Northern & Western
Regional Assembly

Pre-Budget 2025 Submission

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Rialtas
na hÉireann
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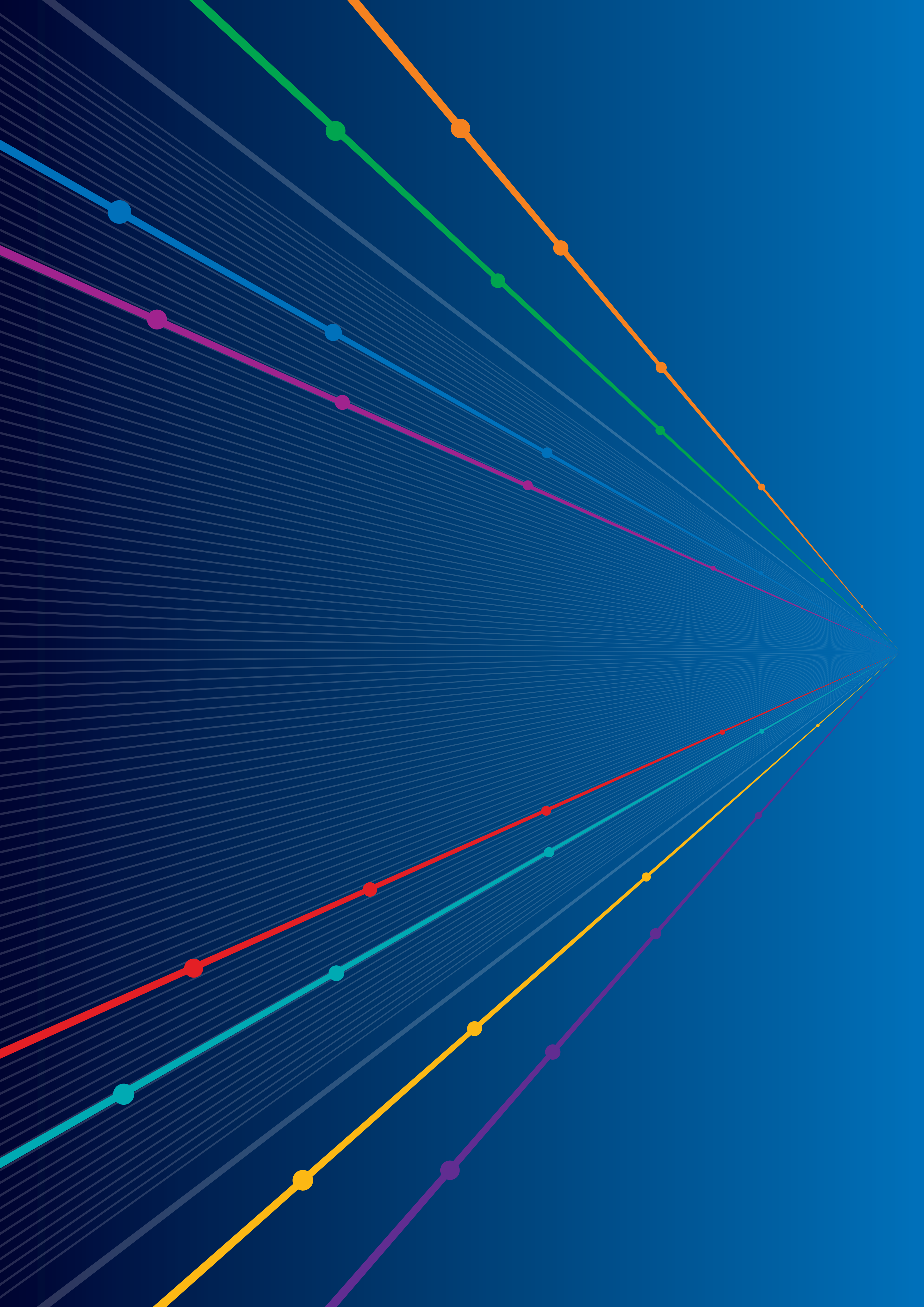

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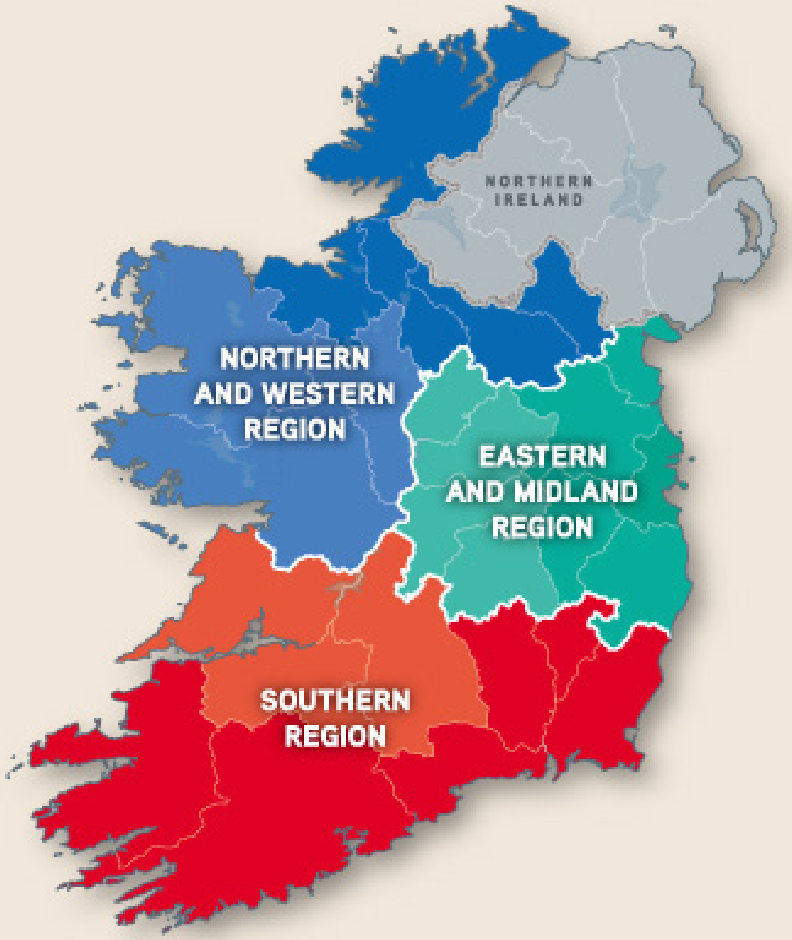


NORTHERN IRELAND
NORTHERN AND WESTERN REGION
EASTERN AND MIDLAND REGION
SOUTHERN REGION

1 Introduction

Despite the economic impact of global events, inflationary pressures or ongoing housing shortages, the Irish economy has continued to experience remarkable growth and resilience in recent years. Based on the latest full year figures from the Central Statistics Office (CSO), the Irish economy – as measured through "Modified Gross National Income" (GNI*)[1] – amounted to just over €280 billion[2] in 2023, representing a real growth rate of 5 per cent.[3] Ireland's unemployment rate stood at 4.7 per cent in July 2024 [4] – suggesting that the economy remains close to full employment – both public and private investment continues to rise, while the performance of the latest exchequer returns remain largely positive [5], albeit with a notable overreliance on volatile corporate tax returns.

