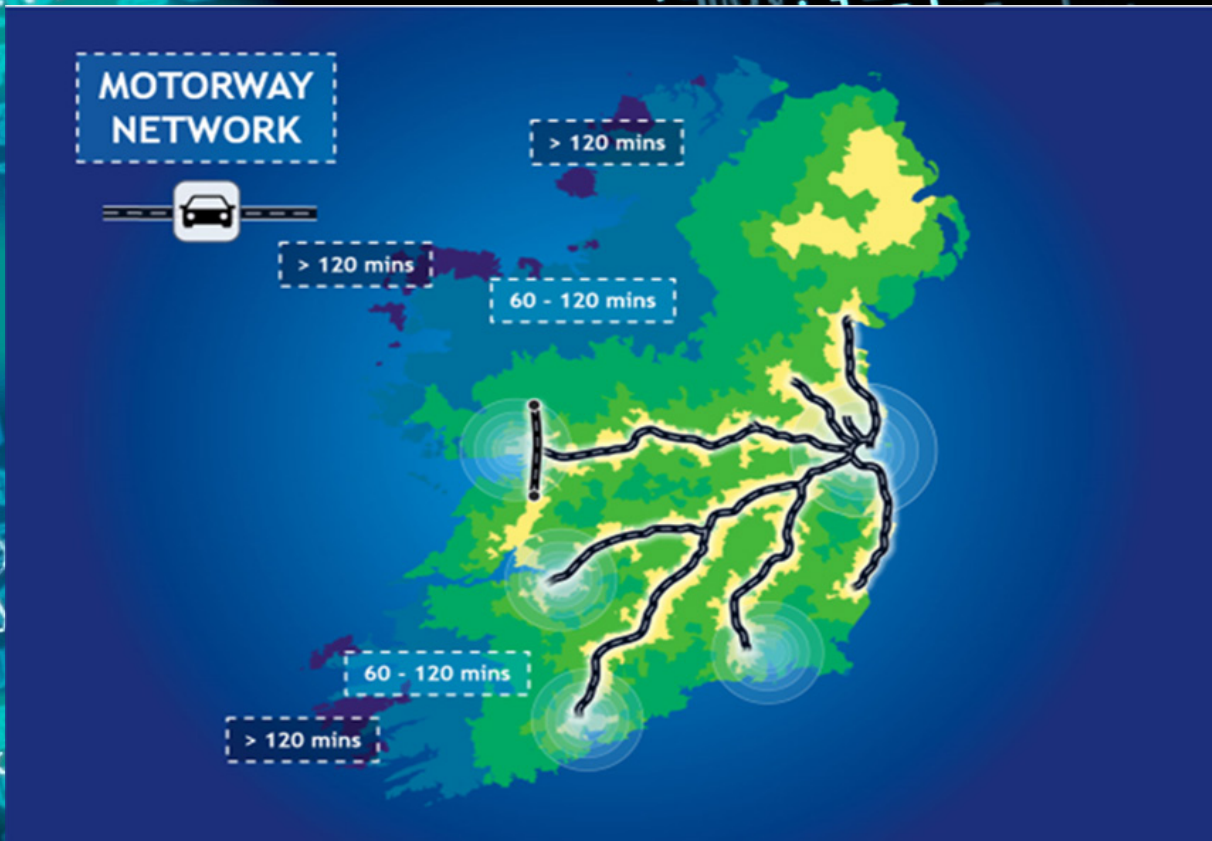
Figure 5: Regional Competitiveness Index scores for the Northern and Western Region, Ireland and the EU, 2019



Source: European Commission

¹⁴ https://ec.europa.eu/regional_policy/en/information/maps/regional_competitiveness/

