



*Border, Midland & Western*  
Regional Assembly  
*Shaping the Region*

**Submission from the Border, Midland & Western  
Regional Assembly to**

**An Taoiseach**

**Delivering Balanced Regional Development**

**April 2006**



## **1. Introduction**

The Border, Midland and Western (BMW) Regional Assembly is very pleased to once again be given the opportunity to make a submission to and to meet with An Taoiseach. We are happy that our previous submissions were well received and we hope that our proposals today will be taken on board by the Government. In this submission, we raise a number of issues of concern in relation to the current and future National Development Plans and the need for more effective mechanisms to be put in place to ensure that all regions receive the levels of investment committed under the plan and that substantial regional under-spends do not continue.

One of the principle objectives of the current National Development Plan and Community Support Framework is to achieve balanced regional development by reducing disparities, both between and within the regions of Ireland. We would like to reiterate today our continued support for this core objective. The lack of regional balance is even more evident today as reflected in increased congestion and longer commuting times and excessive house-price inflation in some parts of Ireland and continued underdevelopment and unfulfilled economic and social potential in other parts of Ireland. We believe that balanced regional development must continue to be a core objective of Government policy, but with a greater commitment to achieving it.

The BMW Regional Assembly believes that the new NDP represents a new beginning in terms of delivering on balanced regional development which is in the interests of all regions in Ireland. In this submission we set out a realistic and deliverable set of policy measures which draws on recent Irish and international experience on regional economic development. The overall aims of our submission to the NDP are to:

1. Set out a strong economic rationale for achieving more balanced regional development in Ireland;
2. Identify the causes of lower productivity and income in the BMW region vis á vis the S&E Region;
3. Set out a coherent strategy and key investment priorities for the BMW Region;
4. Set out mechanisms to ensure that planned regional investment is achieved.

While the views in this report are the sole responsibility of the BMW Regional Assembly we would like to acknowledge inputs in terms of research support on selected issues provided by Indecon International Economic Consultants.

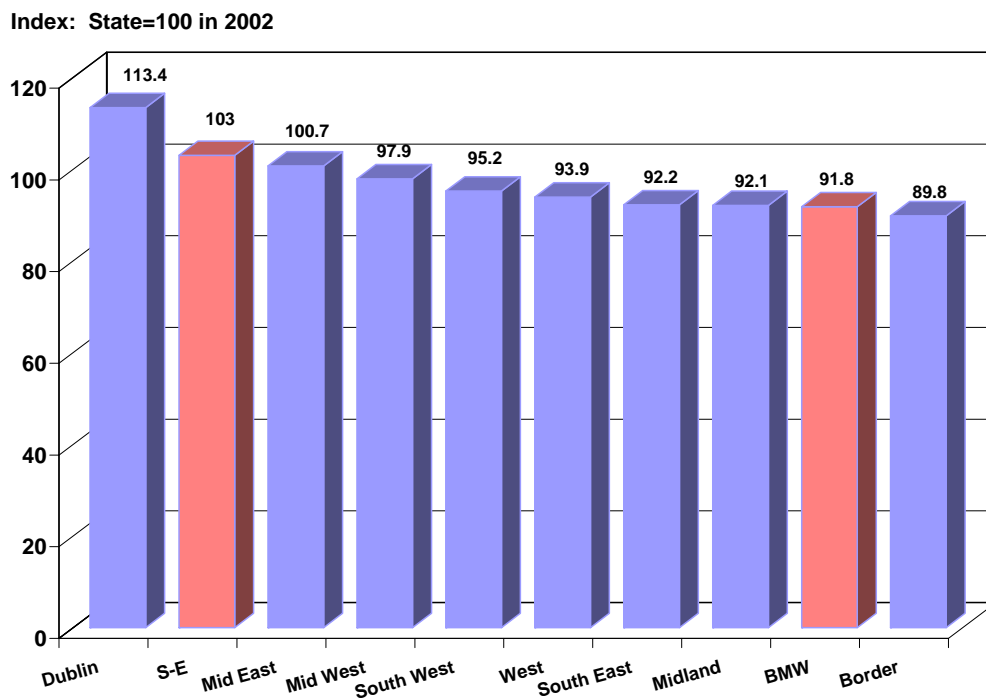
### **2.1 Recent Developments**

Since our last meeting in 2004, the economic performance of the Region has improved with increases in the number of people at work, some growth in population and reduced unemployment in the region. This is all to be welcomed and the Assembly is aware that in comparison to many regions in the EU, particularly in the new Member States, the Region can still be considered relatively prosperous.

The best measure of regional convergence/divergence is incomes per capita. Available data indicate that there is a significant gap between incomes in the BMW region and the S&E region and the State as a whole. Differences in incomes per capita can be due to a combination of factors including: differences in output per person employed, unemployment rates, the proportion of the working age population in the labour force and the working-age population as a percentage of the total population. Of particular concern is the fact that the gap in per capita incomes was primarily due to lower productivity in the BMW region, higher unemployment rates, lower labour force participation and a higher dependency ratio.

There has been some slow regional convergence in recent years in terms of lower unemployment and higher labour force participation in the BMW region, but there is still a gap in terms of the dependency ratio and a dramatic deficit in productivity and in a loss in share of indigenous and overseas investments. Overall, the evidence does not suggest a notable narrowing of the income gap and this significant divergence in performance between the regions must be addressed by actions in the next NDP.

