



Northern & Western  
Regional Assembly

# Pre-Budget 2024 Submission

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# Introduction

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**The Northern and Western Region of Ireland is a very special place, providing our residents with a unique quality of life that is matched by very few, with the region boasting many of the key characteristics that are central to making a region an attractive place to live, work, study and invest.**

Our region – which spans across the counties of Galway, Mayo, Roscommon, Leitrim, Sligo, Donegal, Monaghan and Cavan – is internationally renowned for its beautiful natural environment, its distinct arts and cultural heritage and its vibrant communities. Some of the most beautiful landscapes in the world are found in the Northern and Western Region – such as Inishbofin, Benbulbin or Sliabh Liag – its hosts two of the three largest Gaeltacht Areas in Ireland,<sup>1</sup> while every year the region is the destination for thousands of domestic and international visitors, exploring its abundance of tourist attractions ranging from the Aran Islands to the Wild Atlantic Way.

But this is just one side of our region, with the Northern and Western Region of Ireland – amongst other things – boasting a highly skilled workforce, leading higher education and research institutes and high-valued industrial specialisms. Some of the world’s most high-profile multinational companies – including but not limited to Bostin Scientific, Coca-Cola and Abbot – are based in this region, with just under 200 multinational companies supported by the IDA in the Northern and Western Region, employing just over 40,000 people.<sup>2</sup> The region is home to leading Higher Education Institutes – such as the new Atlantic Technological University and the University of Galway – with both these institutes making an enormous contribution to our region’s skills profile, while cutting edge research is being conducted across our region by leading research assets such as INSIGHTS, CURAM, PEM and the WISAR Lab.

With an overall employment base of just over 450,000 people, the region also has exceptional industrial specialisms in key sectors of the economy – for instance med-tech, advanced manufacturing or agriculture – while also having the potential to become a global producer of renewable energy as Ireland’s transition to a low carbon society.

Notwithstanding these considerable strengths, it is clear that the region has experienced significant challenges in recent years. These challenges – which range from but are not limited to infrastructure deficits due to historical underinvestment<sup>3</sup> and a lack of urban centres of scale – are causing the Northern and Western Region to lag behind other regions and leading to a continued rise in regional inequalities in Ireland. Such trends are undermining the delivery of “better balanced” regional development in Ireland, as per the vision and objectives of the National Planning Framework (NPF)<sup>4</sup> and the Regional Spatial and Economic Strategy (RSES)<sup>5</sup> of the Northern and Western Region. Acting as the regional implementation of the NPF, the RSES of the Northern and Western Region is a strategic investment framework which aims to accommodate future population growth in our region in a manner that allows us to address regional disparities and provide a credible counterbalance to the Greater Dublin Area. The delivery of the RSES could not be more important for the region and Ireland as a whole, as population growth and economic activity continues to be over concentrated around the Greater Dublin Area.

<sup>1</sup> <https://www.nwra.ie/pdfs/NWRA-RSES-2020-2032.pdf>

<sup>2</sup> IDA provided data on client companies and employment levels by county, following a private request by the Northern and Western Regional Assembly. Data as of 2022.

<sup>3</sup> <https://www.nwra.ie/wp-content/uploads/2020/01/region-in-transition-the-way-forward-final.pdf>

<sup>4</sup> <https://www.npf.ie/wp-content/uploads/Project-Ireland-2040-NPF.pdf>

<sup>5</sup> <https://www.nwra.ie/pdfs/NWRA-RSES-2020-2032.pdf>

Key to overcoming these challenges will be the provision of resources and support from Budget 2024. To assist budget deliberations, the Northern and Western Regional Assembly has prepared our Pre-Budget 2024 submission to document how it can play a crucial role in overcoming these problems, while also summarising some of the strategic economic challenges of the region. Within this context, Budget 2024 needs to deliver on the following 3 high-level priorities, namely:

## Budget 2024 Priorities

1. **Provide a stimulus package for the Northern and Western Region:** Such a stimulus package should amount to 2 per cent of the Northern and Western Region's economy, which would amount to a package of €570 million and should be provided between now and the end of the current EU funding period of 2027.
2. **Adopt a policy of "Positive Discrimination" for the National Development Plan (NDP):** Adopting a policy of "Positive Discrimination" towards the Northern and Western Region would be achieved by:
  - ◇ Prioritising the delivery of infrastructure projects in the Northern and Western Region that are currently identified and committed to in the NDP.
  - ◇ Increasing the level of capital expenditure committed to under the NDP in order to deliver other projects of scale for the Northern and Western Region.
  - ◇ Reform the public spending code in a manner that reflects the comparative disadvantage of the Northern and Western region, having regard to legacy underinvestment and the need to address its weak urban structure.
3. **Explore how greater regional autonomy can be delivered in Ireland:** Budget 2024 should ensure sufficient resources are made available to examine how a process of regional decentralisation can take place, thereby ensuring greater regional autonomy can be implemented in Ireland from a public policy perspective. To achieve this, the Oireachtas could develop a Citizens Assembly to examine how greater levels of regional autonomy could be implemented in Ireland.

Further details on these priorities have been outlined in Section 2 of this submission, with this section providing greater detail on what is required to overcome the region's challenges, why these priorities are required, how they would be implemented and what the specific targets should be for each of these priorities.

Delivering on these three priorities will make a major contribution in overcoming the significant challenges being experienced by the Northern and Western Region's economy and supporting the delivery of "better balanced" regional development in Ireland, in line with National Policy Objective (NPO) 1a of the NPF. In this regard, NPO 1a seeks to ensure that the projected level of population and employment growth in the Eastern and Midland Region will be at least matched by that of the Northern and Western and Southern Regions combined. In doing so, we can reduce the growing regional imbalances in Ireland, ensuring that each region has an equal opportunity in becoming an attractive place to live, work, study and invest and realising the unique potential of the regions. Failure to do so will almost certainly lead to a continued overconcentration of population and economic activity in the Eastern and Midland Region and the underdevelopment of other regions across Ireland, all of which will undermine social cohesion and the growth of the Irish economy.

**Key Priorities:**

**2**



# 1: Provide a stimulus package for the Northern and Western Region

## What is required?

Budget 2024 should implement a sizeable stimulus package for the Northern and Western Region of Ireland with the view of stimulating high valued economic activity in the region and to ensure our region becomes “Smarter” – from a human capital perspective – more “Specialised” – from an enterprise perspective – and more “Urban”, thereby supporting the vision and objectives of the NPF and the RSES of the Northern and Western Region.

Such a stimulus package should amount to 2 per cent of the Northern and Western Region’s economy, which – based on the latest available regional GDP statistics from the CSO<sup>6</sup> – would amount to a package of €570 million, with the size of such a package modest in comparison to other stimulus packages in recent times.<sup>7</sup> Any stimulus package for the Northern and Western Region should aim to deliver high value added projects or initiatives of a short term nature in the region and such funding should be provided up to 2027, in line with the existing EU funding period of 2021 to 2027.



## Why is this required?

Notwithstanding the fact that the Northern and Western Region’s employment base has grown in line with the rest of the Irish economy,<sup>8</sup> it is clear that the region has experienced significant economic challenges in recent times. If such issues are not addressed, they have the potential to lead to an unsustainable rise in regional inequalities in Ireland and the continued over-concentration of economic activity in the Greater Dublin Area, all of which will undermine social cohesion and efforts to deliver “better balanced” regional development in Ireland, as required in National Policy Objective (NPO) 1a of the NPF. In this regard, NPO 1a seeks to ensure that the projected level of population and employment growth in the Eastern and Midland Region is at least matched by that of the Northern and Western and Southern Regions combined. These challenges – which have been documented in greater detail in Section 3 of this submission – include the fact that:

- **Regional inequalities are rising in Ireland:** The gap in disposable income per head of population between the Northern and Western Region and the Eastern and Midland Region – as a percentage of the State average – was 25 percentage points in 2021, which was much wider than the corresponding gap in 2010 – which was 10 percentage points – and in the mid-2000s, where such a gap ranged from 11 to 14 percentage points.<sup>9</sup>
- **Population growth in Ireland continues to be unsustainably uneven:** Census 2022 data from “Profile 1: Population Distribution and Movements”<sup>10</sup> has found that population growth continues to be overly concentrated in the Eastern and Midland Region, which is contrary to the vision and objectives of the NPF. Furthermore, the majority of the counties in the Northern and Western Region recorded below average growth rates in population between 2016 and 2022. This is detrimental to all regions and corrective actions should be initiated.
- **The region has a below average concentration of jobs involved in the technology and knowledge intensive economy:** Employment in the technology and knowledge intensive economy<sup>11</sup> accounted for 45%

<sup>6</sup> Table 5.9: <https://www.cso.ie/en/releasesandpublications/ep/p-cirgdp/countyincomesandregionalgdp2020/data/>

<sup>7</sup> <https://www.mckinsey.com/~/media/mckinsey/industries/public%20sector/our%20insights/the%2010%20trillion%20dollar%20rescue%20how%20governments%20can%20deliver%20impact/the-10-trillion-dollar-rescue-how-governments-can-deliver-impact-vf.pdf>

<sup>8</sup> CSO Labour Force Survey (Q1-2012 vs Q1-2023): <https://data.cso.ie/table/QLF08>

<sup>9</sup> <https://www.cso.ie/en/releasesandpublications/ep/p-cirgdp/countyincomesandregionalgdp2020/disposableincomebycounty/>

<sup>10</sup> <https://www.cso.ie/en/releasesandpublications/ep/p-cpp1/censusofpopulation2022profile1-populationdistributionandmovements/populationdistribution/>

<sup>11</sup> Defined as total employment in “Knowledge Intensive Services” (KIS) and “High / Medium High Manufacturing” (C\_HTC\_MH): <https://ec.europa.eu/eurostat/web/regions/data/database>



of the employment base of the Northern and Western Region in 2022, which was 2 percentage points below the EU27 average and 7 percentage points below the State average.

- **The region’s economy is not as competitive compared to Irish and EU norms:** According to the European Commission’s “Regional Competitiveness Index” (2022)<sup>12</sup>, the Northern and Western Region recorded below average performances in a variety of areas considered central to developing a highly competitive economy, with the region underperforming in areas such as innovation capabilities, infrastructure, market size and business sophistication.
- **The region’s economic performance has worsened compared to the EU27 average:** According to the latest available Eurostat statistics,<sup>13</sup> 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 2011, and 22 percentage points lower compared to the region’s previous peak of 105 per cent of the EU27 average as of 2006.
- **The region is in a “development trap”:** A new report from the European Commission found that regions that are stuck in “development traps” are more likely to be “Eurosceptic”. In this regard, a region is considered to be in a “development trap” when it is unable to retain its economic dynamism.<sup>14</sup> Of the NUTS 3 Regions of the Northern and Western Region, the Border was considered the most likely to be in a “development trap”. The results suggest that the West is likely to be in a “development trap” as well.
- **The region is classified as a “Lagging Region”:** The European Parliament’s Committee on Regional Development<sup>15</sup> also categorised the Northern and Western Region as a “Lagging Region”, which is defined as a region that faces specific development challenges, including relatively lower productivity and educational attainment, a weaker skills base and business environment.

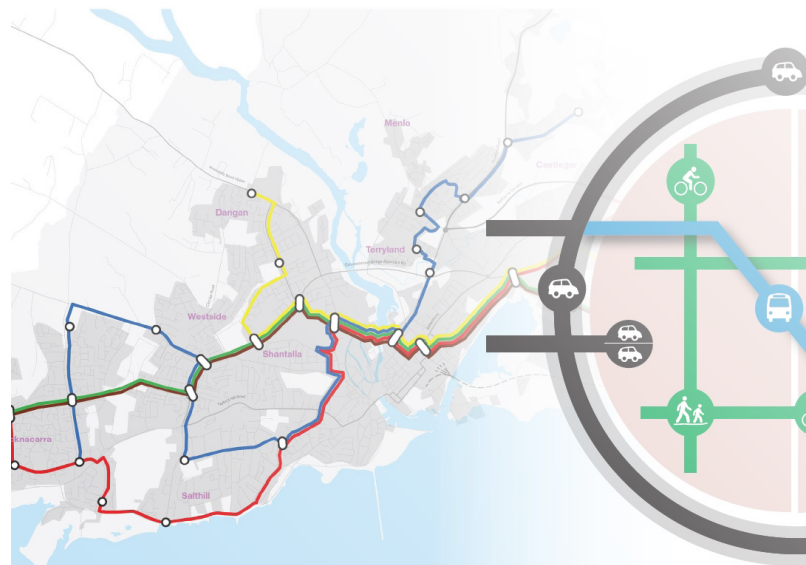
Failure to address these challenges, could – in the long-term – lead to a continued rise in regional inequalities in Ireland, as the Northern and Western Region will be unable to provide a credible counterbalance to the growth trajectory of the Greater Dublin Area, leading to the continued overconcentration of population and employment in the

Eastern and Midland Region and the underdevelopment of other regions across Ireland.

## How would it be implemented?

The Assembly believes that the appropriate funding for a stimulus package should be allocated from the Department of Public Expenditure and Reform (DPER) to key regional stakeholders based in the Northern and Western Region of Ireland. As a means of supporting greater levels of regional autonomy, the distribution of such funding should be provided to and decided by the “Implementation Advisory Group”<sup>16</sup> for the RSES of the Northern and Western Region. The “Implementation Advisory Group” for the RSES of the Northern and Western Region includes senior national and regional stakeholders who are responsible for the implementation of some key aspects of the RSES and can use funding resources to drive the coordinated delivery of the RSES. The distribution of such funding should be agreed by consensus within the group and failure to do so should see the funding returned to DPER.

