



Rethinking Regional Attractiveness in the **Eastern and Midland Region** of Ireland



Tionól Reigiúnach Oirthir agus Lár-Tíre
Eastern and Midland Regional Assembly



Co-funded by
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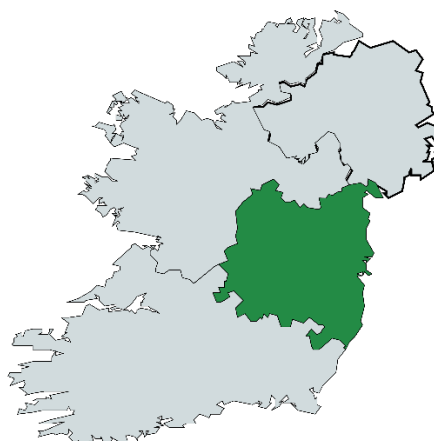
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Rethinking Regional Attractiveness in the Eastern and Midland Region of Ireland

2023

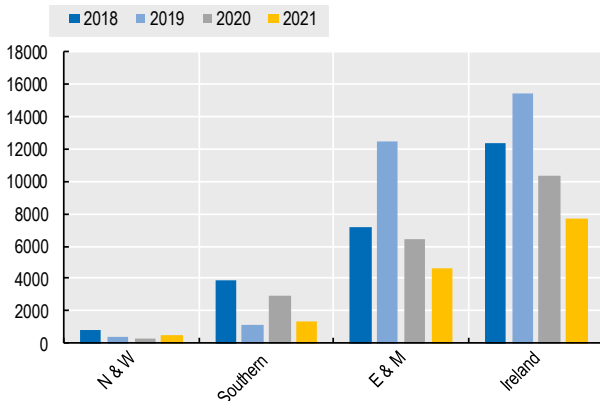


The impact of the COVID-19 crisis, compounded by the consequences of Russia's war of aggression against Ukraine and existing megatrends (e.g. climate change, globalisation, digitalisation and demographic change), continue to produce asymmetric effects within and between countries and regions, with the scope and scale depending on their unique characteristics.

The OECD's work on rethinking regional attractiveness policies in the new global environment, is undertaken with the support of the European Commission (DG REGIO) and is a priority activity of the Regional Development Policy Committee (RDPC). Working closely with 15 regions in 5 OECD member countries (Ireland, Italy, Portugal, Spain and Sweden). It aims to help regional and national policy-makers to better understand the position of regions in an evolving global context, including emerging challenges and opportunities, and identify the policy levers at their disposal to enhance the attractiveness of regions to the key international target groups of investors (including exporters), talent, and visitors. In doing so, it seeks to support regions transition towards new territorial development policies that promote inclusive, sustainable, and resilient development, while enhancing regional attractiveness.

4 | A snapshot of the Eastern and Midland Region in the world

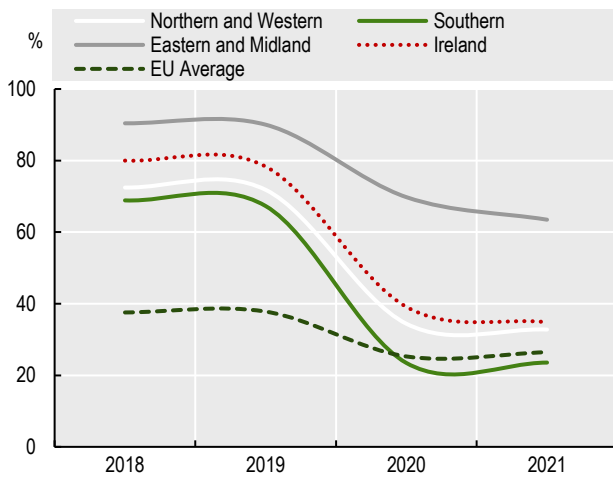
Greenfield FDI Inwards by Region (capital expenditure in USD millions)



Source: FDI market database, 2022.

During the pandemic, the Eastern and Midland (E&M) region was impacted by the global downturn in foreign direct investment (FDI) observed across OECD countries (OECD, 2020^[1]). While it remains robust by any standard, FDI was down in 2020 and 2021 after a particularly strong year in 2019. This outperforms trends globally, as well as overall OECD and EU greenfield FDI inflows, which were broadly consistent between 2018 and 2019 before dropping off in 2020, by more than 70% in EU and about 50% in OECD countries, and by about one-third, globally.

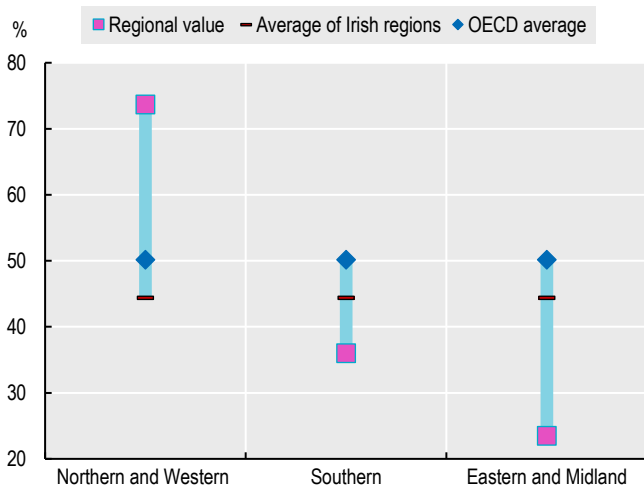
Share of overnight stays by foreign tourists using collaborative economy platforms



