

REGIONAL COMPETITIVENESS AGENDA

Volume II - Realising Potential

East

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1. Background & Context

Ireland is facing unprecedented challenges against the backdrop of a world recession, and is now operating within tough budgetary conditions and fiscal constraints. We have already seen the impacts in terms of a decline in economic activity and increases in unemployment. The more recent downturn in employment is particularly marked in both the construction and manufacturing sectors and has greater implications for the regions outside of the Greater Dublin Area (GDA) in the medium term.

The Government's 'Building the Smart Economy' document identifies the fundamental importance of returning to export-led growth. Returning to export-led growth requires that we create an environment that is conducive to attracting foreign direct investment (FDI), stimulating entrepreneurship and enabling companies to grow and serve global markets from an Irish base.

In this context, Forfás, together with the development agencies, has developed a suite of **Regional Competitiveness Agendas (RCAs)** for each of the regions at NUTS III Level¹. The RCAs take an enterprise perspective, recognising that enterprise is a key driver for regional growth and national economic development. The document does not seek to suggest how immediate term issues might be addressed as these are being addressed through other channels². It takes a longer term view, recognising that at the same time, it is vital that we prioritise and make strategic investments now that pump-prime the potential of each of the regions to position them as contributors to Ireland's national growth when this downward economic cycle comes to an end.

This report should be read in conjunction with:

Regional Competitiveness Agenda: Volume I : Baseline Data and Analysis : East Region which provides an overview of the region today based on an analysis of quantitative and qualitative indicators across a range of competitiveness factors; and

A final report: *Regional Competitiveness Agendas: Overview, Findings and Actions*. This report highlights findings arising from our analysis of all regions, differentiating factors for the regions, and priorities for regional enterprise development.

The Objective of the RCAs is to:

Provide an economic overview to inform the updates of the Regional Planning Guidelines and specifically to:

- Highlight opportunities to build on each region's distinctive strengths
- Identify barriers to achieving objectives and/or issues specific to the region together with actions to address them
- Identify infrastructure priorities relevant to future enterprise needs within the regions.

¹ East (Mid-East & Dublin), Border, Midlands, West, Mid-West, South-West, South-East

² Refer to National Competitiveness Council's *Annual Competitiveness Report 2009* (<http://www.competitiveness.ie/>)

The RCAs take a broader interpretation of infrastructures to include ‘softer’ factors such as innovative capacity, leadership and quality of life factors.

Methodology

Desk-based research and one-to-one consultations with a range of stakeholders were undertaken to outline the current status of the region and highlight opportunities and challenges specific to it. A regionally based workshop was held to identify the areas where the region can build from its strengths to realise its potential over the coming years. These areas are not intended to be exhaustive, but provide indications of what is possible, and they serve to prioritise the infrastructures and supporting activities required to build on the region’s assets and to address barriers to enterprise development.

Report Structure

The report outlines:

- Global Drivers of Change that impact on enterprise needs
- The Competitiveness Factors that provided the framework for analysis
- A Summary of the Current Status of the Region - Strengths and Challenges
- Realising Future Potential - Identifying areas of opportunity:
 - Sectors and activities at firm level
 - Business environment factors
- Priority Actions

2. Regional Competitiveness

Global Drivers of Change

It is never easy to predict how enterprise is likely to evolve over a given time, and within the context of the current economic downturn, it is even more challenging. Having said that, there are a number of global drivers that will continue to have implications for how companies will do business in the future³, and in turn, inform the needs of the business environment and factors of competitiveness.

Globalisation: The pace and extent of global competition has intensified significantly over recent years. Globalisation enables companies to reach new untapped markets. The supply chain is increasingly disaggregated so that companies tend to outsource non-core activities or to off-shore them to locations where it makes business sense. Even firms serving the domestic market are facing international competition (e.g. in retail, pharmacy, supermarkets). People are also more mobile and high-value talent is scarce relative to global demand. People can and will choose where they want to live and work. Quality of life factors take on a new dimension in this context.

Advances in Technology have a significant impact, not only on the ICT industry itself, but on almost every business, regardless of the nature of its activities. Technology advances have enabled companies to manage multi-site operations across the world. ICT has been, and will continue to be, a key enabler for the remote delivery of services. Increased convergence of technologies has seen companies from formerly discrete sectors enter into partnerships to provide end solutions to customers. Changes in business models, the convergence of formerly discrete sectors and increased mergers & acquisition (M&A) activity call for a work-force with multi-disciplinary skills and a flexible and problem-solving attitude.

Rising Concerns About the Environment: The increased focus on environmental (and energy related) issues presents opportunities for companies to innovate with alternative sources of energy, new solutions and services. Consumers will drive all companies to reconsider aspects of their business from an environmental perspective. For companies, this involves considering their own production and business processes, carbon footprint, materials and waste.

Shift Toward Services: Services contribute a higher proportion to GDP in developed economies driven by consumer demand, increased disposable incomes and a demand for 'personalised' solutions. Within the business to business (B2B) sector, companies are responding to the disaggregated supply chain model, and providing services which had been formerly managed 'in-house', including e.g. laboratory and testing services, R&D, logistics, supply chain management, and customer technical support. Manufacturing firms are 'bundling' services with their products to provide a more tailored and higher value solution to their customers. Competitively priced, high-speed resilient broadband networks and services are now a basic requirement to underpin future economic development.

The Importance of Dynamic Urban Areas: Ireland's economic structure is shifting towards a higher proportion of services exports, balanced with a core of high-value added manufacturing activities - although this is more immediately apparent in the city of Dublin

³ Forfás (2008) *Sharing our Future*, IBM (2008) *Drivers of Change*, Enterprise Strategy Group (2004) *Ahead of the Curve*

and to a lesser extent in the urban centres of Cork, Limerick, Galway and Waterford. International evidence shows that high-value added services are attracted primarily to urban areas, and that today, internationally, cities are competing with cities for enterprise investment. It also points to the fact that urban areas play a key role in driving the development of their hinterlands, and successful regions have a dynamic and vibrant city at their core. The RCAs acknowledge the importance of gateways and their role as drivers of regional economic development, and the need for strategic planning and development to optimise the inter-relationship between gateways and their immediate hinterlands.

Competitiveness Factors

The global drivers highlighted above have implications for where and how companies do business. As companies respond to these global drivers of change they make location decisions based on economic and business imperatives. Higher value activities generally depend upon an educated and skilled workforce. Locations are not only considered in terms of (relative) cost, but in terms of access to skills and talent, access to markets and customers (whether physical or virtual), an innovative capacity and capability and a dynamic environment offering an attractive quality of life - basically a good place to work, live and to do business.

