



# Rethinking Regional Attractiveness in the **Northern and Western Region** of Ireland



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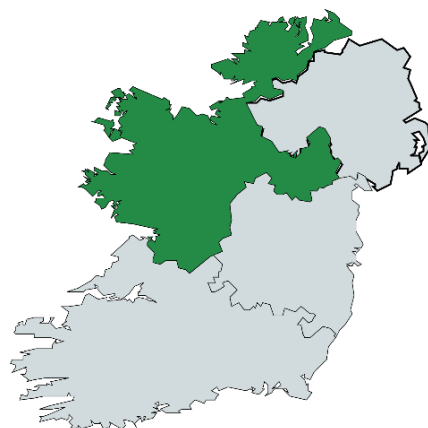
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# Rethinking Regional Attractiveness in the Northern and Western Region of Ireland

2023



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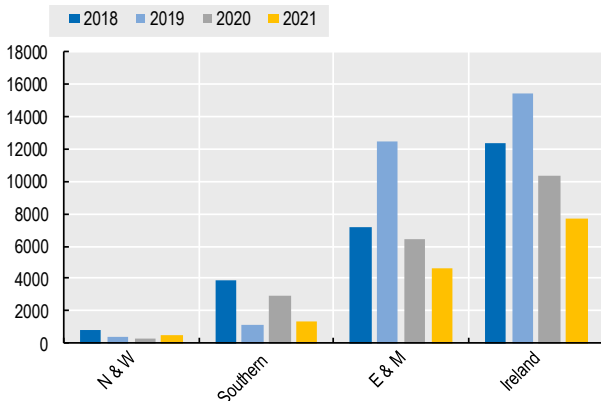
The impact of the COVID-19 crisis, compounded by the consequences of Russia's war of aggression against Ukraine and existing megatrends (e.g. climate change, globalisation, digitalisation and demographic change), continue to produce asymmetric effects within and between countries and regions, with the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

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## A snapshot of the Northern and Western Region in the world

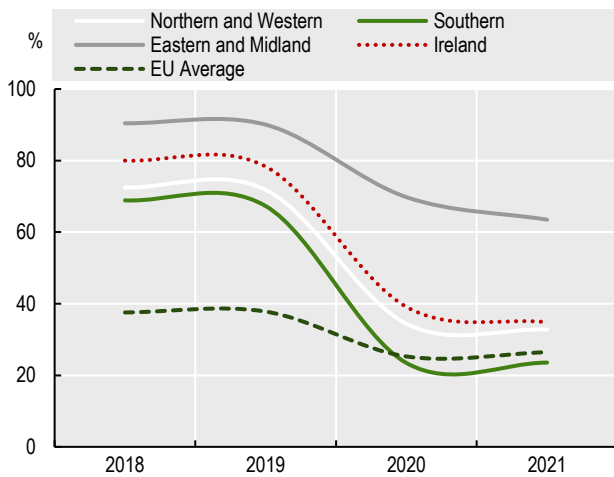
Greenfield FDI Inwards by Region (capital expenditure in USD millions)



Source: FDI market database, 2022.

Inward Foreign Direct Investment (FDI) began to rebound in 2021 following two years of downturn compared to 2018 levels. With IDA's (Ireland's Foreign Direct Investment Agency) sights set on over one-hundred foreign direct investments in the region through to 2024, this is on track to grow, even in the backdrop of a global FDI downturn in 2022 (UNCTAD, 2022<sup>[1]</sup>). Indeed, overall OECD and EU (Greenfield) FDI inflows were broadly stable 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.

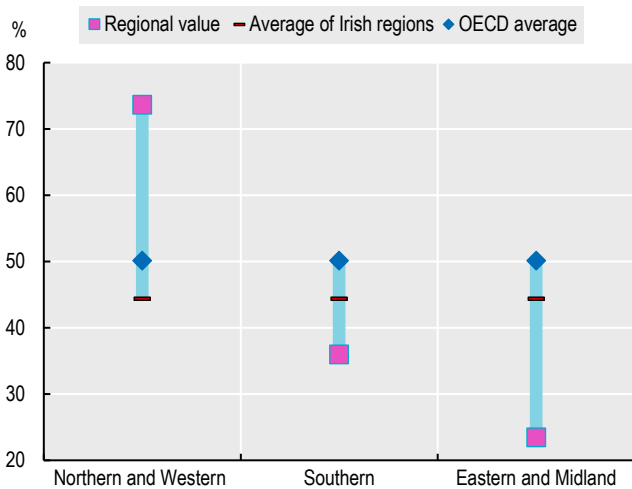
Share of overnight stays by foreign tourists using collaborative economy platforms



Source: Eurostat (2021) experimental statistics

While the share of overnight stays by foreign visitors fell over the pandemic years, as for the great majority of tourism regions and destinations around the world, it has shown a progressive rebound since. Moreover, a new experimental data source from Eurostat shows that the share of stays by foreign visitors via collaborative economy platforms (e.g. Airbnb, Booking, etc.) remains well below 2019 levels in the region but the importance of this type of accommodation is growing. Indeed the Northern & Western region observes consistency with national trends where pre-Covid nearly 80% of stays using these platforms were foreign visitors. This is an especially important area of the visitor economy for the region to monitor as it represents opportunity for rural areas to attract visitors normally attracted to the core cities and sites (Eurostat, 2021<sup>[2]</sup>).