Any stimulus package for the Northern and Western Region should fund projects or initiatives which will stimulate high valued economic activity in the region and to ensure our region becomes “Smarter” – from a human capital perspective – more “Specialised” – from an enterprise perspective – and more “Urban”, in line with the vision and objectives of the NPF and the RSES of the Northern and Western Region. For example, under the headings of becoming a “Smart Region”, “Specialised Region” and “Urban Region”, the resources from such a stimulus package could be targeted in the following areas:



<sup>12</sup> [https://ec.europa.eu/regional\\_policy/assets/regional-competitiveness/index.html#/](https://ec.europa.eu/regional_policy/assets/regional-competitiveness/index.html#/)

<sup>13</sup> <https://ec.europa.eu/eurostat/web/regions/data/database>

<sup>14</sup> [https://ec.europa.eu/regional\\_policy/whats-new/newsroom/06-12-2023-geography-of-discontent-regional-development-traps-lead-to-less-support-for-european-integration-and-values\\_en#:text=Eurosceptic%20voting%20is%20linked%20to,confined%20to%20one%20electoral%20cycle](https://ec.europa.eu/regional_policy/whats-new/newsroom/06-12-2023-geography-of-discontent-regional-development-traps-lead-to-less-support-for-european-integration-and-values_en#:text=Eurosceptic%20voting%20is%20linked%20to,confined%20to%20one%20electoral%20cycle)

<sup>15</sup> [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)

<sup>16</sup> Public bodies involved in the “Implementation Advisory Group” have been outlined in Appendix A

## Smart Region

- Support the growth and development of the Atlantic Technological University and the University of Galway, with a particular focus on enhancing their course offerings, lifelong learning participation rates and the skills base of the Northern and Western Region of Ireland.
- Support the provision of third level services in the Cavan / Monaghan and Roscommon / Leitrim sub-regions, with a particular focus on supporting new course offerings and training options in the Border counties.
- Enhance the level of cross border funding to support the continued expansion of Ulster University's Magee Campus in Derry, with a particular focus on improving collaboration in course development and research with Higher Education Institutes located in the Northern and Western Region of Ireland.
- Support the research capacity and output of the research assets of the Northern and Western Region,<sup>17</sup> with a particular focus on enhancing research equipment and delivering more positions in the region's technology gateways, research centres and Higher Education Institutes.
- Enhance the level of ring-fenced funding for research and innovation projects that incorporate an all island dimension and support cross border research and innovation.
- Provide additional funding to the Education and Training Boards (ETBs) of the Northern and Western Region, specifically the Galway-Roscommon ETB, the Mayo, Sligo and Leitrim ETB, the Donegal ETB and the Cavan and Monaghan ETB. Such funding could aim to improve the course offering and learning outcomes of these ETBs.



## Specialised Region

- Provide appropriately sized enterprise infrastructure that will expand the Northern and Western Region's enterprise base, build on the region's sectoral strengths – as outlined in Ireland's Smart Specialisation Strategy (S3)<sup>18</sup> – and improve the enterprise offering of the region, with a particular focus on delivering more advance building solutions and high-quality sites in the Galway Metropolitan Area, the 3 Regional Growth Centres<sup>19</sup> and 8 Key Towns<sup>20</sup> of the Northern and Western Region.
- Expand the Northern and Western Region's network of co-working hubs in line with the spatial objectives of the RSES.

## Urban Region

- Remove the match funding requirements for the Urban Regeneration Development Fund (URDF) for Local Authorities located in the Northern and Western Region, with the view of removing the financial challenges associated with drawing down resources from this scheme and developing the urban centres of the Galway Metropolitan Area, the Regional Growth Centres and for the Key Towns of the Northern and Western Region.
- Remove the match funding requirements for the Rural Regeneration Development Fund (RRDF) for Local Authorities located in the Northern and Western Region, with the view of removing the financial challenges being experienced by Local Authorities in drawing down resources from this scheme and supporting more projects in rural communities across the region.
- Allocate funding to the Land Development Agency to acquire sites and support the delivery of housing and enabling infrastructure at key locations that contribute to compact growth targets identified in the Galway Metropolitan Area, Regional Growth Centres and the Key Towns of the Northern and Western Region.
- Remove the match funding requirements for the Town and Village Renewal Scheme for Local Authorities located in the Northern and Western Region, with the view of supporting the regeneration of vacant and derelict properties located across the region.

<sup>17</sup> Specific institutions outlined in Appendix A

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

<sup>19</sup> Sligo Town, Letterkenny and Athlone

<sup>20</sup> Tuam, Ballinasloe, Castlebar, Ballina, Carrick-on-Shannon, Roscommon Town, Monaghan Town, Cavan Town

## What are the stated objectives of this priority?

The following high-level objectives should be adopted for a “Northern and Western Regional Stimulus Package”, namely:

1. Reduce the gap between the Northern and Western Region and the State average in terms of disposable income per head of population, closing the gap to around 89 per cent of the State average by the end of the proposed stimulus package timeframe (i.e. 2027).
2. Improve the Northern and Western Region’s overall performance in the European Commission’s “Regional Competitiveness Index”, ensuring the region records an overall index score which is above the EU27 average by 2027 while also improving the region’s performance in areas such as innovation capabilities, market size and business sophistication.
3. Improve on the Northern and Western Region’s current ranking as a “Strong Innovator -” as per the European Commission’s “Regional Innovation Scoreboard”.<sup>21</sup>
4. Increase the proportion of jobs in the Northern and Western Region which are involved in the technology and knowledge intensive economy<sup>22</sup> by 2027, to the point the region records an above average ratio compared to the EU27 average.
5. Reduce the gap between the Northern and Western Region and the EU27 average in terms of GDP per capita, closing the gap to around 90 per cent of the EU27 average by 2027.

<sup>21</sup> [https://ec.europa.eu/assets/rtd/ris/2023/ec\\_rtd\\_ris-regional-profiles-ireland.pdf](https://ec.europa.eu/assets/rtd/ris/2023/ec_rtd_ris-regional-profiles-ireland.pdf)

<sup>22</sup> Defined as employment in “Knowledge Intensive Services” (KIS) and “High / Medium High Manufacturing” (C\_HTC\_MH): <https://ec.europa.eu/eurostat/web/regions/data/database>



## 2: Adopt a policy of “Positive Discrimination” for the NDP

### What is required?

A policy of “Positive Discrimination” needs to be adopted for the Northern and Western Region in the implementation of the National Development Plan 2021-2030 (NDP).<sup>23</sup> From a regional perspective, “Positive Discrimination” is a policy which aims to support regions that are struggling – economically speaking – by providing above average levels of resources towards that region, as a means of reducing regional inequalities and supporting greater economic development.

Regarding the NDP, a policy of “Positive Discrimination” towards the Northern and Western Region should aim to address the sizeable infrastructure deficits of the region and support the delivery of “better balanced” regional development in line with National Policy Objective (NPO) 1a of the National Planning Framework (NPF). In this regard, NPO 1a seeks to ensure that the projected level of population and employment growth in the Eastern and Midland Region is at least matched by that of the Northern and Western and Southern Regions combined.

### Why is this required?

Compared to Irish and European norms, the Northern and Western Region of Ireland experiences sizeable infrastructure deficits – whether it be in terms of motorways, national roads, rail lines, health services or port infrastructure – with such deficits undermining efforts to deliver “better balanced” regional development in line with NPO 1a of the NPF and leading to a continued rise in regional inequalities.<sup>24</sup> Without adequate levels of infrastructure, the Northern and Western Region will not be able to deliver on its population targets outlined in the NPF and the RSES and will never be able to provide a reasonable counterbalance to the growth trajectory of the Greater Dublin Area; all of which will lead to continued regional imbalance in Ireland.

The scale of these infrastructure deficits was recently outlined in the European Commission’s 2022 “Regional Competitiveness Index”<sup>25</sup> which found that the Northern and Western Region – out of the three NUTS 2 Regions

of Ireland – had the lowest ranking with respect to infrastructure, with the region’s performance in this regard also lacking compared to other NUTS 2 Regions across the EU27. Notably, the Northern and Western Region was ranked 218<sup>th</sup> out of the 234 NUTS 2 Regions of the EU27 in terms of infrastructure, which is in contrast to the corresponding rankings for the Eastern and Midland Region (ranking of 54<sup>th</sup> in terms of infrastructure) and the Southern Region (193<sup>rd</sup>).

Furthermore, a policy of “Positive Discrimination” needs to be adopted for the Northern and Western Region given that the region has also received a below average allocation of projects of scale<sup>26</sup> in the NDP, with the delivery of these type of projects key to addressing the region’s sizeable infrastructure deficits and supporting the delivery of the region’s population targets. According to DPER’s “Investment Tracker” as of February 2023, the total number of projects of scale that are to be delivered in the Northern and Western Region – as part of Project Ireland 2040 and funded by the NDP – amounted to 43 projects, accounting for 14.2 per cent of the NUTS 2 Regional allocations of projects,<sup>27</sup> which was below its share of Ireland’s population which was 17.6 per cent in 2022.<sup>28</sup>

Such an allocation was also notably lower compared to the corresponding allocations for the other NUTS 2 Region of Ireland, namely the Eastern and Midland Region (151 projects) and the Southern Region (108).<sup>29</sup> **This below average allocation is consistent with historical underinvestment in the Northern and Western Region’s key infrastructure assets, with the Assembly’s “Region in Transition” report finding below average levels of funding being provided to the region’s national, regional and local roads, health infrastructure and higher education assets.**<sup>30</sup> A “business as usual” approach in terms of infrastructure spending will not address these regional infrastructure deficits and will almost certainly lead to a continued rise in regional disparities in Ireland.

<sup>23</sup> <https://www.gov.ie/en/publication/774e2-national-development-plan-2021-2030/>

<sup>24</sup> As measured in terms of disposable income per head of population (sub-section 3.1)

<sup>25</sup> [https://ec.europa.eu/regional\\_policy/assets/regional-competitiveness/index.html#/](https://ec.europa.eu/regional_policy/assets/regional-competitiveness/index.html#/)

<sup>26</sup> Projects valued greater than €20 million or significant projects below €20 million.

<sup>27</sup> Excludes projects considered on national scale, which amounts to 16 projects.

<sup>28</sup> Census 2022: <https://www.cso.ie/en/releasesandpublications/ep/p-cpsr/censusofpopulation2022-summaryresults/keyfindings/>

<sup>29</sup> These totals include old projects which have been completed and new projects which are either ongoing or planned.

<sup>30</sup> <https://www.nwra.ie/wp-content/uploads/2020/01/region-in-transition-the-way-forward-final.pdf>

## How would it be implemented?

Adopting a policy of “Positive Discrimination” towards the Northern and Western Region would be achieved by undertaking the following two steps, namely:

1. **Prioritise the delivery of infrastructure projects in the Northern and Western Region that are currently identified and committed to in the NDP:** As a starting point, the Department of Public Expenditure and Reform (DPER) should begin allocating appropriate levels of funding to prioritise the delivery of infrastructure projects in the Northern and Western Region that have already been identified and committed to in the existing NDP. Such funding should aim to ensure that these projects are efficiently delivered from the appraisal stages of the project to completion. Such funding would support the delivery of projects such as, but not limited to:
  - ◇ The Atlantic Technological University’s (ATU) STEM Building, Galway Campus<sup>31</sup>.
  - ◇ The ATU Library, IT and Education Building, Letterkenny Campus.
  - ◇ The University of Galway’s Learning Commons.
  - ◇ North Connacht Project (110Kv).
  - ◇ North-South Interconnector Project (400kv).
  - ◇ The Galway City Ring Road.
  - ◇ N2 and Donegal TEN-T project.
  - ◇ The N5 Ballaghaderreen to Scramoge.
  - ◇ N17 Knock to Collooney.
  - ◇ Galway Emergency Department and Ward Block.
  - ◇ Sligo Hospital Redevelopment Phase 1.
  - ◇ Robbers’ Lane, Maugheraboy, Sligo (62 social housing units).
  - ◇ Ursuline Convent, Sligo (73 social housing units)
2. **Increase the level of capital expenditure committed to under the NDP in order to deliver other projects of scale for the Northern and Western Region:** The DPER should begin allocating appropriate levels of funding to:
  - Support specific rail projects, relevant reviews and feasibility studies that have been outlined in the RSES of the Northern and Western Region – through a variety of “Regional Policy Objectives” (RPOs) – and which have been outlined in the consultation on the All-Island Rail Review,<sup>32</sup> specifically:
    - ◇ Upgrading the capacity of the Athlone, Athenry, Galway rail line, including the provision of dual tracks and increased service stops between Athlone and Galway, in line with RPO 6.12 of the RSES.
    - ◇ Delivering the Athenry, Tuam, Claremorris, Sligo rail line to an appropriate level of service and to a standard capable of facilitating passenger and freight transport, in line with 6.13a of the RSES.
    - ◇ Enhancing the capacity of the Sligo to Dublin rail line, in line with RPO 6.15 of the RSES.
    - ◇ Exploring the possibility of extending rail services to the North-West City Region from Sligo and Dublin, in line with RPO 6.16.
    - ◇ Developing a new rail line between Letterkenny and Derry City, as outlined in the consultation on the All-Island Rail Review.
    - ◇ Reinstating the railway from Portadown, Armagh, Cavan, and Mullingar and restoring the rail line between Derry and Portadown, as outlined in the consultation on the All-Island Rail Review.
    - ◇ Improving the rail line between Athlone and key towns in Mayo, as outlined in the consultation on the All-Island Rail Review.

