

THE CENTRE FOR CROSS BORDER STUDIES

**Briefing Paper for Meeting of the Joint Oireachtas Committee for Jobs, Enterprise & Innovation, and the Assembly Committee for Enterprise, Trade & Investment**

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**Parliament Buildings, 3 November 2014**



**The Centre for  
Cross Border Studies**



**The Centre for  
Cross Border Studies**

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## Executive Summary

1. As detailed in pages 2-7, the border economy exists in a context where there has been historical underperformance across a range of indicators in comparison with the rest of the UK, and where regional disparities become more significant in relation to the economic growth of border counties compared with other parts of the Republic of Ireland. This can in part be explained due to the peripheral nature of the border region, whether in geographical terms or in its presence within the policy scope of both jurisdictions, as well as to the legacy of the conflict. Data from both the OECD and the European Commission underline the significant disparities in terms of GDP between the economy of the border region and the economies of the UK and Ireland, as well as other European economies.

However, efforts are being made to reverse the peripheral situation of the border economy. InterTradelreland, for example, has supported SMEs in the region to exploit their export potential and to invest in innovation, and has noted that 27% of businesses involved with the organisation are from the border area. InterTradelreland, however, has also stressed the fact that its remit is an all-island one, and it cannot focus specifically on the border region. The Centre for Cross Border Studies (CCBS) and a number of partners that include the cross-border local authority networks, therefore, are working to bring a greater degree of focus to the economic development of the border corridor and to the improvement of its underlying infrastructure.

2. Research undertaken by CCBS has underlined the need for cross-border solutions that address the specific characteristics of the border region, which not only includes an SME sector dominated by micro-enterprises, but also reveals a strong entrepreneurial spirit (as detailed in pages 7-9). It also points to the fact that the border region's ability to attract foreign direct investment (FDI), or even to become a more regular site for potential FDI visits supported by the relevant agencies, will remain constrained without a cross-border strategy that includes the establishment of geographical and sectoral SME clusters, and without the appropriate infrastructure necessary for foreign investors. Moreover, CCBS research has suggested opportunities for cross-border provision

of public services that would mitigate the effects of the border region's peripherality and improve the underlying context for the region's economic development.

3. As explained in pages 10-13, the ability to properly assess the status of the border region's economic health is affected by issues related to the incompatibility of data. The main problem is the differing definitions of employment, unemployment and economic activity used by the two jurisdictions. Nevertheless, in terms of the border region's labour force, we are able to determine that in 2012 there was a total workforce of over 500,000 in the region, of whom roughly 60% were living in Northern Ireland and 40% in Ireland. There were also over 60,000 unemployed persons in the two border regions, of whom the majority (61%) were living in the Border Region of Ireland. An analysis of the available data suggests that if the economic problems of the border region of Ireland/Northern Ireland are to be addressed it will require a coordinated effort by all stakeholders that builds on the strengths of the area in relation to its potential for development of SMEs with export potential, the agri-food sector, tourism & leisure and the green economy.

4. The Solidarity Charter for the Economic Revitalisation of the Border Development Corridor (reproduced in pages 15-25) represents a coordinated effort to capitalise on the economic, social and environmental assets of the Irish Border region and to redress the economic disadvantages that have accrued in the area from decades of underinvestment, back-to-back policy development and the legacy of our troubled history. It promotes the principle of subsidiarity and is designed to complement and support the work of existing agencies with a local and regional development remit in the Irish Border region. This includes local government, local development partnerships, and the cross-border networks. The Charter articulates the shared position of a wide-range of organisations in the Border Development Corridor who are coalescing around a defined number of high-level themes for the economic revitalisation and sustainable development of their area.

## Introduction

This briefing paper is structured into three sections. The first sets the economy of our border region into its wider national and European contexts, and offers a brief overview of the research activities undertaken by the Centre for Cross Border Studies in relation to the economic development of the border corridor. The second section offers a more detailed analysis of the current status of the border region's economic performance, as well as pointing to some of the opportunities that could be exploited. The final section reproduces the draft Solidarity Charter for the Economic Revitalisation of the Irish Border Development Corridor. This initiative represents an important attempt to consolidate cross-border local authority support for an intensified focus on the economic and infrastructural development of the border region.

## 1. The Centre for Cross Border Studies and Economic Development of the Border Corridor

### 1.1 The Underlying Economic Context

In line with its core mission, which includes promoting and improving the quality of cross-border cooperation between public bodies, and between public bodies, business and civil society, the Centre for Cross Border Studies (CCBS) has been advocating for greater focus to be given by both jurisdictions on the island of Ireland to the economic development of the border region. Like many border regions throughout Europe, the populations living in much of our own border region continue to suffer the effects of peripherality, which are compounded by the legacy of the conflict.

Although in the wake of the financial crisis there is evidence of recovery across various indicators in both Northern Ireland and the Republic of Ireland, this is taking place in a context where there has been historical economic underperformance in Northern Ireland in comparison with other parts of the UK, and where economic growth has shown significant regional disparities within the Republic of Ireland.<sup>1</sup>

Taking a wider comparison, a recent OECD report illustrates the economic divides that exist between parts of the island of Ireland and other European regions, as well as those within the island itself, exacerbated by the financial crisis.<sup>2</sup> With the North West region of Northern Ireland and the bordering areas in the Republic of Ireland showing significantly lower rates of GDP per capita (see figure 1), the OECD concludes that 'the economic crisis has increased the gap in GDP per capita between leading and lagging regions in half of [...] OECD countries' (OECD *Regions at a Glance*: 9).

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<sup>1</sup> These issues are examined in more detail in Section 2, 'The economic situation in the Border region of Ireland/Northern Ireland'.

<sup>2</sup> OECD, *Regions at a Glance*, 2013.