**Figure1: Comparative Incomes across Regions - Disposable Income per Person - Index: State=100 in 2002**



Source: CSO, County Incomes and Regional GDP, based on Census 2002 data

## 2.2 Regional Investment

One of the key goals of the current NDP is balanced regional development, and it is projected that 33 % of the NDP budget would be invested in the BMW region. As stressed in several submissions made by the Regional Assembly, this investment has not fully taken place and actual investment lags well behind projections. The BMW Assembly is extremely disappointed by this failure to invest on the scale promised by the NDP. It is recognised that various constraints contributed to this and in this submission we set out a number of proposals that should address this issue for the next plan. If there is to be meaningful regional development it is essential that there is a marked acceleration of investment in the region, and that mechanisms are put in place to ensure that this takes place.

The NDP is currently in its final year and progress under some measures of the inter-regional Operational Programmes has been disappointing in the B.M.W. Region as compared with the S&E Region, as outlined in Table 2.

**Table 1: Underperforming Priorities under the NDP Expenditure in the BMW Region 2000 to June 2005 (€ million)**

Priority	Actual	Planned	Actual on a % of Planned
National Roads	1,224.4	1,838	66.6%
Public Transport	246.9	435.1	56.7%
Sustainable Energy	6	57.1	10.6%
RTDI	229.6	791.9	29%
Industry	358.6	1,028.7	34.9%
Marketing	77.1	130.4	59.1%

Source: NDP/CSF Progress Report to June 2005

## 2.3 Balanced Regional Investment

We welcome the Government's decision to include balanced regional development as one of the key objectives of the new NDP. The Regional Assembly believes that there is a very strong case for balanced regional development as an NDP objective. The analysis underpinning the current NDP is even more persuasive considering the economic cost of congestion and over-development in the East of the country.

**Table 2: Overall Total National Development Plan Expenditure 2000 to June 2005 (€ million)**

Priority	Actual	Planned	Actual as a % of Planned
BMW	10,397.3	14,042.4	74%
SE	28,687.1	30,306.1	94.7%
<b>Total</b>	<b>39,084.4</b>	<b>44,347.2</b>	<b>88.1%</b>

*Source: Department of Finance*

Some of the spatial trends that have emerged as a result of rapid economic growth are clearly unsustainable. Balanced regional development promotes more sustainable settlement patterns which avoid urban sprawl and in which people have greater access to a range of employment, leisure and educational facilities within a reasonable distance.

The existence of wide disparities between regions is not conducive to national or regional competitiveness. Excessive concentration of economic activity and population create problems of congestion which reduce efficiency and increase operating costs. Such concentration also leads to pressure on other infrastructure facilities (water, energy etc) and to difficulty in attracting and retaining workers.

Achievement of social cohesion means that citizens should not be disadvantaged by location but should have opportunities for employment and good quality of life wherever they live. Migration from lagging regions due to lack of employment opportunities robs these areas of vital human and social capital while contributing to unsustainable growth in congested regions.

It is essential, therefore, that balanced regional development should be a core objective of the next NDP, not only in the interest of ensuring continued economic growth in a sustainable manner, and achieving greater social inclusion, but also as a means of ensuring good quality of life for people living and working across different parts of Ireland, both rural and urban.

## **2.4 National Spatial Strategy**

The BMW Regional Assembly broadly welcomes the National Spatial Strategy (NSS) and recognises it as a unique opportunity to plan for the balanced regional and spatial development of the country over the next 20 years. We recognise the potentially important role to be played by Gateways and Hubs and welcome the commitment to invest in these centres, which must develop and achieve critical mass if the regions are to develop.

A weakness of the BMW region is the lack of strong urban centres and the insufficient number of clusters of high added-value economic activity. These weaknesses need to be

addressed in the next NDP. However, pursuing the goals of the National Spatial Strategy on its own is not sufficient to achieve balanced regional development and we believe that further measures are required. These include commitments to investing higher per capita sums in the region and the establishment of clear regional targets for the key delivery agencies and government departments.

The Assembly suggests that key indicators should be attached to the implementation of the NSS, similar to those in the NDP. Another way of ensuring its effective implementation would be to earmark key investments for the designated Gateways and Hubs in the next NDP. The key to the success of the NSS will be the commitment at all levels of government to implement it fully and to integrate it into all national, regional and local planning. One way of increasing the regional focus of these programmes is to involve the Regional Assemblies more centrally in the co-ordination and monitoring of their implementation.

The BMW Regional Assembly is fully committed to its implementation and is ensuring that it is a key consideration in the development of measures for the next Regional Operational Programme. Whilst the NSS concentrates on spatial issues, the Government should also develop a clear economic strategy with inter-regional convergence targets, which will complement the NSS. The Assembly is concerned that the NSS is being represented as the entirety of regional policy in Ireland. We do not accept this and believe that a more comprehensive regionally-based approach should be adopted for all public investment programmes.

### **3.1 International Evidence on Regional Convergence and Policy**

The available research on regional economics suggests that regions do not necessarily converge in the absence of appropriate policies and that there may be persistence in regional inequalities. The overriding policy objective must be to maximise national growth with a focus on regional competitiveness. In order to link this to balanced regional growth, a policy which fosters productivity growth in the regions should be developed, in order to provide an environment in which internationally competitive industries can be embedded in the region. Therefore the policy priority for the next NDP should be to improve regional competitiveness and to address the worryingly low level of productivity within the current economic base in the BMW region. This is supported by the new research which underlines the importance of agglomeration economies and industry clustering for development. The physical proximity of firms in the same industry to each other leads to greater efficiency and makes it more attractive for similar firms to locate in the region. This can be promoted through policy supporting the growth of urban centres in the regions, and policies to support clustering. This can only happen if there is sufficient investment in key infrastructure.