<sup>31</sup> Based on data from DPER’s “Investment Tracker” (February 2023): <https://www.gov.ie/en/collection/f828b-myprojectireland-interactive-map/>

<sup>32</sup> <https://assets.gov.ie/205735/2a7b19bf-30f8-40a4-bdb1-9f4033387011.pdf>



- Improve the infrastructure and capacity of the seaports and harbours of the Northern and Western Region, with a specific focus on:
  - ◊ Enhancing the port infrastructure of Galway Harbour, Killybegs Harbour and Ros An Mhíl Harbour, so that these ports can capitalise on the opportunities associated with the offshore wind energy sector and the blue economy.
  - ◊ Investing in data and insight-driven technology and sensors, allowing the Northern and Western Region’s seaports to become “Smart Ports”.
  - ◊ Examining the feasibility for pursuing the delivery of Galway Port and Killybegs Port as part of the EU’s TEN-T Comprehensive ports.
  - ◊ Providing for safe access by sea for island communities – including but not limited to – the provision of improved pier infrastructure on Inis Oír and Inis Meáin in the Aran Islands and at Machaire Rabhartaigh and the continued provision of high-quality passenger ferry vessels for Oileán Thoraí, in line with RPO 6.25 of the RSES.
- Support the infrastructure and services of Ireland West Airport Knock (IWAK) and Donegal Airport by:
  - ◊ Enhancing the level of capital and operational funding provided to IWAK and Donegal Airport for noneconomic measures – such as air traffic control, police, customs, security and fire services – through the Regional Airport Programme (RAP).
  - ◊ Improving the level of capital investment provided to IWAK and Donegal Airport for economic measures under the CAPEX scheme of the RAP.
  - ◊ Supporting and maintaining the current Public Service Obligation (PSO) for Donegal Airport.
  - ◊ Maintain the eligibility for the RAP, ensuring only airports with less than 1 million passengers per annum can apply for capital and operational funding.
  - ◊ Expand the programme so that other capital investments – such as terminal, landside and transport facilities – can be supported in IWAK and Donegal Airport.
- Deliver transport projects that have been outlined in the existing Galway Transport Strategy and projects that will be outlined in Local Transport Plans in the Northern and Western Region.
- Provide more safe cycling routes and enhance pedestrian facilities across settlements of all scale in the Northern and Western Region, particularly in the Galway Metropolitan Area, the “Regional Growth Centres” of Sligo Town, Letterkenny and Athlone and the designated “Key Towns” of the region, as well rural towns and villages in the region.
- Enhance the reliability and connectivity of interregional and intra-regional bus services that connects the key settlements of the Northern and Western Region.
- Deliver more “Fast” and “High-Powered” EV charge points at strategic and accessible locations across the Northern and Western Region.
- Expand the Local Link Rural Transport Programme throughout rural communities in the Northern and Western Region.
- Improve the inter-regional and intra-regional national road network that connects the key settlements of the Northern and Western Region, by delivering the outstanding road projects documented in RPOs 6.6, 6.7 and 6.8 of the RSES<sup>33</sup> – particularly those on the TEN-T comprehensive network – and by maintaining and enhancing the regional and local road network of the region. Specific projects in this regard have been outlined in Appendix A.
- Provide a safe, secure and reliable electricity network for the Northern and Western Region as it transitions to a low carbon economy, with a specific focus on delivering the outstanding projects:
  - ◊ Regional Solution Project (series compensation on 400 kV network – Galway)
  - ◊ Bellacorick – Castlebar 110 kV Line update Mayo
  - ◊ North West Project (study area - Donegal, Leitrim, Sligo)
  - ◊ Bellacorick – Moy 110 kV Line update (Mayo)
  - ◊ Cashla – Salthill 110 kV Line update (Galway)
  - ◊ Galway 110 kV Station Redevelopment (Galway)
  - ◊ North Connacht Project 110kV (Roscommon, Sligo, Mayo)
  - ◊ North-South Interconnector Project 400kV (Meath, Cavan, Monaghan, Armagh, Tyrone)

<sup>33</sup> Specific road projects in question outlined in Appendix A of this submission.

- Invest in the sustainable management of water and other environmental resources of the Northern and Western Region, particularly in delivering the outstanding projects that are necessary to deliver on the growth model outlined in the RSES, namely:
    - Greater Galway Strategic Drainage Study
    - Merlin Park and Doughiska Wastewater Network Bottleneck Project
    - Galway City Mains Rehabilitation Contract
    - Carrick-on-Shannon Water Treatment Plant Upgrade
    - Pollan Dam Water Supply Scheme
    - Galway City Drainage Area Plan
    - Monksland WWTP and Drainage Area Plan
    - Lough Talt Water Supply Scheme
  - Invest in building out the gas supply network into the Northern and Western Region, particularly where gaps have been identified in counties such as Sligo, Roscommon, Donegal and Leitrim.
- 3. Reform the public spending code in a manner that reflects the comparative disadvantage of the Northern and Western region, having regard to legacy underinvestment and the need to address its weak urban structure.** The Northern and Western Region is the most rural oriented NUTS 2 Region under the NPF, with the region’s weak urban structure recognised as an issue of national concern in the NPF and its population density and size being relatively small compared to the Southern Region and the Eastern and Midland Region. As evident from Census 2022<sup>34</sup> the Northern and Western Region’s population amounted to 905,439 people, which was relatively low compared to the Southern Region’s population of 1.70 million and the Eastern and Midland Region’s population which amounted to 2.54 million.

It is imperative that the public spending code takes into account the national ambition to address the weak urban structure and improve accessibility and to take these regional population differences in the appraisal and rollout of infrastructure projects. For example, an important element of the public spending code is the use of Cost Benefit Analyses (CBAs) in determining the economic viability of an infrastructure project. Considering the importance of population in calculating the stated benefits of an infrastructure project in any CBA, it is clear that projects based in rural oriented regions – such as the Northern and Western Region – are naturally disadvantaged compared to similar projects that would be located in more urban oriented regions. All things equal in terms of project

details, regions with a larger population are naturally better positioned to generate relatively higher levels of economic benefits compared to regions with a relatively smaller population.

As such, a CBA is more likely to approve an infrastructure project in a more urban oriented region compared to a rural oriented region, which will inevitably restrict efforts to overcome the Northern and Western Region’s infrastructure deficits that could undermine the competitiveness of Ireland’s economy. Furthermore, CBAs can be highly restrictive by design, with stated costs and benefits generally focused on numerical matters and not taking into account wider policy, environmental and social factors, such as the need to support the delivery of “balanced regional development” in line with the vision and objectives of the NPF.

Although CBAs are not the only consideration in determining the viability of a project, it is clear that these financial appraisals – and the wider public spending code – play an crucial role in determining the level of infrastructure projects that can be delivered in the Northern and Western Region of Ireland. On this basis, the Department of Public Expenditure and Reform should examine how the public spending code could be reformed in manner which takes into account the population size and structure of rural oriented regions such as the Northern and Western Region of Ireland.



<sup>34</sup> <https://www.cso.ie/en/releasesandpublications/ep/p-cpsr/censusofpopulation2022-summaryresults/keyfindings/>

## What are the stated objectives of this priority?

The following objectives should be adopted for a policy of “Positive Discrimination” towards the Northern and Western Region, namely:

1. Improve the Northern and Western Region’s infrastructure index score in the European Commission’s “Regional Competitiveness Index”, so that the region records an infrastructure index score which is in the top half of the 234 NUTS 2 Regions of the EU27.
2. Deliver the population and compact growth targets of the Northern and Western Region and its key settlements as per the RSES.
3. Reduce the percentage of regional and local roads that are considered to have a “Pavement Surface Condition Index (PSCI) Rating” of between 1 to 4 and increase the percentage of regional and local roads with a “PSCI Rating” of between 9 and 10.
4. Ensure at least one of the ports of the Northern and Western Region is delivered as a Tier 1 Port by 2033.
5. Increase the absolute number of passengers passing through IWAK and Donegal Airport and increase their respective shares of the overall passenger numbers passing through Ireland.
6. Increase the percentage of residents using public transport options in the Northern and Western Region.
7. Reduce the gap between the Northern and Western Region and the State average in terms of disposable income per head of population, ensuring average disposable income levels in the region amount to 94 per cent of the State average by 2033.





### 3: Explore how greater regional autonomy can be delivered in Ireland.

#### What is required?

Budget 2024 should ensure sufficient resources are made available to examine how a process of regional decentralisation can take place, thereby ensuring greater regional autonomy can be implemented in Ireland – from a public policy perspective. To achieve this, the Oireachtas could develop a Citizens Assembly to examine how greater levels of regional autonomy could be implemented in Ireland.

In this case, the Citizens Assembly would to examine the possible merits and challenges associated with regional decentralization, which according to the OECD's definition<sup>35</sup> refers to the transfer of powers and responsibilities from the central government level to elected authorities at the subnational level – namely regional authorities and municipalities – ensuring these subnational bodies have some degree of autonomy. The Citizens Assembly would consider the three defined dimensions of regional decentralization from the OECD – namely political decentralization, administrative decentralization and fiscal decentralization – and examine how decentralization could take place in Ireland considering the OECD's ten guidelines on decentralisation.<sup>36</sup>

#### Why is this required?

If designed and implemented in the correct manner, the provision of greater regional autonomy in Ireland could generate a wide range of benefits including:

1. Improve citizen participation in the democratic process – by bringing the activities of government closer to its citizens – while also improving political stability and placing greater accountability on regional and local policymakers.
2. Develop efficiency gains as public services can be regionally tailored to better meet the needs of local communities.
3. Deliver higher levels of regional GDP and smaller regional economic disparities.

Encouragingly, the OECD have found that greater levels of regional autonomy – in the form of fiscal powers – is positively associated with greater levels of regional economic activity – specifically in terms of GDP, public investments in physical and human capital and education outcomes – while revenue decentralisation – namely providing regional authorities the powers to raise their own revenue – appears to be even more strongly associated with income gains and smaller regional economic disparities.<sup>37</sup> According to the OECD, this is likely due to fact that regional authorities with designated powers and which are properly funded tend to have a greater ability to implement their own regional development policies, as local and regional stakeholders tend to be better able to design regional policies that respond to local needs.

<sup>35</sup> [https://www.oecd-ilibrary.org/sites/g2g9faa7-en/1/1/3/index.html?itemId=/content/publication/g2g9faa7-en&\\_csp\\_=666662614dda882fd41f760d9a0e4de8f&itemIGO=oecd&itemContentType=book](https://www.oecd-ilibrary.org/sites/g2g9faa7-en/1/1/3/index.html?itemId=/content/publication/g2g9faa7-en&_csp_=666662614dda882fd41f760d9a0e4de8f&itemIGO=oecd&itemContentType=book)

<sup>36</sup> [https://www.oecd-ilibrary.org/urban-rural-and-regional-development/making-decentralisation-work\\_g2g9faa7-en](https://www.oecd-ilibrary.org/urban-rural-and-regional-development/making-decentralisation-work_g2g9faa7-en)

<sup>37</sup> [https://www.oecd-ilibrary.org/sites/g2g9faa7-en/1/2/1/index.html?itemId=/content/publication/g2g9faa7-en&\\_csp\\_=666662614dda882fd41f760d9a0e4de8f&itemIGO=oecd&itemContentType=book](https://www.oecd-ilibrary.org/sites/g2g9faa7-en/1/2/1/index.html?itemId=/content/publication/g2g9faa7-en&_csp_=666662614dda882fd41f760d9a0e4de8f&itemIGO=oecd&itemContentType=book)



The provision of greater regional autonomy could not be more appropriate for Ireland, particularly since regional inequalities have progressively risen in recent years. Notably, the gap in disposable income per head of population between the Northern and Western Region and the Eastern and Midland Region – as a percentage of the State average – was 25 percentage points in 2021, which was much wider than the corresponding gap in 2010 – which was 10 percentage points – and in the mid-2000s, where such a gap ranged from 11 to 14 percentage points.

These rising regional inequalities have occurred at a time when regional and local government spending in Ireland – as a share of total government expenditure – has fallen considerably, with Ireland regarded as one of the most centralised government systems in the OECD<sup>38</sup> and with the capacity of subnational governments considered a reasonable indicator for regional autonomy. Since 2000, regional and local government spending in Ireland – as a share of total government expenditure – has dropped from a recent high of 41 per cent in 2004 to 9 per cent in 2021, which represents the latest available figures from the OECD.<sup>39</sup>

In 2021, Ireland's regional and local government expenditure – as a percentage of total government expenditure – was notably smaller in comparison to similarly sized countries such as Slovakia (17%), Finland (40%), Sweden (49%) and Denmark (63%) and much lower compared to the average of EU members states that are in the OECD (average of 21%) and the overall OECD average of 14 per cent. Likewise, the percentage of tax revenue which was collected by regional and local government in Ireland amounted to 3 per cent in 2021, which was much lower relative to the average of EU members states in the OECD (average of 13%) and the overall OECD average of 10 per cent.

## How would it be implemented?

The Oireachtas could form a Citizens Assembly with the remit of examining the possible merits and challenges associated with regional decentralization, which according to the OECD's definition<sup>40</sup> refers to the transfer of powers and responsibilities from the central government level to elected authorities at the subnational level – namely regional authorities and municipalities – ensuring these subnational bodies have an appropriate degree of autonomy.