In this context it is important that a location or region provides a competitive environment that stimulates entrepreneurship, enables companies to grow and evolve, and attracts and retains foreign investment. The following factors of competitiveness were developed to facilitate analysis of the regions, incorporating a suite of both quantitative and qualitative indicators⁴.

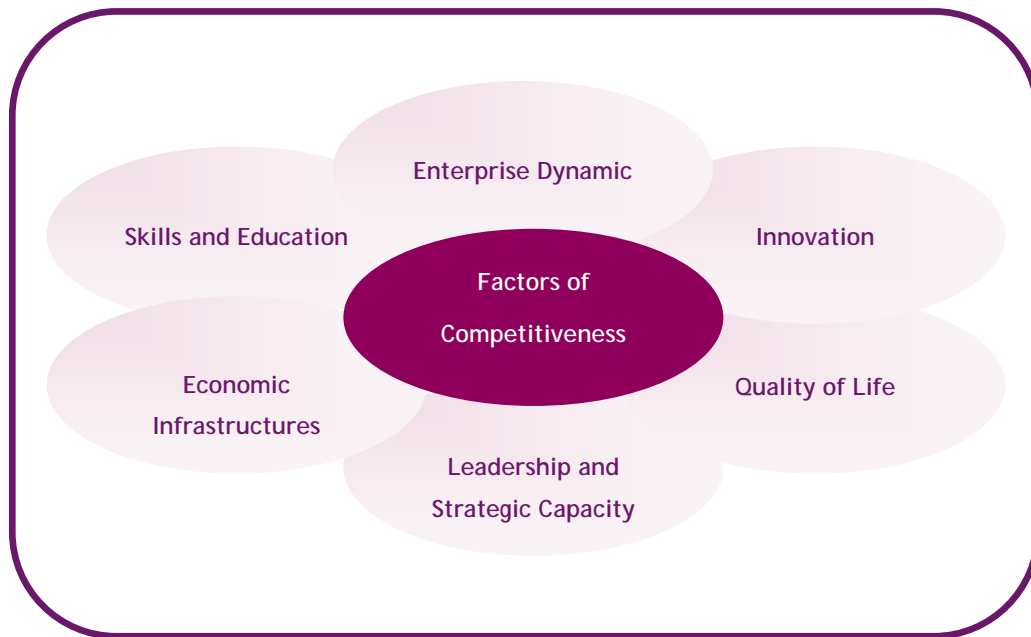
Competitiveness Factors

Enterprise Dynamic	assessing the enterprise structure, employment and GVA, the contribution from agency supported enterprises, and sectoral diversity and/or clustering
Skills & Education	an analysis of the skills, educational attainment and education resources
Innovation	research and development investment and activity, collaborations and inter-linkages between HEIs and firms, between firms and customers
Economic Infrastructures	transport and broadband infrastructures - recent investments and ongoing infrastructure needs
Quality of Life	based on factors relevant to the attraction of mobile investment and labour/talent
Leadership and Strategic Capacity	outlining relevant organisations and indications of locally driven initiatives and outcomes

⁴ Forfás, DOEHLG & Fitzpatrick Associates (2006) *Implementing the NSS: Gateway Investment Priorities Study*; NCC (2009) *Our Cities: Drivers of National Competitiveness*; Fitzpatrick Associates (2009) *Preparation of a Gateway Development Index* (Stages 1&2)

3. The East Region Today - A Summary

This summary highlights aspects that indicate the differentiating elements for the East Region⁵ based on the findings in the *Regional Competitiveness Agenda: Volume I: Baseline Data and Analysis* for the region.



Overview - Population and Growth

With well over a third of Ireland's population⁶, the East region, comprising counties Dublin, Wicklow, Meath and Kildare, is the most populous and densely populated region in Ireland. The region has experienced strong levels of population growth in recent years, which has been most pronounced in the Mid-East. In-migration has been a large factor in the region's population dynamics and has had the greatest impact in areas outside the city. The metropolitan core does however attract younger population cohorts who move to the region for education and early career progression.

Overall, the pattern of population growth and settlement strongly reflects the influence of Dublin City far beyond its administrative boundaries and underlines the need for coordination of planning policies region-wide, including a focus on achieving higher residential densities in the face of accelerating urban sprawl.

⁵ The 'East' region is an amalgam of the two NUTS III regions: Dublin (i.e. Co. Dublin) and the Mid-East (Meath, Kildare and Wicklow). This report makes reference to the constituent sub-regions on occasion. In addition, the names: 'East region' and 'Greater Dublin Area' (GDA) are used interchangeably

⁶ Estimated at over 1.7 million people in 2009 (CSO *Population & Migration Estimates, 2009*)

Enterprise Dynamic

There are some 870,000 people at work in the East region (in mid 2008), representing over 40% of the total employment overall in Ireland, while the region accounts for almost half of total GVA⁷ nationally. Both statistics indicate the importance of the region as an economic driver in the national context. The region has a diverse employment base, and has proportionally more people involved in services sector activities than elsewhere in the country - reflective of its role as host to the national Capital. Key exporting sectors are ICT services, financial services and food/drinks production.

Manufacturing activity has declined in importance in the region; however there has been growth in some sub-sectors, notably pharmaceuticals. After a period of sustained growth, the construction sector has experienced recent decline although the impact is not as severe as in other regions nationally. Dublin City continues to attract the majority of FDI investment in Ireland, with the activity profile dominated by ICT services and financial services (many of them European Headquarter operations).

Skills, Education & Regional Innovation Capacity

Educational attainment to third level in the East region is above the average nationally and higher than all other regions. In fact, more than half of the total population possessing a degree qualification or higher resides in the region (the Dublin sub-region accommodates the vast majority of these). The concentration of highly skilled people in the region reflects the presence of the Capital city and the much higher concentration of higher education institutes (HEIs), research activity, research expenditure (by business and HEIs) in the Dublin area. The UCD/Trinity innovation alliance is a progressive initiative which recognises the need to 'raise the bar' in terms of the city region and Ireland's ability to compete in an international context.

Economic Infrastructures

National road and rail services radiate through the region from Dublin city, and the Port and Airport in Dublin represent the principal international gateways for travel in/out of the State. On the whole therefore, the region enjoys the benefit of a relatively good quality transport infrastructure. Significant levels of investment have occurred in the region's transport infrastructure in recent years leading to a considerable improvement in connectivity within the city and throughout the region. Nonetheless, major shortcomings remain, evidenced by serious levels of congestion and a less than adequate and weakly integrated public transport system.

Congestion and poor transport networks are considered internationally as one of Dublin and the wider region's main competitiveness weaknesses⁸. Resolving the range of issues involved will require a more integrated, coordinated and environmentally sustainable approach to land

⁷ GVA - Gross Value Added - the value of the region's output less intermediate materials and services used in its production. Latest available date is 2006

⁸ An analysis of European Cities by Cushman and Wakefield (European Cities Monitor, 2008) ranked Dublin 19th out of 34 European cities for quality of internal transport connections, and 25th out of 34 for external transport connectivity

use and transport policy in the city region. The Dublin Transportation Office (and planned Dublin Transport Authority) will have an extremely important role to play in this respect.