Source: Eurostat (2021) experimental statistics

On the visitor front, the share of foreign tourists in nights spent in collaborative economy accommodation fell sharply during COVID as it did in most jurisdictions, but the already high-share in the E&M region illustrates the importance of international visitors in the tourist mix. However, when focussing on nights booked via online platforms (Booking, Airbnb, Tripadvisor, Expedia, etc.), Ireland was one of the slowest countries to recover towards 2019 levels, still not there yet by 2021. According to Eurostat, the E&M region was the slowest to bounce back among all Irish NUTS 2 regions (Eurostat, 2021^[2]). This is in line with findings that platform economy bookings in city-regions are lagging behind those in rural areas (Ibid).

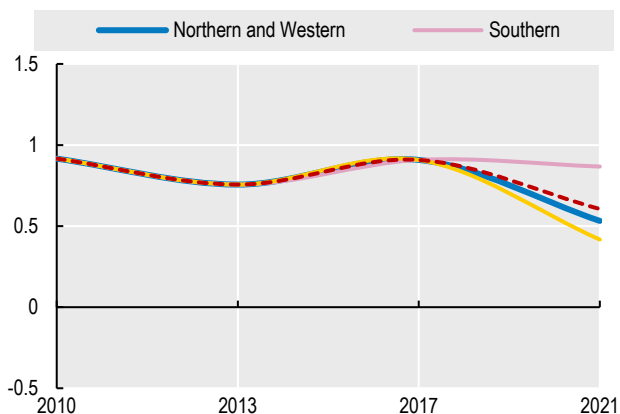
Share of renewables in electricity production



Source: OECD Regional Database (2019)

With the international push to net-zero well underway, Ireland is slightly behind the curve with the national average share of renewables in electricity production well above the OECD average. The E&M region finds itself trailing the other Irish regions and well below OECD countries on the share of renewables that goes into electricity production. Exploiting opportunities for wind and offshore energy production can help position the region as a key player in the national and international energy transition, while helping lead Ireland's ambitions in emissions reductions.

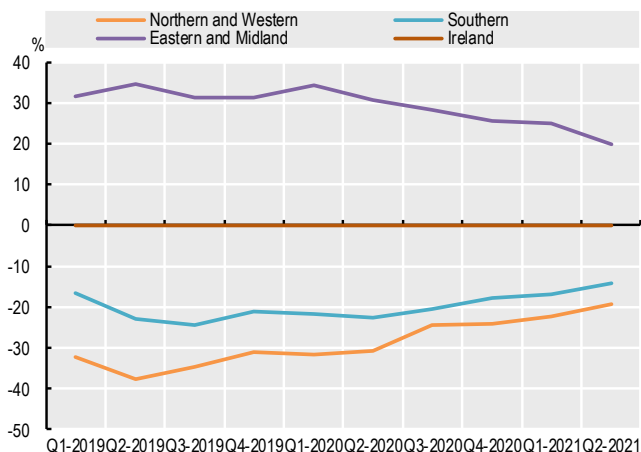
European Quality of Government Index



Source: University of Gothenburg
 Note: The EU median score is represented by the 0 line.
 Scores above 1.1. are generally considered to perform well.

The Quality of Government index – a composite measure that captures, at the regional level, citizens’ perceptions and experiences in relation to corruption, quality and impartiality of three essential public services – health, education and policing – shows a slight weakening of performance between 2017 and 2021, trailing the rest of Ireland in terms of perceived quality of public services and government and well below what the index categorises as a ‘top-performing’ region (score greater than 1.1). In a similar vein, OECD data on regional well-being shows low performance across Ireland – with the lowest score in E&M – on civic engagement (as measured by voter turnout) (OECD, 2020^[3]).

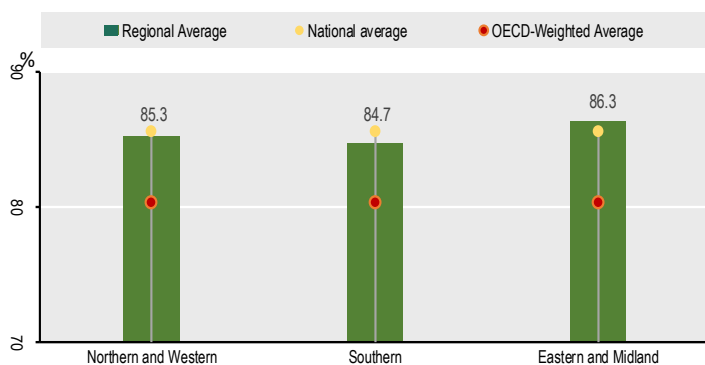
Download Speeds at the Regional Level (% deviation from national average)



Source: OECD calculations based on Ookla database; 2021

Ireland is capitalising on the accelerated digital transformation resulting from the COVID-19 pandemic. It is taking steps to leverage the benefits for regions associated with the growth in popularity for remote working, by implementing the plans set out under the *Making Remote Work* strategy. Monitoring and improving digital infrastructure is fundamental to this process. The E&M region has the fastest download speed in the country, although this number may be skewed by the presence of Dublin at the expense of the outermost sub-regions. As can be seen in the graph (to the left), there is regional convergence on download speeds leading to a more level playing field on the digital front. The Regional Co-working Analysis also shows that while two-thirds of private sector workers in the E&M region can work remotely, and nearly one-quarter of all workers, these jobs are concentrated in and around the Dublin area, as are co-working hubs.