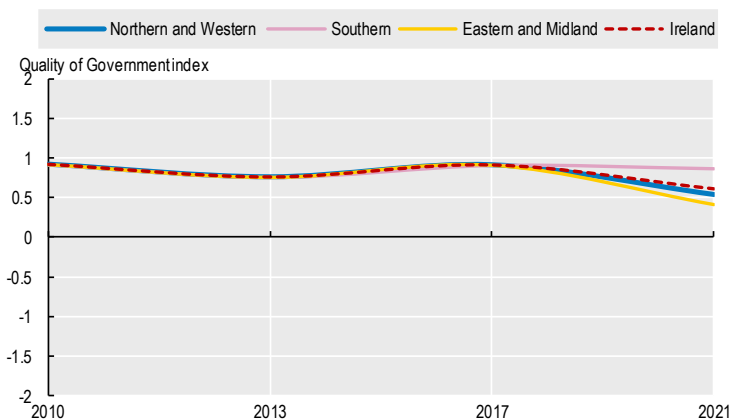
Share of renewables in electricity production



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 below the OECD average. The share of renewables in electricity production is highest in the Northern and Western Region compared to other Irish Regions and is one of the 'greenest' regions in the OECD by this measure, with 74% of electricity production in the region credited to renewables. The opportunity to become an entirely green-powered region is achievable and further increases the value proposition for investments in renewable energy production and the blue economy – in addition to being heralded as a 'green' destination for talent and visitors.

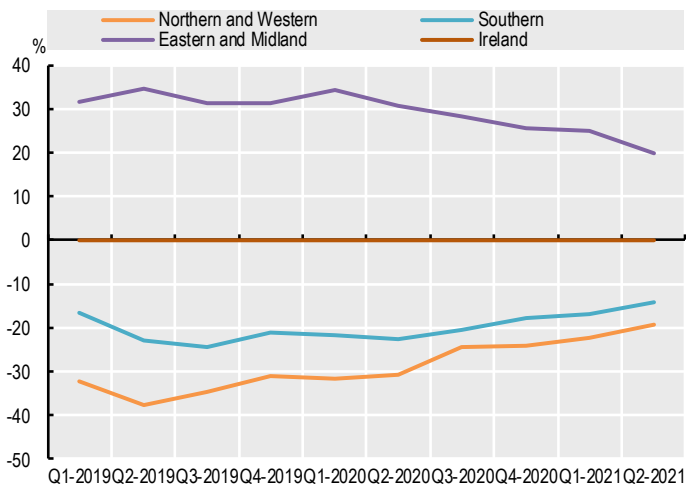
### European Quality of Government Index



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

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, which are notably national competences in Ireland – declined in 2021, marking a low since 2013. At 0.5, the score for the Northern and Western Region observed one of the largest decreases, dropping from 0.9 in 2017. This falls below what the index categorises as a ‘top-performing region (score greater than 1.1), however, it remains above the EU average (=0), and in line with other regions in Ireland and across much of France, Spain, and Portugal, while trailing regions in Northern Europe.

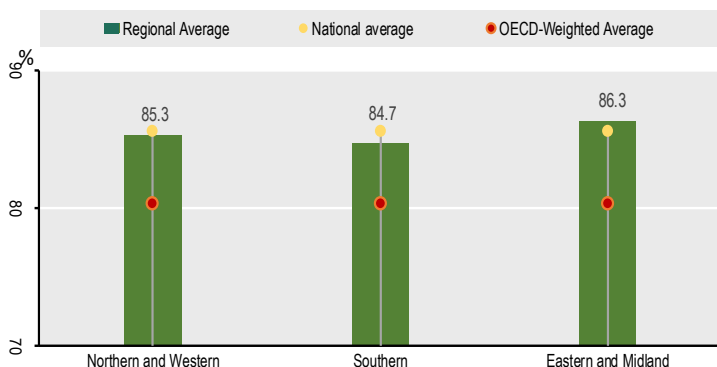
### Download Speeds at the Regional Level (% deviation from national average)



Source: OECD calculations based on Ookla database; 2021

Ireland is taking advantage of 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: National Remote Working* strategy. Monitoring and improving digital infrastructure is fundamental to this process. While showing improvements in recent years, internet speeds in the Northern and Western Region still trail other Irish regions and deviate by about 20% from the national average. Achieving the ambitions of the *Smart Places* approach outlined in the Regional Spatial and Economic Strategy (RSES) depends significantly on investing in digital infrastructure to help the region compete at home and abroad. Improving download speeds also directly complements the opportunities for the region to redefine towns and villages and rural areas through a remote co-working strategy.