Within this robust economic environment, Budget 2025 has a unique opportunity to address one of the longstanding challenges being experienced on the island of Ireland – namely the issue of regional inequalities – with failure to address this challenge having a direct impact on the ability of policymakers to make progress on areas such as housing, health, education and the environment.

As such, it is clear that Budget 2025 needs to adopt and deliver a policy of "Regional Equity" in Ireland, ensuring that all regions on the island of Ireland can begin to achieve their full economic potential and that none are left behind from an economic perspective.

A policy of "**Regional Equity**" can be delivered in Ireland by encouraging greater levels of economic development in regions which have experienced significant economic challenges in recent times, ensuring these regions are provided with an above average level of resources – per head of population – to improve their ability to attract jobs, investment and talent. Delivering a policy of "**Regional Equity**" has the potential to deliver a multitude of benefits to our society, economy and environment, simultaneously supporting rural oriented regions – such as the Northern and Western Region of Ireland – and more urban oriented regions, such as the Greater Dublin Area. Supporting greater employment, investment and education opportunities in the Northern and Western Region of Ireland not only will support greater economic development in a region which has experienced sustained periods of underinvestment, it also provides an opportunity to overcome inflationary and environmental pressures being experienced in the Greater Dublin Area, by reducing congestion levels, commercial pressures and rising demand on public services and housing. As such, a policy of **"Regional Equity"** collectively improves the ability of the Irish economy to attract more jobs, investment and talent, reduce inflationary pressures, all while supporting greater social cohesion across the island of Ireland, ensuring all residents experience the benefits of an expanding and affluent national economy. Given the publication of the draft National Planning Framework (NPF) [6], the adoption and delivery of a policy of "**Regional Equity**" in Budget 2025 would be quite timely.

Despite the potential opportunities of adopting this type of policy, the development of the Irish economy has seen historical patterns remain unchecked, with population, housing and investment activity continuing to be overly concentrated around the Eastern and Midland Region at the expense of regions such as the Northern and Western Region of Ireland. Such trends are both concerning and unsustainable. This is particularly obvious in the latest Census results which has found that population growth continues to be concentrated in the Eastern and Midland Region, with

1 Modified GNI* is GNI minus the depreciation on Intellectual Property, minus the depreciation on leased aircraft and minus the net factor income of redomiciled PLCs. GNI* aims to remove the globalised activities of a small set of multinational companies. Greater details attached: https://www.cso.ie/en/interactivezone/statisticsexplained/nationalaccountsexplained/modifiedgni/

2 Constant prices

3 https://www.cso.ie/en/releasesandpublications/ep/p-ana/annualnationalaccounts2023/gniandde-globalisedresults/

4 https://data.cso.ie/table/MUM01

5 https://www.gov.ie/en/press-release/70845-tax-revenues-remain-strong-in-july-expenditure-demonstrates-govts-commitment-to-investing-in-public-services/

6 https://www.npf.ie/consultation-on-the-first-revision-to-the-national-planning-framework/draft-revised-national-planning-framework/

the region's share of Ireland's population progressively rising – up to 49.3 per cent in 2022 – with the Northern and Western Region's share of Ireland's population progressively falling to 17.6 per cent,[7] despite having experienced population growth in recent years. At the same time, housing commencement notice data from the Department of Housing, Local Government and Heritage suggests that these trends are likely to worsen in the coming years, with more than 60 per cent of the residential units commenced in Ireland being located in the Eastern and Midland Region in 2023, with less than 10 per cent located in the Northern and Western Region of Ireland.[8] Such trends are compounded by the fact that the distribution of public investment seems to be overly concentrated around the Eastern and Midland Region of Ireland, as per the findings of the Northern and Western Regional Assembly's recent publication titled "Regional Infrastructure Tracker".[9]

Such trends are completely contrary to the existing targets of the NPF [10] and the Regional Spatial and Economic Strategy (RSES) [11] of the Northern and Western Region of Ireland, with these statutory investment frameworks aiming to accommodate future population and employment growth in a manner which is sustainable. Unless we address the issue of regional imbalance in Ireland, such trends are evitability going to undermine efforts to remain competitive in an rapidly changing global economy, overcome Ireland's ongoing housing shortage and transition to a low carbon society. On this basis, it is clear that the distribution of financial resources from Budget 2025 could not be more important. To assist budget deliberations, the Northern and Western Regional Assembly has prepared a Pre-Budget 2025 submission to document what is needed to support the development of the Northern and Western Region, thereby supporting the delivery of **"Regional Equity"** in Ireland.

At a high-level, Budget 2025 needs to deliver on the following high-level priorities for the Northern and Western Region of Ireland, namely:

Budget 2025 Priorities

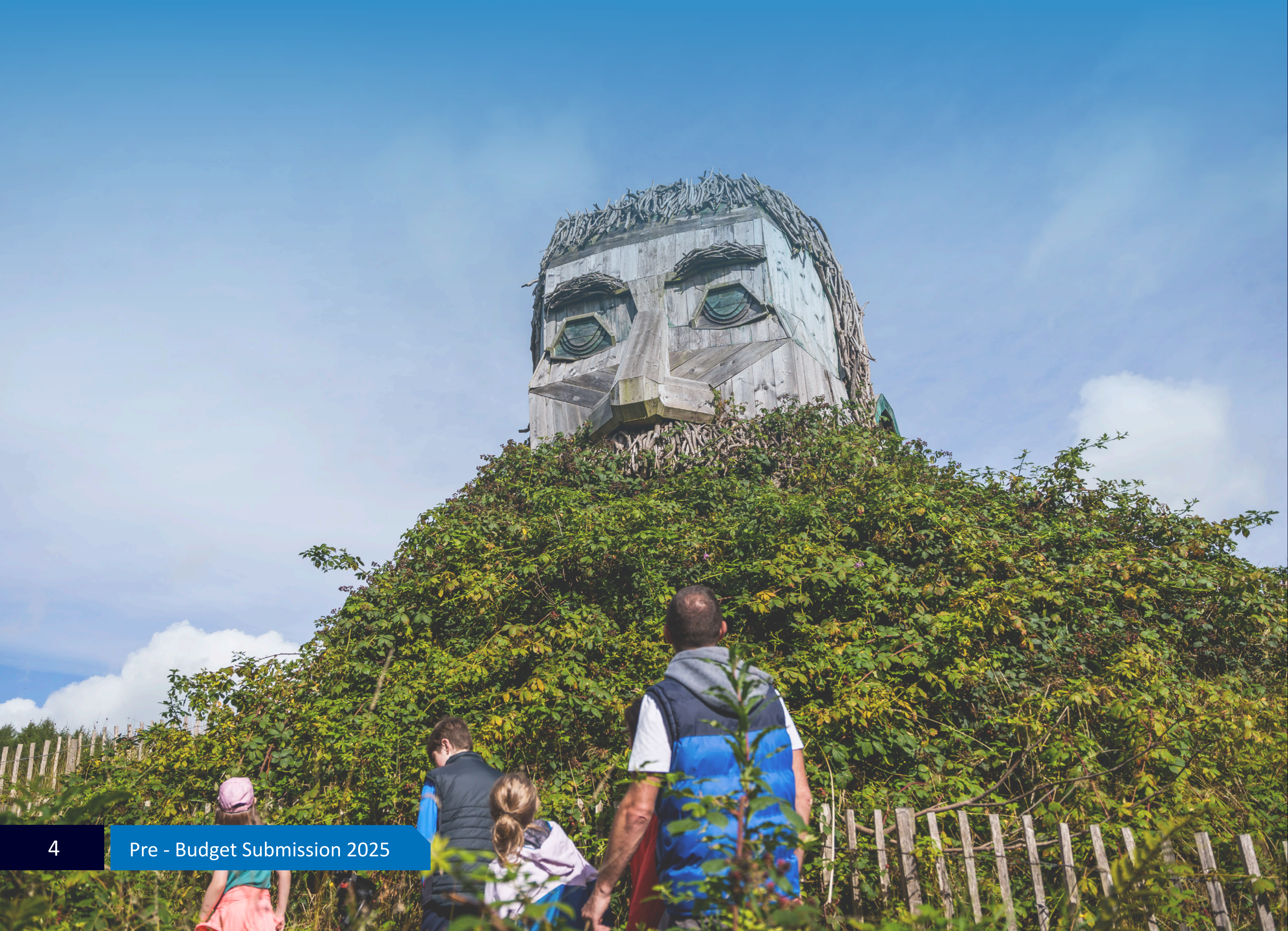
1. **Prioritise the delivery of infrastructure projects of scale that are already committed to under the Regional Spatial and Economic Strategy (RSES) of the Northern and Western Region of Ireland.**
2. **Ensure more than half of the European Regional Development Fund (ERDF) is ringfenced for the Northern and Western Region of Ireland, for the next EU funding period (2028-2035).**
3. **Remove the match funding requirements for the Urban Regeneration Development Fund (URDF) and Rural Regeneration Development Fund (RRDF) for Local Authorities located in the Northern and Western Region of Ireland.**
4. **Develop targeted incentives to stimulate housing activity in the Galway Metropolitan Area, Regional Growth Centres and the Key Towns of the Northern and Western Region of Ireland.**
5. **Examine how greater regional autonomy can be delivered in Ireland.**

7 https://data.cso.ie/table/F1001
8 https://www.gov.ie/en/publication/b6741-residential-commencement-notices-june-2024/
9 https://www.nwra.ie/news/key-projects-need-to-be-fast-tracked-by-government-to-transform-the-northern-and-western-region/
10 https://www.npf.ie/wp-content/uploads/Project-Ireland-2040-NPF.pdf
11 https://www.nwra.ie/pdfs/NWRA-RSES-2020-2032.pdf

Further details on these priorities have been outlined in Section 2 of this submission, with this section providing greater detail on what is required from Budget 2025, why these priorities are needed and how progress on these priorities can be measured. Delivering on these 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 effective regional development in Ireland, in line with National Policy Objective (NPO) 1a of the existing NPF. In this regard, NPO 1a seeks 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."

In doing so, we can reduce growing regional inequalities in Ireland, ensuring that each region has a fair opportunity in becoming an attractive place to live, work, invest and study. Unless significant action is undertaken in Budget 2025, we will almost certainly see continued overdevelopment in the Eastern and Midland Region and the underdevelopment of other regions across Ireland, all of which will undermine the competitiveness of the Irish economy and social cohesion.



Key Priorities: 2

1: Prioritise the delivery of infrastructure projects of scale that are already committed to under the Regional Spatial and Economic Strategy (RSES) of the Northern and Western Region of Ireland.

What is required?

Budget 2025 could begin the process of implementing this recommendation by undertaking the following 3 steps, namely:

- **Support the delivery of infrastructure projects in the Northern and Western Region of the island of Ireland which are currently at an advanced stage of planning[12] or committed to in the National Development Plan (NDP) (2021-2030):[13]** As a starting point, Budget 2025 should begin allocating appropriate levels of capital funding to prioritise the delivery of infrastructure projects in the Northern and Western Region of the island of Ireland that are either currently in an advanced stage of the planning process or are already committed for delivery under the NDP (2021-2030). Such funding should aim to ensure that these projects are efficiently delivered from the appraisal stages of the project to completion, ensuring the delivery of projects such as, but not limited to:
  - ◊ N2 Clontibret to the Border
  - ◊ Donegal Ten-T Project
  - ◊ The Galway City Ring Road
  - ◊ N17 Knock to Collooney
  - ◊ A5 Road Scheme
  - ◊ N3 Virginia Bypass
  - ◊ The Atlantic Technological University's (ATU) Library, IT and Education Building (Letterkenny campus)
  - ◊ The ATU's STEM Building, Galway Campus
  - ◊ Port of Galway Redevelopment
  - ◊ The University of Galway's Learning Commons
  - ◊ North Connacht Project (110Kv)
  - ◊ North-South Interconnector Project (400kv)
  - ◊ Galway Emergency Department and Ward Block
  - ◊ Sligo Hospital Redevelopment Phase 1
- **Increase the level of capital expenditure committed to under the NDP (2021-2030) in order to deliver other projects of scale for the Northern and Western Region of Ireland:** Budget 2025 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, 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.

12 Based on projects in the pipeline, as per the MyProjectIreland Tracker: https://www.gov.ie/en/collection/f828b-myprojectireland-interactive-map/

13 https://www.gov.ie/en/publication/774e2-national-development-plan-2021-2030/

- 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 Port of Galway, 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".
  - 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.
- 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.
- 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.
- Enhance the reliability and connectivity of **inter-regional 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.
- Invest in the sustainable management of **water and other environmental resources** of the Northern and Western Region of Ireland.
- 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.
- Provide a safe, secure and reliable **electricity network** for the Northern and Western Region as it transitions to a low carbon economy.

- 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 6.8, 6.9 and 6.10 of the RSES – 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 would include:
  - A5 Road Development
  - N5 Ballaghaderreen to Scramogue and
  - N6 Galway City Ring Road
  - N56 Dungloe to Glenties and Mountcharles to Inver
  - 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
  - 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)
  - Garavogue Bridge Scheme, Sligo
  - East-West (Dundalk to Sligo) Road

- **Reform infrastructure appraisals in a manner that reflects the comparative disadvantage of the Northern and Western Region of Ireland, having regard to legacy underinvestment in infrastructure projects of scale and statutory policy frameworks:** An important element of infrastructure project appraisals is the use of Cost Benefit Analyses (CBAs) in determining the economic viability of a project. Considering the importance of a region's populations 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 of Ireland – are naturally disadvantaged compared to similar projects that would be located in more urban oriented regions, such as the Greater Dublin Area.