Share of population satisfied with opportunities to meet people and make friends



Note: Average for the years 2016-20Source: Gallup World Poll (2020)

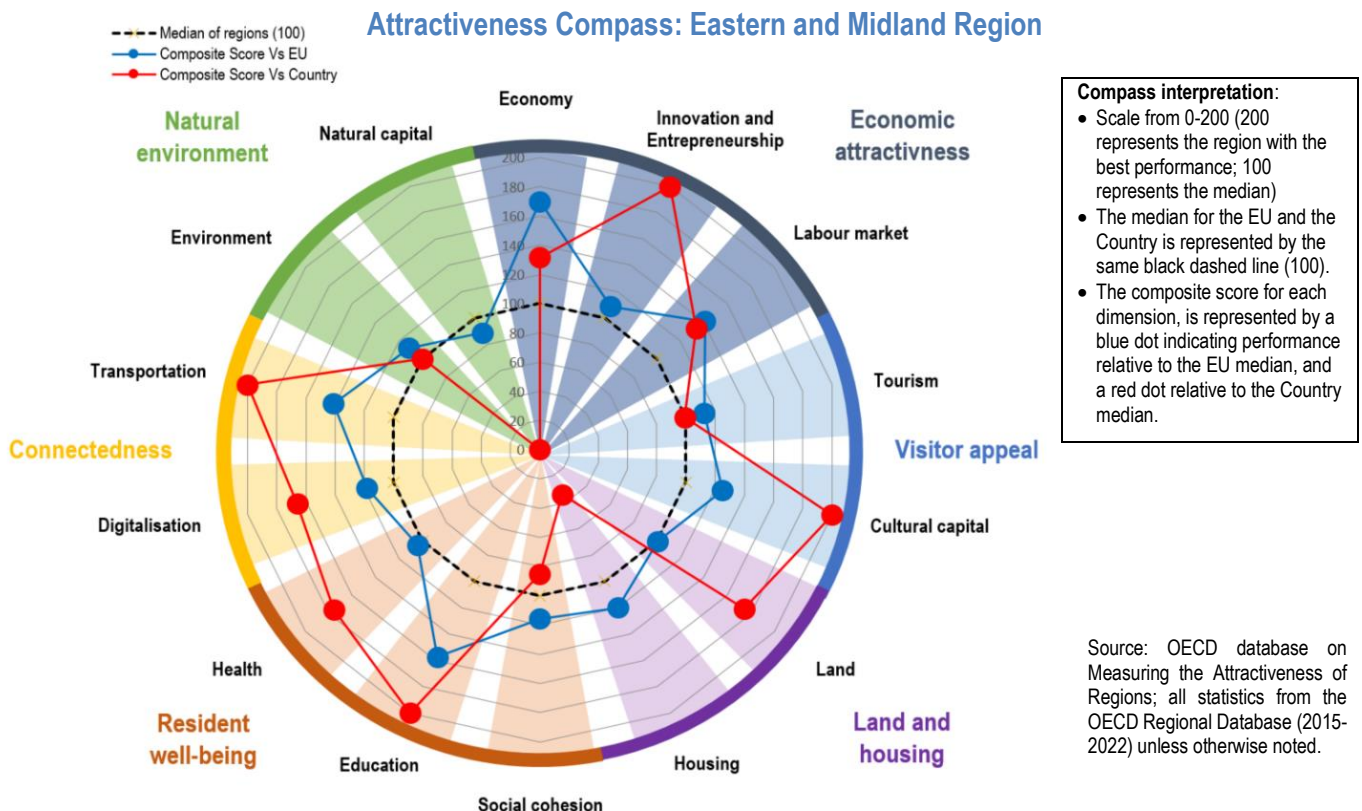
Social cohesion is a strongpoint for the E&M region, with over 85% of people satisfied with opportunities to meet people and make friends, more than any other NUTS 2 region in Ireland. Indicators that capture participation in social activities can be utilised to measure the stock and evolution of regional social capital. These indicators tend to illustrate an important relationship between higher levels of social well-being and regional economic growth which makes a strong case for investments in policy areas that foster social cohesion (Muringani, Fitjar and Rodríguez-Pose, 2021^[4]).

Attractiveness profile: Eastern and Midland Region

The Eastern and Midland region is defined by its strong international business connections and as Ireland’s gateway to the world, via its international port and airport of scale. Many international immigrants now call the region home and the tourism sector is budding with numerous opportunities for growth, especially beyond the Dublin area – a city which has seen signs of over-tourism – where visitors can contribute to local economic development (O’Halloran, 2019^[51]). Despite those strengths, employment in tradable sectors – those that produce goods or services that can be traded across regions and international borders – remains relatively low, as does that of migrants.