Where feasible, the Citizens Assembly should be informed by evidence-based research on this matter, hearing the views of academics, representatives from international institutions – such as the OECD and the European Commission – and research bodies – such as the Economic and Social Research Institute (ESRI) and the National Economic and Social Council (NESC). This would provide members of the Assembly with evidence on the possible merits and challenges of undertaking a process of regional decentralisation in Ireland, providing an evidence base to inform any decisions. The Citizens Assembly should consider the three defined dimensions of regional decentralisation from the OECD, namely:

- **Political decentralisation:** This dimension would focus on the legal basis of decentralisation. It involves a new distribution of powers according to the subsidiarity principle, between different tiers of government, with different objectives and often with the aim of strengthening democratic processes. Therefore, it focuses on the manner in which subnational administrators are selected (i.e. by appointment or by election etc).
- **Administrative decentralisation:** This dimension of decentralisation would examine the reorganisation and clear assignment of tasks and functions between territorial levels in order to improve the effectiveness, efficiency and transparency of national territorial administration. Any discussions in this regard would focus on the transfer of planning, financing and management decisions on some public functions to regional and local tiers of government.

<sup>38</sup> <https://www.oecd.org/gov/gov-at-a-glance-2021-ireland.pdf>

<sup>39</sup> Under "Revenue and spending shares of state and local government", "Consolidated expenditure", Table 5 in the attached link: <https://www.oecd.org/tax/federalism/fiscal-decentralisation-database/>

<sup>40</sup> [https://www.oecd-ilibrary.org/sites/g2g9faa7-en/1/1/3/index.html?itemId=/content/publication/g2g9faa7-en&\\_csp\\_=666662614dda882fd41f760d9a0e4de8f&itemIGO=oecd&itemContentType=book](https://www.oecd-ilibrary.org/sites/g2g9faa7-en/1/1/3/index.html?itemId=/content/publication/g2g9faa7-en&_csp_=666662614dda882fd41f760d9a0e4de8f&itemIGO=oecd&itemContentType=book)

- **Fiscal decentralisation:** This dimension of decentralisation would involve discussing the possibility of delegating tax and spend responsibilities to regional and local tiers of government. In this case, the degree of decentralisation depends on both the level of resources delegated and the autonomy in managing such resources. For example, regional autonomy is greater if subnational governments can decide on tax bases, tax rates and spending allocations and is not completely reliant on government subsidies and transfers.

Furthermore, the Citizens Assembly – in consultation with appropriate representatives from the OECD – should examine how decentralization could take place in Ireland considering the OECD’s ten guidelines on decentralisation.

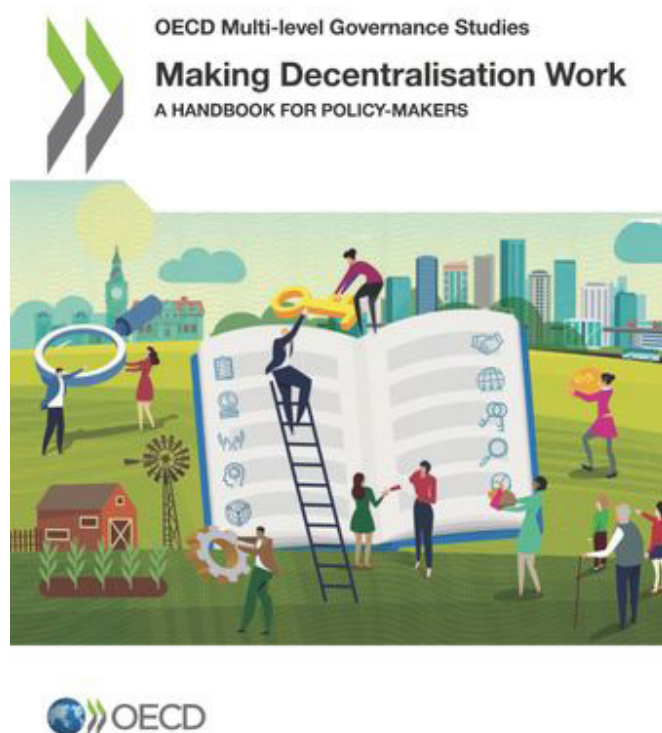
The OECD’s ten guidelines in this regard are as follows:

1. Clarify the responsibilities assigned to different government levels.
2. Ensure that all responsibilities are sufficiently funded
3. Strengthen subnational fiscal autonomy to enhance accountability.
4. Support subnational capacity building.
5. Build adequate co-ordination mechanisms across levels of government.
6. Support cross-jurisdictional co-operation.
7. Strengthen innovative and experimental governance and promote citizens’ engagement.
8. Allow and make the most of asymmetric decentralisation arrangements.
9. Consistently improve transparency, enhance data collection and strengthen performance monitoring.
10. Strengthen national regional development policies and equalisation systems and reduce territorial disparities.

## What are the stated objectives of this priority?

The following objectives should be adopted, namely:

1. Increase the percentage of total government expenditure that can be credited to local and regional authorities in Ireland, in line with the overall OECD average,<sup>41</sup> by 2033.
2. Increase the percentage of tax revenue which is collected and managed by local and regional authorities in Ireland, in line with the overall OECD average,<sup>42</sup> by 2033.



<sup>41</sup> <https://www.oecd-ilibrary.org/docserver/7a3ac169-en.pdf?expires=1692098235&id=id&accname=guest&checksum=430CB5CFB33379F157C4A64E1798FE36>

<sup>42</sup> <https://www.oecd-ilibrary.org/docserver/570ee836-en.pdf?expires=1692098412&id=id&accname=guest&checksum=6B9BD69E0C24170A150A1BF672FDF785>

**Justification of Key Priorities:**

**3**



# 1: Rising Regional Inequalities

## Key messages

- Latest disposable income data shows that regional inequalities continue to rise in Ireland.
- Difference in disposable income levels between the Northern and Western Region and the Eastern and Midland Region continue to rise.
- In 2010, disposable income per head of population in the Northern and Western Region was 94% of the State average, with the corresponding rate in 2021 being 84%.

One of the most important metrics in determining the economic performance of a geographical area is disposable income per head of population, namely resident's income after taxes and social contributions. Such an indicator captures the economic wellbeing of residents in a region and is unaffected by factors which have distorted regional GDP statistics in Ireland in recent times.

Based on the latest available data regarding disposable income per head of population,<sup>43</sup> it is clear that that regional inequalities in Ireland have been rising in recent years. As evident from Figure 1, disposable income per head of population in the Northern and Western Region was estimated to be 84 per cent of the State average in 2021, with the corresponding ratio for the Eastern and Midland Region – which acts as the leading NUTS 2 Region in Ireland from an economic perspective – amounting to 109 per cent of the State average. As such, the gap between the Northern and Western Region – as a percentage of the State average – and the Eastern and Midland Region was 25 percentage points in terms of disposable income per head of population, which was much higher than the corresponding gap in 2010 – which was 10 percentage points – and in the mid-2000s, where such a gap ranged from 11 to 14 percentage points.

Such trends can be credited to the fact that year-on-year growth rates in disposable income levels in the Eastern and Midland Region have consistently outperformed the equivalent rates in the Northern and Western Region over the past 10 years. Between 2012 and 2021, the average annual growth rate in disposable income per head of population in the Eastern and Midland Region amounted to 3.9 per cent, which was higher than the equivalent rate for the Northern and Western Region, which was 2.5 per cent during this time. Such findings are in line with the latest European Commission's Country Report on Ireland for 2023.<sup>44</sup> In their assessments, the European Commission noted that *"internal regional disparities remained high in Ireland"* with the report noting that there is *"stark differences in disposable income of households across regions"*, with various factors – ranging from innovation capabilities, productivity levels to accessibility issues – likely to explain why these regional disparities are quite large.

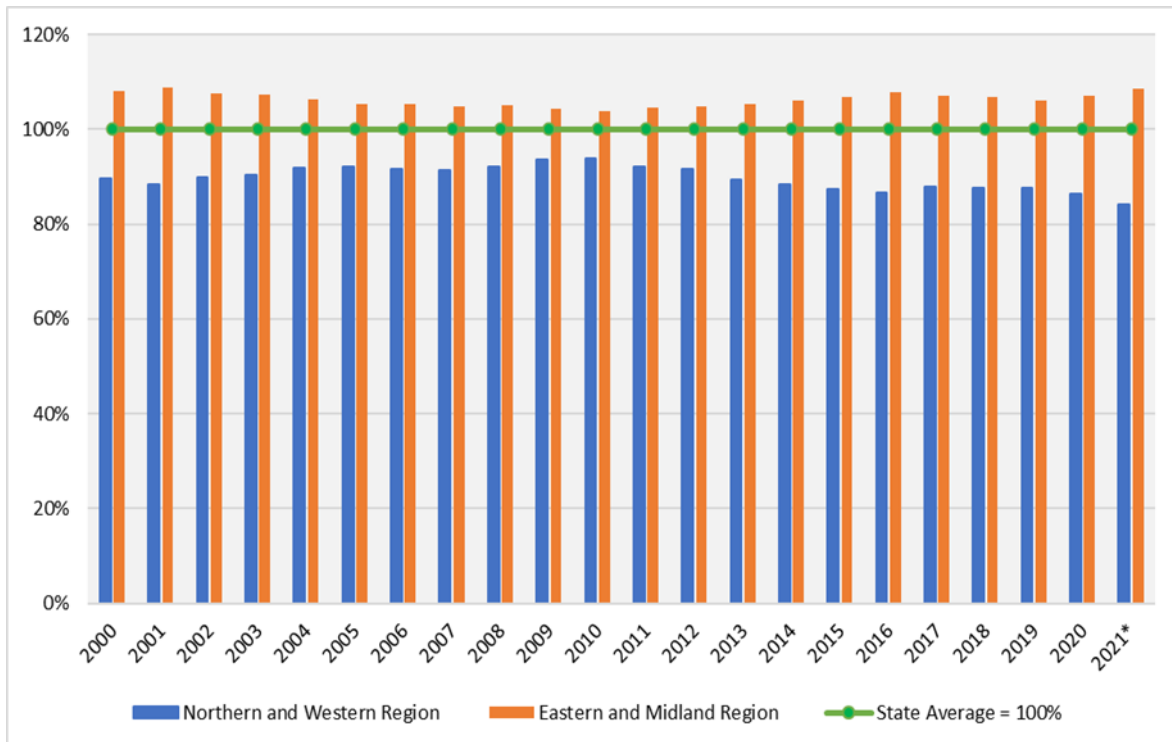
Furthermore, the latest available Eurostat data<sup>45</sup> shows that disposable income levels in the Northern and Western Region were also underperforming compared to European norms, particularly when compared to previous years. In this regard, the Eurostat data shows that disposable income per head of population in the Northern and Western Region was 76 per cent of the EU27 average in 2020, which was notably lower compared to the corresponding rate of 92 per cent in 2010 and lower compared to rates found in the period of 2003 to 2009, when the region's disposable income levels were generally between 83 and 93 per cent of the EU27 average.

<sup>43</sup> <https://www.cso.ie/en/releasesandpublications/ep/p-cirgdp/countyincomesandregionalgdp2020/data/>

<sup>44</sup> [https://economy-finance.ec.europa.eu/system/files/2023-05/IE\\_SWD\\_2023\\_607\\_en.pdf](https://economy-finance.ec.europa.eu/system/files/2023-05/IE_SWD_2023_607_en.pdf)

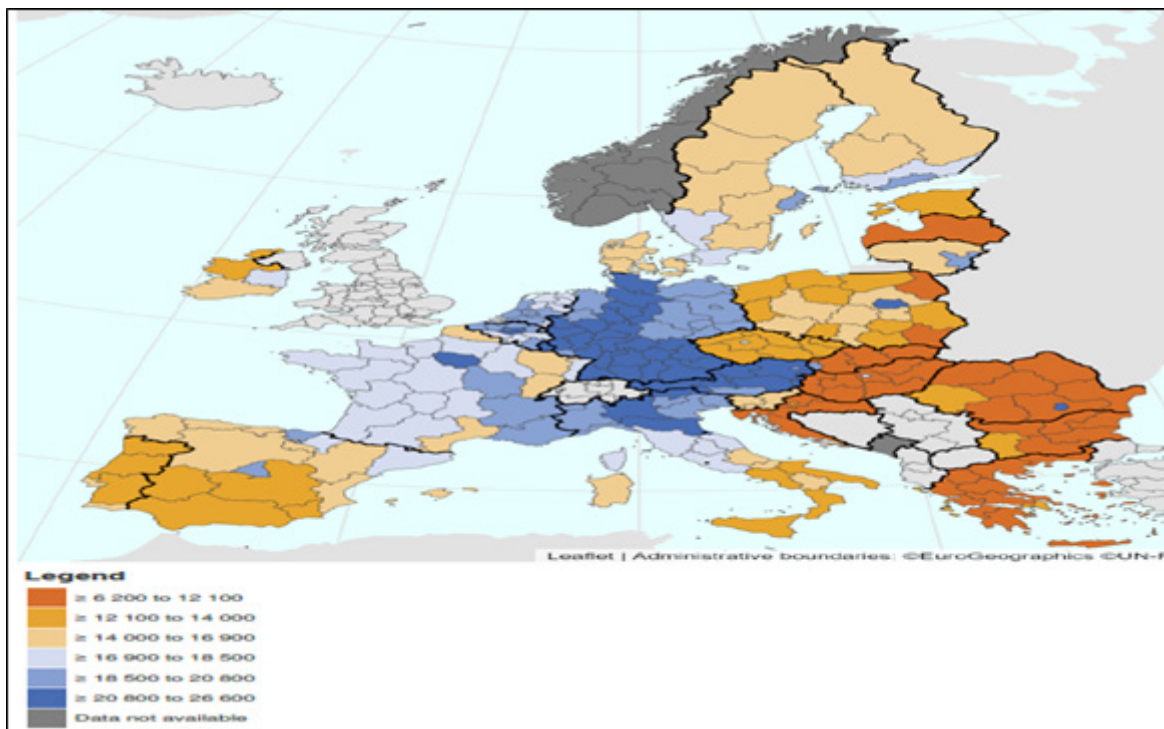
<sup>45</sup> <https://ec.europa.eu/eurostat/web/regions/data/database>. Purchasing Power Standard (PPS)

