



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

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

**Developing More Effective Regional  
Policy**

**November 2004**

## 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 regional policy and suggest ways in which a more effective regional policy can be developed.

Since the last meeting in 2003, the economic performance of the Region has improved slightly, with a small increase in the number of people at work, some growth in population and the most recent GVA figures (2001) show a slight increase and a marginal convergence with the S&E 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. Despite some of these positive indicators, there **are still a number of major regional imbalances between the two Irish Regions** and the Assembly feels that the National Development Plan (NDP) has yet to redress this imbalance and to remedy the major deficits still evident in the B.M.W. Region.

Many of the infrastructural deficits were outlined in the submission the Assembly made last year and it would appear that many of these have not yet been addressed. Some of the outstanding issues are as follows:

- We acknowledge the level of expenditure on roads nationally. However, we note the slow rate of progress on the **upgrading of many of the national primary and secondary routes** throughout the Region (e.g. N5, Kinnegad- Galway Motorway, N2, N3, N17, N60, N62 and N52). National Secondary routes are of particular importance to the BMW Region and greater investment is needed in this area.
- The need to **improve the rail service** (the re-opening of the Western Rail Corridor, the provision of commuter rail services to the major towns and the upgrading of rolling stock and services on the Sligo, Westport and Ballina lines)
- The **electricity deficits**, particularly in Counties Mayo and Donegal
- The Assembly welcomes the opening of the **Corrib gas field**, but is concerned that most of the towns in the Region will not benefit from the gas network
- While some progress has been made in the **roll-out of broadband**, we are still a long way from having universal broadband availability. In this regard, the uptake of the Group Broadband Scheme aimed at providing broadband to smaller towns and villages has been disappointing to date. There is also a need for the provision of cross-border Broadband linkages
- **Airport facilities** are of growing importance for attracting inward investment and for tourism. The changing nature of holidays makes direct access by air into the region even more critical. Increased investment is needed in this area and cross-border linkages in airport investment should also be given priority.

Many of these infrastructural deficits continue to pose a major barrier to inward investment, enterprise development and overall quality of life in the Region.

Whilst the number of people in employment has increased somewhat in the Region (due to an increase in the number of people available for work), the overall rate of unemployment at 5.6% is higher than the national average and there are a number of **unemployment black spots** in the Region, which require sustained intervention. These include Co. Donegal, many areas along the Border and Ballinasloe in Co. Galway, in particular

## **2. Recent Developments in the Border, Midland & Western Region**

### ***2.1 Current Expenditure in the Region***

The NDP is currently in its fifth year and spending at the Mid-Term stage showed some stark regional disparities in areas such as national roads, public transport and RTDI. Expenditure under the B.M.W. Regional Operational Programme (O.P.) has been relatively slow to date, with the most recent figures indicating that 54% of the target expenditure has been spent up to the period from January 2000 to June 2004. Spending has been particularly slow in the Agriculture and Rural Development priority, reaching only 26% of the target for that period. Progress in some of the Local Enterprise Development sub-measures has been equally disappointing, particularly in the tourism sub-measures.

The Assembly is concerned about the **complete lack of expenditure in a number of areas**, which include the Recreational Angling and Marine Tourism measures. These measures are of particular significance to the Region, which relies heavily on rural and marine tourism.

The failure to commit any resources to the Regional Sports Centres is also of major concern to the Assembly. The original reasons for the lack of expenditure related to the completion of the NSS, which has now been published almost two years and its implementation should be more advanced.

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 the table below:

**Figure 1. Cumulative Expenditure Jan 00–June 04 as % of forecast to end 2004**

	<b>NATIONAL</b>	<b>B.M.W.</b>	<b>S&amp;E</b>
<b>Productive Sector O.P.</b>	62%	39%	61%
<i>RTDI Priority</i>	41%	19%	55%
<i>Industry Priority</i>	42%	31%	51%
<b>Economic &amp; Social Infrastructure O.P.</b>	91%	75%	96%
<i>National Roads</i>	96%	54%	121%
<i>Public Transport</i>	91%	49%	99%

Overall, the Assembly is disappointed with the spending under some of the key measures of the NDP and requests this Government to review them and to expedite their full implementation wherever possible. In this regard, the Assembly would welcome an opportunity to initiate contact with the senior Officials group that supports the Cabinet sub-committee on infrastructure.