The broadband offering in the region needs to be improved to reflect the importance of the Capital City and its hinterland as an ICT hub of European and Global significance and to keep pace with the now basic needs of business and individuals. The National Competitiveness Council has highlighted the fact that while broadband speeds of up to 100 mbps are being offered over fibre in many parts of Amsterdam, Copenhagen, Cologne and Paris, the fastest speed available in Dublin City is 24 mbps. Along with the transport issues mentioned above, the regional broadband performance remains in 'catch-up' mode and continues to be a significant competitiveness issue in the international context.

Leadership and Governance

The dominant influence of the Dublin metropolitan area within the region, its economic importance nationally, and the fact that its physical imprint transcends various local authority administrative boundaries requires that a coordinated approach be taken to tackle the issues faced by the wider city region. The forthcoming updated Region Planning Guidelines (RPGs) for the GDA, the planned establishment of the Dublin Transport Authority and the proposed introduction of a directly elected mayor for Dublin by 2011 presents an opportunity to strengthen governance structures and enhance coordination in the planning and development of the entire region. Other initiatives such as the Creative Dublin Alliance and the Economic Development Action Plan for Dublin (both currently focused on the Dublin sub-region) have brought about increased focus and concerted action in support of enterprise development in the city region and involve a strengthening coalition of relevant stakeholders.

Quality of Life

As the location of Ireland's capital and only city of international scale, and in view of Dublin's pivotal role in driving national economic growth and prosperity, the region needs to have a strong focus on monitoring and enhancing the region's attractiveness as a location to do business in and to live and work. The region has many qualities that accommodate diversity and creativity, both essential characteristics of competitive cities⁹. Key challenges to the quality of life within the region include those transport and connectivity issues mentioned above. Social exclusion and disadvantage also remain key issues and are set to intensify in more difficult economic conditions.

The region has access to a multiplicity of heritage attractions, scenic rural areas and amenities. Protection and sustainable development of these sensitive resources is paramount.

Conclusion

With 40% of the population of Ireland, generating just under half of Ireland's Gross Value Added (GVA), and containing Ireland's only city of international scale, the East region is the 'power-house' of the national economy. The GDA plays a leading role as a focus for knowledge generation, knowledge dissemination and innovative activity - essentially what

⁹ National Competitiveness Council (2009) *Our Cities: Drivers of National Competitiveness*

NESC (2008) have termed a 'theatre of experimentation'¹⁰. Its success and, in particular the success of Dublin city, is critical to the future performance of the entire economy and continued investment is necessary to address current issues, and to enhance its competitiveness.

¹⁰ NESC (2008) *The Irish Economy in the Early 21st Century* (p. 197)

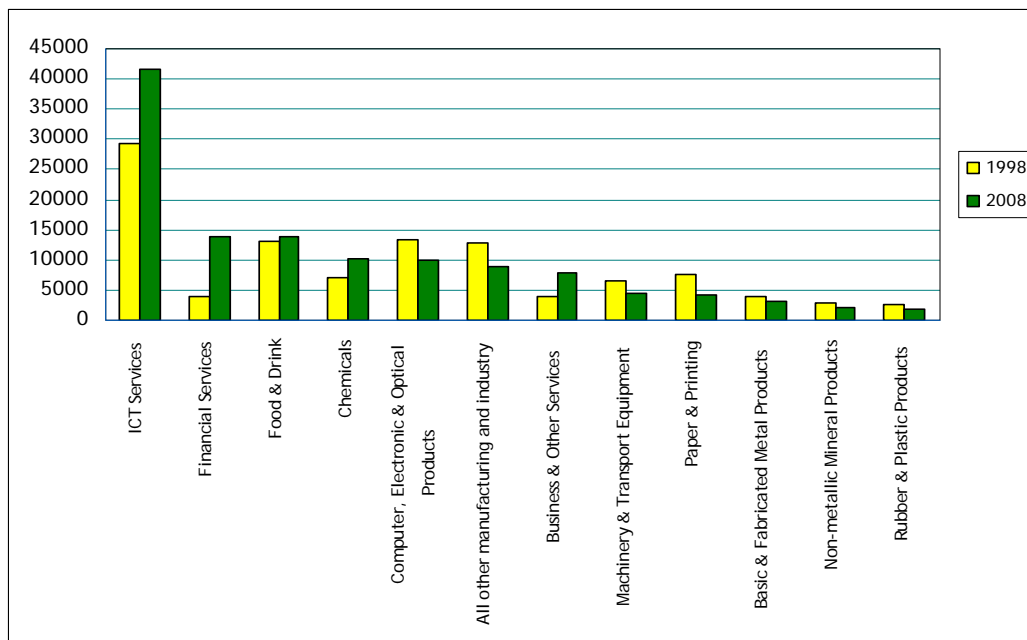
4. Realising Future Potential: Enterprise Development

The GDA has a distinctive economic profile and enterprise dynamic within Ireland, reflective of its role as the key driver within the national economy. It is vital that investments are prioritised that enhance the competitiveness of the city region internationally, to ensure that it plays a leading role in Ireland’s return to sustainable economic growth.

Increasing level of international trade is the only sustainable basis for growth in the long term, requiring measures that will help to drive expansion in the productive sectors of the economy. The enterprise agencies play a key role encouraging new enterprise development and investment. However, actions that can be taken to stimulate investment from companies are directly intertwined with the quality of the business environment - one cannot happen without the other. In the case of the GDA, its business environment needs to support an enterprise base both within and beyond its confines - as the city fulfils its dual role, that of national capital and international gateway for the remainder of the country, and as a self sustaining functional region.

The purpose of the Regional Competitiveness Agenda is to provide a focus on the strategically important aspects of the business environment that need to be supported by the RPGs so that the optimum conditions are present to realise the full enterprise potential within the region. To achieve Ireland’s ambition as outlined in the Smart Economy, the business environment needs to continuously evolve to meet the changing needs of companies - it needs to be a dynamic environment that is supportive of early start-ups and entrepreneurial activity, that stimulates company engagement in innovation and R&D, and that ensures that companies have access to the high quality skills and supports they require.

Figure 1: Enterprise Agency Assisted Employment - East Region, 1998 & 2008



Source: Annual Employment Survey, 2008

The Growing Importance of Services

Ireland's enterprise structure is shifting where services take on a greater role as a contributor to overall economic growth. Indeed Ireland has now established itself as one of the world's leading services economies and it is well understood that services will be the most likely avenue to sustainable growth in the future¹¹. International evidence shows that high-value added services are attracted primarily to cities¹². The GDA is already playing a critical role in this context; providing a supportive environment facilitating the rapid growth of international financial services and ICT services in particular.