**Figure 1: Disposable income per head of population in the Northern and Western Region and the Eastern and Midland Region – as a percentage of the State average – 2000-2021\***



Source: CSO. \*2021 is an estimate from the CSO

**Figure 2: Average disposable income per head of population, by the NUTS 2 Regions of the EU27, Purchasing Power Standard (PPS), 2020**



Source: Eurostat

## 2: Imbalance in Population Growth

### Key messages

- **The NPF commits to ensuring a 50:50 split in population growth between the Eastern and Midland Region and the other NUTS 2 Regions of Ireland by 2040.**
- **Population growth continues to be overly concentrated in the Eastern and Midland Region.**
- **Majority of the counties in the Northern and Western Region recorded below average growth rates.**

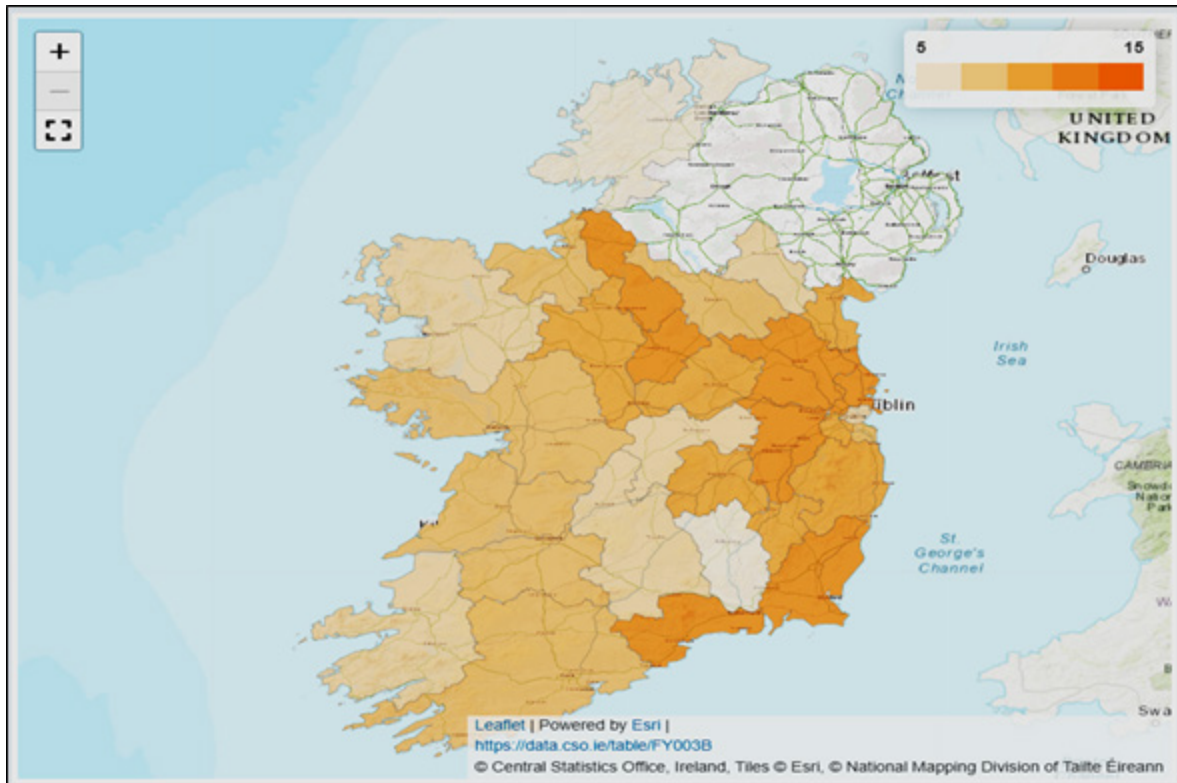
On the 29th of June 2023, the CSO released data on “Census 2022 Profile 1 Population Distribution and Movements”, with such information showing the regional distribution of population growth in Ireland between 2016 – which represents the baseline year of the NPF – and 2022. During this time, the population of the Northern and Western Region rose to 905,439, representing growth of 6.8 per cent which was below the national growth rate of 8.1 per cent. Each of the counties of the Northern and Western Region experienced an increase in population between 2016 and 2022, with above average growth rates found in Leitrim (+9.8%) and Roscommon (+8.9%), with below average rates registered in Donegal (+5%), Mayo (+5.7%), Monaghan (+6.4%), Sligo (+7.1%), Cavan (+7.3%) and Galway (+7.6%).

Although population growth in the Northern and Western Region is to be welcomed, it is important to acknowledge that population growth in Ireland continues to be overly concentrated in the Eastern and Midland Region, with such trends contributing to further regional imbalance in Ireland and contrary to the vision and objectives of the NPF. Such imbalance is evident from the fact that the population of the Eastern and Midland Region rose by 9.1 per cent between 2016 and 2022 – compared to the State average of 8.1 per cent – with some of the highest growth rates in Ireland found in the region’s counties. With the exception of Offaly, all of the counties of the Eastern and Midland Region experienced an above average population growth rate between 2016 and 2022, with the highest rates found in Longford (+14.4%), Meath (+13.2%), Kildare (+11.4%), Wicklow (+9.4%) and Laois (+8.5%).

As a result of these trends, the Eastern and Midland Region accounted for 55 per cent of all population growth in Ireland between 2016 and 2022, with the Northern and Western Region and the Southern Region collectively accounting for 45 per cent of growth during this time period. Given that the NPF acknowledges that the Greater Dublin Area – and to a lesser extent the wider Eastern and Midland Region – has witnessed an overconcentration of population, homes and jobs – it clear that the distribution of this growth is contrary to the vision and objectives of the NPF, specifically National Policy Objective (NPO) 1a which aims to ensure that the “projected level of population and employment growth in the Eastern and Midland Regional Assembly area will be at least matched by that of the Northern and Western and Southern Regional Assembly areas combined”.

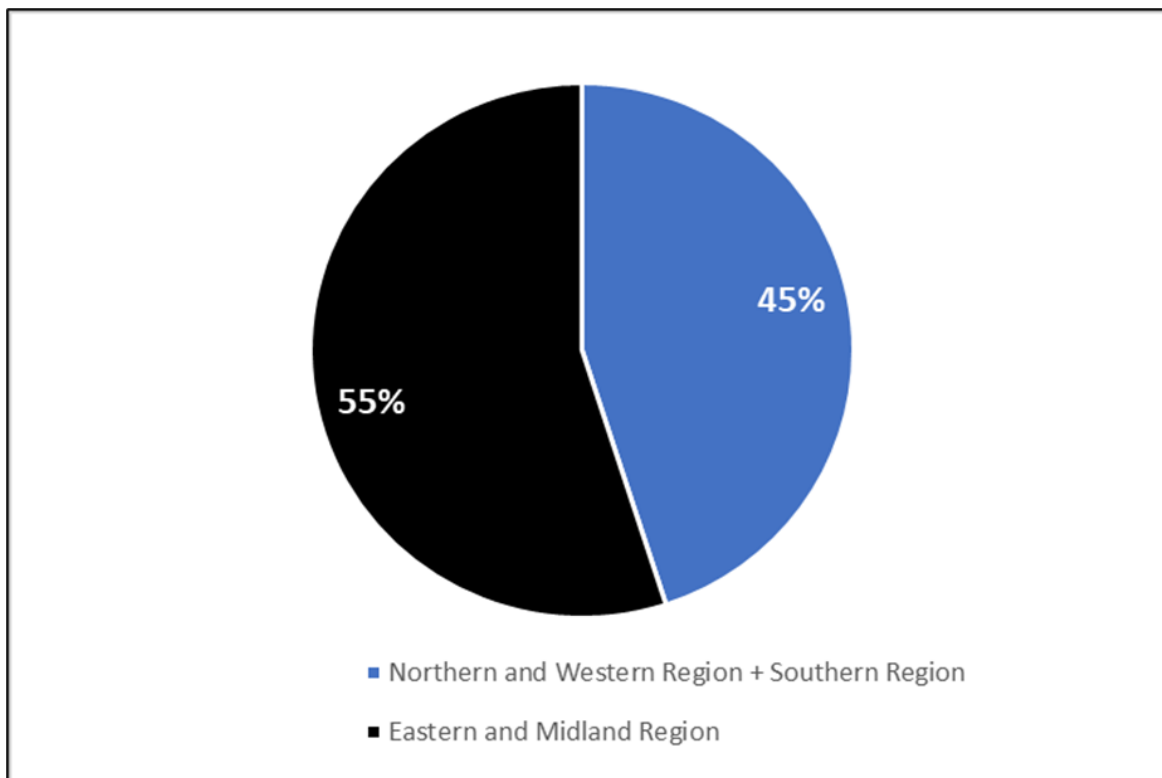
Failure to deliver on NPO 1a will result in continued overdevelopment in the Greater Dublin Area – undermining the quality of life of its residents through factors such as excessive demand on public services and urban sprawl – while also undermining the growth potential of more rural oriented regions such as the Northern and Western Region of Ireland.

**Figure 3: Population growth by the counties of Ireland, 2016-2022**



Source: CSO, Census 2022

**Figure 4: Percentage distribution of population growth between the Eastern and Midland Region, vs the Northern and Western Region and the Southern Region, 2016-2022**



Source: CSO, Census



### 3: Regional Infrastructure Deficits

#### Key messages

- **The Northern and Western Region’s economy is not as competitive compared to Irish and EU norms.**
- **Out of the 234 EU Regions, the Northern and Western Region had the 17th worst ranking in terms of infrastructure .**
- **Addressing infrastructure deficits outside of the Eastern and Midland Region will be key to attracting more jobs, investment and talent to Ireland.**

Data from the European Commission’s “Regional Competitiveness Index”<sup>46</sup> 2022 found that infrastructure deficits in the Northern and Western Region and the Southern Region of Ireland seem to be undermining the competitiveness of the Irish economy to attract further investment, jobs and talent. Specifically, the index measures the competitiveness of the NUTS 2 Regions of the EU27, evaluating their performance in areas such as – but not limited to – infrastructure, innovation capabilities, technologies readiness, education and labour market conditions.

The overall score of each NUTS 2 Region – and their subsequent performance with respect to each indicator – is measured relative to the EU27 average which has been set at an index score of 100. Of the 3 NUTS 2 Regions of Ireland, the Northern and Western Region was the only region in Ireland that was below the EU27 average in terms of competitiveness, with an overall index score of 98.2, with above average index scores registered in the Southern Region (105.1) and the Eastern and Midland Region (121.7). Out of the 234 regions in the EU27, the Eastern and Midland Region was ranked as the 24th most competitive regional economy, with the Southern Region ranked 94th and the Northern and Western Region ranked 114th. Of the 234 EU regions examined, the Province of Utrecht in the Netherlands was the EU’s most competitive region, followed by another Dutch region – namely Zuid-Holland – and Île-de-France, which is the region of Paris. The NUTS 2 Regions of the Netherlands, Belgium, Germany, Austria, Denmark, Sweden and Finland, all recorded overall index scores which were above the EU average.

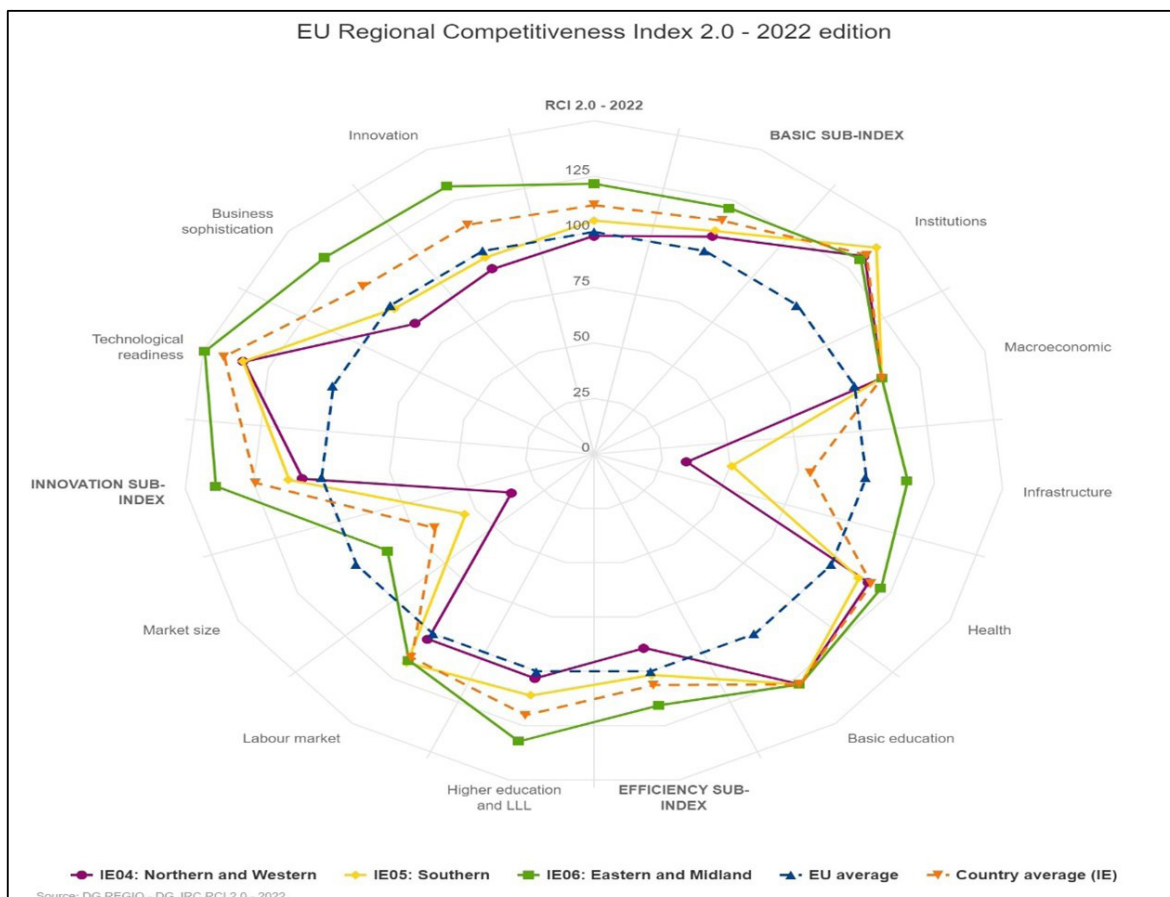
Notably, the index goes further than simply providing an overall score and actually identifies the specific strengths and weaknesses of the economy of each EU Member State and its regions, showing policymakers where their respective country or region has to make improvements or can make further progress. At a national level, Ireland – relative to the EU27 average – was found to be relatively strong in a wide range of areas key to attracting investment, jobs and talent, with above average performances evident in innovation capabilities, business sophistication, technological readiness, labour market conditions, higher education and lifelong learning, basic education, health of its citizens, macroeconomic conditions and institutions. That said, where Ireland notably underperforms and records relatively weak scores is in the area of “Market Size” but predominantly in the area of “Infrastructure”, with notably poor performances in the Northern and Western Region and the Southern Region of Ireland credited to these scores. Overall, Ireland was ranked the 9th most competitive economy in the EU27, with the Netherlands classified as the most competitive economy.