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



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

Social cohesion is a strongpoint for the region with over 85% of people satisfied with opportunities to meet people and make friends. 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<sup>[3]</sup>).

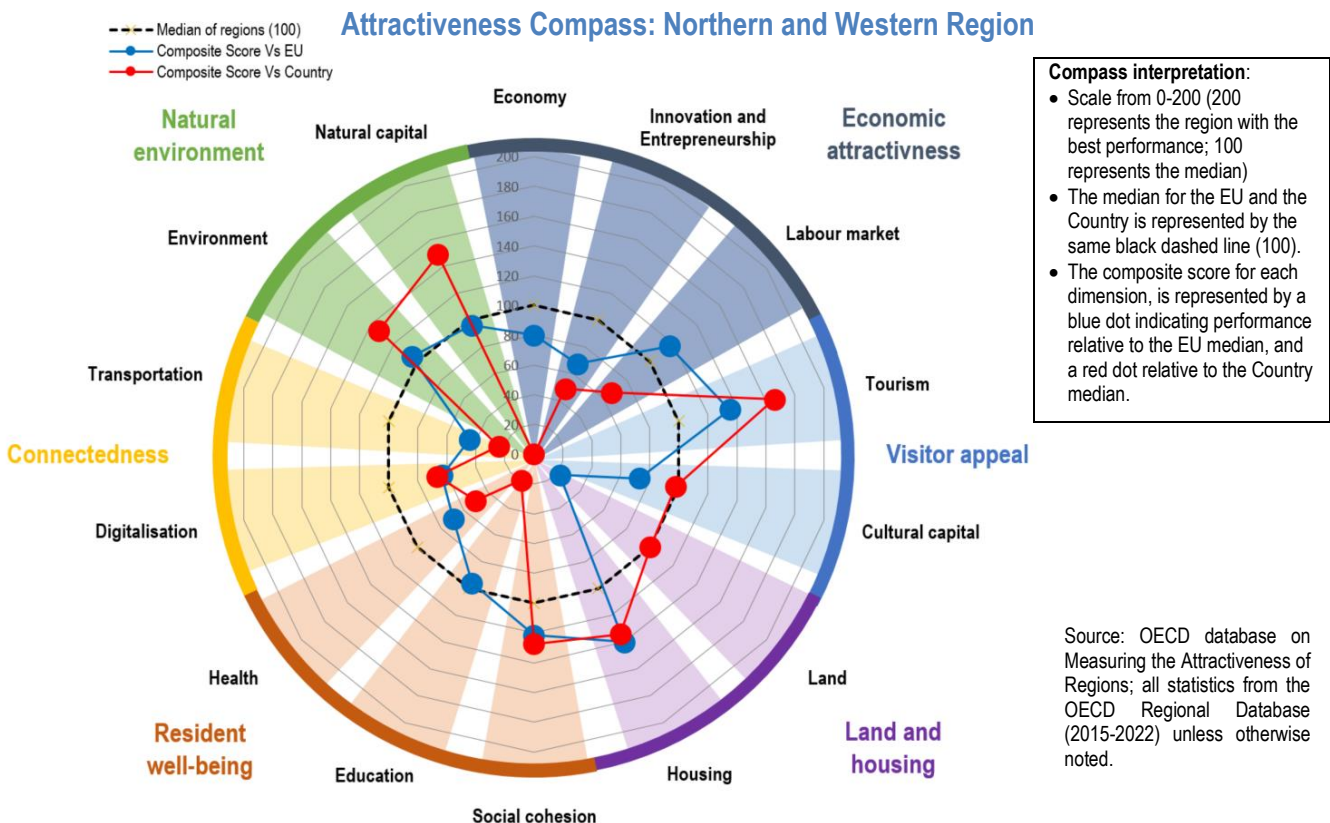


## Attractiveness profile: Northern and Western Region

The Northern and Western Region has a varied profile in terms of internationalisation. There is an important role played by visitors, migrants, and foreign students in defining the region’s success. At the same time, employment statistics – related to tradable sectors, knowledge-intensive sectors and migrant employment – lag behind. With significant value-added in the tradable sector, leveraging the presence and skills of migrants and foreign students can boost both employment and innovation in the region.