## **2.2 Completion of the Audit of Innovation**

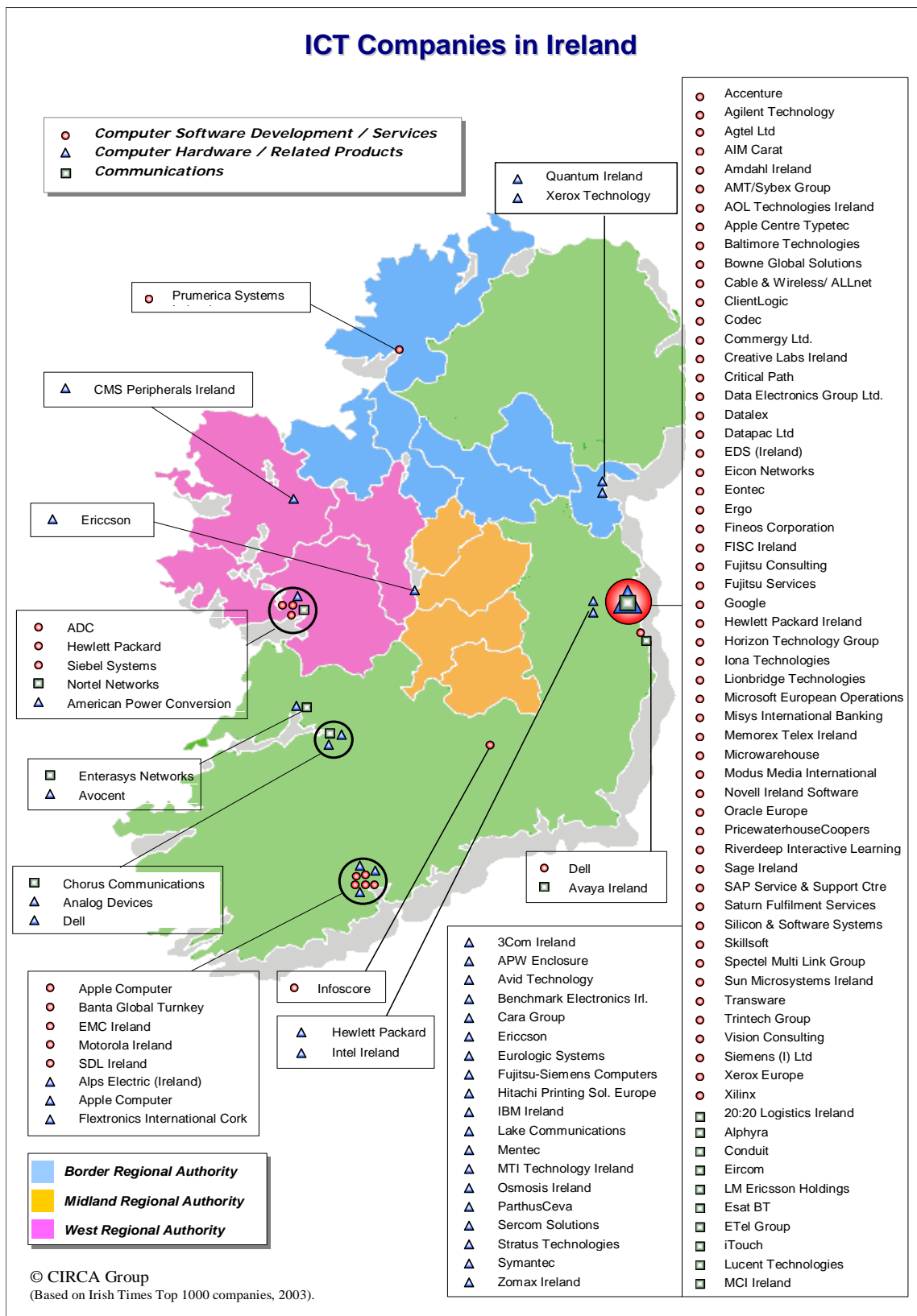
The BMW Regional Assembly recently commissioned an Audit of Innovation in the BMW Region in which it asked consultants to conduct an audit of the current state of innovation in the Region and to recommend a number of pilot actions to address some of the deficits. The report has just been completed and it found that on a number of indicators, innovation in the region is relatively low and suggests a number of building blocks, which should be developed for the region, including venture capital, cluster development, entrepreneurship and SME Support Systems, third level commitment to economic development and human resource development. Many of these are re-enforced by the Report of the Enterprise Strategy Group launched in July of this year. The Audit concluded that the main features of the current state of innovation in the Region are:

### *Key Features of Innovation in the BMW Region*

- There are a disproportionately **low number of new company start-ups** in the Region
- Overall **company performance and growth is low** and a large proportion of Companies do not undertake any R&D activities
- **Poor graduate retention** and low levels of graduate employment (brain drain)
- The ICT and pharmachem sectors are relatively weak
- Dependence **on low value-added economic activities** with a low proportion of high-tech firms
- There are a number of **weaknesses in innovation**, including low levels of R&D, lack of venture capital, a weak entrepreneurial culture
- Levels of **research funding** in the BMW Region are relatively low
- Weak **third-level/industrial linkages**
- Concern over **potential loss of preferential aids rates** for the Region
- A **Weak infrastructural base** is weakening the ability of the Region to innovate and to attract high value Companies to locate in the region

The map on the next page shows the geographical spread of ICT companies in Ireland, an example of the poor regional spread of some sectors.

**Figure 2. Geographic Spread of ICT Companies in Ireland**



The audit recommended the development of nine key features and four pilot actions, which the Regional Assembly is interested in pursuing in conjunction with other national and regional bodies

***Action 1 - To undertake a Regional Foresight study***

This action was the first to be implemented and the Regional Foresight Study is drawing to a close. It is discussed in more detail in the next section.

***Action 2 - To develop more clusters and networks***

The Report identified the lack of real clusters and networks, despite some obvious potential. It suggested piloting a number of networks and one internationally recognised cluster in the Region. A real cluster would consist of active participation in shared activities and the adoption of common approaches, rather than just being located in physical proximity. The Enterprise Strategy Group Report *Ahead of the Curve* also emphasises the creation of clusters and networks.

***Action 3 - To improve SME innovative capacity and Third Level linkages***

The Report found that two key factors in a firm's innovativeness are their technological and absorptive capacity, both of which are relatively weak in the Region. It suggests a number of pilot schemes, which would help to improve these two features, in conjunction with third level institutes in the Region. These include a Teaching Company Scheme (third level institutes assist companies by providing graduates to assist with specific projects), Graduate Placement schemes and R&D vouchers (allow a company to use a 3<sup>rd</sup> level institute for a few days for product or process development).

***Action 4 - To improve the level of appropriate research in the Institutes of Technology***

There is only one university in the Region, but five Institutes of Technology, whose research capacity is currently limited. This issue has partly been addressed through the recent Enterprise Ireland *Research Enhancement Scheme*. The Report suggests increasing the level of basic and applied research and the provision of research and other services for industry and structural reform within the Institutes of Technology.

The B.M.W. Regional Assembly is currently examining how these recommendations and pilot actions can be most effectively implemented and would welcome support from this Government in implementing them.

### ***2.3 Regional Foresight***

The term 'Regional Foresight' is used to describe an approach to regional planning that is long-term in its outlook (20 years) and uses expert panels and scenarios to identify future challenges and opportunities. It is a tool that has been implemented in many regions in Europe and is strongly endorsed by the European Commission. Arising from the Audit of Innovation, the B.M.W. Regional Assembly decided to conduct a Regional Foresight exercise in order to develop investment priorities for the BMW Region, based on long-term challenges and opportunities, expert input and inter-organisational collaboration that will position the Region for the long-term.

The potential benefits of the exercise were defined at the outset as follows:

***Benefits of BMW Regional Foresight***

1. Long term scoping of both challenges and opportunities
2. Agreement on long-term investment priorities to aid present day decisions
3. Articulate a long-term strategic vision for the region
4. Buy-in and ownership and shared understanding of priorities by key players
5. Build on the Strategies of County Development Boards; Regional Socio-Economic Strategies (Regional Authorities); National Spatial Strategy; National Technology Foresight and the outcomes of the Audit of Innovation
6. Set the background for regional investment programmes in the region (national and EU) post 2006
7. Stimulate innovation and investment and promote regional competitiveness
8. Leadership on regional issues emerging from within the region
9. Sets direction, following a targeted analysis of region-specific issues
10. Enhances capabilities of all participants to engage in further foresight-type processes and increase capacity for change
11. Promote a stronger regional identity for the BMW region