  All things equal in terms of projects, regions with a larger population are naturally better positioned to generate relatively higher levels of socio-economic benefits compared to regions with relatively smaller populations. 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. 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 "effective regional development" in line with the vision and objectives of the NPF and the RSES. Although CBAs are not the only consideration in determining the viability of a project, these financial appraisals play a 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, NDP Delivery and Reform should examine how their infrastructure project appraisals could be reformed in a manner which takes into account the population size, structure and policy frameworks associated with rural oriented regions such as the Northern and Western Region of Ireland.

Why is this required?

Both in historical terms and in more recent times, the Northern and Western Region of Ireland has been underserved in the provision of high-quality infrastructure, whether it be in traditional forms of infrastructure – such as roads, rail or ports – or more modern forms of infrastructure such as broadband and research facilities. Such underinvestment has occurred even at a time of exceptional growth in the Irish economy and an abundance of exchequer returns, with the scale of underinvestment in the Northern and Western Region of Ireland considerably stark across the region.

The scale of these type of infrastructure deficits are evident across the region, with the motorway network extending east from Dublin to Galway City and only as far north as Tuam. The main national road network beyond Galway – including the N17 Tuam to Collooney, N2 / A5 Ardee to the Border and Aughnacloy to Strabane, N13 Sligo to Bundoran, N14 Manorcunnigham to Lifford and N4 Carrick on Shannon to Dromod – act as critical inter-urban arteries within the region. They serve areas where other modal alternatives – such as rail – either do not exist or would benefit from significant upgrading in quality, speed and frequency. These inter-urban road arteries act as lifelines but their alignment and carrying capacity is substandard with above average collision rates. Remarkably, counties such as Donegal, Cavan and Monaghan have no access to rail services, with key urban centres – such as Galway City, Sligo Town and Letterkenny – not directly connected to each other via the rail network.

Beyond transport issues, there is also considerable challenges in other sections of the region's infrastructure network. Notably – with the exception of Galway City – there is no other Science Foundation Ireland (Taighde Éireann – Research Ireland) research centres located in the Northern and Western Region of Ireland. The region has no Port designated as a Tier 1 Port, the region's electrical grid experiences significant risks in overloading, while higher education infrastructure and services are particularly underinvested in the Border counties. This legacy of underinvestment is having far-reaching consequences on the Northern and Western Region of Ireland, with the resultant infrastructure deficits restricting the development of the region's economy, affecting the delivery of public services, while undermining efforts to implement important targets outlined in the National Planning Framework (NPF), the RSES of the Northern and Western Region and the Climate Action Plan.

How will progress be measured?

The following metrics should be used to measure progress in implementing this recommendation, namely:

- Improve the "Infrastructure" index score of the Northern and Western Region of Ireland in the European Commission's "Regional Competitiveness Index",[14] ensuring that the region eventually registers an "Infrastructure" index score which is in the top half of the 234 NUTS 2 Regions examined in the index.
- Increase the number of infrastructure projects of scale that are in the pipeline for delivery in the Northern and Western Region of Ireland, as per the Department of Public Expenditure, NDP Delivery and Reform's "MyProjectIreland" tracker, ensuring the region has an above average allocation of projects of scale relative to its share of Ireland's population.
- Support the implementation of the population and compact growth targets of the RSES of the Northern and Western Region of Ireland.By 2040, the RSES aims to grow the population of Galway City and Suburbs by between 50% and 55%, the Regional Growth Centres by 40% and the Key Towns by 30%.
  In terms of compact growth targets, the RSES states that at least 50% of all new homes that are targeted in the Galway Metropolitan Area are to be delivered within their existing built-up footprints, as per RPO 3.2 (a). Furthermore, the RSES states that at least 40% of all new homes that are targeted in the Regional Growth Centres are to be delivered within their existing built-up footprints - as per RPO 3.2 (b) - with the corresponding target for the Key Towns being 30%, as per RPO 3.2 (c).

[14] https://ec.europa.eu/regional_policy/information-sources/maps/regional-competitiveness_en#:~:text=The%20Index%20measures%2C%20with%20a,referred%20to%20as%20RCI%202.0

2: Ensure more than half of the ERDF is ringfenced for the Northern and Western Region of Ireland, for the next EU funding period (2028-2035)

What is required?

Under the current EU funding period of 2021-2027, Ireland's ERDF allocation amounts to around €396 million. When national co-financing is included, the total allocation for schemes under the ERDF in Ireland will amount to just over €853 million over this time period.[15] The focus of the ERDF for the funding period of 2021-2027 will be on making progress under the following stated policy objectives (PO), namely:

- **"PO 1: A smarter Europe"** which will support innovative and smart economic transformation.
- **"PO 2: A greener, low-carbon Europe"** which will promote clean and fair energy transition.
- **"PO 5: Europe closer to citizens"** which will support sustainable and integrated development of urban, rural and coastal areas through local initiatives.

Of the €853 million that will be invested under the schemes supported by the ERDF for this funding period, €217 million will be invested in the Northern and Western Region of Ireland. This implies that the region will account for 25 per cent of investment from the fund over the funding period of 2021-2027, representing an above average allocation given that the region accounts for 17.6 per cent of Ireland's population in 2022.

For the next EU funding period of 2028-2035, the Northern and Western Regional Assembly believes that the majority of funding resources that are available under the ERDF should be ringfenced directly for projects located in the Northern and Western Region of Ireland. The amount of funding resources that will be available from the ERDF for the funding period of 2028-2035 will depend on future budget negotiations at a EU and national level, but if such a principle had been applied to the current funding allocations of 2021-2027 then – at least – more than €400 million would have been ringfenced for projects in the Northern and Western Region of Ireland.

Why is this required?

Given the scale of infrastructure deficits in the region and considering the significant economic challenges being experienced by the Northern and Western Region of Ireland – as evident by the European Commission's decision to downgrade the region's economy from a "More Developed Region" to a "Transition Region" – the Assembly believes that future allocations of the ERDF should be predominantly ringfenced towards this region. The allocation of funding has the potential to assist in overcoming the region's sizable infrastructure deficits and addressing some of its economic challenges. Such an allocation would be aligned with the text documented in Article 176 of the Treaty on the Functioning of the European Union (TEFU),[16] which states that:

> ***"the European Regional Development Fund (ERDF) is intended to help to redress the main regional imbalances in the Union. Pursuant to that Article and the second and third paragraphs of Article 174 TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and the backwardness of the least-favoured regions ..."***

[15] https://www.gov.ie/en/press-release/f057c-minister-mcgrath-launches-irelands-european-regional-development-edrf-fund/

[16] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1058#:~:text=Pursuant%20to%20that%20Article%20and,to%20regions%20which%20suffer%20from

Given that the Northern and Western Region of Ireland is the only NUTS 2 Region in Ireland to be classified as a "Transition Region" – as well as being defined as a "Lagging Region" [17] as per the European Parliament's Committee on Regional Development – it seems logical that the majority of funding under the ERDF would be ringfenced for the region for the next EU funding period of 2028-2035, as a means of addressing regional economic imbalances in Ireland.