Figure 6: Time distance from motorway infrastructure in Ireland



Source: Northern and Western Regional Assembly

Figure 7: Key infrastructure assets in Ireland



Source: Northern and Western Regional Assembly

2.3: Moderate Innovator Status

Key messages

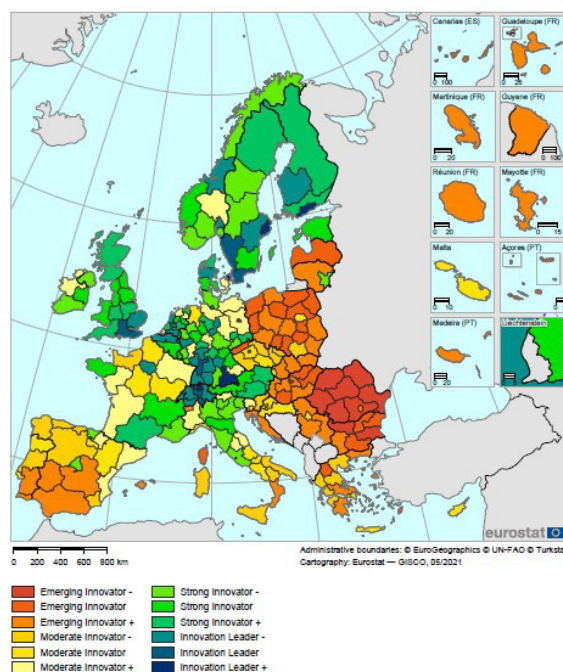
- Northern and Western Region is the only region in Ireland to be classified as a “Moderate Innovator”
- Northern and Western Region recorded innovation index score below EU and Irish averages
- Region has seen low levels of R&D expenditure in both the public and private sectors

The European Commission’s “Regional Innovation Scoreboard”¹⁵ assesses the innovation performance of regions across Europe, providing a comparative assessment of the performance of innovation systems across 240 regions in the EU.

As per the latest results, the Northern and Western Region is now the only region in Ireland to be considered a “Moderate Innovator” – which is a region to record a regional innovation index score between 70 and 100 per cent of the EU average – whereas the Southern Region and Eastern and Midland Region are classified as being “Strong Innovators”, namely regions with a regional innovation index score between 100 and 125 per cent of the EU average. Although the region’s overall innovation index score has improved since 2014, the Northern and Western Region continues to record notable weaknesses – relative to the EU average in 2021 – in terms of:

- ♦ R&D expenditure in the private and public sectors
- ♦ Employed ICT specialists
- ♦ Employment in knowledge-intensive activities
- ♦ Patent applications
- ♦ Trademark applications
- ♦ Design applications

Figure 8: Regional Innovation Scoreboard, 2021



source: European Commission

¹⁵ [Regional innovation scoreboard | Internal Market, Industry, Entrepreneurship and SMEs \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