Before considering the policy levers available to enhance the attractiveness of a region to **international target groups** (investors, talent, visitors), it is important to first understand the region’s position in the world. To do so, the OECD considers four families of **international connections**: business (e.g., FDI projects, trade, employment in foreign-controlled business, etc.), human (employment, migration, and visitors), knowledge (international students, R&D, patents) and infrastructure (broadband, ports, airports, stations). On the **business** front, the share of Gross Value Added (GVA) in tradable sectors was 54% in 2019 compared with only 27% of employment, illustrating high value-added per person employed in these sectors. In terms of **Infrastructure**, the region stands out with strong air transport performance; on average, people in the region can access nearly 600 unique passenger flights within 90 minutes by car, far out-pacing EU and national averages. When it comes to **Human** connections, and in particular migrant employment, the region lags behind Irish and EU regions with a lower employment rate among the foreign-born population when compared to that of the native-born population. Finally, in the **Knowledge** realm, there were nearly 2,900 international scientific co-publications in 2021, up nearly 60% from when data began being collected in 2014. The region shows higher performance than EU and Irish regions on this important measure of participation in the global research ecosystem.

The OECD’s innovative and multidimensional approach to assessing **regional attractiveness** considers global engagement beyond international connections and economic factors alone. In total, the methodology considers more than 50 indicators to develop regional attractiveness profiles, covering 14 dimensions of attractiveness, across six domains (Economic attraction, Connectedness, Visitor appeal, Natural environment, Resident well-being, Land-use and Housing).



Economic Attractiveness: The region stands out for its high levels of economic prosperity – as measured by GDP per capita – and productivity – measured by GVA per worker – which outpace almost every EU region – albeit the limitations of GDP as a measure of development must be highlighted, particularly in the region where the net profit outflows of multinationals inflate the numbers and mask the intraregional disparities across the region (Central Bank of Ireland, 2021^[6]). The % of employment in Research and Development activities (R&D) is slightly below the EU average (1.5% compared to 1.8%), while the percentage of local residents who think the region is a good place to do business is well above (+5%) other regions in the bloc. This business operating environment was hampered by the pandemic vis-a-vis COVID-19 shutdowns, yet those in the E&M region fared better than Ireland's other two regions by a significant margin: 43.6% of firms were significantly affected while the figure is about 48% for the rest of Ireland.

Visitor Appeal: The overall number of stays in tourist accommodation per capita reaches well above the EU average (at 6.5 nights per inhabitant) while the share of foreign visitors (as % of total) is also well above the EU, OECD and country average. The share of employment in cultural and creative industries outpaces that in R&D at 3.7% which is more than a half percentage point above the average of EU regions, pointing to the importance of the sector as both a driver of employment and the visitor economy. The E&M region is home to one of Ireland's two UNESCO heritage sites and is covered by three of the four Fáilte Ireland regional tourism routes which bring ample attention to the region's visitor offerings. The world renowned hospitality, combined with unique cultural and natural heritage and attractions, make the region a popular destination with potential for inclusive and sustainable tourism growth throughout the region.

Connectedness: The region is well-connected on the digital front with 93% of homes accessing broadband internet, compared to 84% of EU regions and under 80% of OECD regions. Moreover, the download speed (ref-figure) is well above the national average although other regions are catching up, with the promise of more balanced regional development and increased remote-work opportunities in the rest of Ireland. On transport connectivity, the E&M region stands out with nearly 600 flights accessible to residents within a 90-minute drive. On rail performance, a measure of rail accessibility and proximity, the region scores slightly above the EU average although still far below what the Commission considers a well-functioning system (EC, 2022^[7]). The same can be said on the road performance measure (EC, 2019^[8]). Home to Ireland's most significant port, the region plays an integral role in coordinating trade with an increasingly mainland Europe orientation in the wake of Brexit, yet it maintains a focus on the development of a port corridor from Rosslare to Dublin to Belfast underscoring the importance for the E&M region to work closely with neighbouring regions and jurisdictions to improve connectivity across the island of Ireland.

Land and Housing: The share of land converted to artificial surfaces between 2004 and 2019 is very low, suggesting that the region has focused on repurposing existing infrastructure or relied more on brownfield rather than greenfield sites for projects and investments. The share of built-up areas is also considerably lower than the EU and OECD averages, despite a trend in capital regions to be well above, although this is likely explained by the larger share of (managed) grassland (~70%) and cropland (~14%; which is an important asset for rural economies notably in food production) and the low tree cover rate. Finally, land prices are nearly 50% higher than the EU average (at EUR 28,500 vs. EUR 20,000 per hectare) making the Eastern and Midland region an expensive choice for investors when it comes to greenfield opportunities – albeit intraregional analysis could help shed light on where prices remain comparatively affordable.

Resident Well-being: In terms of population well-being, the region performs very well. In 4 out of 7 measures of *social cohesion* (from life satisfaction to perceived safety to opportunities to make friends) the E&M region outpaces EU regional averages. Only in *voter turnout* and *Quality of Government*, a measure of perceived quality of public services, does the region record lower performance. For the latter, the score is above the EU average but still well below what the Commission considers to be a top-performing region. Strategies that increase regional civic engagement can serve to address both of these gaps.

Natural Environment: People are generally quite satisfied with environmental preservation efforts compared to the EU average, while the share of renewables in electricity production (23.5%) falls behind other EU and OECD regions (~45%). At the same time, the very low tree cover rate – an important driver of both environmental and human well-being – in the region (7%) which trails the OECD regional average (37%). The E&M region has both the highest (Wicklow – home to the Wicklow Mountains National Park) and lowest (Meath) forest cover rate in the country. The loss of Ireland's forests goes back centuries and despite laudable efforts to afforest in recent years, the trend has since slowed (O'Brien, 2022^[9]). Moreover, the *Ireland's Environment 2020* report indicates poor

performance island-wide on emissions, the status of protected habitats, and poor water quality in some of Ireland's rivers (EPA, 2020^[10]). Notably, the launch of the two Climate Action Regional Offices (CAROs) in the E&M region opens an opportunity for environmental governance at a regional scale to address these challenges in place-based manner.