More than three-quarters of employment provided in the region is now in various services activities and growth in services employment accounted for almost 90% of overall growth in employment in the region over the past 10 years. The GDA accounted for 56% of overall output (as measured by GVA) contributed by services in the State in 2006¹³. A key challenge for the city region is to enhance its attractiveness and competitiveness that will continue to drive growth in a wide range of advanced international services activities.

Software Development & Services - Global trends

A new environment is emerging for software companies globally in what has been called 'The New Software Economy'. This new context sees a number of key trends and structural changes that provides both opportunities and challenges for software companies, and small to medium sized companies and start-ups in particular. Some of these trends and changes include:

- Increasing end-user demand for less expensive, more efficient ways of paying for software, for example through seeking best of breed, plug-compatible solutions
- Vendors responding to these demands by embracing new delivery and pricing models, such as software as a service (SaaS), infrastructure as a service (IaaS), platform as a service (PaaS); and software on demand
- The emergence of the globally networked value chain, a distributed business model where different value adding activities are carried out where they can be done most efficiently and cost-effectively
- The emergence of new software technologies (such as Services Oriented Architecture - SOA, Open Source, Web 2.0 and Mash-ups) are continuing to drive the development of new applications and business models

An over-riding feature of the New Software Economy is the shift in computing activity towards being a utility-like system, underpinned by the internet. This phenomenon is most widely referred to as 'cloud computing' - a reference to the ever-shifting cloud of data, software and devices that make up a global computer network.

¹¹ Forfás/Services Strategy Group (2008) *Catching the Wave - A Services Strategy for Ireland*

¹² OECD (2006) *Competitive Cities in the Global Economy, Territorial Review*

¹³ Latest available data

Financial Services - Recent Trends

The rapid slow-down in the global economy and the ongoing international financial crisis has placed considerable pressure on the sector. Risk and collateral management have become increasingly important. However there have been some signs of a return to confidence within the sector. A recent survey of 75 global international financial service centres found confidence had returned to levels last achieved prior to the collapse of Lehmann Brothers (City of London, Global Financial Services Index, September, 2009). The same survey found that Dublin was among only three locations to have recorded a decline in its ranking between March and September 2009, from 10th to 23rd. However, in Ireland, many segments within the sector remain strong, including insurance and reinsurance, investment and treasury management - where Ireland (and the GDA in particular) has built a depth of expertise.

The Services Strategy Group considered the key services activities in Ireland, including internationally traded, locally traded and non-market services (public sector). It underlined the importance of continuing to support our key exporting activities, ICT and Financial Services. It also highlighted the potential for further diversifying the export base across a range of sectors and activities, such as e-commerce, supply chain management, shared and outsourced business processes, European headquarters and electronic data management.

Existing strengths in the GDA's enterprise base will be the platform for further development and diversification of services, and Dublin city will host many of the leading players. However, there is no room for complacency. Dublin is a small city by international standards (the second smallest out of 78 cities examined in the 2006 OECD review¹⁴) and is competing with these cities for FDI and for services exports.

The enterprise agencies will continue to focus on developing opportunities in new areas of the services economy and there have been a number of important studies undertaken to inform policy development in support of those endeavours¹⁵. For example, there is potential to 'green' the financial services sector - green investment funds and carbon trading markets are growing in size and sophistication¹⁶. A green IFSC cluster and brand, incorporating green investment vehicles and associated professional services may offer growth opportunities in the financial services sector in the region¹⁷.

¹⁴ OECD (2006) *Competitive Cities in the Global Economy, Territorial Review*

¹⁵ For example: the above referenced Services Strategy Report (2008), The various Expert Group on Future Skills Needs (EGFSN) reports including: *High Level ICT Skills* (2008), *International Financial Services Industry* (2007) and *National Skills Strategy* (2007); the Forfás/INI (2008) report on *Environmental Goods & Services Sector on the Island of Ireland*; and Enterprise Ireland's (2009) software strategy, *Best Connected - Software from Ireland*

¹⁶ In 2007, green investment funds invested \$148 billion in sustainable energy. In 2008, \$30 billion was under management in clean energy funds, with a further \$26.4 billion in funds with a significant exposure to clean energy (Source: Report of the High level Group on Green Enterprise, 2008)

¹⁷ The IFSC Banking and Treasury group has recently set up a sub-group to explore the opportunities available from the establishment of a green IFSC at the Dublin Docklands

Future success depends on how well the business environment in the region and the metropolitan core also evolves to keep pace with the needs of the most advanced services activities.

Services - Skills Requirements

The changing nature of services in an increasingly globalised economy brings with it changing skills requirements. In all service industries, the proportion of high-skill employment has increased significantly. The challenge for the GDA will be to generate, attract and retain appropriately skilled people who can support the needs of the internationally traded sector and global business models into the future. The recent Report of the Services Strategy Group highlighted the range of skills and skills combinations that are now in high demand from the sector:

- Generic skills (personal/inter-personal skills - team-working, customer service, problem solving, planning etc.)
- Humanities (including languages) and social science skills
- Science, technology and innovation Skills
- Creative skills, design skills, and skills for innovation
- Hybrid technical and business skills (combining discipline-specific technical knowledge (ICT, financial services etc. with entrepreneurial skills)
- Mathematics.

Sustaining High Value Manufacturing

The baseline data for the region highlighted the decline in manufacturing employment in the GDA over the past 10 years. The scale of the activity has substantially reduced relative to other sectors in the overall employment base of the region - down from 17% in 1998 to just under 11% in 2008. The trend is also present in agency supported employment where, apart from food and drink production and life sciences (i.e. pharmaceuticals and medical technologies), all other sectors of manufacturing activity recorded employment declines (incl. ICT hardware, engineering/metal fabrication, paper and printing). While net job losses have been concentrated mainly in more traditional sectors and reflect on-going restructuring in the economy and increased competition from lower cost locations, the current down-turn will also likely lead to further consolidation and reviews of global operations by multinational corporations across a range of sectors with possible implications for Irish based subsidiaries¹⁸.

Acknowledging that there are immediate term issues and competitiveness challenges (which are well documented and currently being pursued through other mainly national level interventions)¹⁹, there are issues to be considered and influenced at the regional level. Key to this is to recognise the changing nature of manufacturing globally, placing new challenges on locations for new investment by both indigenous and foreign firms and their subsequent

¹⁸ National Competitiveness Council (2008:8) *Annual Competitiveness Report Vol 2: The National Competitiveness Challenge*

¹⁹ Refer to NCC *Annual Competitiveness Report 2008* (www.ncc.ie)

growth and development. The boxes summarise some of the global trends in the GDA's most prominent internationally trading manufacturing sectors; Life Sciences²⁰ and the Food Sector.