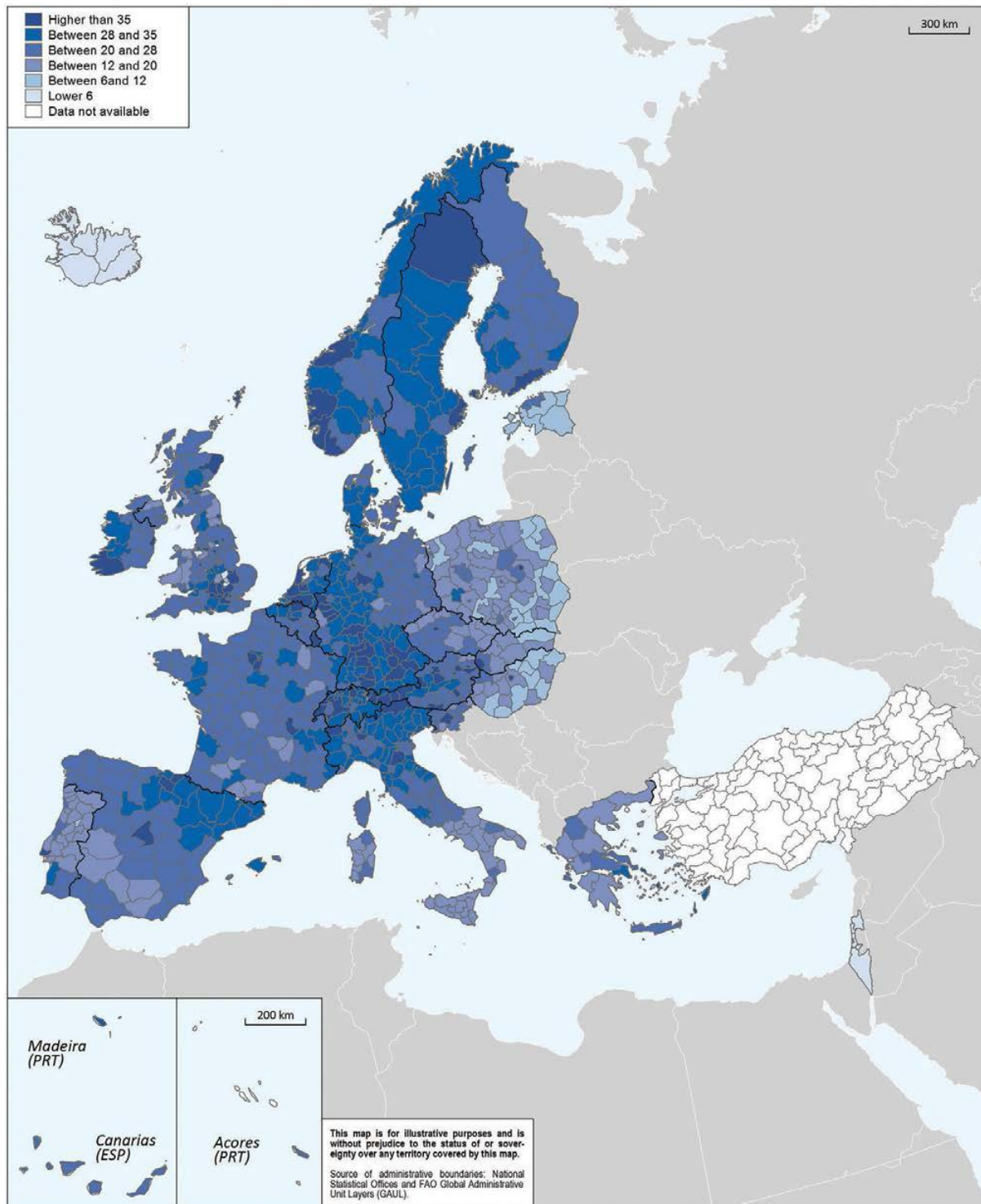


Fig. 1: Regional GDP per capita

The European Commission's *Eighth progress report on economic, social and territorial cohesion* stresses how the 'overall impact of the crisis on GDP and employment has been highest in the three Baltic States, Ireland, Greece and Spain'.<sup>3</sup> Significantly, the 'highest increase in the gap between the best 10% performing regions and the bottom 10% regions, more than 8 percentage points, occurred

<sup>3</sup> European Commission, *The Urban and Regional Dimension of the Crisis: Eighth progress report on economic, social and territorial cohesion* (Luxembourg: Publications Office of the European Union, 2013), p.7.

in Ireland, Slovak Republic and Denmark' (66). Moreover, in the Irish case 'the increase of regional inequalities was due to a faster worsening of the poorest regions compared to richest ones' (66). This trend is clear when considering regional GDP growth between 1995 and 2010 (see figure 2), and lower rates of growth bring together Northern Ireland and the border regions of the Republic of Ireland to form an area united under economic disparity in relation to other parts of Europe and of their own respective nation-states.

Using the last two sets of regional economic indicators produced by the UK Office of National Statistics to measure Northern Ireland's comparative performance in the UK,<sup>4</sup> it is clear that the region's relative progress in certain areas is undermined by long-standing structural issues that will necessitate sustained efforts to resolve them, and which have a pronounced effect on border areas. Indeed, the most recent set of figures published by the ONS (July 2014) highlight, for example, the fact that 'GVA growth between 2009 and 2012 was strongest in London, rising 11.1%, and weakest in Northern Ireland, rising by 3.4%' (1). In terms of productivity, whilst in 2013 the ONS reported that Northern Ireland shared the lowest rates with Wales (16% and 15.4% below the UK average respectively), in 2014 'Northern Ireland had the lowest productivity as measured by GVA per hour (17.2% below the UK average)' (10). Moreover, as the most recent constituency profiles released by the Northern Ireland Assembly show (December 2013), these negative trends tend to be more keenly felt in the border counties, although North and West Belfast feature prominently as areas with the worst rates of socio-economic deprivation.

Meanwhile, according to European Commission figures the Irish Border, Midland and Western region suffered the effects of the financial crisis more acutely – not only than the rest of Ireland, but than most other regions in Europe. Thus it appears at the bottom of the list of the ten European regions where GDP shrunk fastest between 2007 and 2010 (with an average annual 1.6% contraction), and comes third in the list of European regions with the most dramatic loss of employment (an average annual loss of 5.2%), coming above the Irish Southern & Eastern region, which also features in the list (with an average loss of 4.3%) (European Commission 2013: 32). Moreover, when analysing the current data gathered by the Central Statistics Office on each county within the Border, Midland and Western Region, it is largely those counties along the border that evidence the worst indices (such as unemployment and type of economic activity).

It is important to recognise that significant efforts are being made from an all-island perspective to reverse these trends and to ensure that enterprises on both sides of the border are well placed to accelerate the economic recovery. Central to these efforts is InterTradeIreland, which has supported SMEs in Ireland and Northern Ireland to exploit their export potential and to invest in innovation, and has frequently noted that companies initially involved in North-South trade have demonstrated a greater propensity to export to other markets. Crucially, as InterTradeIreland has shown, it is businesses in the border region that demonstrate the highest propensity for export activity. However, as InterTradeIreland have noted in evidence previously given to the Committee for Enterprise, Trade and Investment, although 27% of businesses involved with the organisation are

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<sup>4</sup> Office for National Statistics, 'Regional Economic Indicators – March 2013' and 'Regional Economic Indicators – July 2014'.

located in the border counties, its remit is to support enterprises across the island of Ireland.<sup>5</sup> What CCBS and its relevant partners are working to achieve is to bring a specific focus to the economy of the border region and to its infrastructural needs, supportive of and complementary with the work being carried out there by InterTradeIreland and other agencies. That focus includes highlighting the need for structural improvements, as detailed in Section 3.