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 (migration, and visitors), knowledge (international students, R&D, patents) and infrastructure (broadband, ports, airports, stations). With a snapshot of the region’s place in the world, attractiveness levers are then assessed to consider ways that those bonds can be strengthened. On the **business** front, the share of Gross Value Added in tradable sectors was 35% in 2019 compared with only 28% of employment, illustrating a relatively balanced value-added per person employed in these sectors. This is significantly below the value-added in tradable sectors in the Southern (70%) and Eastern and Midland (54%) regions, which have similar levels of employment in these sectors. In terms of **Infrastructure**, the region shows moderate **air transport performance**; on average, people in the region can access around 140 passenger flights per day within 90 minutes by car, far below the EU average (~350), while EU’s “Regional Competitiveness Index” shows the region underperforms in terms of infrastructure relative to the Irish and EU averages (European Commission, 2019<sup>[4]</sup>). When it comes to **Human** connections, and in particular migrant employment, the region leads Irish and EU regions with a high employment rate among the foreign-born yet by the same measure the foreign-born still trail the native-born by nearly 4%. Finally, in the **Knowledge** realm, the number of international scientific co-publications was over 1,700 in 2021, up 32% over 5 years. The region shows higher performance than EU regions on this important measure of a region’s 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:** In terms of economic attractiveness, the Northern and Western region lags behind other Irish and EU regions in terms of GDP per capita and productivity in terms of GVA per worker – although regional number in Ireland need to account for the concentration of multinationals in the Southern and Eastern and Midland region. Meanwhile, the region is an increasingly diversified economy with a higher-than-average share (65%: Gallup World Poll, 2020) of the population who believe it is a good place for people to start new businesses. The strong entrepreneurial scene that is attracting firms and talent from near and far supports this evidence however investments in firm productivity must be made to catch up with the EU and the rest of Ireland (OECD, 2021<sup>[5]</sup>). In a similar vein, the region will require critical investments to bring employment in research and development levels in line with EU counterparts (0.9% compared with 1.9% for the bloc).

**Visitor Appeal:** The region stands out as a visitor hub, with pre-pandemic (2019) overnight stays per capita higher than any other region in Ireland and above the EU average (Eurostat, 2019<sup>[5]</sup>). Furthermore, before Covid-19 around half of total overnight stays in all types of accommodation were by foreign tourists, highlighting the attraction of the region as an international destination. While there is work to be done to spread the benefits of the visitor economy to more remote parts of the region it is a promising area for development with high visitor numbers already achieved and abundant natural and cultural capital. The relatively low employment rates in cultural and creative industries also represents an area where the region could develop – creative jobs and sectors are a strong draw for (young) talent and visitors alike and increasingly being seen as a key to rural growth.

**Connectedness:** According to OECD data, the region is well-connected on the digital front with 89% of homes accessing broadband internet, compared to 84% of EU regions, however, the download speed is well below the national average although the gap is decreasing, promising more balanced regional development, with increased remote-work opportunities if the trend continues. On transport connectivity, the relatively small number of passenger flights per day accessible to residents within a 90-minute drive trails the OECD and EU average and is about 4 times less than the Eastern and Midland region. On rail performance, a measure of rail accessibility and proximity, the region scores well below the EU average and far below what the Commission considers a well-functioning system (EC, 2022<sup>[5]</sup>). The same can be said on the road performance measure (EC, 2019<sup>[6]</sup>). Road, air and rail are key to moving people and goods in and out of the region and increasingly vital to the region's value proposition to new investors in the wake of Brexit. The Northern and Western Region's lower performance in these areas creates a barrier to attracting firms insofar as it hinders their overall competitiveness on the world stage, but also to attract talent who place a premium on international mobility.

**Land and Housing:** The low land score is a reflection of a relatively low amount of land converted to artificial surfaces and a small percentage of overall built-up area (~0.5% of total land area) which is reflected in local support for environmental preservation, like much of Ireland. It is also in line with the both the National Planning Framework (NPF) and Regional Spatial and Economic Strategy (RSES) ambition of achieving more compact development, making use of existing brownfield sites where possible. Residents spend much less of their disposable income (~13%) on housing than the EU average (25%) yet slightly less than half of people are satisfied with housing affordability. The Regional Development Monitor shows that house prices are more affordable compared to the other Irish regions (more than half the average sale price than EMRA at 200K versus 400K euros) while data on regional land prices still remain unavailable despite being a useful tool for prospective investors (AIRO, 2022<sup>[7]</sup>).

**Resident Well-being:** People in the Northern and Western region are more satisfied with their lives than other regions of Ireland and much higher than the EU regional average. They also feel much safer walking alone at night and are much more satisfied with the opportunities to meet people. Homicide rates are also very low by EU and OECD standards. The poverty rate after taxes and transfers, however, is relatively high at ~19% reflecting some the weaker economic performance compared to other regions at home and abroad. Finally, work can be done to bolster voter turnout which (~63%) is low by EU and OECD standards yet in line with the other Irish regions representing an area where regional collaboration could foster greater civic engagement.