The High Level Group on Manufacturing (2008) summarised the key elements that constitute a supportive business environment for high value manufacturing firms:

'The availability of a highly skilled and innovative work-force, an environment that encourages and stimulates investment in research and development, entrepreneurship and continuous learning, a cost base that is in line with other developed economies, an agile and responsive Government, supportive fiscal and regulatory structures and a high quality of life are all factors that will position Ireland as a 'good place to do business''²¹

Life Sciences - Global Trends

The Life Sciences sector is operating within a fast changing global environment where aging demographics and increases in chronic illnesses, more informed consumers, and a focus on 'wellness' provide high growth opportunities. Technological advances and convergence across the life sciences sub-sectors and with other sectors such as engineering and ICT are enabling a shift towards convergent medical products and personalised healthcare.

In this context, manufacturing processes will become increasingly complex, coupled with the need for firms to focus on continuous improvement and engage in process R&D. Expertise in the area of Quality by Design (QbD), Process Analytical Technology (PAT) and Quality Risk Management (QRM) are critical if Ireland is to build on its track record in high value added production. The future lifesciences manufacturing environment will require inter-disciplinary approaches to problem solving and will require flexible approaches that deliver on smaller batch sizes and product variations in multi-product manufacturing facilities. Process design and development for new and innovative products requires a greater understanding of the range of potential delivery mechanisms and package design, interactions between different materials under different environments, testing and quality control and validation processes. Core skills need to be complemented so that people are equipped with multi-disciplinary skills, or at the very minimum, demonstrate an ability to work effectively and proactively in multi-disciplinary teams.

Over time, although large scale single-product sites will still exist, there will be an increasing emphasis within the industry globally on manufacturing facilities and processes that can be adapted and/or retooled to facilitate new products. Multinational companies in the sector are now tending to focus on activities where they have strengths and to outsource non-core activities (such as late stage manufacturing, clinical trials processes etc) to contract research organisations (CROs) and contract manufacturing organisations (CMOs). The increased disaggregation of value chain activities is creating opportunities for smaller companies to position themselves within the global supply chain with innovative, technology intensive solutions and partnering opportunities.

²⁰ Including pharmaceuticals, biopharma, medical technologies, nutraceuticals/functional foods and related services

²¹ Forfás, DETE (2008:xiv) *The Report of the High Level Group on Manufacturing*

The GDA, by virtue of its location offers many advantages for high value manufacturing: access to a large skilled workforce; international accessibility; proximity to leading third level education institutes and research organisations; a critical mass of economic activity allowing the emergence of business networks; and concentrations of activity across a range of sectors.

Food Sector - Global Trends

The dynamic for the food industry has changed significantly in recent years, transitioning from being largely production-led, to now being led by market demands. As well as the growing demand for health enhancing functional foods, the aspects of standards, quality and traceability are paramount. Branding and labelling play a particularly important role as consumers look for products they feel they can trust. There is an increasing focus by leading retailers and manufacturers on the issue of sustainability which in turn informs more environmentally friendly requirements they set for their suppliers. Retailers too are consolidating and there is evidence of moves to international structures and centralised procurement.

The sector runs to very tight margins and increasing efficiencies and productivity are key objectives for the sector in Ireland, as is the EI supported agenda to broaden access to a wider range of eurozone markets.

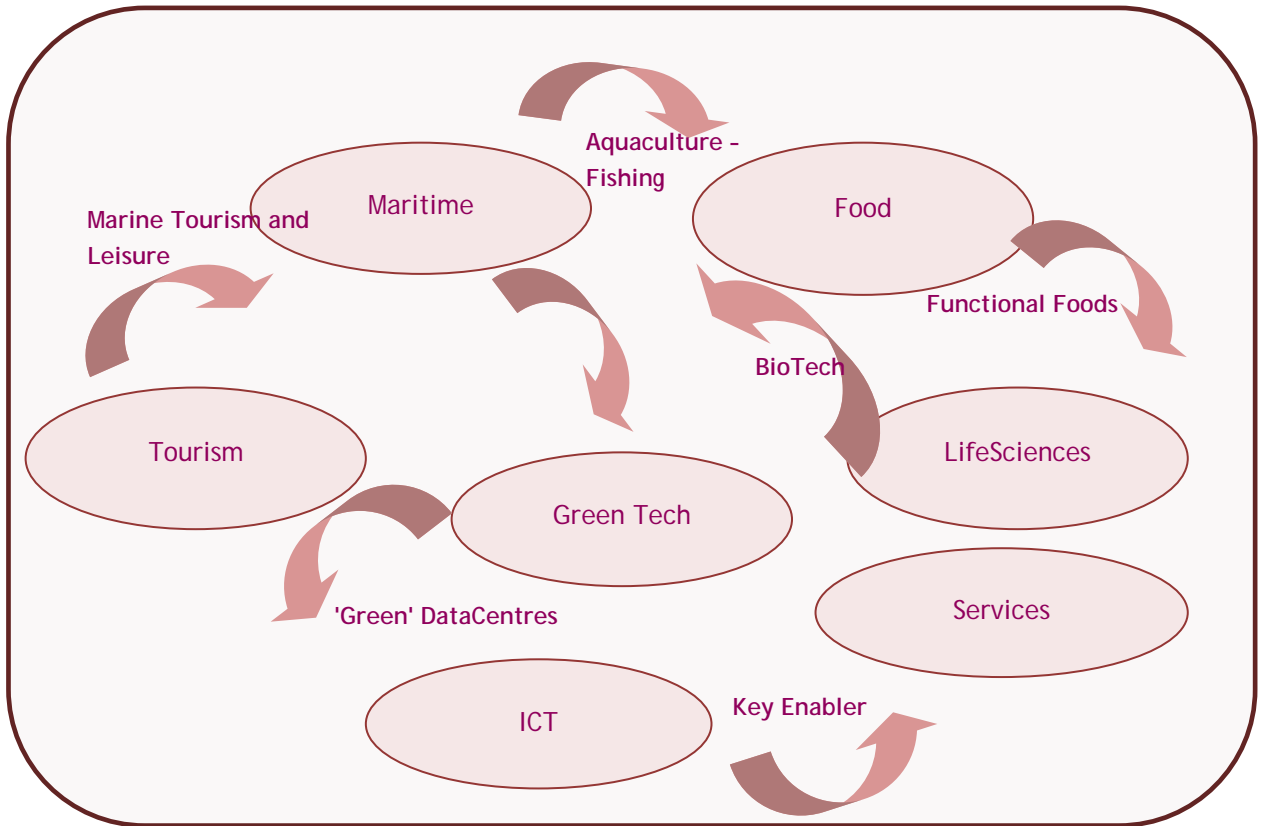
Convergence

With a strong base of companies and research capabilities across a number of key sectors and activities, the GDA is well positioned to take advantage of the increasing convergence of technologies (see Figure 2 overleaf). This convergence is leading to new opportunities, new types of business, new products and services, an increased blurring between formerly discrete sectors and new customer markets for many of the more traditional sectors.