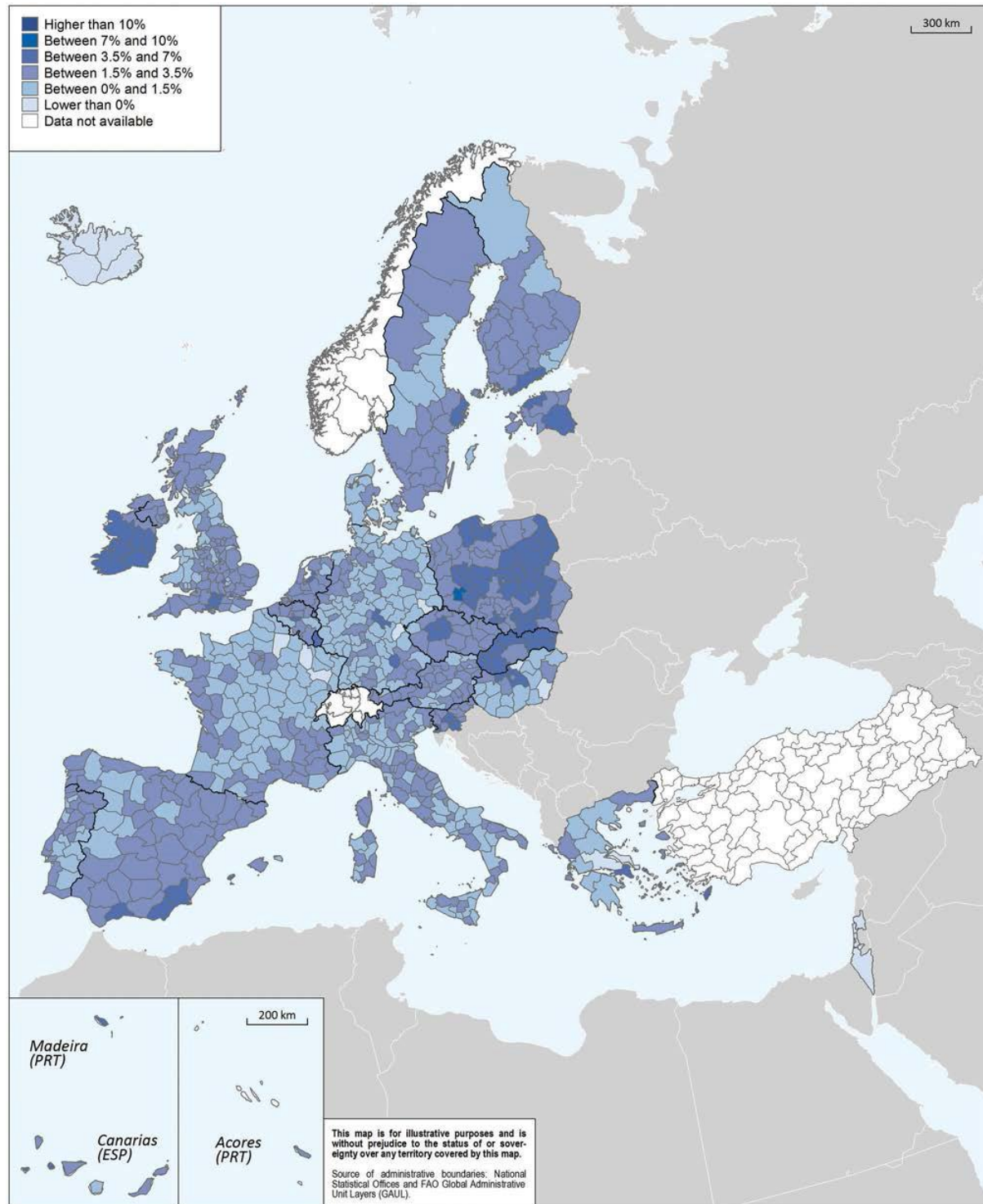


Fig. 2: Regional GDP growth 1995-2010

<sup>5</sup> Official Report (Hansard), 'Border Region Economy and Impact of Savings Delivery Plans: InterTradeIreland' (6 March 2014).

## 1.2 CCBS Research and the Border Corridor

The Ireland Northern Ireland Cross-Border Cooperation Observatory (INICCO) project – a diverse package of research, information and capacity-building projects funded through the EU INTERREG IVA Programme and delivered by the Centre for Cross Border Studies (CCBS) in partnership with the International Centre for Local and Regional Development,<sup>6</sup> represents a major research pillar to the issue of economic development of the border corridor. Within the overarching INICCO project, two research initiatives are of major relevance: the Bradley and Best report, *Cross-Border Economic Renewal: Rethinking Regional Policy in Ireland* (2012),<sup>7</sup> and the five “Towards a Border Development Zone” scoping studies (“Towards a Border Development Zone” overall strategy and structure; SMEs with export potential; Tourism and recreation; Agriculture, food and fish processing; and Low carbon initiatives and renewable energy). These initiatives contain significant evidence pointing to the need for a focused and strategic approach to the economic development of the border region.

Other research undertaken by CCBS both as part of the INNICO project and independently provides further evidence for the need for cross-border strategies to support the border corridor’s economic development. However, CCBS sees economic development as encompassing and dependent on more than productive capacity (output), and regards the public and third sector as both producers and enablers of economic activity. The adequate provision of services and infrastructure are vital for citizens and enterprises to contribute to the economic prosperity of the regions in which they live and work, and this becomes all the more acute in border areas seen as peripheral.

Thus, under INNICO, CCBS produced two reports focusing on the opportunities for cross-border provision of health services – *Unlocking the Potential of Cross-Border Hospital Planning on the Island of Ireland: A Prototype Modelling Framework* (2011),<sup>8</sup> and *Unlocking the Potential of Cross-Border Hospital Planning on the Island of Ireland: The Role of Community Involvement in Hospital Planning* (2010).<sup>9</sup> CCBS highlighted further opportunities for cross-border approaches to the provision of public services and support for economic growth in peripheral areas in *Delivering a Prosperity Process: Opportunities in North/South Public Service Provision* (2012).<sup>10</sup>

The research undertaken by CCBS has underlined the need for cross-border solutions that address the specific characteristics of the border region, which not only includes an SME sector dominated by micro-enterprises, but also reveals a strong entrepreneurial spirit. As CCBS argued in its response to the SEUPB consultation on the draft INTERREG and PEACE Operational Programmes for the 2014-2020 period, greater support needs to be given in terms of increasing the competitiveness of SMEs in the border region, which is in line with the European Commission’s position paper on the UK’s development of the Partnership Agreement for the new funding period stated that ‘CSF Funds

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<sup>6</sup> The CroSPlan project, led and delivered by our INICCO partners ICLRD, comprises three sub-projects: the Executive Training and Animation Programme, building capacity among Local Authorities; the Shared Services project, combining action research, a learning network for local authorities and web-based resources; and Evidence-based Planning, the development of several accessible on-line socio-demographic mapping systems for the border region.