**Natural Environment:** People are generally quite satisfied with environmental preservation efforts compared to the EU average and higher than any of the Irish regions while the share of renewables in electricity production (74%) outpaces other EU and OECD regions (~50%). At the same time, the very low tree cover rate – an important driver of both environmental and human well-being – in the region (9%) trails the OECD regional average (37%) despite leading the Irish regions on the metric. Tree cover is an area where Ireland has long been playing catch-up, having recovered from only about 1% forest cover in 1928 to above 11% today according to estimates from Ireland's Department of Agriculture – however this neglects the sometimes harmful effects of tree plantations on

biodiversity (The Journal, 2020<sup>[8]</sup>). According to the Natura 2000 database very little of the land area is protected, as is the case in other Irish regions, which contrasts an EU and OECD trend of increasing the share of protected areas towards 30% by 2030 in line with the United National Environmental Programme (UNEP) target.

## From recovery to resilience

The *National Development Plan* – revised in 2021 to take into account the challenges of COVID and Brexit – and its implementation plan, the *National Planning Framework* (NPF) and the Regional Spatial and Economic Strategy (RSES) of the Northern and Western Region, collectively set out ambitious plans to boost resilience in the Northern and Western Region, including by growing the population to just over one million people (up from around 850 000, today) by 2040 (NWRA, 2019<sup>[11]</sup>). Attracting and retaining that population requires investment in infrastructure that will create a region that can support the increased demand for services from said population like high-speed internet, quality public transport, greener and more affordable energy, and increased places and offerings at regional higher education institutions. Plans in the NPF and the RSES set out a clear vision for the development of urban-rural linkages, taking advantage of the growth trajectories of the Galway Metropolitan Area, the 3 Regional Growth Centres of Sligo Town, Letterkenny and Athlone and the 8 Key Towns of the Northern and Western Region which will depend critically on enhanced accessibility – this is a key first step in attracting new workers, visitors and firms to regional growth centres and beyond (Government of Ireland, 2021<sup>[9]</sup>).

The recovery for the Northern and Western Region, however, takes into account not only the repercussions of COVID-19 but the implications of Brexit which reshapes the attractiveness of the Island which is divided into two distinct markets. The RSES underscores the risks to trade and population flows that have long crossed the region's borders with Northern Ireland without limitations. It also highlights that this makes it ever more important to improve the region's international connectedness via its ports, airport and digital connections. Yet at the same time, it creates an opportunity for Ireland to deepen and expand trade with the U.K. while also attracting their firms which will look to maintain an EU presence. U.K. talent – and indeed Irish talent who have long-resided in the U.K. – are a diaspora who might be targeted as the knock-on effect of Brexit and COVID drive them closer to home. While the full effects remain unclear as the Protocol on Ireland/Northern Ireland continues to be debated, businesses, especially in the agriculture and food sector which are at heightened risk will need to continuously be supported and engaged to develop increasingly international and diversified export strategies that reflect the uncertainty surrounding Brexit. Early analysis also shows a steady increase in trade with Northern Ireland hinting at a cohesive, all-island response to the exit that the Northern and Western Region can take full advantage of given its shared border and close economic ties with Northern Ireland (ESRI, 2022<sup>[10]</sup>). Actors need to be coordinated across borders to communicate a cohesive open-for-business message to prospective investors – such as through the work of the cross-border agency InterTrade Ireland who support investment attraction and export development island-wide.

The economic and health impact of the COVID-19 pandemic can inform policy-makers concerning important regional inequalities, which adversely affected the region. Analysis by the Regional Assemblies shows that nearly half of businesses in the Northern and Western Region operate in the sectors that were worst affected by the impact of COVID-19, outpacing the other two Irish regions. Moreover, the share of jobs amenable to remote work is lowest in the Northern and Western region based on Regional Assembly (11.3%) and OECD (31%) analysis.<sup>1</sup> The latter study illustrates that the amenability of jobs to remote work relates strongly to the skill composition of the local labour force whereby a higher share of residents with tertiary education translates into more remote work opportunities. This is a promising avenue for the region with a newly accredited university and an increasingly vibrant scene for young people across urban and rural areas, whether it be the cultural, culinary and technology scene that shape Galway or the natural splendour, surf breaks and historical towns spread across the interior and coastal Counties.

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<sup>1</sup> OECD calculations reflect the share of jobs amenable to remote work across the entire workforce. The work is based on European Labour Force Survey data.



While the outstanding quality of life and natural beauty makes the region an attractive option for the investors, talent and visitors, the average download speed from fixed devices falls far behind the other two Irish regions and far fewer (~50%) are satisfied with the quality of public transport<sup>2</sup>. Addressing these concerns can help improve the value proposition to new residents considering the region as a location to live and work. With an ageing population, the Northern and Western region can expect demand for social and health care professionals to increase substantially by 2035. As such, developing a plan to attract these professionals to the region (from home and abroad) will be of key importance (ESRI, 2022<sup>[11]</sup>). Developing a plan for attracting foreign health professionals will help shape the region as a place where people – of any professional background – can live and age well with access to key public services for years to come. One way of thinking about this is through the lens of resident well-being where Ireland has already made significant progress. Reproducing a condensed version of Ireland's Well-being dashboard for the Northern and Western Region, or indeed integrating well-being statistics into the Regional Development Monitor, can help policy-makers and prospective investors and talent to better understand how non-pecuniary assets are performing. In other words, it sheds light on 'How's life'. Needless to say, talent attraction is not an individual exercise, and requires significant collaboration across private and public actors to reach out to international talent who might not yet understand the region's value proposition. An immediate portal through which to illustrate this are the international education institutions which already call the region home, the University of Galway and, of new and heightened importance, the Atlantic Technological University. Indeed the universities themselves are critical collaborators in any talent and investment attraction strategy (see Box 1), example of this type of regional entrepreneurial governance).