Advances in the food sector toward functional foods bring the clinical trial and production processes closer to those in the biopharma sector. Electronics, micro- and nano-technologies will play a stronger role in the life sciences sector as new drug delivery mechanisms are developed. The use of sensors embedded in construction materials and wireless communications creates a very different environment for new buildings, energy efficiencies, and facilities management.

Capabilities in maths, sciences, engineering and electronics are relevant across a range of sectors and activities. A depth in these core capabilities, coupled with an ability to work in multi-disciplinary teams, would prepare Ireland and the GDA to take advantage of emerging trends.

Figure 2: Increasing Sectoral Convergence and Blurring



5. Realising Future Potential: Enhancing the Business Environment

From an enterprise perspective, the development of the East region and particularly that of its gateway city Dublin, is in large measure, self-perpetuating. As has been demonstrated over many years, the performance and ambition of the enterprise sector in the region over time has acted as a powerful reinforcement and reference seller for new investment. The challenge is to maintain a supportive business environment (both hard and soft) that can facilitate the sustainable growth and development of key internationally trading sectors and activities.

Leadership and Governance

Strong leadership and effective governance mechanisms are an integral part of achieving competitive regions. From an enterprise development and competitiveness perspective, key challenges for the GDA which will require strong governance mechanisms and clear leadership are:

- Facilitating sustainable growth of the metropolitan core, while arresting urban sprawl, easing congestion and implementing effective land-use and transportation plans region-wide in an integrated manner; and
- Adopting collaborative approaches to strengthening the 'softer' aspects of the business environment, by optimising the impact of many drivers and sources of innovation in the region, education providers, enterprise support agencies and others.

In the Irish context, long established local authority structures and administrative boundaries have been superseded by the growth of our cities and an evolving enterprise dynamic. As regards the GDA, Dublin's four local authorities share responsibility for Dublin city's development and success with neighbouring Meath, Kildare, Wicklow and Louth, requiring coordination and collaborative approaches amongst relevant stakeholders (with varying degrees of effectiveness to date) and underlying the key importance of the Regional Planning Guidelines (RPGs) process and outcome.

The proposed introduction of a directly elected mayor for Dublin by 2011 presents an opportunity to strengthen leadership structures and enhance co-ordination in the development of the metropolitan area. The RPGs themselves provide a framework for enhanced region-wide coordination and to build on emerging collaborative initiatives such as the Creative Dublin Alliance or the Economic Development Action Plan for Dublin.

The National Competitiveness Council has recently highlighted the importance of adopting a more 'entrepreneurial' approach to governance, in contrast to the traditional 'managerial' model which is primarily focused on effective provision of services. In the entrepreneurial system, policy-makers from different administrative institutions work in partnership with each other and a range of public and private stakeholders to promote economic development and drive competitiveness. The RPGs represent a call to action in this respect.

Stimulating and Supporting Entrepreneurship

The GDA generates the largest number of Enterprise Ireland supported high potential start-ups (HPSU)²² of all the regions in Ireland (33 out of a total of 72 nationally in 2008). The vast majority of these emerge in County Dublin (30 out of 33 in 2008). While this is reflective of its share of the national population and concentration of HEIs and enterprise generally, there is capacity for increased levels. The GEM Entrepreneurship Monitor²³ notes that the relative proportion of the adult population in County Dublin engaged in entrepreneurial activity is below the average across all the regions, and in this regard is out of step with trends typically seen in city regions worldwide. In relation to the remainder of the GDA, the GEM report describes a more positive performance and entrepreneurial potential in Meath, Kildare & Wicklow.

A strengthened focus on entrepreneurship and on enabling indigenous industries to access international markets takes on heightened importance if we are to increase the contribution from indigenous enterprises to Ireland's future economic growth. The current economic environment, while difficult, can also serve to increase interest by individuals in starting their own companies, and indeed EI and the CEBs record intensified activity in this regard. It is important that prospective entrepreneurs can emerge from and develop their business ideas in the right environment and can access appropriate supports delivered in an efficient manner.

There are a number of factors that can influence where new companies establish:

Physical Infrastructures

- The availability of competitively priced properties and attractive business and industrial parks that accommodate mixed-use businesses in a planned, strategic and discerning way that recognises the different needs of business activities (e.g. office, industrial, warehousing)
- Serviced office / business locations, that enable companies to access core support services such as reception, secretariat, accounting, HR, facilities management etc
- Car parking and/or effective public transport networks
- Broadband capacity, competitive pricing structures and availability in business premises and in the home
- Quality of life - housing infrastructures, travel to work times etc.

'Softer' factors

- Access to regionally based skills
- Business management development, mentoring support and training
- Facility to harness the capabilities of HEIs and support to invest in in-firm innovation

²² Enterprise Ireland defines a 'High Potential Start Up' as a company which is: based on technological innovation; likely to achieve significant growth in 3 years (sales of €1m per annum and employment of 10+); export oriented; ideally led by an experienced team with a mixture of technical and commercial competence. The definition can include early stage, product-led R&D companies

²³ Fitzsimons & O'Gorman (2008) *Entrepreneurship in Ireland 2008 - Global Entrepreneurship Monitor* (GEM)

- Access to markets and to market intelligence
- Facilitated networking, introductions and access to shared learning opportunities (e.g. through business networks, workshops, seminars).

There is a multiplicity of agencies involved in providing supports to small enterprises and potential entrepreneurs in the GDA, including EI, the CEBs, BICs, HEIs (Campus Incubation) etc. From an individual/company perspective this is a busy space and may result in confusion as to which agency to approach. In order to maximise the impact of the supports available, an increased level of coordination is required. The Dublin City Enterprise Board has produced an information manual outlining the roles and functions of the various organisations providing supports to SMEs and entrepreneurs in the city. While this is a very useful and practical aid for business, it also demonstrates the challenge for the city and the region to develop effective collaborative initiatives and information sharing.