The Foresight process in the BMW Region commenced in February 2004, with funding provided through the Innovative Actions Programme. Four panels were established, to look at the themes of Competitiveness, Innovation, Quality of life and Knowledge. The Panels explored these themes in great detail and came up with strategic proposals as to how the Region could develop over the next twenty years. Some of the principle ideas can be summarised as follows:

### *Some Key Findings of the B.M.W. Regional Foresight*

- Put **3rd level institutions at the heart of the Region** (particularly Institutes of Technology) - to lead investment in knowledge, competitiveness, innovation and quality of life
- **Infrastructure investment**
  - Equality of access
  - Build on the National Spatial Strategy
  - Integrated & wide in scope
- Invest in **clusters, networks and concentration of resources** to improve critical mass & impact of investment
- The **creation of an innovation and entrepreneurial culture** through education; institutions; businesses; communities
- **Strengthen regional leadership** to achieve visionary leaders and a regionally focused implementation of investment.

The final report shall be completed in early 2005 and the BMW Regional Assembly looks forward to presenting it as an input into programme planning for post 2006 EU and national investment programmes. Key regional actors and institutions were engaged in the process, including Government Departments and Agencies. The Assembly considers that the outcomes of this process can and will make a valuable contribution to the post 2006 planning process. It is a unique process and has offered the BMW Region an opportunity to assess its strategic position going forward and to identify and build on its strengths and investment priorities.

### **3. A More Effective Regional Policy**

Whilst the current NDP provides one potential regional policy instrument, there are many other ways in which regional imbalances can be addressed and there is a need for a more coherent regional policy across a range of Departments. Whilst the future of Objective One status and high rates of EU aid are in jeopardy, addressing regional issues should still remain an important priority for this Government. The National Spatial Strategy could be seen as one of the cornerstones for regional policy and its effective implementation is key to achieving a more spatially balanced spread of growth. This section addresses the various **ways in which regional policy can be strengthened**, starting with the NSS, the cornerstone of spatial development and other ways in which regional differentiation can be built into various programmes and strategies.

### 3.1 *Implementation of the NSS*

The Assembly addressed the issue of the effective implementation of the NSS during the last meeting with An Taoiseach, in which we called for a “**commitment at all levels of Government to implement it fully and to integrate it into all national, regional and local planning**”. The Regional Planning Guidelines (RPGs) will hopefully play a major role in its implementation and we welcome their publication, but it would appear that it has not become the cornerstone for all spatial and regional planning. The Assembly is also concerned that there is a mismatch between the prioritisation in the RPGs and Government budgetary allocations, many of which are indifferent to spatial issues, and we believe that this will hamper the implementation of the NSS. The Assembly therefore 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.

### 3.2 *Regional Differentiation in Government Policy*

The Regional Assembly is concerned about the **lack of regional differentiation** or clear regional policy across a range of Government schemes and strategies. This has become evident in a number of recent reports and strategies, which set no clear regional targets or in some cases are completely spatially void. The Regional Assembly has made numerous submissions to national strategies, arguing for stronger regional and spatially driven policies. In many cases, these points do not appear to have been taken on board and the strategies emerge with a one size fits all, spatially blind national outlook, which does not necessarily suit the differing needs of rural and urban communities. The Regional Assembly has made submissions to a number of national strategy consultation processes, in which it called for greater regional differentiation. Examples include the following:

- 1) The Enterprise Strategy report *Ahead of the Curve*, provides a comprehensive outline of Ireland’s enterprise current and future enterprise strategy, but does not contain any regional targets or even acknowledge regional differences and the need for regionally differentiated policies.
- 2) The Tourism Policy Review Group report also provides a relatively spatially blind tourism strategy, which does not take full cognizance of the need to achieve a regionally balanced tourism strategy.
- 3) The National Competitiveness Council’s Annual Report stipulates 143 competitiveness indicators, none of which are regional. Similarly the CSO’s document *Measuring Ireland’s Progress* provides for 120 national indicators, without regional differentiation. As one of the core objectives of the current NDP, we consider that the achievement of regional balance and regional competitiveness should feature in the measurement of Ireland’s progress.