How will progress be measured?

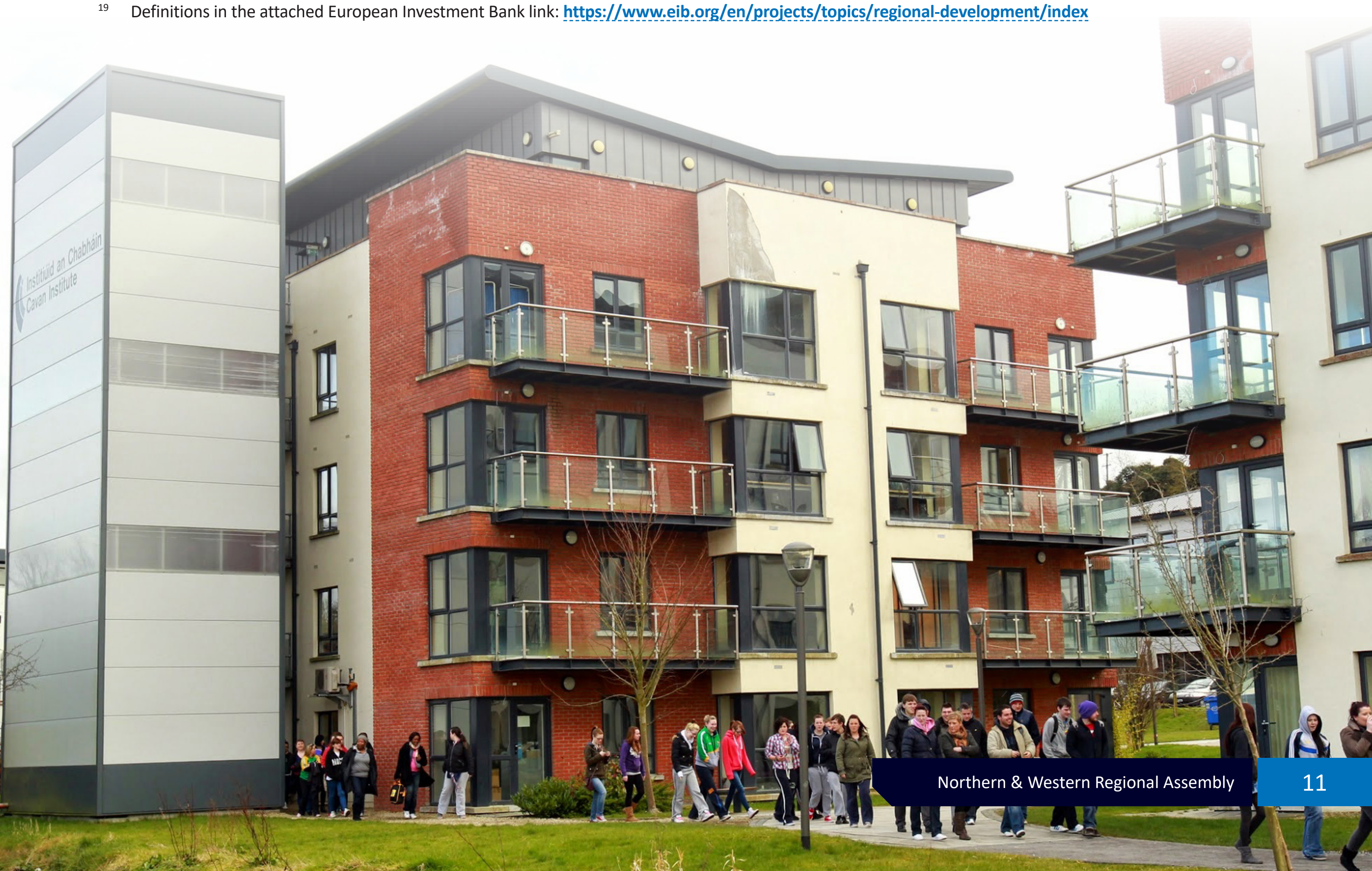
Given the nature of the ERDF – which seeks to reduce regional disparities within Member States in the EU – it is reasonable that any metrics used to measure progress in implementing this recommendation should focus on factors related to regional equalities. On this basis, progress should be measured based on the following:

- Reduce the gap between the Northern and Western Region of Ireland and the State average in terms of disposable income per head of population, ensuring average disposable income levels in the region remain around 94 per cent of the State average. Such a figure is based on the region's historical performance in the 2000s.[18]
- Increase the level of GDP per capita of the Northern and Western Region of Ireland, to the point it remains above the EU27 average and moves the region from being classified as being a "Transition Region" to a "More Developed Region".[19]
- Support the population and compact growth targets of the RSES of the Northern and Western Region of Ireland. By 2040, the RSES aims to grow the population of Galway City and Suburbs by between 50% and 55%, the Regional Growth Centres by 40% and the Key Towns by 30%.
  In terms of compact growth targets, the RSES states that at least 50% of all new homes that are targeted in the Galway Metropolitan Area are to be delivered within their existing built-up footprints, as per RPO 3.2 (a). Furthermore, the RSES states that at least 40% of all new homes that are targeted in the Regional Growth Centres are to be delivered within their existing built-up footprints - as per RPO 3.2 (b) - with the corresponding target for the Key Towns being 30%, as per RPO 3.2 (c).

17 https://www.europarl.europa.eu/RegData/etudes/ATAG/2020/652219/IPOL_ATA(2020)652219_EN.pdf

18 https://www.cso.ie/en/releasesandpublications/ep/p-cirgdp/countyincomesandregionalgdp2021/

19 Definitions in the attached European Investment Bank link: https://www.eib.org/en/projects/topics/regional-development/index



3: Remove the match funding requirements for the URDF and RRDF for Local Authorities located in the Northern and Western Region of Ireland.

What is required?

The Northern and Western Regional Assembly believes that Budget 2025 should remove the co-financing rates associated with the Urban Regeneration Development Fund (URDF) and the Rural Regeneration Development Fund (RRDF) for the Local Authorities located in the Northern and Western Region of Ireland.

Currently, Local Authorities across Ireland are required to provide 25 per cent match funding for projects that are to be funded under the URDF, with the outstanding 75 per cent provided through grant funding from the Department of Housing, Local Government and Heritage. There is currently no form of regional targeting under the URDF in recognition of the classification by the European Commission of the Northern and Western Region of Ireland as a "Transition Region", namely with a NUTS 2 Region with a GDP per capita between 75 and 100 per cent of the EU27 average. The Northern and Western Region of Ireland is the only NUTS 2 Region in Ireland to hold such a status, with the Southern Region and the Eastern and Midland Region both defined as "More Developed Regions", namely a NUTS 2 Region with a GDP per capita above 100% of the EU27 average.

In terms of the RRDF – and taking into account the classification by the European Commission of the Northern and Western Region of Ireland as a "Transition Region" – grant aid of 90 per cent of the total project cost is applied to the counties of the region, with at least 10 per cent to be provided in matching contributions by the applicants.[20] Other Local Authorities within the Southern Region and the Eastern and Midland Region must provide a match funding contribution of at least 20 per cent.