### 3.2 Economic Rationale for Policy Proposals

This submission's proposals are based on an assessment of the BMW region and the proposals have the endorsement of the elected Assembly members and widespread support. This submission draws in particular on the report of the BMW Regional Foresight Exercise. The submission recognises the challenges the region faces but also highlights the many opportunities that can be exploited with the correct policy responses and commitment.

Key strengths of the region include high quality of life attributes and positive external image and the high number of school-leavers attending third-level education.

Key weaknesses include:

- ❑ A limited industrial base with gross value added across key sectors lower than the national average. (We discuss below this productivity deficit and the decline in the regions share of manufacturing);
- ❑ An economy which contains a number of vulnerable sectors;
- ❑ A weak urban structure and deficiencies in infrastructure;
- ❑ Poor graduate retention and consequent 'brain drain';
- ❑ Low levels of clustering of economic activity;

These need to be addressed in a determined manner if the region is to reach its potential. The Assembly proposes that the key economic objectives of the NDP must be to initiate measures to close the productivity gap between the BMW region and the rest of the country. This is a major challenge that will require action in terms of physical infrastructure, inward investment, research and development, clustering policy and education and skills. We believe these policy challenges can be addressed in the context of the next NDP.

### 3.3 Economic Case for Accelerated Investment in the BMW Region

In the table below we outline elements of the economic case for why the NDP should ensure a programme of accelerated investment in the BMW region. Addressing these issues will not only enhance balanced regional development but will also reduce the economic costs of congestion and facilitate national competitiveness.

#### **Economic Case for Accelerated Investment in BMW Region**

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- A. Worrying decline in share of internationally traded employment
  - B. Dramatic productivity deficit in key high tech sectors
  - C. Lower incomes
  - D. Underinvestment in last NDP
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## **4. General Proposals for NDP 2007-2013**

### **4.1 A Re-affirmation of Balanced Regional Development as an Objective of the new NDP**

The BMW Regional Assembly calls on the Government to include a clear commitment to regional balance in the new NDP by re-affirming balanced regional development as one of its core objectives. This should be defined in similar terms, as under the current NDP.

This is defined as: *“to achieve more balanced regional development in order to reduce disparities between and within the two regions and to develop the potential of both to contribute to the greatest possible extent to the continuing prosperity of the country.”*

### **4.2 An Earmarked Budget for the BMW Region**

The Regional Assembly believes that the commitment to achieve balance regional development requires a much higher per capita allocation to the BMW region within the overall NDP allocations. We believe this is essential given the failure to deliver this commitment in the current NDP and the urgent investment required if the region is to close the productivity and economic gap on the rest of the country. This submission sets out a basis for deciding on the regional investment profile. We favour an approach which allocates to the region on at least a comparable basis as was promised for the current NDP. This would mean that the BMW region receives 33% of the total NDP envelope. This should be the minimum provided and that a case for a much higher allocation could be made given the under spend under the current plan.

The Regional Assembly is aware of the many competing demands on the Exchequer and is conscious of the need to have sufficient projects that deliver a higher return. The Assembly is committed to only supporting projects which have a positive net economic benefit and accordingly we are setting a realistic minimum proposal and would be happy to discuss this further with the relevant Government Departments.

### **4.3 Investment Delivery**

We are aware that the current NDP investment for the country as a whole represented a significantly higher level of capital investment than was delivered previously. This led to initial problems and we believe that lessons from this need to be learned.

From a regional perspective the current NDP included a projected spend in the region without establishing in detail the projects in the region that would be supported or establishing regional budgets for each of the key agencies. We believe that this needs to be rectified for the next NDP. We propose that the Investment Programmes complementing the NDP should include budgets for each policy and agency on a regional basis. It should also contain an indicative list of projects with timelines in each of the regions for each agency. This would ensure that the commitment to invest on a

regional basis is matched by detailed plans that are in a position to spend the allocated funds.

The Assembly also proposes that new monitoring arrangements need to be put in place which obliges each of the spending agencies to prepare reports on actual and projected investment in each region for review by the NDP monitoring structures. Agency personnel should also be obliged to be accountable to the Regional Assemblies and allow members of the Assembly to assess actual delivery. Improving the capacity to re-allocate within and between programmes to reflect evolving circumstances should also be a feature of the next NDP.

## **5. Detailed Investment Priorities**

In this section of the submission we outline the key priorities for the region in each of the policy areas. This is based broadly on the detailed Foresight document prepared by the Assembly which lists the key priority initiatives which need to be implemented before the end of this decade. These initiatives are of immediate importance to the region. In addition, this submission extends this analysis to cover the longer period to 2013 covered by the next NDP.

The priority initiatives identified are those that:

- will make the greatest contribution to the achievement of the overall strategic vision for the region;
- are of significant scale for inclusion in a high-level strategic submission of this nature;
- will help to address the productivity gap between the BMW region and the rest of the country;
- are considered to be the most critical enabling actions.

The Department of Finance have asked that the NDP will be structured around three main Strategic Investment sectors:

- Economic and Social Infrastructure;
- Human Resources;
- Productive Sector Investment.