Promoting Innovation

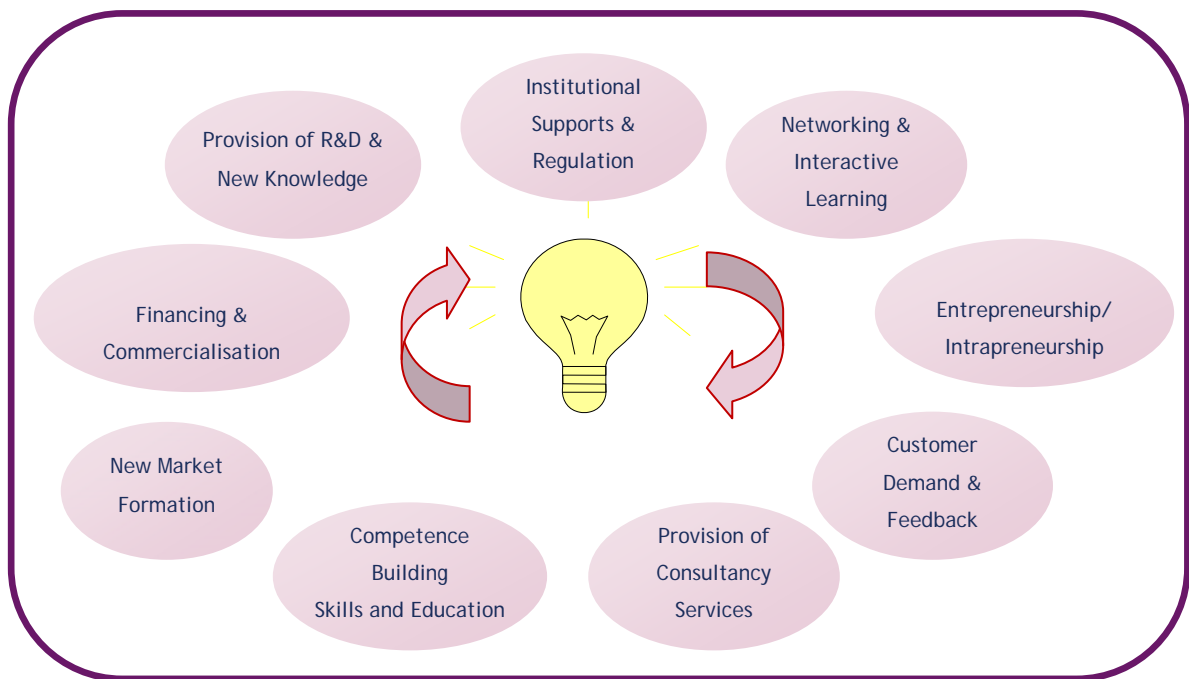
Innovation is about applying knowledge to translate ideas into high-value products and services. Innovative thinking and creativity is stimulated in an environment that is dynamic, interactive and collaborative. Innovation can range from incremental (particularly in services) to radical or disruptive.

There are many sources of innovation, including end customers, firms with complementary products and/or services, and research institutes. Innovation within the regional context is based on the effective interaction between the elements and, in particular, engagement by firms. Successful regions do not operate in isolation, but within a wider national and global context. Interactions at both the national and international level therefore play an important role.

There is limited data available to accurately assess the innovative capacity of a region in Ireland, but what evidence there is demonstrates that the GDA has a number of critical building blocks in place including:

- An attractive city and region accommodating diversity and creativity
- A high proportion of holders of third level qualifications; Leading HEIs with a strong track record in attracting substantial research funding and leading world class research centres/initiatives
- A range of incubation centres and innovation centres at different scales and with varying degrees of focus throughout the region
- A number of active and impactful industry networks and collaborative initiatives.

Figure 3: Activities that Stimulate Innovation



Source: Based on Edquist (2005) 'Systems of Innovation - Perspectives & Challenges' in Fagerberg et al (2005) *The Oxford Handbook of Innovation*

There is also a range of supports available through the enterprise development agencies which have attracted the involvement of many GDA based companies and research institutes; including: Industry-Led Research Platforms, Competence Centres; Strategic Research Clusters; TechSearch, Innovation Vouchers, supports for Innovation Partnerships and investments in Incubation and Innovation Centres and the Applied Research Enhancement Programme.

Locally driven efforts are being made to stimulate increased innovation in the region, for example through the initiatives being pursued by the Creative Dublin Alliance (see box). The collaborative approach taken through the CDA is a very positive development.

Local government bodies and agencies can also play a role in embracing innovation in service delivery, which in turn builds capability and stimulates engagement by end customers.

The Creative Dublin Alliance (CDA)

The CDA is a collaborative initiative involving the Dublin Local Authorities, Universities, State Agencies, Business Community and not for profit sector focused on developing a competitive city region. It is facilitating a range of projects including the following:

Innovation Dublin: a week of public events showcasing innovation and creativity in Dublin. This initiative is particularly valuable in heightening awareness about innovative thinking in a variety of contexts (culture, people, environment, enterprise and the public realm).

Trinity-UCD Alliance: A Trinity-UCD project to develop innovation as the third arm of the University sector, along with education and research, with identified outputs in job creation and enterprise.

Skills and Education

The National Skills Strategy²⁴, published in 2007, remains relevant today, particularly in the context of continued re-skilling and up-skilling of people within the workforce as well as preparing those who have found themselves unemployed to take advantage of new opportunities when the economy recovers.

Employees in all jobs will increasingly be required to acquire a range of generic and transferable skills including people-related and conceptual/thinking skills. Work will be less routine, with requirement for flexibility, continuous learning and individual initiative and judgement. The core skills of science, engineering, electronics and R&D related skills are relevant to a wide range of sectors, based on strong capabilities in maths and literacy, and are fundamental to the Smart Economy.

The GDA has a highly educated population, with the largest proportion of third level attainment in the country. The metropolitan region boasts wide ranging and diverse number of centres for learning and innovation, including universities (two of which are ranked in the world's top 100, with one of these being in the top 50), institutes of technology and specialist 3rd level institutes, which attract high levels of R&D investment.

With the support of various bodies such as Science Foundation Ireland, the Higher Education Authority, Enterprise Ireland and IDA Ireland, the HEIs are forming strong partnerships with industry and other HEIs (in Ireland and internationally) in the commercialisation of world class research. Such collaborative ventures continually refresh and advance the skills capabilities within the region and are a powerful magnet for increased levels of innovation and further investment within the city region. Sustained momentum in this area will rely on the region's attractiveness to a wide diversity of people/skill-sets from within Ireland and from overseas, as well as those originating and educated within the region.

In tandem with developing opportunities within third and fourth level institutes, investment in human resources, training, upskilling and reskilling are required to ensure opportunities for access to employment for *all* sectors of the labour force. This is perhaps even more urgent, given trends which have prevailed in the jobs market in recent times. The current economic downturn has resulted in a significant increase in unemployment nationally, although the impact has been less severe within the GDA than in other regions. Similar to the pattern across the country, the sectors particularly affected within the GDA are construction, manufacturing and retailing. The cohort of unemployed also includes many highly skilled people, for example those involved in providing professional services related to the previously buoyant construction industry.