<sup>46</sup> <https://ec.europa.eu/eurostat/web/regions/data/database>

In terms of infrastructure, the Eastern and Midland Region recorded an above average index score of 115.2, whereas Ireland's most rural region under Project Ireland 2040 – namely the Northern and Western Region – recorded an infrastructure index score of only 34.1 while the Southern Region also recorded a below average score of 50.7. Similar regional differences were found with respect to market size capabilities. The score for the Eastern and Midland Region is reflective of the trend across the EU, whereby “Capital City” regions are the most competitive in all Member States except Germany, Italy, and the Netherlands. The more competitive countries tend to have a smaller gap between their “Capital City” region and the other regions. The promotion of upward convergence is critical in helping those less competitive regions to improve their performance and ensure that the most competitive regions continue to thrive.

Therefore, if policymakers are to improve the competitiveness of the Irish economy, then it is clear that the ambition, quality and scale of infrastructure projects delivered to the Northern and Western Region will have to be significantly upgraded. This also underlines the importance of delivering an integrated sustainable development approach to the prioritization and delivery of large scale infrastructure projects necessary to harness the potential of our regional assets, in our urban centres of scale such as Galway City, Sligo Town, Letterkenny and Athlone; at our sea ports of regional scale – such as Galway Harbour, Killybegs and Ros a Mhil – and at our airports. This will require the timely delivery of those infrastructure needs identified and prioritized within the RSES of the Northern and Western Region. In doing so, policymakers can significantly improve the chances of attracting more investment, jobs and high-quality talent to Ireland, while simultaneously supporting “better balanced” regional development across all of our regions. In other areas central to developing a highly competitive economy, the Northern and Western Region also recorded below average performances in terms of Market Size (index score of 34.7), Business Sophistication (87.7) and Innovation Capabilities (91.1).

**Figure 5: Index scores of the NUTS 2 Regions of Ireland in the European Commission's 2022 “Regional Competitiveness Index”, (Blue line = EU27 average)**



Source: European Commission

## 4: Underinvestment in Key Growth Enablers

### Key messages

- **The region’s share of NDP projects of scale is below its share of Ireland’s population.**
- **The region’s Higher Education Institutes are receiving below average levels of capital investment.**
- **“Positive Discrimination” needs to be adopted towards the Northern and Western Region.**

In February 2023, the Department of Public Expenditure and Reform (DPER) announced an updated Project Ireland 2040 “Investment Tracker”, with this information providing detailed information about past, current and future infrastructure investments which will be funded by the NDP.<sup>47</sup> In line with previous releases, the February 2023 “Investment Tracker” focused on projects that will cost more than €20 million or significant projects below €20 million. Therefore, while the “Investment Tracker” is not displaying all of the projects that will be delivered under the NDP, it is showing the projects of scale that will be delivered, with these types of projects central to reducing regional inequalities in Ireland and delivering on the targets of the NPF and the RSES of the Northern and Western Region. It should also be noted that the latest “Investment Tracker” is a point in time and this data is subject to updates by DPER.

As evident from Figure 6, the total number of projects of scale that are to be delivered in the Northern and Western Region – as part of Project Ireland 2040 – amounted to 43 projects as of February 2023, accounting for 14.2 per cent of the NUTS 2 Regional allocations of projects<sup>48</sup> and which was below the region’s share of Ireland’s population which was 17.6 per cent in 2022.<sup>49</sup> This is notably lower compared to the corresponding allocations for the other NUTS 2 Region of Ireland, namely the Eastern and Midland Region (151 projects) – which accounted for 50 per cent of all projects allocated by NUTS 2 Region – and the Southern Region (108), which accounted for 35.8 per cent of the projects allocated on a NUTS 2 Regional level. These totals include old projects which have been completed and new projects which are either ongoing or planned. If NUTS 2 Regional projects were allocated on a per-capita basis, then

the Northern and Western Region – at minimum – should have been allocated 53 regional projects of scale for this period, rather than 43. If “Positive Discrimination” was to be applied – namely an above average level of projects – then more than 53 regional projects should have been allocated to the Northern and Western Region.

This below average allocation is consistent with historical underinvestment in the region’s key infrastructure assets, with the Assembly’s “Region in Transition” report finding below average levels of funding allocation in key growth enablers such as national, regional and local roads, health infrastructure and higher education assets.<sup>50</sup> For example, the latest data from the Higher Education Authority (HEA)<sup>51</sup> on “general capital funding” allocations show that the Northern and Western Region’s Higher Education Institutes collectively continue to receive below average capital investment allocations. In nominal terms, and between 2012 and 2022, the Higher Education Institutes based in the Northern and Western Region – on average – received “general capital funding”<sup>52</sup> of €238 per undergraduate enrolled,<sup>53</sup> which was below the corresponding national ratio of €331 during this time period. On a year-by-year basis, “general capital funding” in Higher Education infrastructure in the Northern and Western region – per undergraduate enrolled – was below the State average in 8 out of the last 11 inclusive years (2012-2022), with such data – and the wider economic context of the region – reinforcing the need for a policy of “Positive Discrimination” to be adopted towards the Northern and Western Region’s key infrastructure assets.

<sup>47</sup> <https://www.gov.ie/en/collection/f828b-myprojectireland-interactive-map/>

<sup>48</sup> Excludes projects considered on national scale, which amounts to 16 projects.

<sup>49</sup> Census 2022: <https://www.cso.ie/en/releasesandpublications/ep/p-cpsr/censusofpopulation2022-summaryresults/keyfindings/>

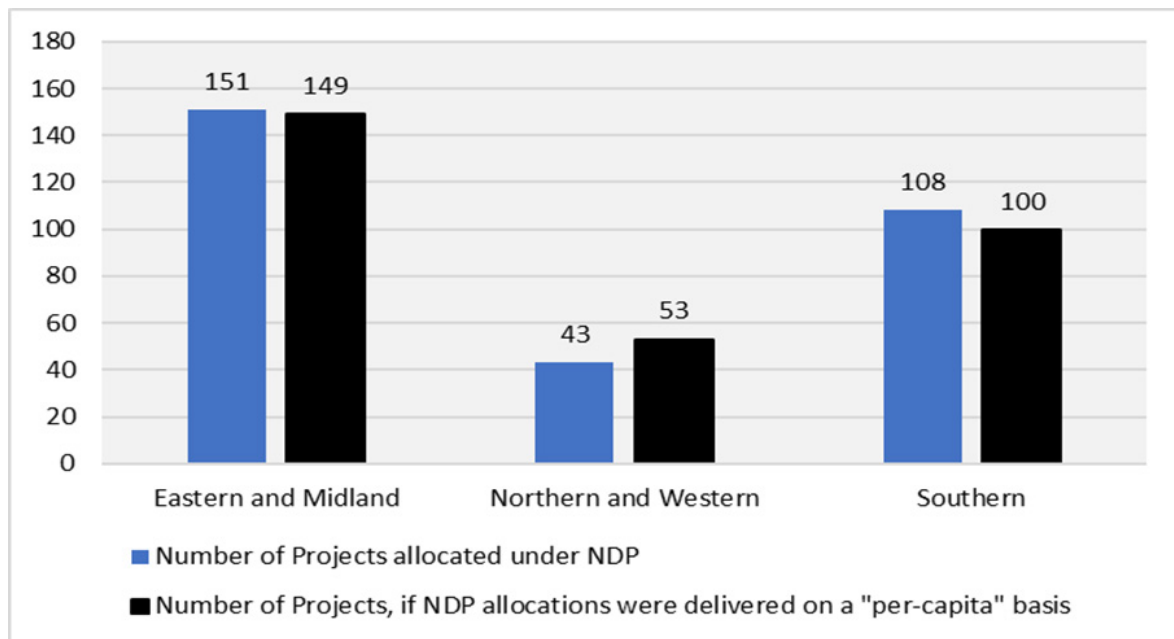
<sup>50</sup> <https://www.nwra.ie/wp-content/uploads/2020/01/region-in-transition-the-way-forward-final.pdf>

<sup>51</sup> Data provided from the Higher Education Authority and the Department of Education through a private request from the Northern and Western Regional Assembly

<sup>52</sup> Northern and Western Regional Assembly calculations based on data from the Higher Education Authority. General capital funding refers to funding provided for undergraduate and teaching facilities.

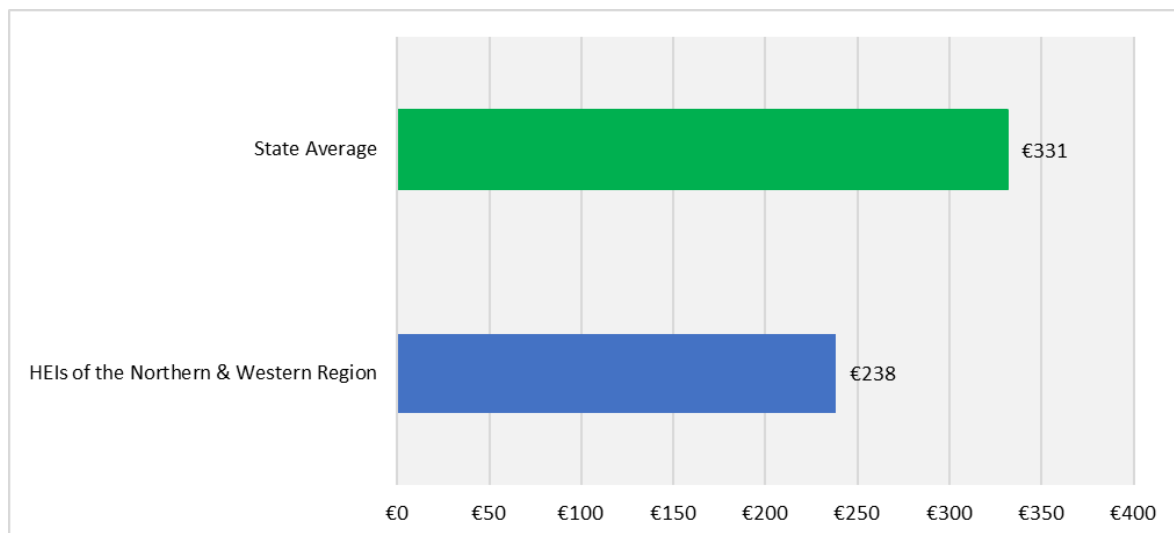
<sup>53</sup> Includes enrolments from undergraduates, FETAC Advanced Certificate, FETAC Certificate, and remote learners studying undergraduate courses.