## 5.1 Economic and Social Infrastructure

The table below sets out the key priorities which are discussed in subsequent sections.

### Economic and Social Infrastructure Priorities

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Deliver on critical road infrastructure projects  
Provide universal broadband access  
Invest in critical public transport infrastructure  
Invest in international access to the BMW region  
Invest in Energy Infrastructure  
Environmental Infrastructure

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*Source: BMW Regional Assembly, 2005*

#### 5.1.1 Deliver on Critical Road Infrastructure Projects

Access to the region is one of the key determinants of its competitiveness and inadequate access has been one of the major barriers affecting the region. This is reflected in an inability to attract sufficient high-added value projects. Key priorities include:

- delivery of the infrastructure investment commitments in the current NDP 2000-2006;
- delivery of key road infrastructure roads including key national primary and secondary routes that link urban centres and designated gateways and hubs as set out in the NSS ;
- delivery of strategic cross-radial corridors including linking points between the BMW and S&E Regions in a north-south direction.

Overall, we welcome a number of elements of Transport 21, in particular:

- The commitment to upgrade key national primary and secondary routes;
- The commitment to develop the Atlantic Road Corridor.

We wish to highlight again today some concerns that we have with Transport 21, for example:

- The absence of a clear work programme and timescale for the upgrading of outstanding sections of national primary and secondary routes from 2010 onwards;
- The absence of a timescale for completion of the Atlantic Road Corridor; and
- The need to strengthen the role of the National Spatial Strategy as the framework within which to plan transport investment programmes.

### **5.1.2 Provide Universal Broadband Access**

Ireland's broadband penetration is low, as reflected in a recent report on Ireland's broadband performance by Forfás. This shows Ireland's generally poor performance, but in particular highlights the low level of coverage in rural areas. The universal availability of high-speed always-on Internet access is crucial for the economic development of the BMW Region, from innovation, competitiveness, knowledge/learning and quality of life perspectives. Broadband enables businesses, communities, service providers and individuals to take full advantage of on-line services.

Universal broadband access must be provided throughout the BMW Region within the next 3 years, utilising innovative approaches, where necessary. Wireless technologies, for example, should be deployed in more remote areas, through initiatives such as the Group Broadband Scheme. We recognise the need for commercial companies to secure a return on investment and believe policy may involve a regulatory as well as a capital investment solution. Action in this area is urgently required and the Assembly believes that it is a priority for the next NDP.

### **5.1.3 Invest in Public Transport Infrastructure**

Public transport in the BMW Region is under developed. The Assembly believes that with investment public transport has an appropriate role to play in facilitating intra and inter regional access. This includes both rail and bus services.

It is proposed that investment should include:

- ❑ the introduction of commuter Services in the principal gateway towns;
- ❑ upgrading the current inter-city routes;
- ❑ re-opening the Western Rail Corridor and the Mullingar-Athlone rail link as immediate priorities;
- ❑ improvement and expansion of the national bus network, the introduction of integrated ticketing, and improved pricing and timing structures would improve existing services and act as an incentive to commuters.
- ❑ continued support for the rural transport initiative which is central to tackling the issue of rural isolation particularly among older people. Consider expansion of the initiative.

### **5.1.4 Invest in International Access to the BMW Region**

There is also a strong case for further investment in Knock and Galway airports. This would recognise their strategic role as gateways for business and tourism.

Knock Airport is experiencing strong growth. In the first six months of 2005, the number of passengers using Knock Airport has increased by 56% from 158,493 in 2004 to 247,115. It is now expected that Knock Airport's 2005 target of half a million passengers will be exceeded in 2006. This growth is making a major contribution to the development of

Tourism in the region. To meet future plans the airport infrastructure needs to be enhanced. This would include investment in runway safety and landing systems, fire handling capabilities, aircraft ramp and apron facilities, air traffic control systems, baggage handling, security and car parking amenities. It is estimated that capital investment of over €20 is required. Similar issues arise for Galway where additional investment is required to accommodate projected growth.

### **5.1.5 Invest in Energy Infrastructure**

The Assembly is pleased that some of the energy deficits in the Region (electricity) are currently being addressed and that more emphasis is being placed on community-owned renewable energy projects (e.g. wind farms). Given the current situation with regard to oil prices, concerns over global energy supplies and the environmental consequences of current and future energy usage patterns, The Assembly believes that there is an urgent need to invest in the BMW region's energy infrastructure. This is essential if the region is to achieve its potential. Key priorities include:

- Expansion of electricity supply/transmission capacity to the regions. Existing industry needs robust, reliable energy supply, and infrastructure which is capable of meeting any increase in their needs. In addition there needs to be sufficient energy supply capacity available in order to attract new industries and services to regional locations.
- Expansion of the gas network in the regions to enable connections to additional towns in the region, following the anticipated relaxation of some of the economic test criteria applied to new town connections by the CER
- Improvement of the support structures to encourage the expansion of renewable energy generation, including specific supports for widespread small-scale renewable generation.

The BMW region can be a significant energy producer from wind, tidal and biomass sources. There are significant benefits to the region and to the national economy from developing an all-Ireland energy distribution network. Accordingly, the Assembly support the integration of the two networks through appropriate cross-border investments.

### **5.1.6 Environmental Infrastructure**

The BMW region also requires continued investment to complete the upgrading of public water and waste water infrastructure and complete the rural water investment programme. Continued investment is also required in waste management infrastructure in the region. Allied to these should be source protection measures for rural water supplies and introduction of village sewerage schemes, following completion of the current pilots.