From recovery to resilience

As illustrated in the snapshot above, the importance of foreign visitors using collaborative economy platforms is not lost on the region which has a large share coming from abroad compared to other regions, yet a slower recovery rate of these visitors through the pandemic. The share of renewables is a strong point and presents an area for the region to further innovate, compete, and support the global race to net zero. While the region leads Ireland in terms of inward foreign direct investment (FDI), rates have not returned to pre-pandemic levels with 2019 being a record year for greenfield FDI projects. Finally, with the quality of government score (EQI) trending down further than neighbouring regions and well below what the European Commission classifies as a top-performer, attention to the quality of regional governance – including coordination mechanisms for working with other levels of government – is warranted. Moreover, the region faced significant intra-regional disparities during the pandemic: the *Regional COVID-19 Economic Analysis* shows that the Midlands and the Mid-East sub-regions respectively suffered the second and third highest economic impact nationally, based on the number of commercial units likely affected (Regional Assemblies, 2021^[11]). In particular, County Westmeath in the Midlands sub-region had the second-highest exposure ratio of all counties in Ireland with an estimated 51% of units affected. Moving from recovery to resilience requires taking stock of the ways regions – and sub-regions – were affected and, above all, how they can become more resilient to global shocks. Fortunately, there are plans and strategies in place that offer a regional path through and out of the pandemic – in addition to addressing structural inequalities that have asymmetric impacts across the region.

Published jointly in 2018 under Project Ireland 2040, the *National Planning Framework* (NPF) and the renewed *National Development Plan* (NDP), outline a need to develop the region from a core city and commuter zone to a collection of self-sustaining, thriving centres, like the town of Athlone, in the Midlands sub-region, and Dundalk and Drogheda in the Mid-east subregion, where key investments in housing and sustainable infrastructure are creating a new place-based narrative. Many of these investments are outlined in the *Project Ireland 2040* regional update for the E&M region, which highlight how these growth centres, supported with investments to improve quality of life, can become attractive locations for investment and tourism. Yet these centres alone will not fully accommodate the expected surge in population out to 2040 and an essential focus on attracting talent from near and far to the hinterlands is required, where small towns and villages can collaborate with one another and also larger urban centres to achieve a sense of scale without density through inter-municipal co-operation (OECD, 2021^[12]). This is indeed a key component of the *Midlands and Mid-East Regional Enterprise Plans* which can collectively provide a path forward for more balanced economic development across the region (see Box .1) The *2021 Project Ireland Regional Profile* goes further in outlining central government investments to advance *National Strategic Outcomes* (NSOs) – in terms of attractiveness. Finally, Ireland's National Recovery and Resilience Plan has a key emphasis on balanced regional economic development, including through digital reforms, a key role for regional Technological Universities and, public transit projects to better connect regional cities. Looking at how the various strategies address – or do not address – the region's ability to attract investors, talent and visitors can support regional actors in coordinating to deliver successful outcomes and to fill in gaps where they exist. On the investment front, IDA Ireland's *Driving Recovery and Sustainable Growth* strategy for 2021 – 2024 outlines ways that the region can leverage attractiveness factors such as quality of life and placemaking and industry specific clusters, and availability of property solutions (public and private) – all assets for which much of the region is endowed. The *Regional and Spatial Economic Strategy* (RSES) has a welcome emphasis on attracting investments in places beyond Dublin like the regional growth centres of Drogheda and Dundalk, as part of the Dublin-Belfast Economic Corridor, but a broader vision can be established for other areas of the region – NSO 5 outlines a plan to attract 65 FDI projects outside of Dublin between 2021 and 2024, representing a promising opportunity for the region to work with IDA Ireland¹ and other actors to achieve and surpass this goal.

¹ Ireland's Foreign Direct Investment (FDI) Agency

FDI no longer needs to be something captured by select hubs, as investors and their prospective talent look to less-congested, more affordable yet talent-rich places (see, for example, Box .1). At the same time, FDI is heavily based on existing networks and relationships between firms and government, firms and other firms, as well as talent concentration and quality of life and amenities like transport, hospitals, and social and cultural opportunities. Smaller towns may need to re-think how ‘teaming up’ can create scale without density, providing international investors with a new value proposition. The newly-established Technological University of the Shannon is an immediate asset for Athlone – among other campuses – while Maynooth University is an asset for the Mid-East in attracting innovation-focused firms and talent. Public investments in education, research and development and public services to serve these areas will not only build on this emerging innovation ecosystem but it will foster greater quality of life in the region and create a stronger value proposition towards private investors (OECD, 2014^[13]).