[20] https://assets.gov.ie/276285/8f23f4a1-b140-4237-9225-ccf4eb1db225.pdf

Why is required?

Based on stakeholder feedback, it has been noted that the Local Authorities of the Northern and Western Region of Ireland are experiencing considerable financial challenges in meeting the co-financing requirements of the URDF and the RRDF, restricting the ability of Local Authorities in applying for funding resources under these schemes. This is clearly due to the limited revenues available to Local Authorities that are located within a predominantly rural region and given the limited scope of Local Authorities in raising additional revenue resources to meet these co-financing requirements.

The presence of these financial constraints will undermine the development of the urban centres such as the Galway Metropolitan Area, the Regional Growth Centres of Sligo Town, Letterkenny and Athlone, the Key Towns of Tuam, Ballinasloe, Castlebar, Ballina, Roscommon Town, Monaghan Town, Carrick-on-Shannon and Cavan Town, as well as other smaller towns, villages and rural communities in the Northern and Western Region of Ireland. As such, the financial constraints associated with these Project Ireland 2040 Funds are undermining the delivery of the population and compact growth targets of the National Planning Framework (NPF) and the Regional Spatial and Economic Strategy (RSES) of the Northern and Western Region of Ireland.

This is despite the fact that one of the key strategic challenges facing the Northern and Western Region of Ireland is the lack of urban centres of scale – as documented throughout the current and latest draft of the revised NPF – with the development of agglomeration economies in the region considered central to providing a credible counterbalance to the growth trajectory of the Greater Dublin Area and addressing regional inequalities in Ireland. Despite these issues, the Northern and Western Region of Ireland has received below average allocations under the URDF, with these trends captured in data from the Northern and Western Regional Assembly's "Regional Infrastructure Tracker".21 In contrast, the Northern and Western Region of Ireland has received above average allocations under the RRDF, which is to be welcomed and expected given the rural nature of the region.

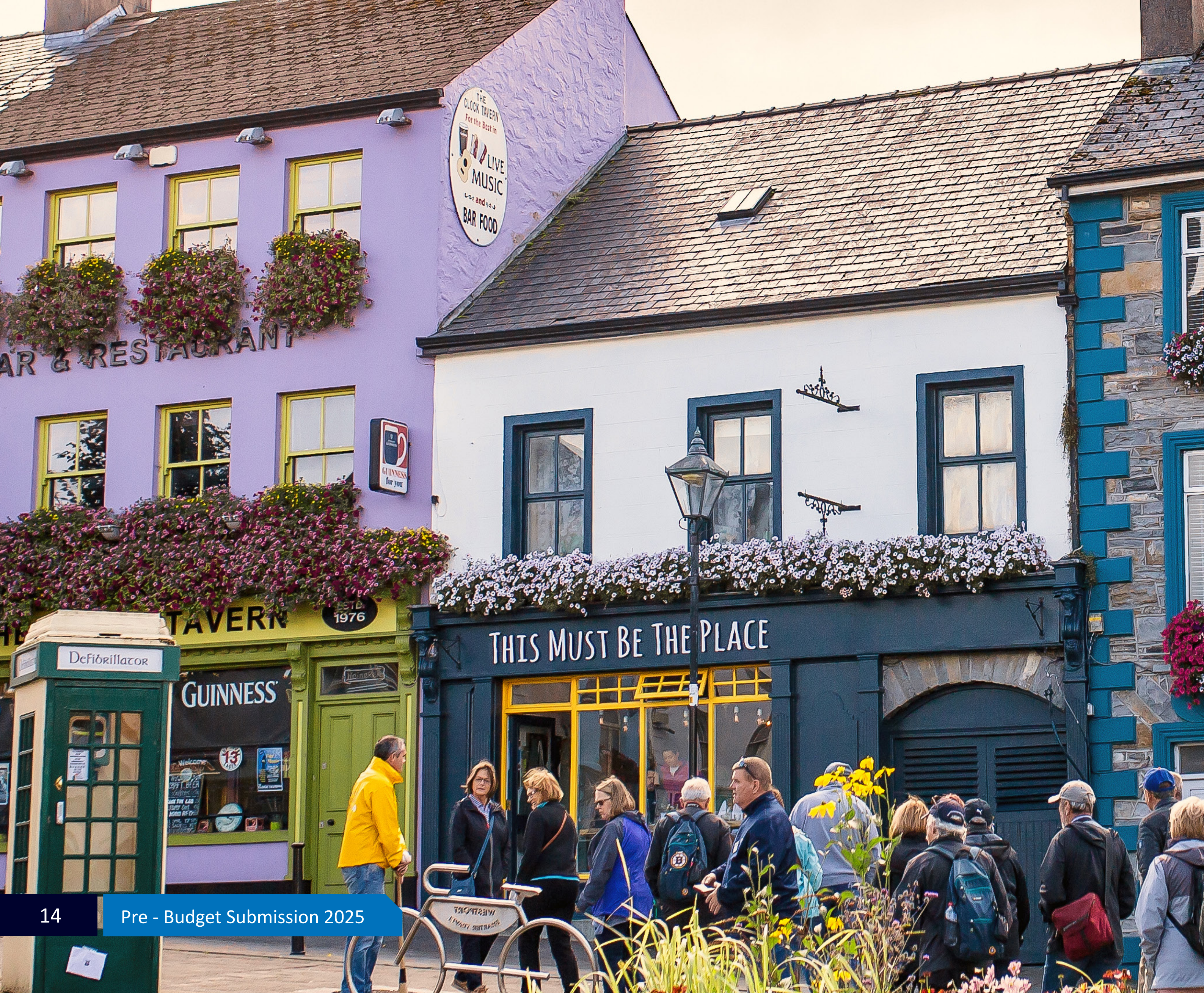
As documented in the "Regional Infrastructure Tracker", under Call 1 of the URDF, projects located within the Northern and Western Region of Ireland were allocated 10.4 per cent of funding allocations that were made under the scheme, with the corresponding ratios being 13.3 per cent and 14.7 per cent for Calls 2 and 3 respectively. Between Calls 1, 2 and 3 of the URDF, projects which were based in the Northern and Western Region of Ireland were allocated €234 million under the scheme, accounting for 12.8 per cent of funding allocations that have been made under this scheme as of the 12th of June 2024. Although the allocation of this funding is to be welcomed, it was lower than the Northern and Western Region's estimated share of Ireland's population in 2023 – which was estimated to be 17.7 per cent – and lower than the region's share of Ireland's population as per Census 2022, which was 17.6 per cent, as noted in the Regional Infrastructure Tracker. Given the overconcentration of population, investment and housing activity in the Eastern and Midland Region of Ireland, these issues will have to be addressed to combat rising regional inequalities.

[21] https://www.nwra.ie/wp-content/uploads/2024/07/regional-investment-tracker-10-07-2024.pdf

How will progress be measured?