<sup>7</sup> This and other reports are available for download from the CCBS website, [www.crossborder.ie](http://www.crossborder.ie).

<sup>8</sup> Authored by Shane McQuillan and Vanya Sargent of Horwath Bastow Charleton.

<sup>9</sup> Authored by CCBS Director, Ruth Taillon.

<sup>10</sup> Authored by Michael D’Arcy.

should help to increase SME competitiveness and back entrepreneurship'.<sup>11</sup> As CCBS stated in its response to the SEUPB consultation: 'In order to exploit the opportunities and address the real needs of the cross-border region whilst simultaneously addressing the imperative for the maximisation of returns from INTERREG funding, support for Competitiveness of SMEs could reinvigorate existing SME clusters and encourage the establishment of new geographical and sectoral clusters. This would not only mitigate against the perception of a fragmented and dispersed economic landscape, but also embed a cross-border economic framework with the capacity to create productive and sustainable synergies that would ensure an easing of existing regional disparities'.<sup>12</sup>

The border region's ability to attract foreign direct investment (FDI), or even to become a more regular site for potential FDI visits supported by the relevant agencies, will remain constrained without a cross-border strategy that includes the establishment of geographical and sectoral SME clusters, and without the appropriate infrastructure necessary for foreign investors. Without this focused cross-border approach, the region risks being caught in a self-perpetuating and economically damaging cycle.

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<sup>11</sup> European Commission, 'Position of the Commission services on the development of the Partnership Agreement and programmes in the United Kingdom for the period 2014-2020', p.12.

<sup>12</sup> Centre for Cross Border Studies, 'Response to SEUPB Consultation on PEACE and INTERREG 2014-2020', p.2. The full response is available at <http://www.crossborder.ie/wp-content/uploads/CCBS-Response-to-SEUPB-Consultation.pdf>.

## 2. The economic situation in the Border region of Ireland/Northern Ireland

### Introduction

This short briefing document sets out an overview of the current economic situation in the cross-border region. It is drawn from a scoping study undertaken for the Centre for Cross Border Studies last year looking at the potential for establishing a Border Development Zone.

### 2.1 Data problems

Attempts to present a picture of the state of the economy of the cross-border region are beset by data issues. Despite European efforts to establish consistent approaches to data collection and presentation across member states, it is still difficult to bring together data for both sides of the Border region that will demonstrate the state of the local economy. The main problem is the differing definitions of employment, unemployment and economic activity used by the two jurisdictions.

At the broader level, there have been intermittent attempts to present economic data on a common basis for both parts of the island. In June 2014, the Central Statistics Office (CSO) for Ireland and the Northern Ireland Statistics and Research Agency (NISRA) produced a report, *Census 2011 Ireland and Northern Ireland*, which for the first time draws together results from both Censuses and explores similarities and differences in the two populations, including data on economic status, industry and occupation.

Two of the Cross Border Network Bodies - the North West Cross Border Region Group (NWRCBG) and the Irish Central Border Area Network (ICBAN) - have undertaken data capture projects that have sought to collate and present data for their respective areas. Another useful source is the *Profile of the Border Region* produced by the Border Regional Authority in February 2013 which includes a section on the Border Region economy in the six counties of the Border Region of Ireland. However as with the other sources this covers only part of the whole cross-border region of both jurisdictions.

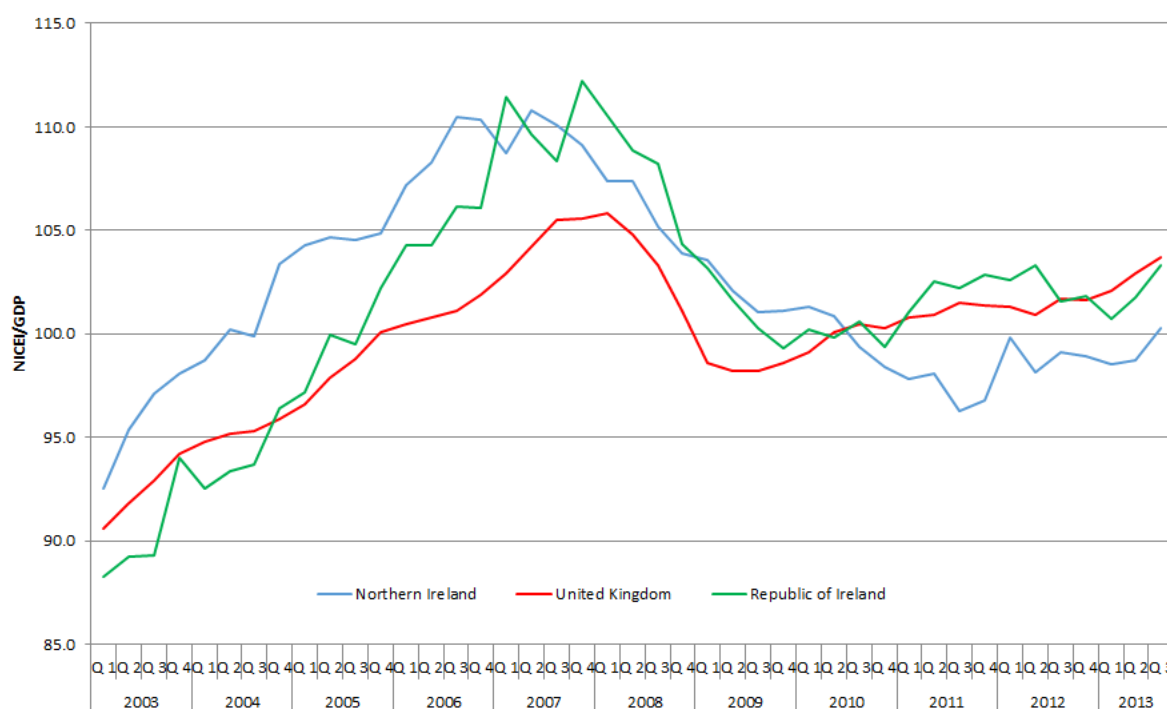
The Bradley Best study<sup>13</sup> sought to produce a profile of the cross-border economy in order to see if there was a set of common structural features or problems. This study encountered similar issues of lack of data comparability.

### 2.2 The economic picture at the national level

A comparison of economic growth at national level, using GDP figures for Ireland and the UK and the Composite Economic Index for Northern Ireland, shows that the economies of Ireland and Northern Ireland grew more rapidly during the boom years up to 2007 and then fell more rapidly during the recession. However the recovery in the Northern Ireland economy has been slower than in either the UK or Ireland.