Health and well-being are not only the domains of talent – for the Northern and Western Region, the medical technology sector has become a pillar of the regional business ecosystem with leading international firms concentrating research and development activity in the region, indeed with 9 out of 10 of the world's top medical device manufacturers having some presence in the Galway area. With this cluster emerging, it presents an opportunity to look at the region's industrial mix through the framework of a smart specialisation strategy for sustainable and inclusive growth (S4+) (OECD, 2022<sup>[12]</sup>). In the Northern Netherlands, for example, local and regional actors worked together to map out how existing health and digital clusters could create potential for a new energy cluster in the region. This visioning exercise resulted in Hydrogen Valley – a public-private co-financed development to build a green hydrogen supply chain. Indeed, in the Northern and Western Region, reinforcing and adding to the existing physical and digital infrastructure will help the region grow its population while mitigating against the stresses of climate change. To the first point, the existing stock of brownfield sites needs to be transformed to meet housing needs by upgrading existing sites rather than taking a purely greenfield investment approach, which can contribute to the degradation of the region's natural capital, itself a key lever for attractiveness.

As outlined in the RSES, investing in the new *Atlantic Technological University* and supporting university-industry partnerships will help create a talent pipeline that retains top local and foreign graduates and drives the local economy forward. Nationally, IDA's strategy for 2021-24 sets a strong pace in responding to the pandemic and achieving regionally balanced foreign direct investment Ireland-wide. For the Northern and Western region, the target of more than one-hundred investments (25 in Border, and 76 in West) could help accelerate regional areas of focus (IDA, 2021<sup>[13]</sup>). A regional investment strategy should take advantage of the natural and human capital that the region has to offer, building on existing clusters like MedTech but paving the way for new frontiers and, where possible, concentrating some of that attention in new places. Finally, to optimise the positive spill-overs of FDI requires effective coordination across the various actors – from IDA Ireland to the Local Authorities to the firms themselves – to ensure it contributes to the goal of a smarter, more sustainable and more inclusive region.

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<sup>2</sup> Data based on Gallup world poll (2020); new regional data will be available in 2023.

### Box 1. Optimising the Attractiveness of Coastal Regions

#### While no region is the same, some generic strategies for coastal regions exist that can enhance resilience to climate change while attracting talent and investment

The potential for economic development of Ireland's coastline is significant, with the Northern and Western region providing a wealth of opportunities. Indeed, according to the [New European Wind Atlas](#), it is one of the most suitable areas for offshore wind (measured by wind power density) on the entire continent. This is an area to be explored in coordination with private sector actors, with the region's ancestral *Gaeltacht* community and various levels of government to ensure that foreign investment meets the climate ambitions set out in the *Regional Spatial and Economic Strategy* and the *Local Development Plans*.

There are many policy lessons for regional coastal development that can be studied to better coordinate strategies and to attract investment and skills in this growing sector. The now-concluded Horizon 2020 COASTAL initiative (Collaborative Land-Sea Integration Platform) outlines a series of coastal-rural strategies for enhancing economic development and well-being in regions across Europe defined as both coastal and rural. The project concludes, that by carefully managing marine ecosystems in consultation with stakeholders, these regions can provide clean energy, sustainable food and skilled jobs for residents. Moreover, the project stresses how tourism development can create synergies by bringing together rural and coastal populations around a common cause. Learning from other coastal regions – especially those characterised by a similar rural-coastal typology, such as Nouvelle-Aquitaine in France or the Belgian Coastal Zone featured in the COASTAL project, can offer lessons for the region on creating coastal-rural linkages for inclusive growth. As the region continues to benefit from increased in foreign investment and foreign visitors, it will be critical to examine how both pieces fit into a circular model of coastal development. Indeed, the development of a coastal strategy aligns well with broader goals at the European level to make the most of the marine and blue economy in this 2021-27 planning period.

Note: The *Gaeltacht* refer to the geographic areas – and the people – of Ireland where Irish remains a predominant language, many of which are concentrated in the Northern and Western region.