2.4: Lagging Region Status

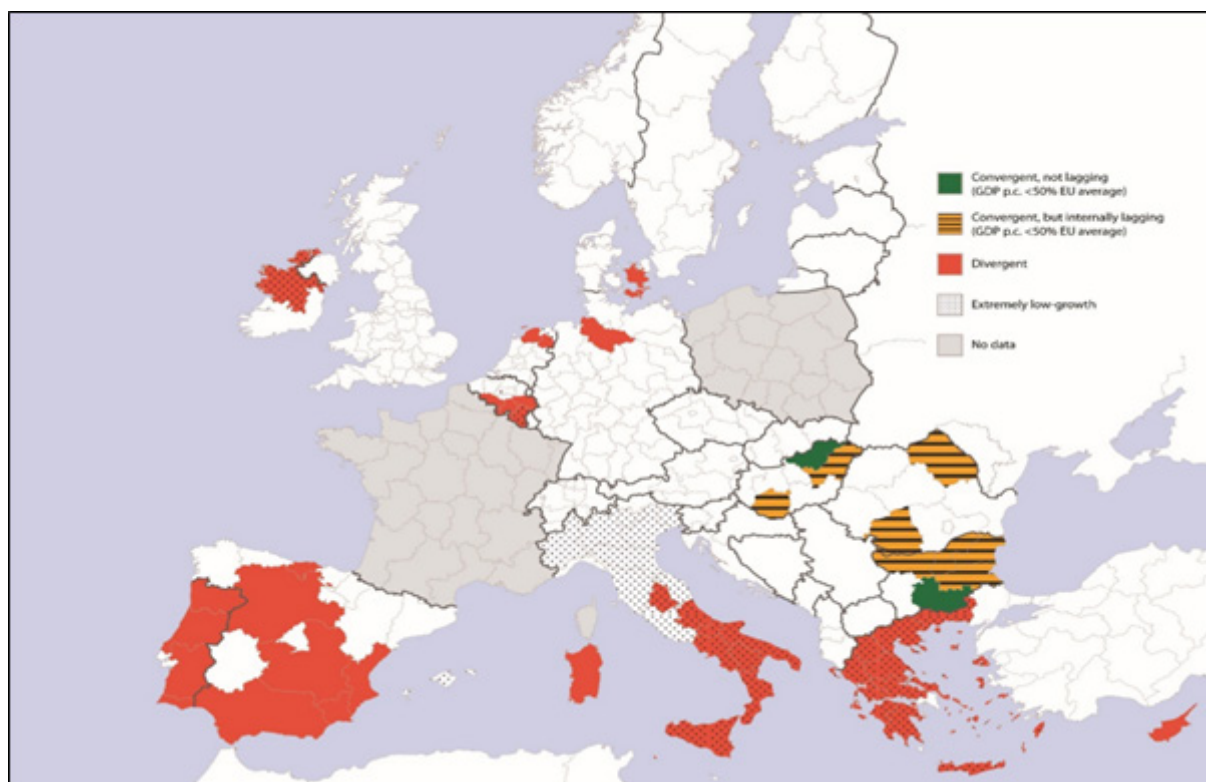
Key messages

- Northern and Western Region also classified as a “Lagging Region”
- “Lagging Regions” face variety of development challenges
- “Lagging Regions” can be expected to experience low economic growth

In addition to the reclassification of the Northern and Western Region’s economy, the European Parliament’s Committee on Regional Development¹⁶ also categorised the region as a “Lagging Region”, which is a region that faces specific development challenges, including relatively lower productivity and educational attainment, a weaker skills base and business environment. Current ongoing transitions – such as the transition to a more digital and sustainable society – are accentuating these challenges.

As a result, the European Parliament’s Committee on Regional Development notes that “Lagging Regions” – such as the Northern and Western Region and the Midlands of Ireland – can be expected to experience low economic growth in the coming years.

Figure 9: The EU’s defined “Lagging Regions”



Source: European Parliament’s Committee on Regional Development

¹⁶ [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652215/IPOL_STU\(2020\)652215_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652215/IPOL_STU(2020)652215_EN.pdf)

3:

Recommendations

Considering the challenges facing the Northern and Western Region's economy, the development of a new statement of strategy from the DETE is timely and provides an opportunity to identify priorities in supporting enterprise development in the region.

Although the Northern and Western Regional Assembly welcomes the strategic goals, principles and priorities in the draft statement of strategy, the Assembly has made a number of high-level recommendations which should be reflected in the finalised text, namely:

1. **Embrace a regional approach by adopting a policy of "Positive Discrimination" towards the Northern and Western Region's economy.** In this context, adopting a policy of "Positive Discrimination" would involve the DETE providing an above average level of resourcing towards the Northern and Western Region's enterprise and R&D assets. For example, as noted in the Assembly's Pre-Budget 2023 submission, the Higher Education Institutes based in the Northern and Western Region received below average "research capital funding" in 7 out of the last 11 inclusive years (2011-2021).¹⁷ Any additional funding provided in this regard should aim to support the strategic priorities of the RSES of the Northern and Western Region, namely for the region to become more "Urban", "Connected", "Smart", "Specialised", "Green" and more focused on "People and Places".
2. **Acknowledge and support the high-level sectoral and R&D strengths of the Northern and Western Region, as outlined in the NPF and the RSES of the Northern and Western Region.** The process of developing the RSES of the Northern and Western Region included detailed analysis and consultations, with a targeted focus upon the then Department of Business, Enterprise and Innovation and associated economic development agencies, third level institutions and business thought leaders. Such a process highlighted certain sectors and classifications of companies that are of growing importance in supporting economic development in the region. On a regional level – and based on stakeholder consultations and research involved in the development of the RSES – the key sectors of the Northern and Western Region include:
 - ♦ **Tourism:** The DETE should align the proposed strategy with RPOs 4.1-4.15 within the RSES
 - ♦ **Renewable energy:** The finalised strategy should align with RPO 4.17-4.22 within the RSES
 - ♦ **Marine and Blue Economy:** The DETE should align the finalised strategy with RPOs 4.32-4.37 within the RSES
 - ♦ **ICT and Digital Services:** The finalised strategy should aim to deliver RPOs 4.38-4.44 within the RSES.
 - ♦ **Life Sciences – MedTech, Pharma, Biotech and Healthcare:** The DETE should align the finalised strategy with RPOs 4.38-4.44 within the RSES.
 - ♦ **Agriculture and Bioeconomy:** The finalised strategy should support the implementation of RPOs 4.23-4.29.
 - ♦ **Retail:** The DETE should align the finalised strategy with RPOs 4.45-4.48 within the RSES

These high-level sectors have an array of assets, skillsets and capabilities which are instrumental to supporting the region's economy, and whose growth will be key to achieving better balanced regional development in line with the vision and objectives of the NPF and the RSES of the Northern and Western Region. On this basis, it is imperative that the DETE's statement of strategy acknowledges and supports these sectors in the Northern and Western Region.