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<sup>13</sup> Bradley, John and Best, Michael. *Cross-border Economic Renewal: Rethinking Regional Policy in Ireland*. Centre for Cross Border Studies, 2012: [www.crossborder.ie/pubs/2012-economic-report.pdf](http://www.crossborder.ie/pubs/2012-economic-report.pdf)

**Figure 1: Economic growth in the UK, Ireland and Northern Ireland, 2003-2013 (2010=100)**

(Source: CSO, NISRA)

Despite the strong economic growth in Ireland, unemployment has remained much higher in the Republic of Ireland than in either the UK or Northern Ireland. The unemployment rate in Ireland for July 2014 was 11.5% compared with 6.1% in Northern Ireland and 6% in the UK as a whole.

Nevertheless, the short term economic outlook is positive. The latest Business Monitor Report from IntertradeIreland for the second quarter of 2014, shows that investing for growth is now a clear priority for businesses across the island, with 69% of SMEs reporting that they have plans to invest over the next 12 months. The number of businesses increasing employment remains at its highest level since 2009 with 11% of firms reporting an increase in staff.

### 2.3 The labour market in the border region

For the purposes of the 'Border Development Zone' study, the border region was defined as follows:

Counties of Ireland	Council areas of Northern Ireland
Cavan	Armagh
Donegal	Banbridge
Leitrim	Craigavon
Louth	Derry
Monaghan	Down
	Dungannon
	Fermanagh
	Newry & Mourne
	Omagh
	Strabane

For the purpose of the study, comparable estimates of unemployment and participation rates for the two jurisdictions were constructed and these are shown in the table below. These data show that in 2012 there was a total workforce of over 500,000 in the region, of whom roughly 60% were living in Northern Ireland and 40% in Ireland. There were also over 60,000 unemployed persons in the two border regions, of whom the majority (61%) were living in the Border Region of Ireland. This is reflected in the much higher unemployment rate of 17.7% in the Border Region of Ireland, compared with 7.4% in the border region of Northern Ireland. The Northern Ireland border region also has a higher participation rate (59.9%) than the Border Region of Ireland (53.3%)

**Table 1: Unemployment and participation in the cross-border region**

	<b>Border Region</b>	<b>NI border region</b>	<b>Total border region</b>
	<b>Q3 2012</b>	<b>2012</b>	<b>2012</b>
<b>In employment ('000)</b>	172.4	299	471
<b>Unemployed ('000)</b>	37.2	24	61
<b>In labour force ('000)</b>	209.6	323	532
<b>Unemployment rate</b>	17.7%	7.4%	
<b>Participation rate</b>	53.3%	59.9%	
<b>IRL/NI unemployment rate</b>	15.0%	7.3%	
<b>IRL/NI participation rate</b>	60.2%	60.6%	

Source: CSO, Quarterly National Household Survey; DETI, Labour Force Survey: 2012 Local Area Database

## 2.4 The structure of industry in the border region

The economy of the border region, North and South, is dominated by indigenous SMEs in lower value-added sectors.

- The Food and Drink sector is the most important manufacturing industry in both parts of the region, accounting for 25 per cent of local units in Ireland and 26 per cent of manufacturing employment in Northern Ireland.
- Textiles and Wood, traditionally lower value-added sectors, are also relatively more important in the Border region compared with elsewhere in either jurisdiction.
- High tech industry is small by comparison and that difference is particularly pronounced in the border region of Northern Ireland.
- The Southern Border has the highest share of both Irish businesses and SME employment across the 9 Irish regions with correspondingly lower average wages.
- Within the Northern Ireland border region manufacturing is a more important employer but GVA per employee for border businesses in this sector is less than four-fifths that of non-border businesses.

This focus on lower value-added industry is also evident from the government assisted business base in the region.

- The Southern border region makes up a proportionately lower share of assisted employment in Ireland (9% of assisted employment vs. 11.5% of Industrial employees).
- It has a greater focus on manufacturing than Ireland as a whole and has suffered a much greater fall out in terms of jobs losses as a result of the recession, particularly in Donegal.
- The Northern border region makes up a more significant share (38%) of Invest NI offers by comparison but a proportionately lower share of the value of assistance offered (26%).
- Northern businesses based at the border have lower levels of planned investment compared to the rest of Northern Ireland and in consequence the average amount of assistance per offer is lower for border compared to non-border businesses.
- Investment by FDI in the Northern border region is again low relative to the regions size.

Nevertheless research undertaken for the study would suggest that the propensity to export and engage in cross border trade is relatively strong among businesses located along the border region of Ireland, North and South.

- Border based businesses are more likely to have taken their first step into export markets through cross border sales.
- They are also more likely to be engaged in exporting/cross border trade than their non-border based counterparts.
- However, cross border trade is more important to businesses based in Northern Ireland compared to those based in the Republic of Ireland.

## Conclusions

The evidence from the research undertaken for the Border Development Zone study suggests that the Border region has enjoyed mixed economic fortunes during recent years:

- The labour market in Ireland has suffered much more from the economic recession than the NI labour market;
- During the economic recession, unemployment in the southern Border Region rose from 14,100 in 2007 to peak at 37,200 in 2012 before falling back to its current level of 33,200 or 15.3% of the labour force (Q2 2013) compared with the state average of 13.9%;
- In Northern Ireland unemployment in the local authority areas along the border was estimated at just over 24,000 in 2012, representing 7.4% of the labour force compared with the NI average of 7.3%;
- Unemployment is much higher in the local authority areas of Derry (8.9%) and Strabane (8.1%) than in other areas along the border;
- Labour market participation rates also tend to be higher in border local authority areas in Northern Ireland (59.9%, 2012) than in the southern Border Region (53.3%, Q3 2012);
- The economy of the region on both sides of the border is highly dependent on agriculture, industry and construction relative to national averages, with low dependence on the public sector and services;
- The border region has a higher proportion of manufacturing firms with a greater propensity to export than other parts of the island.

If the economic problems of the border region of Ireland/Northern Ireland are to be addressed it will require a coordinated effort by all stakeholders that builds on the strengths of the area in relation to its potential for development of SMEs with export potential, the agri-food sector, tourism & leisure and the green economy.