## 5.2 Human Resource Priorities

The research presented in this submission highlights the need to upgrade human resources in the region. Key priorities are included in the table below.

### Human Resource Priorities

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Raise the research and innovation capacity of the Institutes of Technology

Invest to raise the region's skills and knowledge capacity

Continue to address local development needs

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*Source: BMW Assembly*

#### 5.2.1 Raise the Research and Innovation Capacity of the Institutes of Technology

Experience in Ireland and internationally suggest that high-added value clusters tend to locate around third level institutes that have high quality research and produce high calibre graduates. The BMW region is at a clear disadvantage given that the sole University is in Galway. While Galway City and its hinterland have been successful at attracting this type of activity other clusters in the region tend to be relatively weak.

A key challenge for the region is to develop its Institutes of Technology as applied research and innovation centres, improve the quality of its graduates and to develop clusters of activity around each of the ITs which are located in each of the region's Gateways. The data show that ITs are relatively unsuccessful at accessing primary research funding, to date. To assist the ITs we believe that there is a strong case for the development of ring fenced research funding for ITs. This would assist the ITs generally and specifically within the BMW region. There is also a more general point about the type of research that is being funded by the Exchequer.

The Assembly would argue that there should be a greater focus on applied research, knowledge transfer and commercialisation. These could include greater company involvement and links with sectors in each Institute's area of specialisation. The Assembly proposes that the next NDP should prioritise this type of research to a more significant extent. Mechanisms should be introduced to allocate higher scoring points to collaborative research bids that include Institutes of Technology in the BMW Region. This would encourage more active collaboration without necessarily lowering research standards.

We also believe that improved links between the ITs and the Universities can help to improve the overall quality of the ITs. The recent link between NUI Galway and St. Angela's is an example of this and this is a more sustainable policy than advocating a new university.

In summary, key priorities include:

- Ongoing investments in NUI, Galway;
- develop the Institutes of Technology as research centres, improve the quality of its graduates and develop clusters of activity around each of the ITs;
- establish ring fenced research funding for ITs;
- provide greater funding for applied research, knowledge transfer and commercialisation;
- improve links between the ITs and the Universities;
- invest in industrial liaison, technology transfer and business incubation facilities; and
- invest in the region's research and technology transfer infrastructures.

### **5.2.2 Invest to Raise the Region's Skills and Knowledge Capacity**

This priority is reflected in a number of recent initiatives in the region<sup>1</sup>. First, the BMW Regional Assembly carried out an Audit of Innovation in the region in 2003. This recommended *inter alia* increasing the number of high-tech companies in the Region, up-skilling and human resource development, increasing the number of companies undertaking R&D, strengthening the research and innovation capacity of the third level education sector, and building regional clusters and networks.

Second, the Regional Assembly, in conjunction with a range of key players, undertook the Regional Foresight Exercise in 2004. The overall vision for the Region in 2025, arising from this exercise, highlighted the need for an innovative and knowledge-based economy.

Finally, the Lónra Higher Education Network has been established in the Region, comprising all of the third-level education institutions within the Region: the five Institutes of Technology (at Galway, Sligo, Letterkenny, Athlone and Dundalk), the National University of Ireland, Galway, and St. Angela's College in Sligo.

### **5.2.3 Address Local Development and Social Inclusion Needs**

There is a continued need to put in place locally-based initiatives to address specific social inclusion issues targeted at low income groups. Given the diversity of target groups we believe that many of the existing initiatives (e.g., CLAR and RAPID) and organisations should continue to operate, but within a co-ordinated approach with a clear role for the County Development Boards. Support measures to tackle urban and rural disadvantage, and early school leaving should be retained.

There is also a continued need for investment in sports and recreational facilities, youth services, arts and cultural facilities at community level.

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**1** <sup>1</sup> This Section draws on Lónra Submission (March 2006) —The BMW Higher Education Network: its Contribution to Regional Enterprise, Innovation and Development

The importance of social infrastructure is also stressed – education, health and social housing in order to provide essential services, promote inclusion and achieve a higher quality of life for all people in the region.

Key priorities in this include:

- ❑ support the development of the ‘One Step-up’ initiative, as recommended by the Enterprise Strategy Group;
- ❑ review measures to increase the retention of graduates and attract graduates back to the region;
- ❑ support measures to tackle early school leaving;
- ❑ review of Human Resource interventions in the regions to ensure that value for money and effectiveness are being maximized;
- ❑ develop access programmes for lower income groups;
- ❑ increase the range and accessibility of course provision (e.g., through e-learning and outreach centres);
- ❑ invest in childcare facilities and services.

### 5.3 Productive Investment Priorities

The table below sets out some initiatives in the area of productive investment.

#### Productive Investment Priorities

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Targeted Enterprise Support Programmes

Develop clusters of High Value-added Activity

Invest in flagship tourism projects

Support competitive agriculture and sustainable rural development

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*Source: BMW Regional Foresight Report, 2005*

#### 5.3.1 Targeted Enterprise Support Programmes

These measures would include continuation of enterprise support programmes (grant schemes, tax incentives and loan/venture capital supports) aimed at:

- (1) improving entrepreneurship (especially CEBs and EI);
- (2) support expansion and growth of Companies;
- (3) incentives to support adoption of new technologies;
- (4) internationalisation and market development; and
- (5) High Potential Start-Ups

These initiatives could help in providing support to enterprises in the region. There is a need to address the bureaucracy involved in accessing these funds and a greater role for local authorities in this area.