**Figure 6: Allocation of projects that will cost more than €20 million or significant projects below €20 million, under the NDP, by the NUTS 2 Regions of Ireland**



Source: Northern and Western Regional Assembly's calculations using data from DPER's "Investment Tracker" (February 2023)

**Figure 7: Average level of "General Capital Funding" per undergraduate enrolled provided to the Higher Education Institutes (HEIs) located in the Northern and Western Region vs State Average, 2012-2022 (nominal prices)**



Source: Northern and Western Regional Assembly calculations using HEA and the Department of Education data

## 5: 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,<sup>54</sup> 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 2011, and 22 percentage points lower compared to the region’s previous peak of 105 per cent as of 2006, as evident from Figure 8. 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 figures,<sup>55</sup> with this data 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 (PPS<sup>56</sup>) – 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.<sup>57</sup>

As evident from Figure 9, 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 infrastructure assets. Furthermore, it is clear that a sizeable stimulus package for the Northern and Western Region’s economy is needed to provide a platform for the region to improve its economic performance and regain its previously held status as a “More Developed Region”.<sup>58</sup>

<sup>54</sup> <https://ec.europa.eu/eurostat/web/regions/data/database>

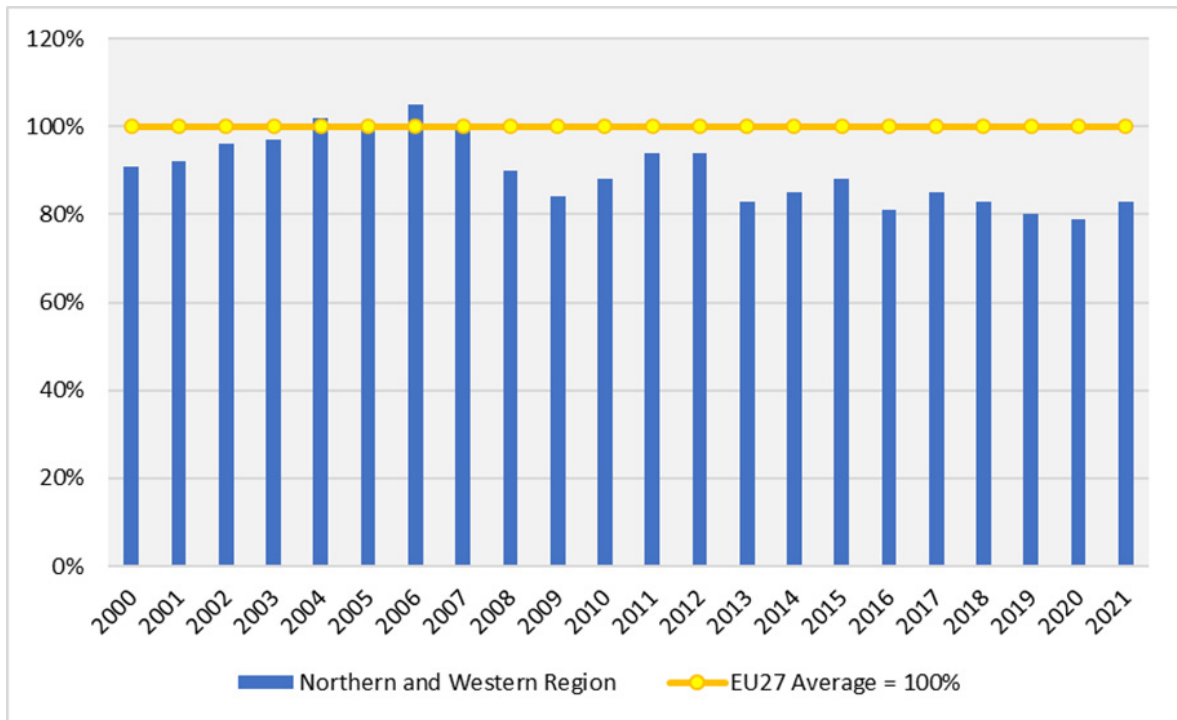
<sup>55</sup> <https://ec.europa.eu/eurostat/web/regions/data/database>

<sup>56</sup> Purchasing power standard

<sup>57</sup> <https://www.nwra.ie/news/coronavirus-the-towns-most-economically-at-risk/>

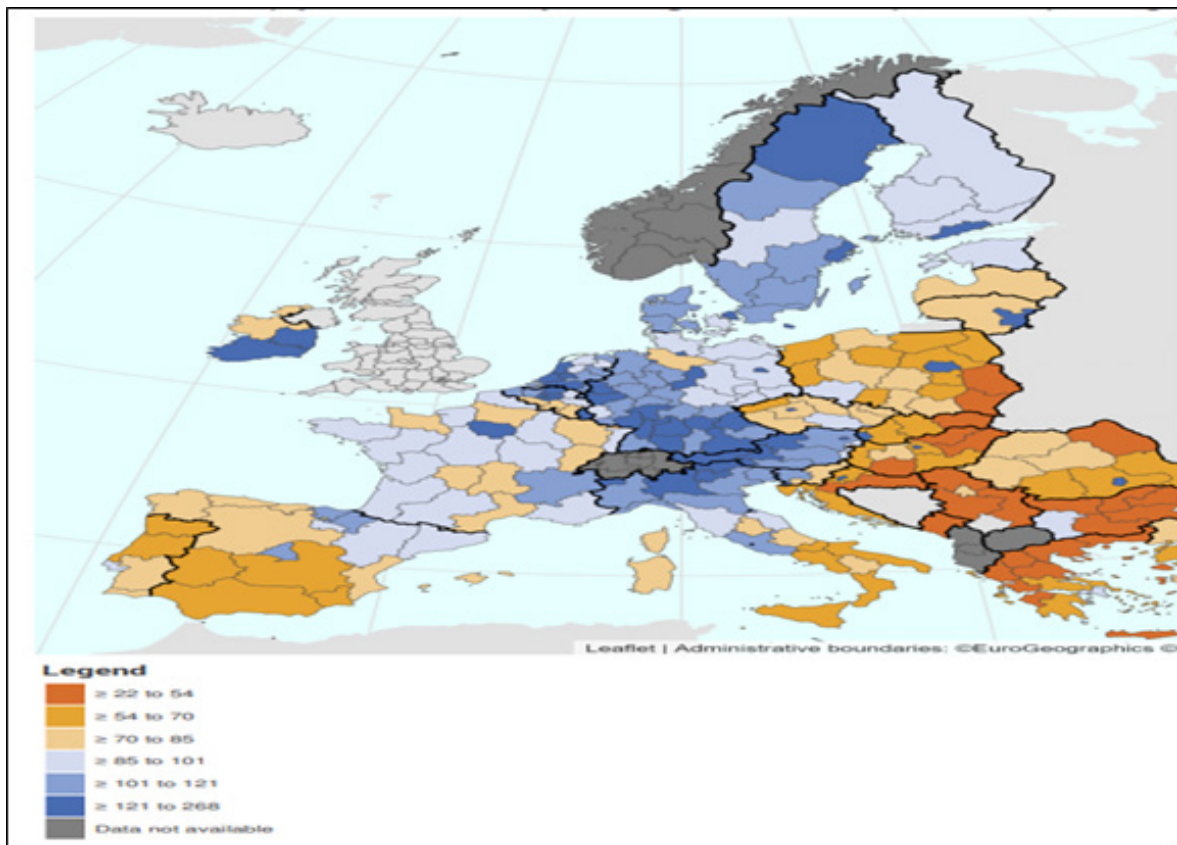
<sup>58</sup> “More Developed Regions” are regions with a GDP per capita above 100% of the EU27 average during the evaluation period (2015-2017)

**Figure 8: GDP per capita – as a percentage of the EU27 average – for the Northern and Western Region, 2000-2021, (PPS)**



Source: Eurostat

**Figure 9: GDP per capita – as a percentage of the EU27 average – for the NUTS 2 Regions of Europe, 2021 (PPS)**



Source: Eurostat

## 6: Regional Development Trap

### Key messages

- **The European Commission found that regions that are stuck in “development traps” are more likely to be “Eurosceptic”.**
- **A region is considered to be in a “development trap” when it is unable to retain its economic dynamism.**
- **Both the Border and the West are identified as being in “development traps”.**

A recent report from the European Commission’s Department for Regional and Urban Policy (DG REGIO) examined the link between “Eurosceptic” voting and the degree to which a region is in a “development trap”.<sup>59</sup> In this regard, a region is considered to be in a “development trap” when it is unable to retain its economic dynamism in terms of income, productivity, and employment.

The research shows that the link between economic stagnation and “Eurosceptic” voting is not confined to one electoral cycle and that geographical areas which feel left behind are faced with disengagement and discontent in the long term. If the development trap is unaddressed, disengagement and discontent make citizens less likely to support European integration and values.

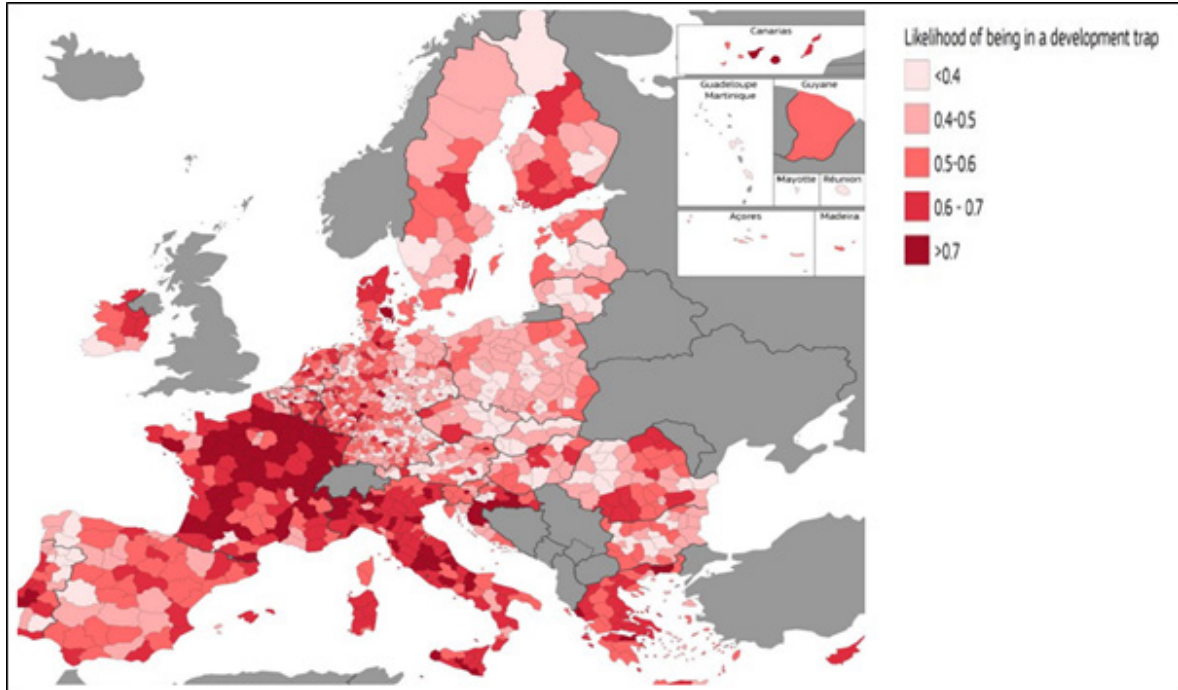
Although the report uses a variety of indexes in discussing this topic, the author’s stated preferred index is referred to as “Development Trap Index 1” (DT1), which examines the likelihood that a region is in a “development trap”, with the index score for a region based on whether economic growth in this geographical area is lower than that of the EU, of the country the region is located in, and or of the region itself in a previous period. Specifically, economic growth is measured using three indicators, namely GDP per capita, employment, and productivity. The results of this specific index are presented in Figure 10, with report using the DT1 index of Diemer et al (2022) but applying it to NUTS 3 Regions as opposed to NUTS 2 Regions, while also using a longer time series to identify the regions that can be considered to have been in a development trap between 2001 and 2018.

A region is trapped if its DT1 score is above 0.5 in a given time period. As evident in Figure 10, of the NUTS 3 Regions of the Northern and Western Region, the Border was considered the most likely to be in a “development trap” with a DT1 index score of between 0.6 and 0.7. These results suggest that the West is likely to be in a “development trap” as well, with the region registering an index score between 0.5 and 0.6. The report also calculates the length of time in which a NUTS 3 Region is likely to have been in a “development trap”,<sup>60</sup> with the Border estimated to be in a “development trap” for somewhere between 13 and 15 years, the highest length of time compared to the other NUTS 3 Regions of Ireland.

<sup>59</sup> [https://ec.europa.eu/regional\\_policy/whats-new/newsroom/06-12-2023-geography-of-discontent-regional-development-traps-lead-to-less-support-for-european-integration-and-values\\_en#:~:text=Eurosceptic%20voting%20is%20linked%20to,confined%20to%20one%20electoral%20cycle](https://ec.europa.eu/regional_policy/whats-new/newsroom/06-12-2023-geography-of-discontent-regional-development-traps-lead-to-less-support-for-european-integration-and-values_en#:~:text=Eurosceptic%20voting%20is%20linked%20to,confined%20to%20one%20electoral%20cycle)

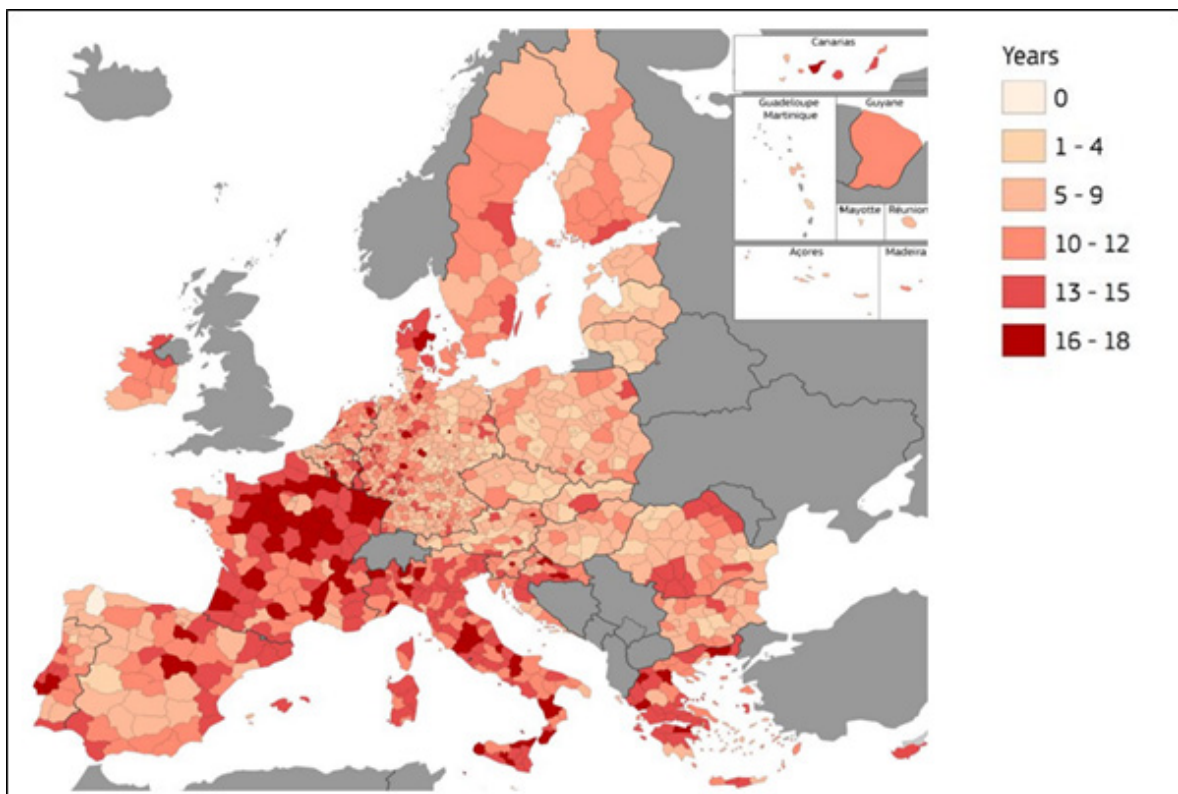
<sup>60</sup> It should be noted that there are virtually no regions that have managed to evade the trap altogether during the time period of 2001 to 2018.