¹⁷ <https://www.nwra.ie/wp-content/uploads/2022/09/northern-and-western-regional-assembly-pre-budget-2023-submission97.pdf>

3. Outline specific regional targets for the Northern and Western Region in the finalised DETE statement of strategy.

In this regard, the DETE should provide specific targets for the Northern and Western Region, namely:

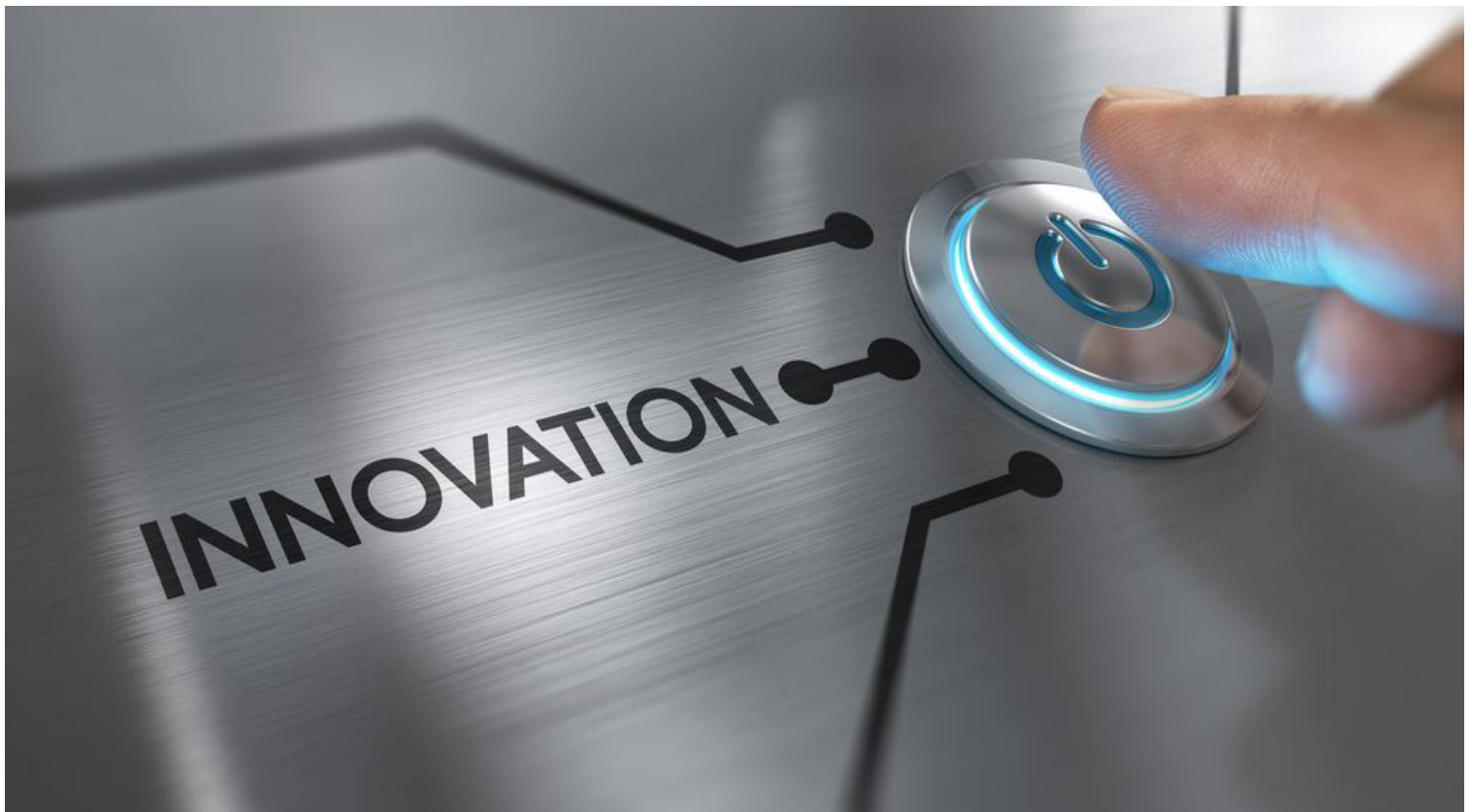
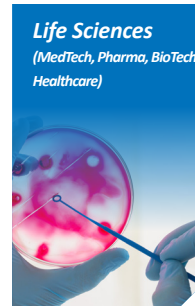
- ◊ Improve the Northern and Western Region's GDP per capita relative to the EU27 average in a manner that will – in the long-term – allow the region to regain its previously held status as a “More Developed Region”.
 - ◊ Improve the Northern and Western Region's performance in the European Commission's “Regional Innovation Scoreboard”, allowing the region to become a “Strong Innovator” in line with the other NUTS 2 Regions on the island of Ireland.
 - ◊ Improve the Northern and Western Region's performance in the European Commission's “Regional Competitiveness Index”, particularly the region's performance relating to market size, innovation capabilities and infrastructure.
 - ◊ Continue to grow the Northern and Western Region's employment and enterprise base in a manner that supports the population and employment objectives of the NPF and the RSES of the Northern and Western Region.
4. **Encourage and facilitate greater collaboration between the Northern and Western Region's enterprise base and its Higher Education providers.** Greater collaboration between industry and Higher Education providers increases the possibility of greater innovative solutions and products been developed in the Northern and Western Region, which subsequently may lead to potential commercial opportunities and greater economic growth for the region. Furthermore, facilitating greater discussions between industry and Higher Education providers also should improve the market relevance of education courses being developed in the third level sector.
5. **Improve regional and local stakeholder input into the development of future enterprise policy and funding schemes.** Building on the consultation process involved in the development of the National Smart Specialisation Strategy for Innovation 2022-2027,¹⁸ the DETE's new statement of strategy should aim to improve the input of regional and local stakeholders into the development of new enterprise policies and funding streams, with the view of capitalising on regional and local knowledge from a wide range of stakeholders and maximising the potential of regional enterprise strengths and opportunities.
6. **Commit to providing appropriately sized enterprise infrastructure in the Northern and Western Region.** In this regard, the DETE should aim to enhance the Northern and Western Region's enterprise base, develop clusters and support the sectoral strengths of the region by providing a sufficient level of “landing space” and scaled landbanks with appropriate utility infrastructure for potential companies that wish to set up in the region.
7. **Support the Northern and Western Region's enterprise base in embracing new digital and green technologies.** The transition to a more green and digital economy provides an array of opportunities to enhance the trade capabilities, productivity and competitiveness of the Northern and Western Region's enterprise base. Within this context, it is imperative that the DETE's new statement of strategy aims to encourage greater uptake of digital technologies – such as high-speed broadband, automation and AI – while providing our enterprise base with the relevant skillset to utilise these technologies.