The following metrics should be used to measure progress in implementing this recommendation, namely:

- Deliver an above average allocation of investment – per head of population – to the Local Authorities of the Northern and Western Region of Ireland under the URDF and the RRDF.
- Increase the population density of the Northern and Western Region of Ireland, the Galway Metropolitan Area, the Regional Growth Centres of Sligo Town, Letterkenny and Athlone, the Key Towns of Tuam, Ballinasloe, Castlebar, Ballina, Roscommon Town, Monaghan Town, Carrick-on-Shannon and Cavan Town.
- Support the delivery of the population and compact growth targets of the RSES of the Northern and Western Region of Ireland. By 2040, the RSES aims to grow the population of Galway City and Suburbs by between 50% and 55%, the Regional Growth Centres by 40% and the Key Towns by 30%.
  In terms of compact growth targets, the RSES states that at least 50% of all new homes that are targeted in the Galway Metropolitan Area are to be delivered within their existing built-up footprints, as per RPO 3.2 (a). Furthermore, the RSES states that at least 40% of all new homes that are targeted in the Regional Growth Centres are to be delivered within their existing built-up footprints - as per RPO 3.2 (b) - with the corresponding target for the Key Towns being 30%, as per RPO 3.2 (c).



4: Develop targeted incentives to stimulate housing activity in the Galway Metropolitan Area, Regional Growth Centres and the Key Towns of the Northern and Western Region of Ireland

What is required?

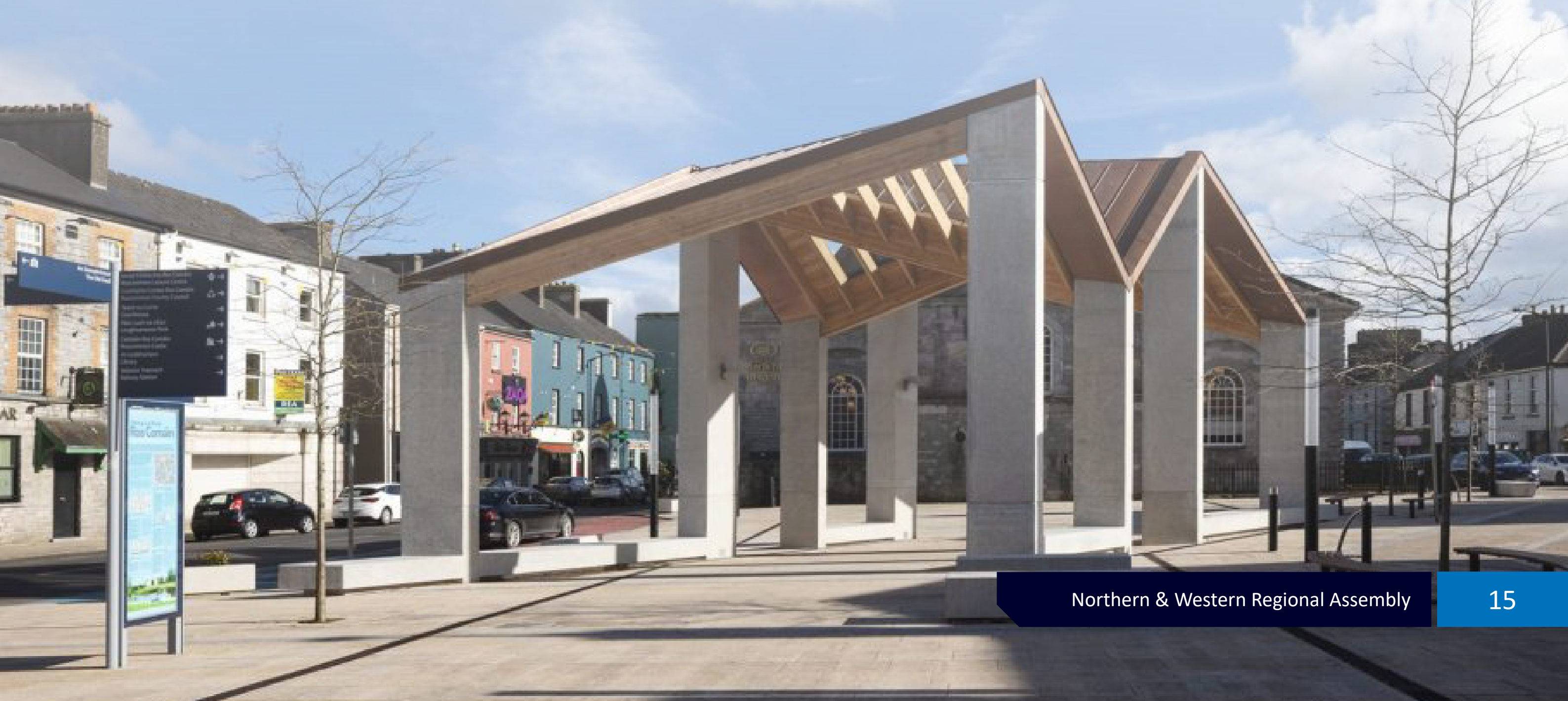
Budget 2025 should develop targeted financial incentives for the construction sector which would support the delivery of more housing units in the designated key urban centres of the Northern and Western Region of Ireland. In this regard, these financial incentives should be targeted initially at the Galway Metropolitan Area, the Regional Growth Centres of Sligo Town, Letterkenny and Athlone and the Key Towns of Tuam, Ballinasloe, Castlebar, Ballina, Roscommon Town, Monaghan Town, Carrick-on-Shannon and Cavan Town.

The primary aim of these financial incentives should be to support the delivery of the population and compact growth targets of the RSES of the Northern and Western Region, develop urban centres of scale with the region, activate brownfield sites and reduce the level of vacancy and dereliction within these urban centres. These financial incentives could take the form of either tax incentives, grants or subsides to the construction sector and these incentives should be designed in a manner which reflects the learnings associated with previous area based incentives in the past, such as – but not limited to – the Rural Renewal Scheme and the Urban Renewal Scheme.

Why is this required?

Based on the latest Census figures, it is clear that key urban centres of the Northern and Western Region of Ireland are falling behind their population growth targets, as per the Regional Spatial and Economic Strategy (RSES). Such underperformances are evident in the Galway Metropolitan Area along with a number of Regional Growth Centres and Key Towns of the Northern and Western Region of Ireland. For example:

- Between 2016 – which represents the base year of the National Planning Framework (NPF) and the RSES – and 2022, Galway City and Suburbs experienced an average increase of 993 residents per annum. To meet its proposed population growth target for 2026 as per the RSES, Galway City and Suburbs should be – on average – growing at a rate of 2,300 residents per annum.
- Between 2016 and 2022, Letterkenny experienced an average increase of 395 residents per annum. To meet its proposed population growth target for 2026 as per the RSES, Letterkenny should be – on average – growing at a rate of 440 residents per annum.
- Between 2016 and 2022, Sligo Town experienced an average increase of 263 residents per annum. To meet its proposed population growth target for 2026 as per the RSES, Sligo Town should be – on average – growing at a rate of 440 residents per annum.