### **3. *draft* Solidarity Charter for the Economic Revitalisation of the Irish Border Development Corridor**

#### **PART A**

#### **Preamble to the Charter**

The Solidarity Charter for the Economic Revitalisation of the Irish Border Development Corridor represents the unified position of many people and organisations proposing action to capitalise on the economic, social and environmental assets of the Irish Border region and to redress the economic disadvantages that have accrued in the area from decades of underinvestment, back-to-back policy development and the legacy of our troubled history. The Border Development Corridor – comprising the local authority areas indicated in the Appendix to the Charter in Part C – consists of a patchwork of communities faced with an array of differentiated challenges. In their close proximity to the border, however, they share a common reality and find common cause in their desire for a better future irrespective of jurisdictional boundaries. The conclusion of this Charter represents a modest, but not inconsiderable, step towards ensuring a better future for all those living and working within the Irish Border region. Its implementation will depend on the continued support and goodwill of many organisations in addition to the citizens of the Border region itself.

The Charter promotes the principle of subsidiarity and is designed to complement and support the work of existing agencies with a local and regional development remit in the Irish Border region. This includes local government, local development partnerships, and the cross-border networks, to name but a few. A fully elaborated introduction to the Charter and its underpinning necessity is provided in Part B, including a range of priority actions outlined in support of the seven high-level aims listed below. The membership of the Border Development Corridor Steering Committee, which was responsible for creating and promoting the draft Charter, is provided in Part C. The Steering Committee comprises individuals and organisations motivated to act in the interests of the entire Border region who were initially prompted by the findings of the 2012 Bradley and Best report, *Cross-Border Economic Renewal: Rethinking Regional Policy in Ireland*, published by the Centre for Cross Border Studies. Membership of the Steering Committee can be modified as required.

#### **Charter Purpose**

The purpose of this Charter is to articulate the shared position of a wide-range of organisations in the Border Development Corridor who are coalescing around a defined number of high-level themes for the economic revitalisation and sustainable development of their area. The Charter embraces a strategic approach by focusing on seven priority thematic areas and their potential to strengthen the economic and social development of the entire Border region. The themes are generally reflected in the economic objectives and plans of individual County and District Councils and the cross-border networks. It is considered that an approach founded on solidarity between local authorities in the Border region and the cross-border networks, and carrying the backing of the entire region, is more likely to win the support of both Governments, Government Ministers, Government Departments, State agencies and private sector interests.

## Charter Aims

- **Critical Infrastructure**

Achieve a greater priority and urgency in advancing critical infrastructure projects, particularly roads and broadband, to facilitate the economic and social development of the Border Development Corridor.

- **Foreign Direct Investment (FDI)**

Promote expansion by IDA Ireland and Invest NI of the existing FDI base and give more determined priority to locating new FDI in the border region which has demonstrated its capacity to support internationally trading enterprises, both foreign and indigenous.

- **SMEs with Export Potential**

Support the needs of SMEs with export potential across the Border Development Corridor, encourage knowledge transfer and networking, and capitalise on the up-to-date research findings on cross-border business supports available from InterTradeIreland.

- **Agriculture, Food & Fish Processing**

Strengthen the local food economy by encouraging greater public and private sector purchasing from local and regional food producers and suppliers, and working closely with local producers to develop their branding and export potential.

- **Tourism & Recreation**

Recognise and work collectively to harness the opportunities presented by the natural, built, cultural and physical environment of the Border Development Corridor so as to maximise the growth and development of tourism and recreation for the greater benefit of the communities in the Border region.

- **Low Carbon, Energy Saving & Renewables**

Advance the region as a champion of the green economy, sustainable development and renewables agenda on the island of Ireland through the maximisation of the local resource-base and assets.

- **Diaspora**

Embrace the goodwill of the Diaspora and capitalise on successful initiatives through sharing the learning across the Border Development Corridor and engaging with the proposed National Diaspora Centre.

## Future Evolution of the Charter

To ensure the maximum desirable impact, a Charter of this kind requires the support of all County and District councils within the Border region. However, the new councils in Northern Ireland do not become operative until April 2015, and the councils in the South are also in the midst of substantial change in responding to their amended mandate, including the development of an Economic and Social plan by end March 2015. Accordingly, the Steering Group is disseminating the draft Charter for consideration and comment with a view to subsequently seeking more formal support from the County and District councils for a finalised version of the Charter in the Second Quarter 2015, taking into account the responses received in the interim.

**September 2014**

**Secretariat: The Centre for Cross Border Studies and the International Centre for Local and Regional Development**

**PART B****Introduction: Setting the Context**

1.1 In recent years, the Irish Border region has benefitted from a number of significant developments that have been driven by both local government and the cross-border networks; with many of these initiatives being cross-border in nature and in receipt of EU funding. Such initiatives have focused on broadband development (Project Kelvin), environmental protection and management (Tellus Border Project), and renewable energy opportunities (ISLES and BioMara Projects). But the region still faces many challenges and has a distance to go in order to realise its potential in contributing to the sustainable growth and development of the island as a whole.

1.2 As noted in the 2012 Bradley and Best report, the renewal of the Border region following the Troubles was largely left to the local authorities, North and South, who were in many ways ill equipped to undertake the task. This can be attributed to a number of factors ranging from limited strategic responsibilities, dependence on central government funding, and currency fluctuations and tax differentials which impact on spending patterns and 'what you can get for your money'. While EU investment through funding programmes such as PEACE and INTERREG have gone some way to address these deficiencies, the Border region continues to lag behind in developmental terms. The current economic crisis has further heightened the risk of the region being further 'stranded economically'.

1.3 Central government in both jurisdictions on the island are grappling with European economic stagnation and national revival. Public budget cut-backs have meant that there has been no discretionary spending power available for border areas for the past six or so years. In many ways, this has been to the detriment of cross-border cooperation – with regional policies and priorities falling further down the list of concerns of both governments. In this context, the national development agencies have proven to be insufficiently geared to respond to the particular challenges facing the Border region and much greater attention is needed at central government level to redress this disadvantage.

1.4 Counties on both sides of the Irish border are characterised by having a weak economic base, few large urban centres, high unemployment and deprivation within their respective jurisdictions, and a high dependency on social welfare transfers. The settlement structure of the region is diverse – ranging from very rural towns and villages to urban settlements with populations over 20,000, the largest urban population centre being Derry-Londonderry with 107,877 (in the Derry City Council area at the 2011 census). The challenges facing the region tend to be amplified by the presence of the border and its peripherality in terms of infrastructure links and connectivity.

1.5 Yet, the region itself is not insignificant – the wider Border region comprises a population of approximately one million people. This represents 16% of the population of the island of Ireland, and an increase of 25% over twenty years. Building on this significant asset, Bradley and Best argued in their 2012 report that the region must build on and strengthen its existing productive base – whether that be good, bad or indifferent! To this end, they proposed that local government, the cross-border networks and other development agencies – whether with a regional, national or cross-border remit – must use their discretionary powers and leadership roles to advance economic

development opportunities. The most effective way of doing this is through cooperation and the sharing of ideas and resources around common economic threats – and a common interest in maximising joint strengths and shared assets.