Figure 10: NUTS 3 Regions by their DT1 index scores, 2001-2018



Source: European Commission's DG REGIO

Figure 11: Number of years in a "development trap" by the NUTS 3 Regions of the EU, 2001-2018



Source: European Commission's DG REGIO



## 7: Lack of High-Value Added Jobs

### Key messages

- 45% of employment in the Northern and Western Region is involved in the technology and knowledge intensive economy.
- This was below the EU27 average (47%) and the State average (56%).
- Attracting more of these jobs to the region is key to improving the region's economic performance.

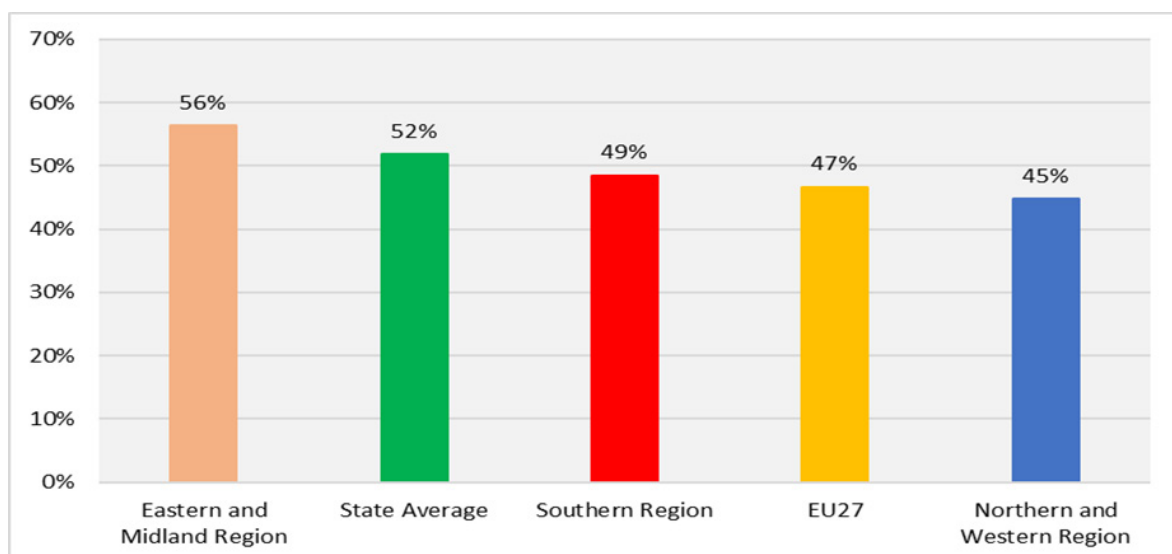
It is widely accepted that economic growth in leading regional economies is being increasingly driven by firms operating within the technology and knowledge intensive economy and will continue to do so in the coming years. The technology and knowledge intensive economy is not just about high-tech industries involved in information and communication technology (ICT), but rather it captures other high valued economic activities, ranging from financial and insurance activities, professional, scientific and technical activities, high end manufacturing activities, education, human health and social work activities. This new focus on information, technology and learning has also become instrumental into productivity gains, an essential factor to achieving high valued economic growth. Therefore, the ability of a region to capture a high proportion of firms

operating within these sectors will be fundamental to a region's ability to enhance its overall economic performance.

As evident from Figure 12, employment in the technology and knowledge intensive economy<sup>61</sup> accounted for 45% of the employment base of the Northern and Western Region in 2022, which was 2 percentage points below the EU27 average and 7 percentage points below the State average. Compared to the other NUTS 2 Regions in Ireland, the Eastern and Midland Region registered the highest concentration of employment involved in the technology and knowledge intensive economy, accounting for 56% of all jobs within its region, with the corresponding proportion in the Southern region being 48%, as evident from Figure 12.

<sup>61</sup> Defined as employment in "Knowledge Intensive Services" (KIS) and "High / Medium High Manufacturing" (C\_HTC\_MH): <https://ec.europa.eu/eurostat/web/regions/data/database>

**Figure 12: Employment in the technology and Knowledge intensive economy, as a % of total employment, by the NUTS 2 region of Ireland, 2022**



Source: Eurostat

## 8: Lagging Region Status

### Key messages

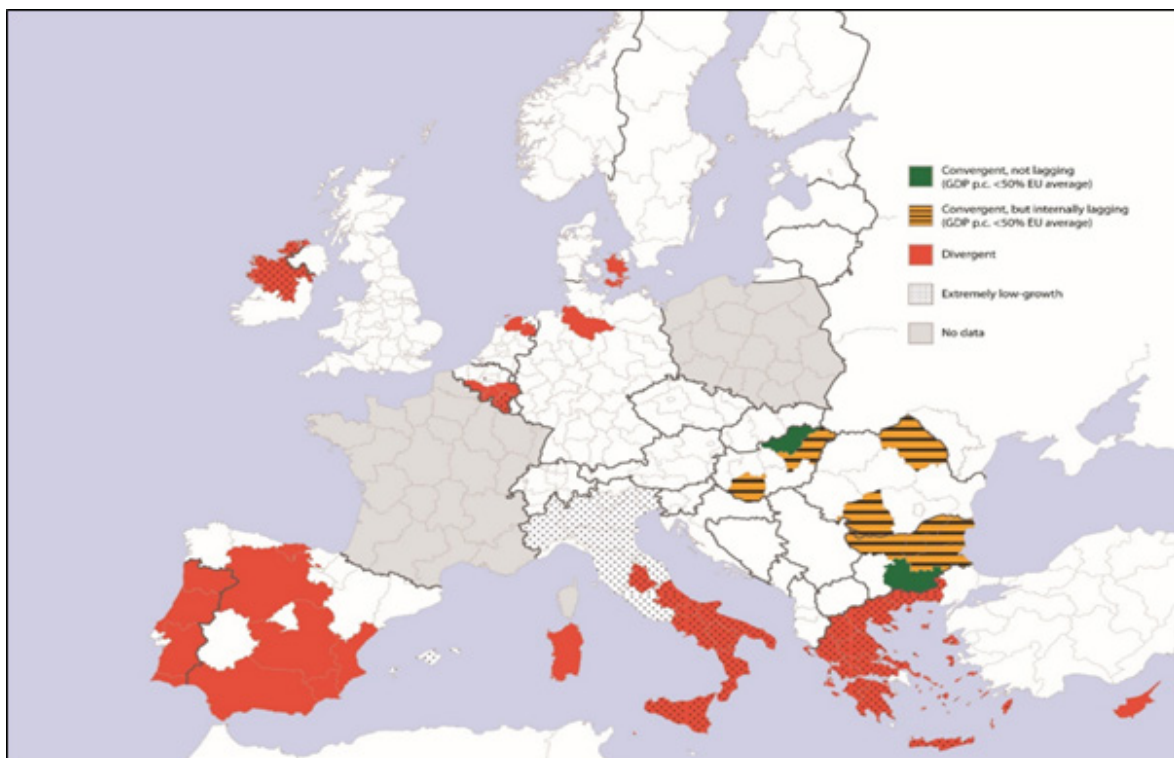
- Northern and Western Region also classified as a “Lagging Region”.
- “Lagging Regions” face variety of development challenges.
- “Lagging Regions” can be expected to experience low economic growth.

In addition to the reclassification of the Northern and Western Region’s economy, the European Parliament’s Committee on Regional Development <sup>62</sup> 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.

<sup>62</sup> [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)

Figure 13: The EU’s defined “Lagging Regions”



Source: European Parliament’s Committee on Regional Development

# Appendix A

## Research institutions of the Northern and Western Region

- ◇ CÚRAM, SFI Research Centre for 'Smart' Medical Devices
- ◇ INSIGHT, SFI Research Centre for Data Analytics
- ◇ ICHEC, National centre for High-Performance Computing
- ◇ WiSAR, EI Technology Gateway for Wireless Solutions
- ◇ PEM, EI Technology Gateway for Precision Engineering and Manufacturing
- ◇ MET, EI Technology Gateway for Medical and Engineering Technologies
- ◇ National Centre for Laser Applications (NCLA)
- ◇ Centre for Chromosome Biology (CCB)
- ◇ Regenerative Medicine Institute (REMEDI)
- ◇ National Centre for Biomedical Engineering Science (NCBES)
- ◇ Network of Excellence for Functional Biomaterials (NFB)
- ◇ Whitaker Institute
- ◇ Ryan Institute
- ◇ Power Electronics Research Centre
- ◇ St Angela's Food Technology Centre
- ◇ Centre for Research in Social Professions (CRiSP)
- ◇ Centre for Environmental Research Innovation and Sustainability (CERIS)
- ◇ EpiCentre
- ◇ Wind Energy Centre
- ◇ Marine and Freshwater Discovery Centre
- ◇ Centre for Integrated Sustainable Energy Technologies

## RPO 6.6

In accordance with National Development Plan investment commitments to bring the following schemes through planning/design/construction, the following projects shall be delivered to an appropriate level of service in the short term and in any case by 2027 having regard to the standard in the NPF of an average inter-urban speed of 90KPH:

- ◆ A5 Road Development
- ◆ N4 Collooney to Castlebaldwin
- ◆ N5 Ballaghaderreen to Scramogue and Turlough to Westport
- ◆ N6 Galway City Ring Road
- ◆ N56 Dungloe to Glenties and Mountcharles to Inver
- ◆ N59 Moycullen Bypass.

## RPO 6.7

In accordance with National Development Plan investment commitments to progress the following schemes through pre-appraisal and early planning, the following projects shall be progressed through pre-appraisal and early planning in the short term and shall thereafter proceed to construction and be delivered to an appropriate level of service within the lifetime of the RSES:

- ◆ N2 Clontibret to the Border connecting to the A5
- ◆ N2 Ardee to south of Castleblaney
- ◆ N3 Virginia Bypass
- ◆ N4 Carrick on Shannon to Dromod
- ◆ N13 Ballybofey Stranorlar Bypass
- ◆ N13/N14/N56 Letterkenny Bypass and Dual Carriageway to Manorcunningham
- ◆ N14 Manorcunningham to Lifford
- ◆ N17 Knock to Collooney.

## RPO 6.8

The delivery of the following projects shall be pursued, in consultation with and subject to the agreement of TII, through pre-appraisal, early planning and to construction as priority projects to be delivered to an appropriate level of service in the medium-term.

- ◆ N3 North of Kells to Enniskillen, via Cavan and the A509 in Fermanagh
- ◆ N5/N26/N58 Mount Falcon to Swinford, Castlebar East to Bohola Project
- ◆ N13 Manorcunningham to Bridgend/Derry
- ◆ N13 Stranorlar to Letterkenny
- ◆ N15 Sligo to Bundoran
- ◆ N15 Stranorlar to Lifford
- ◆ N16 Sligo to Blacklion
- ◆ N53 Dundalk to N2 at Carrickmacross
- ◆ N54/A3 Cavan to Monaghan Town
- ◆ N55 Cavan Town to Athlone
- ◆ N56 Inver to Killybegs
- ◆ N59 Upgrade (including the N59 Oughterard Bypass and the N59 Clifden to Oughterard Scheme)
- ◆ N61 Athlone to Boyle improvement
- ◆ N63 Longford to M17 at Annagh (Junction 18).

## Members of the “Implementation Advisory Group of the RSES of the Northern and Western Region


- ◆ National Transport Authority
- ◆ Department of Transport
- ◆ Department of Environment, Climate Action and Communications ”
- ◆ IDA
- ◆ Uisce Éireann
- ◆ Department of Rural and Community Development
- ◆ Department of Enterprise, Trade and Employment
- ◆ Office of Public Works
- ◆ Department of Housing Planning and Local Government
- ◆ Department of Agriculture, Food and Marine
- ◆ Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media
- ◆ EPA
- ◆ SEAI
- ◆ Fáilte Ireland
- ◆ Marine Institute
- ◆ Údaras na Gaeltachta
- ◆ Land Development Agency
- ◆ Atlantic Technological University
- ◆ Transport Infrastructure Ireland
- ◆ Chair of the West Strategic Planning Area
- ◆ Chair of the Border Strategic Planning Area
- ◆ Cathaoirleach of the Northern and Western Regional Assembly
- ◆ Chief Executive of Local Authority in the Northern and Western Region
- ◆ N5/N26/N58 Mount Falcon to Swinford, Castlebar East to Bohola Project
- ◆ N13 Manorcunningham to Bridgend/D



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