### 5.3.2 Develop Clusters of High Value-added Activity

It is essential that clusters of excellence are developed that have the capacity to attract and create intermediate and subsidiary industries. This would include 3rd level research and developing linkages in sectors where the region has potential such as:

- ❑ biopharma;
- ❑ ICT;
- ❑ international services;
- ❑ other areas where the research centres have capacity.

There is also a case for integrated business supports through 'cluster hubs' and other means.

It is essential that action is taken to incentivise a much higher share of high tech, high productivity sectors for the BMW region. This will only happen if correct supports for infrastructure and human resources are provided as well as prioritisation for productive investments.

Key priorities include:

- ❑ Develop a cluster policy for the BMW Region;
- ❑ Provide supports for network activities - RTDI Networks, Business to Business and Business to Institutes networks as well as North-South partnerships and networks;
- ❑ Support regional strengths in the life sciences, ICT and international services;
- ❑ Build on the strengths of the ITs;
- ❑ Maintain the target of a minimum of 50 % Greenfield job creation from Foreign Direct Investment in the BMW region and higher in certain sectors;
- ❑ Encourage the provision of a portfolio of advanced units and serviced sites with enabling infrastructure;
- ❑ Exploit new commercial opportunities in the agri-food, forestry and fisheries sectors, particularly in higher value added products and aquaculture, which is developing as a high added-value SEctor in the BMW region;
- ❑ Promote the production of energy through renewable sources;
- ❑ Support alternative land use strategies, (e.g. biomass (grown fuel), organic production, forestry and agri-based tourism).

### 5.3.3 Invest in Flagship Tourism Projects in the Region

It is essential that investment in major tourist attractions and clusters of attractions takes place as this has the capacity to significantly increase the number of visitors to the region. We propose that flagship projects in a number of areas in the region are required including: North Donegal, North-West (i.e. Sligo-Leitrim and South Donegal), Midlands and Cavan Monaghan. We would support in principle the proposed investment in the Ulster canal – a strategic cross-border project, subject to a cost-benefit analysis. In other

areas there is a need for the regional tourism organisations to be pro-active in terms of product development and in terms of Exchequer support for an improved targeting of tourism supports.

The Regional Assembly believes that there should be a significant investment in both tourism angling infrastructure and marine tourism facilities. Both of these were included as exchequer-funded schemes under the current NDP, but limited resources were made available for them. This has contributed to the widening gap in regional visitor numbers. The NDP should be co-ordinated with the European Agriculture Fund for Rural Development (EAFRD) to ensure that outdoor pursuits such as walking, cycling and equestrian facilities are properly developed.

There is also a need to ensure better co-ordination between environmental and tourism policy. Sustaining the environment of the region is essential to ensure the attractiveness of the Tourism product. Similar points can be made in respect of the region's heritage and its importance from a Tourism perspective.

We also believe that Tourism in the region could benefit from enhanced marketing. The West Regional Authority had a successful marketing campaign in 2005 and we believe that a similar focus on marketing should be supported for the BMW region as a whole.

Key priorities include:

- ❑ Support flagship tourism projects in a number of areas in the region
- ❑ Develop world class outdoor activity products e.g., walking, cycling, golf, equestrian and water sports and cultural products
- ❑ Support the proposed investment in the Ulster Canal project subject to a cost-benefit analysis.
- ❑ Support enhanced marketing effort.

#### **5.3.4 Support competitive agriculture and sustainable rural development**

The region is also exposed to adverse trends in the agriculture sector. In its 2004 report, the Agri Vision 2015 Committee examined prospects for agriculture in the coming decade. Given the fall in farm incomes due to recent reform of the Common Agriculture Policy, as well as the increasingly competitive international environment, the report predicts a significant fall in the number of farms in Ireland between now and 2015. It states that the majority of this fall will be in small farms as these become less viable. Consolidation in the agricultural sector will have a significant impact on the BMW economy, more so than the SE region, given the importance of agriculture and the food-processing industries in the region and the small size of farms.

Long term sustainability will depend on the ability of producers to provide products that consumers wish to buy, while achieving high environmental standards. Supports should be aimed at alternative land use strategies, (e.g. biomass (grown fuel), organic production, niche foods, forestry and agri-based tourism as well as improved efficiency at processing level and expanding market access. Farm-based supports to meet

environmental requirements should continue. Continuation of the LEADER approach to stimulate diversification of the rural economy and community-based activity should also be supported. The NSS (2002:51) recognises that the traditional rural-based sectors of agriculture, forestry and fishing will continue to play key roles as a base for strong and diversified rural economies.

## **6. Regional Operational Programme 2007-2013**

The Regional Assemblies have been mandated by Government to prepare the next Regional Operational Programmes 2007-2013.