One of the key challenges for the region is to ensure that some places are not left behind in an increasingly urbanised, digital world. For example, while download speeds are about 60% faster the national average in the Dublin sub-region, they are roughly 20% slower than the national average in the Midlands.² Firms and increasingly mobile workers will consider this an obstacle to relocation depending on their service needs. The OECD’s work on *Shrinking Smartly* shows that digital solution can also improve the delivery of key public services in sparse, rural areas like health and education, which can help to both attract and retain talent in the region (OECD, 2022^[15]). Leveraging university partnerships by working bottom-up with local institutions from the Local Authorities can help to make the region’s outermost areas a beacon for talent – Worldskills Ireland and Skillsnet Ireland are good examples of how business, academic institutions and civil society can link up to develop training programs that garner attention on the global stage. *National Strategic Objective (NSO) 7 – Enhanced Amenity and Heritage* – highlights the role of cultural capital, leisure, and sports opportunities in attracting and retaining talent and attracting further investment. The OECD’s work on measuring regional attractiveness highlights the increasing importance of these types of investments for regional areas, especially beyond major metropolitan areas, in order to attract talent and families with more mobile working arrangements. Moreover, these investments can be thought of as multi-targeted given their appeal to potential visitors as well – after all, great places to live are often great places to visit. Focussing on a few pilot regional towns of scale in the Midlands and Mid-East can help the region to better understand what works for talent attraction and retention beyond Dublin. In this regard, Ireland’s newest well-being dashboard and framework can complement the work of the Regional Assemblies in further developing the Regional Development Monitor, launched in November 2022, to map and enhance the non-pecuniary assets that make the Irish regions attractive places to live and visit (Government of Ireland, 2022^[16]). For the non-metropolitan areas of the E&M region, illustrating the quality-of-life advantages associated with close proximity to a global city, while maintaining the social and environmental amenities of a smaller one, or a village, is paramount – but the infrastructure investments need to follow. One of the many examples out there is the work done by the Centre for Thriving Places in the U.K. to better understand local development assets and challenges based on a three-part framework covering Local Conditions, Equality and Sustainability – broadly speaking the quality of (local) life.

The recovery in the tourism sector is also a chance to rethink tourism attractiveness, including more sustainable offerings, improved seasonality and beyond traditional destinations. In the RSES, tourism is identified as priority sector for areas from the Midlands sub-region in the interior to the bays and estuaries along the region’s 270km coastline, including through tourism product development in areas like marine tourism and a greater focus on inland agricultural tourism. The data covered above in the ‘Snapshot’ on collaborative economy accommodation platforms illustrates an area of increasing vitality for rural areas of the region, both in bringing visitors to remote locations (e.g. agricultural tourism, eco-tourism, farm and village stays) and for providing unique experiences (e.g. off-the-beaten trail tourism ventures). The work of Fáilte Ireland to regionalise tourism will certainly support towns and villages off the beaten track, particularly when supported by public and private sector investments and initiatives to attract visitors to visit and stay beyond Dublin. These can be strengthened by making use of the existing regional multi-place strategies put in place by Fáilte Ireland including *Dublin – Surprising by*

² OECD calculations based on Ookla database, 2021

Nature, Ireland's Ancient East and Ireland's Hidden Heartlands which cut across regional boundaries emphasising the need for inter-regional cooperation on tourism development.

Box .1. Creating a 'lighthouse of industry' in the Midlands sub-region

The Midlands region is positioning itself as a world-class place to live, work, invest, visit and learn

One successful means through which the Midlands (NUTS3/TL3) region has created clusters of economic activity is establishing partnerships between multi-national enterprises (MNEs) and educational institutions to create tailored programmes. Ericsson recently joined up with the Technological University of Shannon (TUS) to launch a Masters (MSc) program in Applied Software Engineering, entirely funded by the firm and delivered at the Athlone campus. It is free to all participants and includes a 3-month paid position at the firm, after which a permanent placement may be offered. Partnerships like this strengthen the talent pipeline not only for the firm, but for the region as these transferrable skills can be applied in many prospective firms. This creates a draw for investors to take advantage of a strong skills base in a non-metro area that offers cost (e.g. housing) and quality of life advantages as a bonus.

The *Midlands Regional Enterprise Plan* outlines a way of scaling this type of cross-sector partnership to continue to put the region on the international map for industry and excellence. This is particularly salient in light of the region's need to usher in new economic opportunities following the expedited shut down of the peat energy production industry in the Midlands over a range of climate-related concerns. While National and European Funds will support this transition, attracting a mix of public and private investment will help support population retention and attraction. This requires a collective vision to 'reinvent' the region – a vision clearly alive in the proposed Innovation Green project which casts the region as both an employment hub and environmental steward. Successfully implementing projects of this nature requires regional coordination to bring together public and private actors in a collective way that culminates in an enhanced value proposition. Institutions that already benefit from strong international linkages will be important leaders for reviving industry by demonstrating the tangible benefits for prospective international investors, talent and visitors. This will be imperative as the region delivers the funding set out under the EU's *Just Transition Fund* which allocates €169 million for the Midlands – ensuring this money meets local priorities requires the involvement and empowerment of national actors from the program design to implementation to evaluation (Government of Ireland, 2022^[14])

The role of international investment only grows in importance with employment in IDA-supported firms growing 35% over the period 2017-2021. The role that regional actors - like TUS and existing multi-nationals in the region - will have in supporting increased growth of indigenous and foreign firms cannot be understated, especially insofar as they can support the attraction and retention of international students and talent to establish a healthy talent pipeline across the region.