Similar trends were also evident for other Key Towns in the Northern and Western Region of Ireland. Such trends are hugely problematic as such underperformances – amongst other things – undermine efforts to deliver on the targets of the NPF and the RSES, restricting the ability of the region to generate agglomeration benefits and provide a credible counterbalance to the growth trajectory of the Greater Dublin Area. Furthermore, the delivery of housing could not be more important given the current housing challenges being experienced in the Northern and Western Region of Ireland. The scale of this challenge is evident across a host of areas, whether it be in continued house price and rent inflation or elevated numbers on social housing waiting lists. For example, based on the latest figures from the Department of Housing, Local Government and Heritage, the total number of households that were on the waiting list for social housing supports from the Local Authorities of the Northern and Western Region of Ireland amounted to 6,950 [22] in 2023, which was considerably higher compared to the total level of social housing output (1,143 units) in the region in that same year.

How will progress be measured?

The following metrics should be used to measure progress in implementing this recommendation, namely:

- Increase in the number of new dwelling completions[23] being delivered in the urban centres of the Northern and Western Region of Ireland, specifically the Galway Metropolitan Area, the Regional Growth Centres of Sligo Town, Letterkenny and Athlone, and the Key Towns of Tuam, Ballinasloe, Castlebar, Ballina, Roscommon Town, Monaghan Town, Carrick-on-Shannon and Cavan Town.
- Increase in the population density of the Northern and Western Region of Ireland, the Galway Metropolitan Area, the Regional Growth Centres of Sligo Town, Letterkenny and Athlone, and the Key Towns of Tuam, Ballinasloe, Castlebar, Ballina, Roscommon Town, Monaghan Town, Carrick-on-Shannon and Cavan Town.
- Reduction in the level of residential vacancy and dereliction[24] in the urban centres of the Northern and Western Region of Ireland, specifically the Galway Metropolitan Area, the Regional Growth Centres of Sligo Town, Letterkenny and Athlone, and the Key Towns of Tuam, Ballinasloe, Castlebar, Ballina, Roscommon Town, Monaghan Town, Carrick-on-Shannon and Cavan Town.
- Support the delivery of the population and compact growth targets of the RSES of the Northern and Western Region of Ireland.By 2040, the RSES aims to grow the population of Galway City and Suburbs by between 50% and 55%, the Regional Growth Centres by 40% and the Key Towns by 30%.

  In terms of compact growth targets, the RSES states that at least 50% of all new homes that are targeted in the Galway Metropolitan Area are to be delivered within their existing built-up footprints, as per RPO 3.2 (a). Furthermore, the RSES states that at least 40% of all new homes that are targeted in the Regional Growth Centres are to be delivered within their existing built-up footprints - as per RPO 3.2 (b) - with the corresponding target for the Key Towns being 30%, as per RPO 3.2 (c).

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22 To be counted on this list, households must be qualified for social housing support. Households currently living in local authority rented accommodation, approved housing body accommodation, accommodation provided under the Housing Assistance Payment (HAP) scheme, accommodation provided under the Rental Accommodation Scheme (RAS), accommodation provided under the Social Housing Capital Expenditure Programme (SHCEP) schemes or any household on a transfer list are not included in these figures. Figures available in the attached link: gov - Summary of Social Housing Assessments 2023 - Key findings (www.gov.ie)

23 https://data.cso.ie/product/ndc

24 Monitoring could be achieved using GeoDirectory data: https://www.geodirectory.ie/

5: Examine how greater regional autonomy can be delivered in Ireland.

What is required?

Budget 2025 should allocate sufficient resources so that the Oireachtas can develop a Citizens Assembly to examine how greater levels of regional autonomy could be implemented in Ireland. In this case, the Citizens Assembly would examine the possible merits and challenges associated with regional decentralization, which according to the OECD's definition[25] 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.

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. [26]

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. 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.

How will progress be measured?

The following metrics should be adopted in measuring progress towards delivering greater levels of regional autonomy in Ireland, 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.[27]
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.

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25 https://www.oecd-ilibrary.org/sites/g2g9faa7-en/1/1/3/index.html?itemId=/content/publication/g2g9faa7-en&_csp_=666662614dda882fd41f760d9

26 https://www.oecd-ilibrary.org/sites/g2g9faa7-en/1/1/3/index.html?itemId=/content/publication/g2g9faa7-en&_csp_=666662614dda882fd41f760d9

27 https://www.oecd.org/en/data/datasets/oecd-fiscal-decentralisation-database.html

Conclusion: 3

Budget 2025 will be key to delivering a policy of "Regional Equity" in Ireland, ensuring that all regions on the island of Ireland can begin to achieve their full economic potential and that none are left behind. A policy of "Regional Equity" can be delivered by encouraging greater levels of economic development in regions – such as the Northern and Western Region of Ireland – which have experienced significant economic challenges in recent times, ensuring these regions are provided with an above average level of resources – per head of population – to improve their ability to attract jobs, investment and talent.

To assist budget considerations, the Northern and Western Regional Assembly has prepared this Pre-Budget 2025 submission to highlight how Budget 2025 can play an important role in supporting a policy of "Regional Equity" in Ireland, thereby supporting the delivery of important targets outlined in the National Planning Framework (NPF), the Regional Spatial and Economic Strategy (RSES) of the Northern and Western Region and the Climate Action Plan. At a high-level, Budget 2025 needs to deliver on the following high-level priorities for the Northern and Western Region of Ireland, namely:

Budget 2025 Priorities

1. **Prioritise the delivery of infrastructure projects of scale that are already committed to under the Regional Spatial and Economic Strategy (RSES) of the Northern and Western Region of Ireland.**
2. **Ensure more than half of the European Regional Development Fund (ERDF) is ringfenced for the Northern and Western Region of Ireland, for the next EU funding period (2028-2035).**
3. **Remove the match funding requirements for the Urban Regeneration Development Fund (URDF) and Rural Regeneration Development Fund (RRDF) for Local Authorities located in the Northern and Western Region of Ireland.**
4. **Develop targeted incentives to stimulate housing activity in the Galway Metropolitan Area, Regional Growth Centres and the Key Towns of the Northern and Western Region of Ireland.**
5. **Examine how greater regional autonomy can be delivered in Ireland.**

Given that population, employment and investment continue to be overly concentrated in the Eastern and Midland Region of Ireland, the delivery of these priorities could not be more important. Delivering these five priorities will make a important contribution in overcoming the considerable challenges being experienced by the Northern and Western Region of Ireland and in supporting greater regional balance in Ireland.

By addressing legacy infrastructure deficits in the Northern and Western Region of Ireland and improving the region's economy, the full economic potential of the region can be realised, excessive inflationary pressures in the Greater Dublin Area can be reduced, while greater progress can be made on Ireland's transition to a low carbon society. Unless significant action is undertaken, there will be a continued overconcentration of population, employment and investment in the Eastern and Midland Region of Ireland and underdevelopment of other regions across Ireland, all of which will undermine the competitiveness of the Irish economy and social cohesion.

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