Work is well underway in defining appropriate measures in accordance with the EU priorities identified under the Regional Competitiveness and Employment Strand which limits the areas which can be supported to four Priorities and specific areas within the these Priorities. These are set out below;

### **1. Innovation & the Knowledge Economy**

- Enhancing regional R&TD and innovation linked to economic development objectives
- Stimulating innovation in SMEs & supporting business networks/clusters
- Promoting entrepreneurship
- Creating new financial instruments & incubation facilities

### **2. Environment and Risk Prevention**

- Promoting biodiversity, diversification of rural areas
- Rehabilitation of contaminated and brownfield sites
- Stimulating energy efficiency & renewable energy
- Promoting clean urban public transport
- Natural and technological risk prevention
- Promotion/enhancement of natural heritage

### **3) Access to transport & telecommunication services of general economic interest**

- Strengthening secondary transport networks by improving links to railway hubs, airports and ports
- Promoting access to & efficient use of ICTs by SMEs

### **4) Sustainable Urban Development**

Given that the Structural Funds available will be considerably reduced it is possible that only a limited number of these options will be incorporated into the Programmes.

We expect to have completed the development of the programme for consideration by Government in the autumn of this year.

## 7. Conclusions

The scale of the challenge facing the BMW region has been underestimated and action is needed to address the significant productivity/value added gap facing the region and to reverse the decline in the region's share of manufacturing and internationally traded sectors. The BMW region has, however, very significant potential strengths which will be realised if the correct decisions are made in the NDP.

- The next NDP should include a clearly defined commitment to the goal of balanced regional development. The NDP should clearly state that reducing regional disparities is intrinsic to the realisation of the national goals of competitiveness, social cohesion, sustainability and improved quality of life.
- Mechanisms must be put in place to ensure more effective delivery of Regional Policy
- NDP funding should be subject to a ring-fencing clause for the BMW Region. This would help to ensure that essential infrastructure projects in the Region could proceed
- Use the NSS as the spatial framework for all future national and regional programmes and prioritise all future productive infrastructure investments in line with the objectives of the NSS.
- The setting of regional targets in national strategies, which will help to ensure a greater regional spread and will be sensitive to the needs of different regions e.g. the IDA's target of 50% of job creation in the BMW Region
- Enhance infrastructure provision in the regions including transport access (roads, air, rail, buses), energy supply and telecommunications.
- Improve interaction between educational and research institutions and enterprise as a means of stimulating higher value added economic activities

The B.M.W. Regional Assembly would like to thank the Taoiseach for taking the time to read this submission and to agreeing to meet with representatives from the Regional Assembly and looks forward to discussing these matters with him in further detail and to working with the Government in trying to achieve more spatially balanced regional development in Ireland and the formulation and implementation of more effective regional policy.

## **List of Sources**

**B.M.W. Regional Assembly** (2004), *Audit of Innovation of the BMW Region*

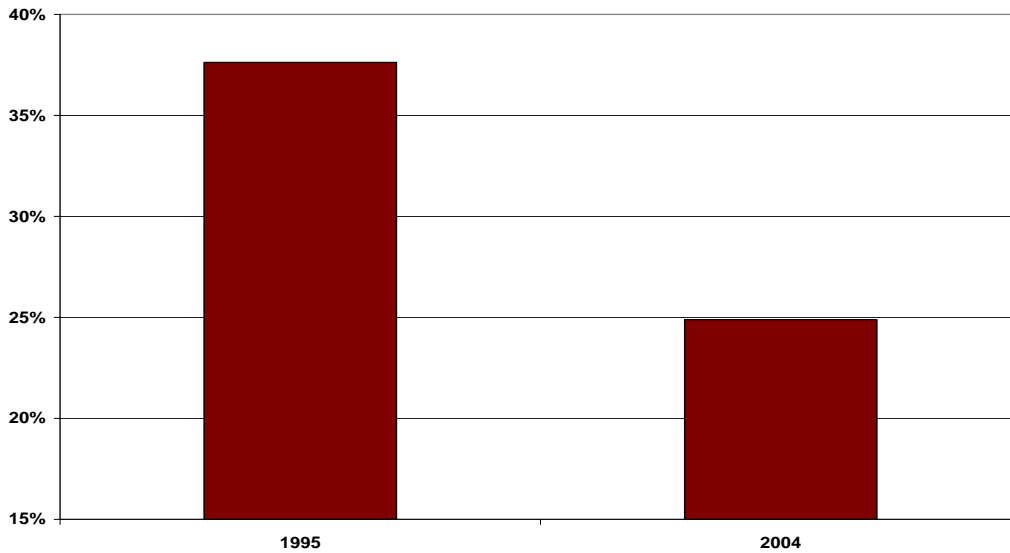
**B.M.W. Regional Assembly** (2005) *New Opportunities, New Challenges: Report of the BMW Regional Foresight Exercise*

