Towards a Border Development Zone Scoping Study (1): Overall Strategy & Structure

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Summary Paper

What is the current state of the economy in the cross-border region?

The Bradley Best study noted the difficulties of putting together a statistical profile of the cross-border economy. Some additional data is now available for the NI economy and the evidence from the research undertaken for this 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 and unemployment in the southern Border Region is currently estimated at 33,200, or 15.3% of the labour force (Q2 2013) compared with the state average of 13.9%;
- 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;
- 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 (55.1%, Q2 2013);
- 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;
- GVA in the southern Border Region was estimated at €9.1bn in 2010, representing 6.5% of state GVA – the Region accounts for 11.2% of the state population. No similar estimates are available for the border region of Northern Ireland.

What economic development strategies are currently in place?

In June 2013 the two governments issued a joint Framework for Cooperation between the two spatial strategies – the Regional Development Strategy for Northern Ireland and the national Spatial Strategy for Ireland. The purpose was to facilitate economic recovery on the island through more effective planning and prioritisisation of investment.

In terms of the Border region, there is a wide range of economic development strategies for the area including:
Other important developments include the following:

- In Ireland, County Enterprise Boards are due to be replaced by Local Enterprise Offices in each county which will be managed by Enterprise Ireland.
- In Northern Ireland, Invest NI has regional offices in Newry, Omagh and Derry.
- There are also proposals to establish Enterprise Zones in Northern Ireland offering enhanced capital allowances and business rate relief. Scotland has already moved ahead with its proposals and has chosen to establish any EZs around sectoral clusters which will seek to attract investment. The location and form of EZs in Northern Ireland is still under discussion.
- The Ireland-Northern Ireland INTERREG V Programme for the period 2014-2020 will be issued for public consultation very shortly. It is likely that the eligible area will include Belfast as well as West of Scotland which will increase the competition for funds away from the immediate border region.

**What would the objectives of a Border Development Zone be?**
We have concluded that the objectives of a Border Region Development Zone, based on the proposals outlined by Padraic White, would be:

> to promote the economic development of the cross-border zone between Ireland and Northern Ireland on a coordinated basis, maximising the use of national resources and stimulating the use of local resources and expertise

**What are the options?**
We have considered options for the strategy and structure of the Border Development Zone under the three dimensions proposed by Bradley and Best – spatial, sectoral and institutional.

**Spatial options**
We have considered three broad spatial options in the following diagrams – a single development zone, three development zones and two development zones.

Having assessed these options, we consider that Option B: Three Development Zones is the best option as it reflects the reality that the two zones at each end of the border corridor, ie the areas around Derry/Donegal and Newry/Dundalk, have different economic characteristics compared with the rural development zone between them. As well as being urban these two zones have most of the FDI in the area and the labour market includes a stronger representation of public and private services. The rural development zone between them (broadly equivalent to the central border area covered by ICBAN) has a strong small scale manufacturing base with some important clusters and tends to look towards Belfast and Dublin.
for significant service provision. This does not mean that the BDZ cannot be developed and promoted as a single entity but it is important to recognise the three sub-zones within it.

Spatial Option A: Single Development Zone

Derry/Londonderry
Letterkenny
Omagh
Enniskillen
Clones
Dungannon
Armagh
Monaghan
Cavan
Newry
Dundalk
Sligo
Spatial Option B: Three Development Zones

North West

Newry/ Dundalk

Rural Development Zone

Spatial Option C: Two Development Zones

Donegal and Derry/Strabane

Fermanagh/Omagh and Sligo, Leitrim, Cavan

Mid Ulster (inc Dungannon)?

Armagh/ Banbridge/ Craigavon and Monaghan

Newry, Mourne & Down and Louth


**Sectoral options**
The sectoral reports that have been prepared alongside this study have identified a number of opportunities and ideas for development which can be taken forward as part of the overall development of the Zone. These include:

**Tourism Study**
- Develop a Border Development Zone Tourism Forum
- Invest in establishing/reviving the Eco Tourism Network in the BDZ

**Agri-food Study**
- Apply ‘Food Island’ concept to development of local markets and food-related tourism
- Foster collaboration between food businesses to maximise internal synergies

**Low Carbon Study**
- Develop ‘Green Networks’ to generate strategies for green growth

**SME Export Study**
- Develop a Border Development Zone Trade Forum for business
- Pilot programme of shared trade interventions

**Institutional options**
Our discussions with representatives of local authorities suggest that on both sides of the border they are engaged in significant internal and external re-structuring processes – the Review of Public Administration in Northern Ireland and ‘Putting People First’ in Ireland. There are currently 5 County Councils (Ireland) and 10 City and District Councils (NI) in the area. Following the Review of Public Administration in Northern Ireland the number of local authorities along the border area in Northern Ireland will reduce to 5 – Derry/Strabane, Fermanagh/Omagh, Armagh/Banbridge/Craigavon, Newry & Mourne/Down and the Mid-Ulster authority which includes Dungannon. In Ireland a number of changes are being introduced to reduce the number of local authorities and to allow local government to become more effective.

These re-structuring processes are absorbing a lot of energy and we do not consider that this is the time to propose any radical institutional changes in the area of cross-border work, let alone new cross-border structures. Once the new structures bed down in a few years time, the local authorities will be in a better position to consider how they can become more active in the promotion and development of a Border Development Zone.

We also consider in the light of these developments that it would not be helpful to propose some sort of overarching Border Development Zone authority representing all local authorities. The cross border network bodies are well established and can continue to coordinate cross border activity for their member Councils.