1.6 The 2014 report by the Commission for the Economic Development of Rural Areas (CEDRA) recognises the diversity of rural Ireland's landscape and its people; noting that this is also the backbone of its potential. The report further acknowledges that there is an abundance of natural, physical, human and capital resources and high quality assets across rural Ireland that must be leveraged to support the development of these communities as well as national economic growth. The report goes on to argue that the interrelated nature of the challenges facing rural Ireland – irrespective of borders – can only be addressed through an integrated strategic and operational approach that aligns the goals of national level economic plans with regional, county and local (bottom-up) strategies. Of particular interest to the Border Development Corridor concept is the recommendation by CEDRA that a number of Rural Economic Development Zones (REDZs) be piloted. This would involve creating local strategic economic development plans that contribute to and align with local, regional and national economic development plans and which will identify and specify the needs and opportunities with a REDZ, and identify those supports that both enterprise and labour require in order to realise the dormant potential of the area (CEDRA, 2014, pp.8-9).

## A Window of Opportunity

2.1 Initial evidence is emerging of an economic recovery being underway. This is being largely driven by exports and 'on the ground' is being translated as increases in GDP and falling unemployment rates. It is critical that the Border Development Corridor is not left behind at these initial stages – but rather portrays itself as an (potential) active contributor to this recovery.

2.2 The strong entrepreneurial tradition of the region can play an important role in ensuring that the Border Corridor is an active player in the recovery process. Any policy in this regard, however, must be backed-up by strong regional development policies at central government level. In recognition of this, Minister Bruton recently acknowledged the negative impact resulting from the lack of coherent regional policies – especially as they relate to the regional development function of industry.<sup>14</sup>

2.3 Significant agencies such as IDA Ireland are undergoing policy reviews; and the potential exists for new members / chairs of the boards of such agencies to place a greater emphasis on regional development. A Charter for the Border Development Corridor, which advocates for stronger regional policy, will be an important resource.

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<sup>14</sup> In a written answer, on 23 January 2014, to a Parliamentary Question, the Minister for Jobs, Enterprise and Innovation stated that he was "concerned at the lack of investment in certain regional locations" and had "accordingly requested IDA Ireland and Enterprise Ireland to work with" his Department so that "we can explore what further initiatives we can take to ensure we have a better approach to enterprise development in regional locations".

2.4 The development of this Charter coincides with the reform of local government across both jurisdictions – and in particular the increased emphasis being placed on local government in supporting and driving economic development. With the buy-in of local and regional government, the Charter has the potential to be a key support document to the economic development strategy of the Irish Border Development Corridor.

2.5 The 2013 policy document jointly issued by the Department for Regional Development and the Department of Environment, Community and Local Government, *Framework for Cooperation: Spatial Strategies of Northern Ireland and the Republic of Ireland*, needs to be implemented at the earliest opportunity. The Framework encourages decision-makers to take account of the wider impact of their work and to recognise and exploit opportunities – including on a cross-border basis – as, and when, they arise. The Framework places a particular emphasis on cross-border cooperation in the areas of enhancing competitiveness, competitive places, environmental quality and spatial analysis, with cooperation encouraged at the level of government departments and regional and local authorities.

### **The Charter: High-Level Themes**

3.1 This Charter focuses on those key areas where it is felt that the Irish Border Development Corridor can make a difference to the coherent and integrated development of the region – and the island as a whole. There is a growing political awareness and acceptance of the need to have more specific development policies in place across government, North and South, to support cross-border working and ensure greater coherency and integration between and across development policies. This is despite – or in spite of – the shift in national politics away from cross-border development (joint investment) and the promotion of cooperation.

3.2 The institutional reforms of local government across both jurisdictions on the island of Ireland – including the new mandates of local government and the associated local and European elections – create many opportunities for more coherent working on a cross-border basis. This is greatly supported by the stronger alignment of functions across local government in both jurisdictions from April 2015 onwards – including in the field of economic development.

3.3 The realignment of functions across local government will inevitably lead to enhanced opportunities for local authorities, community and business interests to come together to support the emerging key themes of the Border Development Corridor (see below).

3.4 This Charter presents a unique opportunity for a wide-range of agencies and bodies with an interest and strong commitment to regional development to come together around a defined number of high level themes with a united vision and single voice for the future advancement of the Irish Border Development Corridor. The Charter takes a broad approach, concentrating on seven thematic areas and their potential role in strengthening the economic development of the region. These themes are generally reflected in the economic objectives and plans of County and District Councils and the cross-border networks.

### 3.5 Critical Infrastructure

***Charter Aim:***

Achieve a greater priority and urgency in advancing critical infrastructure projects, particularly roads and broadband, to facilitate the economic and social development of the Border Development Corridor.

***Priority Actions:***

1. Given the absence of a strong rail network in the border region, there is a necessity to redress the 'three speed' economy that is emerging across the island; led by the city-regions of Belfast and Dublin, followed by the regions well connected to these city-regions through high quality transportation and other infrastructure, and, lastly, the Border region. To redress this imbalance, key stakeholders within the region, from local government, the community and private sectors must jointly advocate for the progression of strategic road projects, particularly the N2/A5 (Dublin-Derry/Londonderry), N16/A4 (Sligo-Ballygawley), and the East-West Link.
2. Increase the broadband capacity of the region to facilitate the growth of all business, including tourism across the entire Border Development Corridor. The Border region and its enterprises suffer in many locations from low speed broadband capacity through fixed telecom lines with a resultant lack of Wi-Fi. Smartphones and 'tablets' now form part of everyday business life yet 3G is lacking in many areas and numerous 'black spots' exist with no or poor service. This impedes:
  - a) The normal functioning of firms and business;
  - b) The start-up of micro-business or SMEs;
  - c) The development and location of FDI in the region;
  - d) Tourists who expect to have access to modern communications.

### 3.6 Foreign Direct Investment (FDI)

***Charter Aim:***

Promote expansion by IDA Ireland and Invest NI of the existing FDI base and give more determined priority to locating new FDI in the border region which has demonstrated its capacity to support internationally trading enterprises, both foreign and indigenous.

***Priority Actions:***

1. Ensure a commitment to locate more FDI in the Border Development Corridor where existing and proposed facilities and the skills-base of the local population (and the growing emphasis on R&D by third level institutes) can support it.

2. Increase the number of site visits organised by IDA and Invest NI for potential investors to the border region. This will require local government and private sector interests to come together to demonstrate critical mass and the existence of the relevant services / skills-set required for particular types of investment.

3. IDA Ireland and Invest NI should consider co-operating following consultation with local authorities in the identification of investment opportunities and suitable locations in the border region where success in attracting new FDI would benefit adjacent areas on both sides of the border.