Source: Midlands Regional Enterprise Plan; IDA Ireland Strategic Plan 2021 – 2024; Information forwarded to secretariat by IDA Ireland

When considering inbound visitor numbers, Fáilte Ireland's Tourism Barometer illustrates that the recovery is ongoing with more than half of tourism operators recording less overseas visitors than pre-covid levels (Fáilte Ireland, 2022^[17]). Moreover, rising energy costs and workforce shortages are not sparing the tourism sector – and as such, a talent attraction strategy built with and for tourism firms and actors could help bolster the industry while keeping the doors to Ireland wide open for future visitors. This is also a critical moment for the region – and Ireland

more broadly – to address seasonality and visitor dispersion beyond traditional destinations to spread the benefits of the tourism economy (OECD, 2021^[18]). Additionally, as featured in a recent OECD webinar on *rethinking the attractiveness of tourism regions*, regions like Catalonia in Spain discussed how they monitor the increasing appetite for sustainable travel and activities, helping them act on consumer demand while sustainably developing the region. According to Fáilte Ireland’s survey of the hotel industry for August 2022, the steepest decrease in the occupancy rate of all counties in Ireland compared to the same month in 2019 was in Wicklow (-21%), followed by Meath (-12%) and Kildare (-10%), illustrating an especially pronounced impact in the E&M region and the Eastern part in particular. This illustrates the adverse impact of the pandemic on the region and the need to rethink attractiveness of regions to visitors, especially beyond traditional hubs of visitor activity.

Enhancing multi-level governance and coordination mechanisms

Attracting investment, talent and visitors requires public and private actors to work together and to develop, implement and monitor programmes and policies to understand their effectiveness over time. It also requires an assessment and understanding of the current governance structure and whether it is well positioned to meet the challenges faced by the region in today’s less predictable global environment. The RSES represents a first step in that direction, emerging as a regional roadmap of sorts, and one that both local (bottom-up) and central (top-down) actors can look to for guidance. This is exemplified in the requirement for local authorities, through the *Local Economic and Community Plans* (LECPs), to align their vision with those outlined in the RSES.

One of the challenges shared across all three Irish regions is the limited competencies and limited spending allocated to local government – indeed the share of subnational government (SNG) expenditure as a percentage of GDP has dropped by 10% since 1995, more than any country in the OECD, and in 2020, Ireland had one of the lowest levels of subnational government expenditure, investment and revenues across the OECD.³ The limited spending discretion of SNGs (regional and local) in Ireland is an indicator of the limited decentralisation of public policies and their adaptation to territorial realities. It makes it a challenge to address local needs in areas like housing, environmental protection, public transport, culture and recreational activities and support their growth opportunities. In the E&M region, there are unique challenges associated with managing the attractiveness of a global city while maintaining and promoting inclusive economic development in the periphery and the hinterlands. The *Metropolitan Area Strategic Plan* (MASP) is one approach for coordinating balanced city-led development. Yet much of the plan is centred on regional infrastructure development – including air, rail, and port developments – which can affect the attractiveness of areas far beyond their geographic location. As such there is a strong rationale to develop effective coordination mechanisms to involve stakeholders from these areas in the development and governance of major projects. On the rural front, *Our Rural Future* represents an innovate approach to public participation and multi-stakeholder governance at the most local level – including through Public Participations Networks (PPNs) and Local Community Development Committees – which is a step forward that should be accompanied by a regional-rural vision that considers the linkages across localities and how smaller places within the region can achieve scale without density by promoting a coordinated vision of attractiveness.

On the investment front, institutional coordination is a critical step for maximising the economic, environmental and social quality of and benefits derived from FDI (Almond, Ferner and Tregaskis, 2012^[19]). Centralised and liberal market economies like Ireland suffer from weaker coordinating capacity for regional actors and agencies. In particular, with regard to outlining and communicating to private sector actors their role in providing a supportive regional climate for investment (Ibid). This an area where adapting strategies from less centralised contexts can be instructive (see Box .2).

³ 8.9%, 32.5% and 10.6%, respectively, as a percentage of all government for the same transaction. This compares to averages of 27.5%, 50.7% and 45.5% across OECD unitary countries.

Box .2. Coordination economic opportunities in the regions

Balanced and inclusive economic development – a key part of the vision across the Irish Regional Assemblies and present in nearly all central government strategies – requires coordination among public and private sector actors to create opportunities beyond traditional growth centres. Canada and Spain provide innovative illustrations of place-based practices to better coordinate and balance economic opportunities at the regional level:

Global Innovation Superclusters (Canada):

In Canada, regional clusters are the result of businesses and investments that reach back decades, cementing roots in diverse sectors. While they cannot be forced, they can be nudged to operate more effectively together and to create a regional value proposition highlighting the ways firms, governments, universities and civil society work towards a common vision. Canada's Global Innovation Superclusters are the result of that ambition – bringing together actors around five broad topic areas (from Ocean to AI to Proteins), creating sector-based regional nodes of attraction. One of the benefits of these initiatives relate to the speed of industrial and technological evolution, which allows members of the 'cluster' or 'network' to absorb the innovations of other members, and vice versa (e.g. AI firms can help to revolutionise public healthcare) (Institute for Research on Public Policy, 2020[15]). They also tend to perform better when clusters are designed in geographical proximity benefitting from deeper collaboration – an area where Ireland has a distinct advantage. For the E&M region, capturing the spillovers of FDI in technology and innovation sectors may be difficult for many local actors or SMEs with lesser capacity, yet initiatives like those in Canada illustrate how knowledge networks can emerge to promote the absorption and diffusion of innovation between international and domestic firms, in addition to public actors.