**CSO** (2005) *County Incomes and Regional GDP*

**Department of Finance** (2005) *NDP/CSF Progress Report to June 2005*

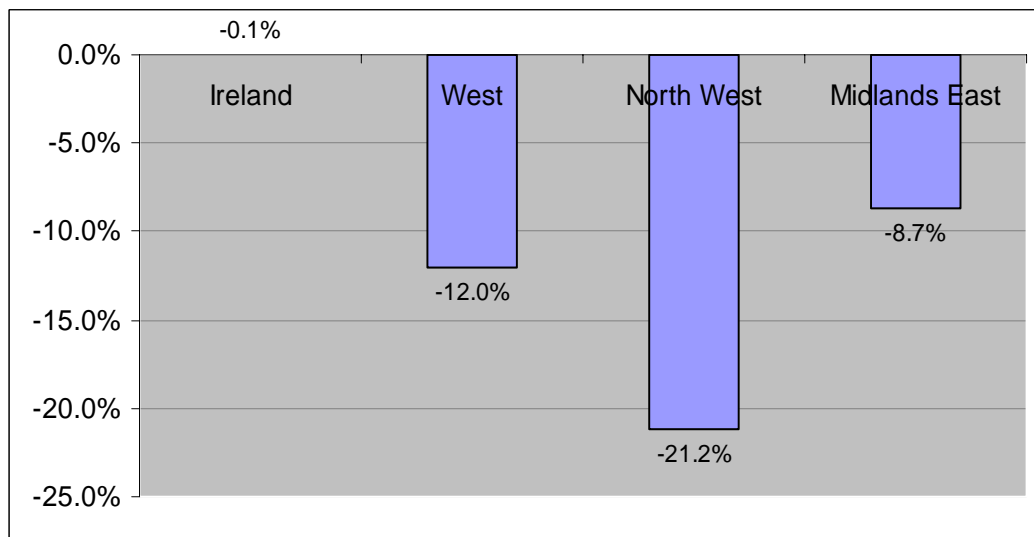
**Department of Transport** (2005) *Transport 21*

### Appendix 1: BMW Share of Employment in Foreign-Owned Firms as a % of S&E Share



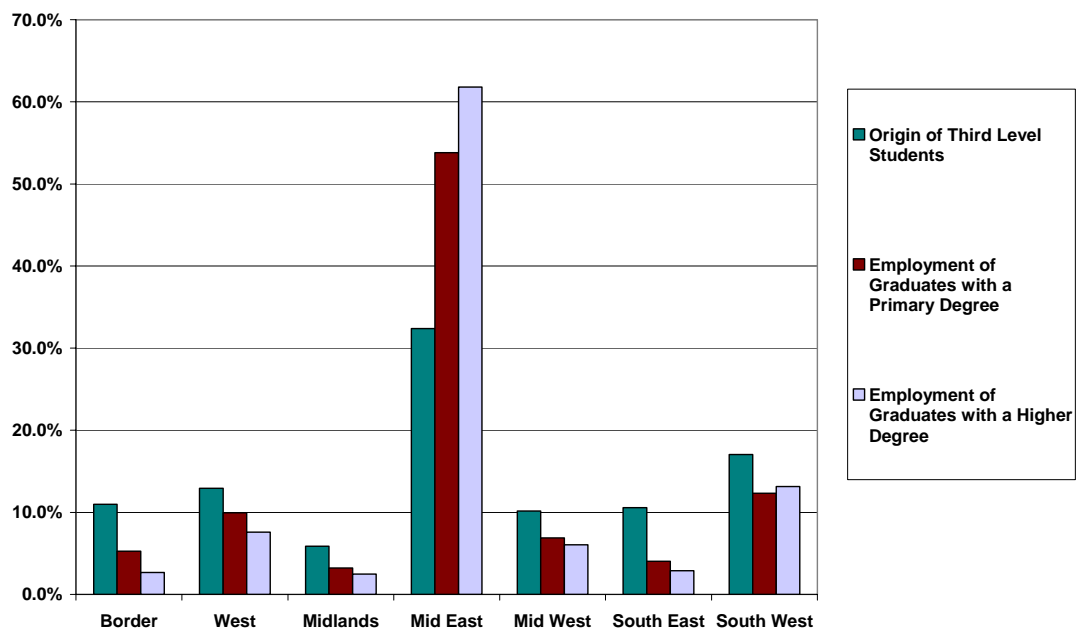
Source: Forfás

### Appendix 2: Percentage Change in Overseas Visitor Numbers in BMW Region, 2000-2003



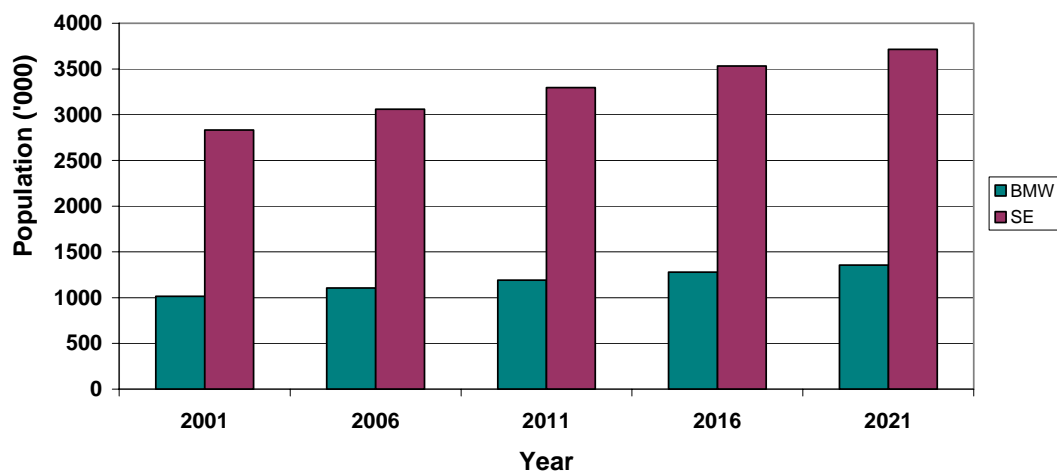
Source: Fáilte Ireland

### Appendix 3: Retention of Graduates in the BMW Region



Source: HEA and Department of Education and Science

### Appendix 4: Forecasted Populations - BMW & SE Regions - 2001-2021



Source: CSO

Note: Figures used are calculated under the 'M1F2 Medium' methodology.