Furthermore, considering the Northern and Western Region's natural endowments – which range from its geographical location alongside the west coast of Ireland to its research capabilities – the region is well positioned to capitalise on the potential economic and environmental opportunities of the transition to a green economy. Such a transition provides unique opportunities to generate sustainable employment creation, research and development activity, innovation and knowledge diffusion, productivity and efficiency gains in the Northern and Western Region. Such potential should be reflected and targeted in the finalised statement of strategy from the DETE.

8. **Encourage cross-border collaboration, partnerships and trade between the enterprise base of the Northern and Western Region and Northern Ireland.** The finalised statement of strategy from the DETE should examine how the all-island economy can be further developed through collaboration, partnerships and trade. Given that the Border's GDP per capita has dropped to 52% of the EU27 average – the lowest since records began – an increased focus on developing the all-island economy provides an unique opportunity to improve the economic well-being of residents located in both the counties of the Border and in Northern Ireland.

¹⁸ <https://enterprise.gov.ie/en/publications/publication-files/national-smart-specialisation-strategy-for-innovation-2022-2027.pdf>

9. **Engage and collaborate with EU partners in applying for EU funds that will support enterprise development and research in the Northern and Western Region.** The finalised statement of strategy from the DETE should reinforce the importance of EU funding sources – such as the European Regional Development Fund (ERDF) and Horizon Europe – in supporting collaborations and funding opportunities across the region’s enterprise base and the Higher Education sector.






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