Inter-territorial Council for Internationalisation (Spain):

This governance mechanism represents a formidable example of national-subnational coordination to attract FDI. While much of its purpose lies in overcoming the challenge of coordinating highly autonomous subnational regions – a non-issue in Ireland – they draw on a number of tools and instruments that foster transparency and trust among foreign and domestic actors such as shared customer relationship management software (CRM) to promote the appetite for international investment in the regions, allowing for local actors to tailor their investment promotion strategy accordingly. Analysis of the Spanish case suggests that international investors view national-subnational coordination as a sign of trust and coherence in an investment destination. In an uncertain global investment environment, countries and their regions will rely increasingly on investments that build on the existing FDI stock so improving coordination between public and private actors currently in place is even more important (World Bank, 2021^[21]) (UNCTAD, 2022^[22]).

One strong example of where this is being challenged is *Ireland South-East*, a sub-regional agency which has brought together a plethora of actors to promote a few common sectors and, for their efforts, awarded by fDi Magazine as the #1 small region in Europe for an FDI strategy. While this is likely not a measure for Dublin to compare itself to, the Mid-East and the Midlands in particular, can certainly consider the case as an example of effective sub-regional coordination to enhance attractiveness to investors. Finally, the region's RSES highlights the role that smart specialisation strategies (S3) can have in positioning the comparative economic strengths of the region, with the important caveat that they are diverse and highly place-based. To appropriately map and promote these assets, there is a need to convene local actors from across industry and local government which could translate in the development of a bottom-up S3 approach, contributing to the diversification of industrial specialisation instead of being dominated by any one industry or organisation as can sometimes result from such exercises (OECD, 2022^[20]).

The OECD has recently examined how regional S3 strategies can be transformed into S4+ (sustainable and inclusive smart specialisation strategies) by embedding a framework called RRI (*Responsible Research and Innovation*) ensuring that while an S3 strategy drives economic dynamism, it also leads to broad-based and place-based social and environmental progress, is done transparently and collaboratively, and is responsive and adaptive to a changing global environment. This can be an instructive guide for an assembly-led S3 that pitches a new vision for the region to the world and that builds upon Ireland's high-level national S3 strategy launched in July 2022.

Policy considerations

The following policy considerations are intended to help policy makers to enhance the impact of attractiveness strategies of the Eastern and Midland region vis-à-vis investors, talent, and visitors, and provide guidance to improve multi-level governance frameworks and coordination mechanisms.

- **Support place-based and diversified investment strategies that help spread international investments more evenly across the region.** Considering the uncertain global investment environment, the region should leverage the presence of existing FDI stock to further strengthen the linkages with the international firms present in the region, including their contribution to the research and innovation ecosystem, their community impact and their role as job creators in lagging sub-regions. A potential framework through which to develop the investment ecosystem is an assembly-driven S3 – or an innovation cluster strategy as observed in Canada – a strategy which goes beyond the identification of sectoral advantages by also addressing the impact of the development of existing industries on communities and the environment.⁴
- **Measure and promote the quality-of-life advantages of non-metropolitan areas to prospective talent.** While the Dublin metropolitan area faces fewer challenges in attracting talent from abroad, the quality-of-life advantages for the hinterlands, including the Mid-East and Midlands, remain clear and under-promoted. Focussing on what works for international talent attraction and retention in select pilot towns in non-metropolitan areas could help provide insight to policy-makers and firms working on local talent attraction. This would require better collection and dissemination of data on indicators related to regional attractiveness including on access to environmental, cultural and social amenities and key public services and indicators of well-being and quality of life (e.g. efforts already underway with the *Regional Development Monitor* and good examples like the U.K's *Thriving Places* initiative).
- **Support a region-wide sustainable recovery strategy for the tourism sector by focussing on the counties that have seen the largest impact of the pandemic and those that have attracted smaller shares of international visitors in the past.** This can be done by working with local actors in cultural and creative industries, in the accommodation sector, and in food and retail to showcase experiences and opportunities beyond Dublin. It also requires close cooperation with Fáilte Ireland and industry partners to identify new opportunities in the sector and to support emerging centres of tourism activity.
- **Implement place-based practices to better coordinate and balance economic activity opportunities at the regional level.** Examples from Canada and Spain, on clustering and coordination of international investment, are illustrative of how to effectively coordinate public and private actors to promote industry on the global stage, and to attract investment for more inclusive development. These practices can help inform the strategies set out under the *Regional Enterprise Plans*, especially in the Mid-East and Midlands, to better promote and coordinate industry actors around a common vision.

⁴ See, for example, the OECD's work on [Transforming S3 to S4+ through RRI](#) (Responsible Research and Innovation)

Note

The data on which these graphs are based comes from several different sources covering the period 2015-2022. Most of it is extracted from the OECD database and EUROSTAT ensuring the same source is used for as many countries and regions as possible. Where and when data is missing, it is extracted from databases available through national statistical offices. For some dimensions, the data comes from specific databases, such as the Ookla database for indicators linked to digitalisation. The data are selected using the most robust, available, and frequently collected data at the adequate geographic level (TL2 or TL3). With certain indicators, calculations are done in order to present the indicator at the most relevant and comparable unit of analysis.

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