The Assembly is disappointed at this **lack of commitment to regional balance** across a range of Government strategies and reports and **calls for the Government to adopt regionally differentiated policies and to ask all public agencies to integrate regional issues into their planning and policy processes.**

### ***3.3 Regional Ring-fencing of Multi-annual Capital Envelopes***

A particular issue in relation to furthering balanced regional development is that of the multi-annual capital envelopes, that are currently under negotiation with the Department of Finance. Whilst the various divisions and departments are negotiating separate envelopes, it is important that such funding should **be subject to a ring-fencing clause for the B.M.W. Region.** This would help to ensure that essential infrastructure projects in the Region could proceed and that the regional split envisaged in the NDP could be retained (currently not the case). The regional prioritisation of projects could be administered on the basis of NUTS II and NUTS III regions.

### ***3.4 A More Effective Regional Policy - Conclusion***

The Assembly suggests that more comprehensive and effective regional policy can be developed through the following means:

- Effective implementation and monitoring of the **National Spatial Strategy** and using it as a benchmark for investment programmes
- **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
- **Regional ring-fencing** of resources both from EU and Exchequer sources
- **Building regional impact monitoring into national strategies and programmes**

Overall, the B.M.W. Regional Assembly requests a greater input into investment priority processes and proposals affecting the region.

## **4. Investment Priorities post 2006**

The recently adopted *Third Report on Economic and Social Cohesion* acknowledges the growth of regional disparities that will take place in the enlarged European Union. It establishes the reduction of these disparities as the main goal of cohesion policy. It also highlights the importance of fostering economic development in the regions in order to enhance the competitiveness of the European Union as a whole. It sets the framework for Cohesion policy post 2006 and proposes a number of measures to simplify the administration of the Structural Funds. Much discussion to date both before and after the publication of the report, has focused on how to reduce regional disparities in regions in EU15, which will no longer qualify as "lagging" regions due to the enlargement of the

Union and will therefore not be entitled to any funding under the *Convergence Strand* (Objective One).

The B.M.W. Region has advanced economically in comparison to the rest of the EU15 and hence belongs to the group of 12 regions in the *natural effect* category. The natural effect regions (including the B.M.W. Region) recently signed a declaration in which they called for the natural effect regions to be included in the Convergence (Objective One) priority, arguing that convergence in these regions is far from complete. Such regions, including the B.M.W. Region still face many structural, infrastructural and geographical handicaps, which will not disappear with EU enlargement.

#### *Summary of Natural Effects Regions Declaration*

- A call for the measures for the natural effect regions to be **included within the Convergence priority** with transitional support for phasing out
- A demand for the natural effect regions a **gradual transition from article 87.3.a) to article 87.3.c)** provisions during the 2007-2013 period i.e. from preferential to less preferential State Aids Regime
- The natural effect regions demand that the European Commission, the European Parliament and the Council, as well as national governments, **take the declaration into account during the forthcoming negotiations on the new Structural Funds regulations**
- The natural effect regions demand that they **be party to the continuing dialogue on cohesion and state aids policies**

With the current National Development Plan and the Community Support Framework drawing to an end in two years, it is very important that the national Government in conjunction with the regions, begins to set the framework for the next programming period, both at a European and a national level. As indicated in its submission to An Taoiseach in 2003, the Regional Assembly suggests that in the next funding period, regardless of the Structural Funds resources available, there should be a continuation of regional programmes in Ireland, with clear regional differentiation in each. The Assembly is already participating in the Structural Actions Working Group and through the findings of the Audit of Innovation and the Regional Foresight exercise, the Regional Assembly has begun **to identify strategic areas for investment in the next programming period** and looks forward to working with the Government at putting them into action.

## 5. Conclusion

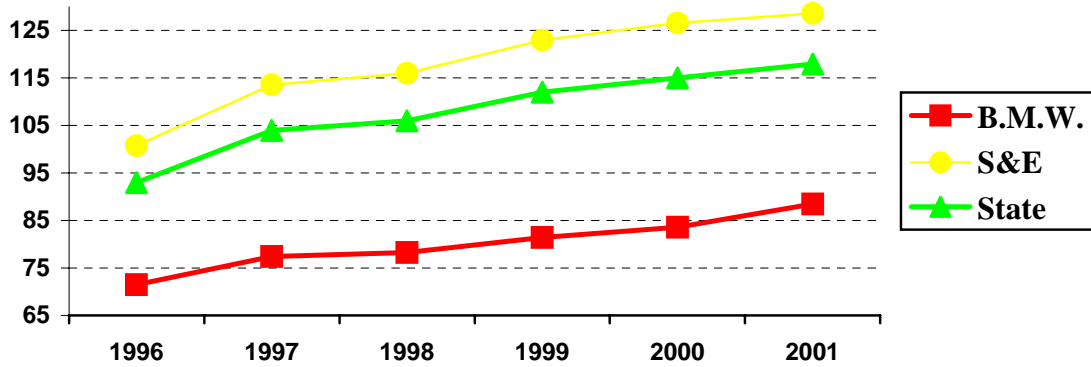
To summarise, in the period leading up to post 2007, the Regional Assembly suggests that the following steps should be taken:

- **Implement the commitment made to balanced regional development in the current National Development Plan** by reaching the targeted expenditure, particularly in areas where spending to date has not been regionally dispersed and in areas of particular importance to the B.M.W. Region
- **Identify the strategic priorities and areas for investment in conjunction with the regional assemblies** for the next funding period, building on the Audit of Innovation and the Regional Foresight in the B.M.W. Region
- **Fully implement the NSS**, with the introduction of key indicators to monitor its progress and the commitment of resources to targets identified in it and in the RPGs
- Develop **coherent regionally differentiated policies** across a range of Government strategies and programmes and build in **regional impact monitoring** to ensure their effectiveness
- **Support the Natural Effect Regions Declaration** in negotiations with the EU Commission
- **Examine other sources of Exchequer funding**, which can be used to make up the imminent shortfall in Structural Funds in addressing regional imbalances in the next programming period.

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.**

## ANNEXES

**Annex 1. GVA per capita 1996-2001 (EU =100)**



**Annex 2. Regional Socio-economic Indicators**

	Year	State	BMW	S&E
<b>Population (000s )</b>	2002	3,917.3	1038.0	2879.3
<b>Labour Force (000s)</b>	2003	1,786.6	494.9	1424.7
<b>Unemployment Rate</b>	2003	5.2%	5.6%	5.0%
<b>Disposable Income per capita (state = 100)</b>	2001	100	91.3	103.1
<b>GVA per person (state =100)</b>	2001	100	75	109
<b>GVA per capita (EU = 100)</b>	2001	118	88.5	128.6

**Annex 3. Distribution of Third Level Research Funds (€M)**

<b>Funder</b>	<b>S&amp;E</b>	<b>BMW</b>	<b>Total</b>	<b>BMW %</b>
<b>SFI</b>	<b>148.00</b>	<b>7.00</b>	<b>155.00</b>	<b>4.5</b>
<b>HEA</b>	<b>531.50</b>	<b>73.00</b>	<b>604.50</b>	<b>12.1</b>
<b>DAF</b>	<b>14.10</b>	<b>0.76</b>	<b>14.86</b>	<b>5.1</b>
<b>COFORD</b>	<b>1.69</b>	<b>0.02</b>	<b>1.71</b>	<b>1.1</b>
<b>EPA</b>	<b>5.05</b>	<b>0.90</b>	<b>5.95</b>	<b>15.1</b>
<b>HRB</b>	<b>19.20</b>	<b>4.50</b>	<b>23.70</b>	<b>19.0</b>
<b>Marine Institut</b>	<b>2.50</b>	<b>2.10</b>	<b>4.60</b>	<b>45.7</b>
<b>E I</b>	<b>56.40</b>	<b>15.20</b>	<b>71.60</b>	<b>21.2</b>
<b>Total</b>	<b>778.44</b>	<b>103.48</b>	<b>881.92</b>	<b>11.7</b>

*Source: BMW Assembly (CIRCA Group), Audit of Innovation 2004*

### **List of Sources**

**B.M.W. Regional Assembly** (2004), *B.M.W. Regional O.P. Progress Report to June 2004*

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

**B.M.W. Regional Assembly** (2004), Miscellaneous draft papers re Regional Foresight

**E.S.I.O.P. Managing Authority** (2004), *E.S.I O.P. Progress Report to June 2004*

**ESRI** (2003), Mid-Term Evaluation of the NDP and the CSF

**Natural Effects Regions** (2004), *Declaration on the Future of EU Cohesion Policy*

**Productive Sector O.P. Managing Authority** (2004), *the P.S.O.P. Progress Report to June 2004*