Source: For data on wind power density, visit the New European Wind Atlas (NWRA) project at: [www.neweuropeanwindatlas.eu](http://www.neweuropeanwindatlas.eu); For information on the COASTAL EU project, visit [h2020-coastal.eu/resources](http://h2020-coastal.eu/resources)

The attractive landscapes and amenities across the region make it a natural choice for domestic and international visitors. During the pandemic, the share of foreign tourists fell sharply as it did across the EU. At the same time, an increasing share of visitors are opting to utilise collaborative economy platforms (e.g. Airbnb, Booking, Expedia, etc.). Combined with the large potential of remote and co-working hubs, this opens the region to the opportunity of pursuing a new kind of visitor-talent hybrid profiles, often referred to as digital nomads. Building an international tourism profile for the region is interconnected with other facets of regional development and should be addressed in an integrated strategic approach – for example, putting key towns and regional growth centres on the visitor map can help diversify local industry creating well-paying jobs and developing their international profile (OECD, 2020<sup>[14]</sup>). Leveraging existing efforts, the region can also partner up with Fáilte Ireland – Ireland's tourism development agency – to consider how their tourism regions that most overlap with the Northern and Western Region, Ireland's *Hidden Heartlands* and *Wild Atlantic Way*, can be made more attractive by illustrating the regional assets that appeal to visitors with a digital and/or sustainable outlook. This can include mapping the region's remote working hubs along tourism routes, EV charging stations, protected areas, and the like.

### Enhancing multi-level governance and coordination mechanisms

Attracting investment, talent and visitors requires public and private actors to work together 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 and to look elsewhere at what else can be done with limited financial resources but ample convening power of the Irish regions, to connect with and attract international targets (see Box 2).

## Box 2. Innovative multi-actor approaches to talent and business attraction: the case of *Brainport Eindhoven*

### In the Netherlands, a network-driven innovation project the South-East Brabant region has transformed the region's economic potential

In the 1980's and early 90's, the city of Eindhoven and its surrounding region were observing rapid industrial decline with a few multinational firms like Philips and truck-maker DAF maintaining their presence and keeping the region afloat. At this critical juncture, the region was transformed by several processes of effective multi-actor coordination. The initial cross-sector collaborations involved a few ambitious actors including the town's Mayor, the Chamber of Commerce, and leadership from the Technological University Eindhoven, where they laid the initial groundwork to reshape South-East Brabant as a 'smart region' by building a 'knowledge gate' (a science park) between the University campus and the chamber of commerce, which soon led to the creation of a small entrepreneurial ecosystem. The initial actors were expert conveners who convinced the surrounding area councils to contribute to a regional enterprise fund that still exists today. At the same time, they brought together entrepreneurs and organisations to collectively apply for European funding, which played an important role in temporarily reducing the region's vulnerability to economic stagnation. Collaborations between the University, around 20 adjacent towns and villages, and entrepreneurs – notably Philips – resulted in two watershed programs, the *Stimulus* program followed by the *Horizon* program. The latter turned into the Brainport (development) Foundation, which oversees the activities of the innovation ecosystem and notably operates as an independent entity, allowing municipal, industry and academic actors to engage in its governance on equal terms.

### **Fast-forward to one of the most collaborative and innovative regions in Europe**

Today, *Brainport* is characterised as a '*triple-helix cooperation*' bringing together business, the public sector, and knowledge institutes to coordinate the regional economic development strategy. *Brainport*, the name once given to the science park is now synonymous with the wider region and is a key pillar of the Netherlands wider economic development. Today, it has expanded to include cross-border collaboration with innovative regions in Belgium (Leuven) and Germany (Aachen) known as the Eindhoven-Leuven-Aachen triangle. The region has evolved to be at the forefront of technology sectors – leading Europe in *Deeptechology* – and continues to work with multiple levels of government to ensure that the necessary public and social services are provided to encourage people to live, work and study in the region.

Note: For more information on Brainport Eindhoven, visit their [webpage](#).

Source: (Horlings, 2014<sup>[18]</sup>); (Romme, 2022<sup>[19]</sup>)

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.<sup>3</sup> 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. These issues are compounded for the Northern and Western Region where the ability to raise revenues is suppressed by lower incomes and a smaller population base. As such, the dependency on grants

<sup>3</sup> 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.

and subsidies from the central government and the EU are critical to make the needed investments in climate mitigation and adaptation, housing and other infrastructure that are essential to the region's sustainable development (OECD, 2019<sup>[15]</sup>).

A recent report by the *National Economic and Social Council* (NESI, 2022<sup>[16]</sup>) illustrates the importance of adequate multi-level governance structures to make the most of the green transition in Ireland. While this means working effectively among national and regional governments, the challenge – and opportunity – in Ireland is coordinating local authorities to advance projects of mutual gain – as outline above, challenges like renewable energy production, housing and road and transport infrastructure are prime examples of where this needs to take place. Without access to adequate and timely data, setting region-wide targets on these issues and evaluating progress to address them can be difficult. While the *Regional Development Monitor*<sup>4</sup> is a positive move in this direction, it should be extended to include deeper analysis on well-being and connectivity and could benefit from national-level work on a well-being framework and dashboard for regions in Ireland (Government of Ireland, 2022<sup>[17]</sup>).