### 3.7 SMEs with Export Potential

#### **Charter Aim:**

Support the needs of SMEs with export potential across the Border Development Corridor, encourage knowledge transfer and networking, and capitalise on the up-to-date research findings on cross-border businesses emerging from InterTradeIreland.

#### **Priority Actions:**

1. Encourage high potential start-ups along Border Development Corridor, capitalising on the emphasis being placed by central government policy and EU funding programmes on the development of the knowledge economy, the greater role of local government in driving and supporting economic development, the greater emphasis being placed on R&D in Third Level institutions, and the successes and intellectual capital of existing enterprises.

2. Undertake an audit of the different types of training available to SMEs across the border region - including those courses and training events provided by local government, enterprise agencies, colleges and other training providers - with an emphasis being placed on identifying the type of training for which there is most demand and opportunities for providing such programmes on a cross-border basis. Roll-out a communications plan aimed at making businesses aware of the types of training / courses which are available to them supporting innovation and exporting. Local councils can also be brought together to share their resources and expertise and engage in a programme of peer-to-peer learning.

3. Support the fostering of new SMEs across the Border Development Corridor with export potential - especially in higher value-added sectors - and where possible, to do this in association with the diaspora.

4. Where appropriate, contribute to the implementation of the recommendations outlined in the InterTradeIreland *Mapping the potential for all-island clusters and clustering* report. This research identifies a number of clusters with potential for cross-border or all-island clustering and suggests some lines of action on how best develop them.

5. Local councils in the border region should be supported in the seconding of staff across clusters of councils to improve the transfer of knowledge and encourage export and innovation among SMEs. Such Export / Innovation Officers could play a key role in

harnessing the concept of clustering, bringing businesses together on a cross-border basis, and encouraging the development of technologies - such as Apps - to support local businesses.

### 3.8 **Agriculture, Food & Fish Processing**

#### ***Charter Aim:***

Strengthen the local food economy by encouraging greater public and private sector purchasing from local and regional food producers and suppliers, and working closely with local producers to develop their branding and export potential.

#### ***Priority Actions:***

1. Identify existing local food procurement policies and practices across both jurisdictions with respect to local food sourcing;
2. Develop a consumer awareness campaign to highlight the benefits of sourcing local food through a variety of media;
3. Promote increased local food procurement in local government, education, and healthcare bodies;
4. Enhance linkages between the agri-food sector and tourism and recreation initiatives, placing an emphasis on food-based tourism - including local festivals, cookery schools, farmers markets, artisan food producers, and gourmet restaurants.

### 3.9 **Tourism & Recreation**

#### ***Charter Aim:***

Recognise and work collectively to harness the opportunities presented by the natural, built, cultural and physical environment of the Border Development Corridor so as to maximise the growth and development of tourism and recreation for the greater benefit of the communities in the border area.

#### ***Priority Actions:***

1. Recognising that tourism has the potential to bring increased spending and resultant jobs across the entire border region and that the traveller is more interested in following their recreation interests irrespective of administrative or political boundaries - we support enhancing the tourist offering by encouraging connectivity between tourist assets on both sides of the border - cycle ways, walking routes, greenways, blueways on the water amenities, heritage and cultural tours, accommodation packages - in the interests of attracting greater tourist impact and the resultant enhanced prosperity of the border area.
2. Recognising that Fáilte Ireland, the Northern Ireland Tourist Board and Tourism Ireland are seeking to capture greater international interest by promoting strategic attractions of scale and signature tourist attractions such as the Wild Atlantic Way, the Titanic Quarter, we seek the co-operation of these agencies in:

- a) Imaginatively assisting the border region to connect with or capitalise on these strategic attractions;
- b) Taking a fresh look at the development and promotion of the east-west axis of outdoor recreation attractions and cultural inheritance in the border region.

### 3.10 Low Carbon, Energy Saving & Renewables

#### ***Charter Aim:***

Advance the region as a champion of the green economy and renewables agenda on the island of Ireland through the maximisation of the local resource-base and assets.

#### ***Priority Actions:***

1. Local government to become a leader in motivating and progressing energy management and wider Green Economy initiatives at a local and regional level. This will involve local councils making a commitment to monitor their own energy usage, reduce their energy usage and look seriously at the use of alternatives;
2. Councils - and where possible other public sector bodies - be encouraged to undertake energy audits which will, in turn, lead to the roll-out of energy-saving measures. At the heart of such a policy is the promotion of a use of an energy mix;
3. Identify exemplars from both the business, private and farming communities to demonstrate what is possible;
4. Develop an 'Advice Pack' on renewable energies for community groups, businesses, the farming community, the education and healthcare sectors and others across the Border Development Corridor as a whole.

### 3.11 Disapora

#### ***Charter Aim:***

Embrace the goodwill of the Diaspora and capitalise on successful initiatives through sharing the learning across the Border Development Corridor and engaging with the proposed National Diaspora Centre.

#### ***Priority Actions:***

1. Engage with the diaspora to identify how they might wish to contribute to the sustainable development of the Irish border corridor. For example, such a campaign could use many different mediums to seek their advice on different areas of development where they have expertise and their willingness to make connections on behalf of the Border region.

**PART C****Table: Membership of the Border Development Corridor Steering Committee**

<b>Name</b>	<b>Organisation</b>
Mr. Padraic White (Chair)	Chairman, Louth Economic Forum Chairman, Leitrim Recreation Strategy Forum
Ms. Pamela Arthurs	East Border Region Ltd
Ms. Carol Margey	North West Region Cross Border Group
Mr. Shane Campbell	Irish Central Border Area Network
Mr. Eoin Magennis (with support from Ms. Jani Lopez)	InterTradeIreland
Mr. Reg McCabe	IBEC
Mr. Colin Stutt	Independent Consultant
Mr. Seamus Neely	Donegal County Council
Mr. Thomas McCall (with support from Mr. Jonathan McGilly)	Newry & Mourne District Council
Mr. Michael Curran	Independent Consultant (formerly Louth Local Authorities)
Ms. Caroline Brady	Cavan County Council (formerly Border Regional Authority)
Mr. Andy Pollak	Independent Consultant (formerly Centre for Cross Border Studies)
Ms. Ruth Taillon	Centre for Cross Border Studies
Dr. Anthony Soares	Centre for Cross Border Studies
Ms. Caroline Creamer (with support from Dr. Andrew McClelland)	International Centre for Local and Regional Development

**Appendix: Geographical limits of the Irish Border Development Corridor**

The Border Development Corridor comprises the following County and District councils contiguous to the Irish border: Donegal County Council; Leitrim County Council; Monaghan County Council; Cavan County Council; Louth County Council; Derry and Strabane District Council; Fermanagh and Omagh District Council; Mid Ulster District Council; Armagh, Banbridge and Craigavon District Council; and, Newry, Mourne and Down District Council.