**What actions might be undertaken to progress the Border Development Zone?**
We have made a number of recommendations for actions to progress the Border Development Zone concept.
1. **Promote the concept of the Border Development Zone**

In our view there is an opportunity to develop the awareness of a Border Development Zone by promoting the concept in a very public and visible manner. There are important lessons to learn in this respect from the development of the Belfast-Dublin Economic Corridor during the 1990s. This Corridor was developed almost in a virtual manner without any specific new measures or initiatives and without even defining a precise economic boundary for the Corridor, except that it covered the area between Dublin and Belfast. The promotion of the concept of the Border Development Zone, and its three constituent elements, could lead to a greater awareness both in business and amongst public sector policy makers of the economic development potential that it offers. This virtual approach could be supported by the use of social media to encourage debate and badging of the area as a Zone.

2. **Identify industry champions for the Border Development Zone**

One of the features of the Belfast-Dublin Economic Corridor was that it had two industry champions, one from each side of the border – George Quigley and Liam Connellan – who constantly promoted the importance and potential benefits of the Corridor to the business community and effectively pushed it into the consciousness of both governments. Two or more similar industry champions could be identified for the Border Development Zone, or for each of the three elements of the Zone. There are a number of successful businessmen and business women on both sides of the border who might be canvassed about fulfilling this role.

3. **Create a Border Development Zone Forum**

We would recommend that in order to develop and strengthen the Border Development Zone concept that a Border Development Zone Forum might be established to discuss and debate the opportunities and to share experience and knowledge across the whole cross-border region. The proposed Forum might be modelled on the Louth Economic Forum which has been very effective in providing advice to Louth County Council across a whole range of areas. One project that the Forum might consider lobbying for is the establishment of a non statutory cooperation framework for the Border Development Zone along similar lines to the national Joint Framework.

We envisage that the Forum should have a small number of members, meeting quarterly, including the BDZ champions and two local authority chief executives from each side of the border in the three sub-zones – North West, Rural Zone and Newry/Dundalk. The BDZ Trade Forum and the BDZ Tourism Forum proposed in the sectoral scoping studies of this project might be formed as offshoots from the main Forum.

4. **Develop an annual ‘State of the Border Development Zone’ report**

In order to highlight the opportunities and potential of the Border Region, we would recommend the development of a regular report on the economy of the area. This might identify and collate a number of key indicators which are collected on a common basis for the two jurisdictions into a single ‘dashboard’. While there are problems at the moment in assembling data on the same basis, the cross border local authority networks have data capture projects which should facilitate this approach.
5. **Explore with InterTradeIreland, Enterprise Ireland and Invest NI the opportunity to pilot a cross border trade support initiative**

The British & Irish Governments commissioned a study on the economic relationship between the UK and Ireland in 2012 and one of the recommendations was that there was an opportunity to undertake more joint initiatives in the area of trade promotion. This might begin with an initiative on cross-border trade on an all island basis, building on the existing activity undertaken by InterTradeIreland, before moving outside the UK and Ireland.

6. **Consider joined up approach to funding bids for INTERREG V from Border Development Zone**

In the past efforts have been made to make an integrated and more strategic proposal by the three cross-border network bodies. The Stutt Report in 1999, *Border Corridor Strategy*, which was submitted for funding under INTERREG III, was a good and successful example of how proposals can be presented in an integrated strategic manner. However, efforts to emulate this approach have been difficult given the number of local authorities and other stakeholders involved. A meeting of all the stakeholders in the next few months should be called at which ways of making a more coordinated bid for INTERREG V funding might be considered. One way to make this practical would be to choose a programme that can be implemented across the whole Border Development Zone.

The inclusion of Belfast and the West of Scotland in the eligible area for INTERREG V funding will result in strong competition for the next round of funding. The relative advantage of the Border Development Zone bodies is that they have been doing this work for much longer and should know what works. The proposals from the Border Development Zone should therefore consider what have been the most effective interventions in previous funding rounds and build on these.

7. **Increase use of INTERREG and other funding for programmes rather than projects**

Much of the funding drawn in through INTERREG is focused on project funding and the cross-border networks have been particularly successful at this. However there is an opportunity to move more into programme support for some of the programmes proposed in the sectoral reports accompanying this research. For example, the Border Export Mentor programme proposed in the SME Study or the Food Industry collaboration programme proposed in the Agri-food study are good examples of programmes that could benefit from INTERREG funding.

8. **Support development of North West Partnership**

The strengthening of the North West Partnership is already under way supported by the ICLRD team. It is important that this is successful as the North West pole of the Zone needs to provide a strong counterbalance to the Newry/Dundalk pole. The North West has particular strengths which it can build on but it also needs to address the issue of access transport which continues to represent a significant challenge to the economic development of the area.

9. **Build on ICBAN Regional Strategic Framework**

The ICBAN RSF was published for public consultation in July 2013 and represents a groundbreaking first step at designing a coordinated development strategy for the central border area. There is a need to build on this Framework and to generate some early project successes.
and to ensure that any BDZ initiatives or proposals are supportive of this important development pathway.

10. **Continue to develop work of EBRC and realize potential of MOU**

The East Border Region Committee has been very successful in attracting funding to the area for both projects and programmes. Each of the network bodies works in a different context and the EBRC benefits from the strong existing economic development links between Newry and Dundalk. There is potential for further development of the Memorandum of Understanding that was signed between the two Councils to explore how this can be turned into more practical development opportunities.