Importantly, the region is well positioned to benefit from the green transition by focusing heavily on the development and production of renewable energy and the ocean economy, and the Assembly has a brokering role to play in building region-wide stakeholder perspectives into development decisions. While this is important for any type of development with implications for local communities, it is especially so for large infrastructure projects where clear communication of the potential costs and benefits is required, and competing points of view need to be heard and addressed. When foreign investment is involved, this is especially important to ensure that new entrants (i.e. international investors) cooperate and synergise with local firms and actors.

Finally, the *Regional Enterprise Plans* (REPs) represent a unique tool to coordinate investment at the local level and to identify priorities that can support local business while attracting and retaining foreign investment. Yet REPs acting in silos may not be able to coordinate an international strategy for talent and investment attraction. Through the data collected in the *Regional Development Monitor*, and the vision-setting role of the *Regional Assembly*, a cohesive region-wide coordination mechanism can support these efforts, including by mapping them against the goals set out for the region under the *National Smart Specialisation Strategy*. In fact, the top three obstacles to attracting FDI to regions beyond capital/major cities that the OECD has recognised include 1) distance to suppliers and clients, 2) lack of adequately skilled labour (or difficulty attracting it to the region) and 3) poor infrastructure or connectivity to important hubs (OECD, 2018<sup>[20]</sup>). Each of these represent a major challenge that requires effective coordination tools and implementation to address effectively.

## Policy considerations

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

- **Coordinate a multi-actor innovation and economic development strategy that promotes a cohesive message to investors.** Such a strategy should be forward looking, serving to boost and safeguard local employment in light of COVID and Brexit, while promoting the shift to a smarter and more sustainable region – lessons from Eindhoven (Box 2) can be instructive here. The Northern and Western Region should continue to illustrate its value-add in contributing to the objectives of the Interreg Atlantic Area vision and objectives for 2021-27. A greener, smarter, more social and well-governed coastal region (Interreg objectives) aligns well with the NWRA RSES vision of becoming more sustainable, connected, innovative and with improved quality of life. Developing a regional shortlist – together with stakeholders – of blue economy, renewable energy, sustainable tourism and green infrastructure projects can boost the value proposition for Interreg funding while it can also be used to attract national and foreign investment in exciting projects for the sustainable growth of the region as illustrated in other EU regions vis-à-vis Interreg's COASTAL project.

<sup>4</sup> The Regional Development [Monitor](#) is a project by the 3 Regional Assemblies and the All Ireland Research Observatory (AIRO) representing the 3 NUTS-2 regions of Ireland to annually monitor a dashboard of socio-economic indicators.

- **More effectively market the region to international talent and students to help bolster the talent pipeline for new skills demands and to fight labour shortages.** A critical first step is by working in lockstep with University partners. This can be achieved, for example, by working with the newly established Atlantic Technological University to design programmes that meet local labour needs through the attraction of international student/talent while adding to the vibrancy of the region. In addition, leverage the *Regional Development Monitor* as a tool to report on not only the region's economic and demographic trends but on indicators of social and environmental well-being that cast the region as an up-and-coming destination to live and work.
- **Work with Ireland's national tourism body, Fáilte Ireland, to build on the success/branding of the existing routes.** This includes Ireland's *Hidden Heartlands* and the *Wild Atlantic Way* which can further capitalise on the extensive natural and cultural amenities (including the extensive presence of the Gaeltacht in the Northern and Western Region), to spread the benefits of tourism to rural regions. On top of this, continue to develop and market the Northern and Western Region as a *Smart Region* to attract new types of visitors who venture to stay longer, work remotely and visit more remote parts of the region.
- **Promote multi-actor coordination on the development and governance of coastal regions for sustainable development.** Continue to connect with and learn from other OECD coastal regions, like Nouvelle-Aquitaine in France, looking at their development models to understand how coastal-rural interdependencies can be better governed to lead to more inclusive economic growth that benefits all parts of the region. Moreover, consider within-region coastal-rural linkages that can be drawn to avoid isolating coastal development strategies to seaside cities and towns – the development of the Galway port presents a precipitous time for this type of action to take place by including inland actors in the ports' governance and further development. Indeed, making the most of the green transition – with an already high share of the grid coming from renewables, the Northern and Western Region has the potential to go all-green – from farm to sea – while growing economically through the further development of the renewable energy sector.
- **Work together among all Regional Assemblies to promote a 'regional vision' for Ireland.** Continue to build out tools and reporting mechanisms such as the Regional Development Monitor, the Spatial and Economic Strategies and regional fora such as *Regions in Focus 2023*, to strengthen the case to central government that regional differences need be accounted for when developing national strategies. To deliver on this regional vision, advocate for more fiscal and administrative capacity at the regional level to coordinate policies, investments and programs that aim to reduce regional inequalities and attract investment, talent and visitors to all corners of Ireland.

## Notes

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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