While national interventions will be required and may have greatest impact in the medium term, it will be important that consideration is given by agencies in the region to identifying critical short-term needs, and the speedy implementation of national policy in the regional context.

Quality of Life

Quality of life is a subjective and relative concept and can therefore be difficult to define, particularly in terms of regional economic dynamics - its different facets hold varying levels of significance for individuals depending on their individual tastes, disposable incomes,

²⁴ EGFSN (2007) *Tomorrow's Skills - Towards A National Skills Strategy*

practical /fundamental needs etc. The attractiveness of the region in terms of appearance and character, environmental qualities, the range of entertainment and retail services, leisure activities and facilities, accessibility, living standards and social inclusion can all contribute to the quality of life of a region.

From an enterprise development perspective quality of life considerations are imperative in seeking to attract and retain investment and talent diversity. The NCC in their commentary on competitive cities and drawing on a wide body of research in the area note:

*'Cities are competing for citizens, workers and investment. Competitive cities are attractive and inclusive and these characteristics are nurtured when disparities are minimised and social exclusion is avoided. A cohesive society enables all of its members to be active participants and contributors, enabling individuals to achieve their goals and communities to exploit their economic and social potential. It also reduces criminality and negative reputational effects.'*²⁵

This sets a wide-ranging agenda which is relevant not only to the metropolitan core as suggested in the above extract, but also for the entire region. In the case of the GDA however, there are many strengths that can be supported, protected and effectively promoted.

Connectivity Infrastructures - Transport

Dublin city is Ireland's main national and international transport hub. National road and rail services radiate from Dublin through the GDA, and Dublin Port and Airport represent the gateways through which the majority of international traffic entering Ireland passes. Despite significant investment in transport, barriers to enterprise include urban sprawl, road congestion and long travel times, the need for greater integration of public transport services, and meeting future port capacity requirements. Priority targets for investment in transport infrastructure, at locations which can support economic mass, support structures and ease of access to do business is therefore essential to the economic success of the region.

For local transport, Dublin is car dependant, but has significant and growing public transport options in bus and rail. Major investments have occurred in Dublin and the Mid East region's transport infrastructure in recent years, but significant short-comings remain, especially in terms of the overall region's local transport connections, evidenced by congestion and lack of adequate connectivity across certain parts of the metropolitan area. More needs to be done to ensure that transport planning is undertaken in a holistic manner which encompasses all modes of transport.

The Dublin Transportation Office have an important remit to fill in this regard, and one which must be considered a key factor for the city and the region's success or failure in the future - congestion and poor transport networks are considered internationally as one of Dublin and the wider region's main competitiveness weaknesses (Dublin was ranked 19th out of 34 European cities surveyed for quality of internal transport connections, and 25 out of 34 for external transport connections by Cushman and Wakefield in their European Cities Monitor 2008). It is crucial that the infrastructure investment priorities identified within the RPGs are delivered to ensure future regional growth and economic sustainability are attained.

²⁵ NCC (2009) *Our Cities: Drivers of National Competitiveness* (p31)

Air

An efficiently functioning, well connected airport is a key competitiveness factor for Dublin, the wider region and the state. With major investments taking place, passenger facilities at Dublin Airport will be greatly enhanced. An area which requires urgent attention however is the airport's connections to the city and the region. The through-put of passengers from the airport to their final destinations in the city, region and country via local and national transport networks is an area of important consideration for future development.

Sea

Dublin port, like its airport, is the largest on the island. The port is an essential piece of national as well as regional infrastructure, handling over 40% of overall national tonnage and 45% of Ireland's oil imports²⁶. Large scale growth in trade through the port has resulted in capacity constraints being experienced, necessitating an expansion of port facilities. Various possibilities have been suggested, including land reclamation at Dublin port, the entire relocation of the port to a new facility to the north, or the development of additional capacity at other points on the coast.

The recently published study on the future role of Dublin Port led by Indecon Consultants on behalf of the Department of Transport highlighted the need to develop significant additional port facilities by 2025-2030 as a result of emerging capacity constraints. Its cost/benefit analysis of seven different scenarios concluded that the retention of Dublin Port in its present location together with on-site expansion would deliver the highest net present value in cost/benefit terms. The report also suggests that nothing should be done at a policy level to hinder Dublin Port's proposed expansion (currently with An Bord Pleanála) and the proposed new port at Braemore (at pre-planning stage).

Given the importance of the port both regionally and nationally and the long lead times for development of port infrastructures and facilities it is imperative that government ensures that a decision is made as soon as possible on the long term development direction of Dublin port facilities, to avoid negative impacts on export activities in particular.

Roads

Dublin is the hub of a radial national motorway network. The major inter-urban (MIU) motorway network will, when completed in 2010, connect Dublin and the region with Belfast, the Midlands Gateway, Galway, Limerick, Cork and Waterford. High quality road links to the North West (Sligo and Letterkenny) are also undergoing development.

Local congestion in the Dublin region (including peak time access to Dublin airport) represents the biggest road transport issue for the area. The solution to this congestion will involve more sophisticated traffic management to maximise the use of existing road infrastructure, new road infrastructure to relieve constraints and the development of public transport alternatives to road usage.

With regard to new road projects, the NRA recently published a feasibility study for an eastern bypass of the city (continuing the route of the Dublin port tunnel south to the M50 and N11). This ambitious scheme would realise a complete orbital bypass of the city, relieving

²⁶ For more detail see *Dublin Port National Development Plan Study* prepared for the Department of Transport by Indecon Consultants (and associates)

pressure in the M50 and facilitating traffic flows through and around the city and the region. The NRA's feasibility study found the bypass to be both technically and economically feasible.

Another project which has been mooted for the region is an outer western bypass which would leave the M1 north of the airport arcing South-West to meet the national primary routes for Galway, Cork and Limerick. This piece of infrastructure would improve traffic flows across the East of the country, removing the need for traffic from the North East to the rest of the country from having to pass through Dublin.

Ultimately however, the East is at a point with regard to road infrastructure where future development options have become limited, and has long reached a stage where public transport alternatives need to be developed to provide more efficient transport alternatives in the region, and to relieve pressure on a near-saturated road network.

Rail

National rail services radiate from Dublin's two main rail stations, Connolly and Heuston. Investment is ongoing to add additional capacity to local rail lines out of Heuston to alleviate current congestion and to allow greater speed on national connections. Capacity at Connolly station has been increased by the addition of a new terminus at the Docklands Rail Station, but services to Belfast remain hindered by commuter services on the Belfast line serving northern suburbs.

Trains from Heuston to other national gateways face the same problems with congestion on the line. This will be alleviated to a large degree by the doubling of track between Heuston and Hazelhatch in Kildare which will allow for the removal of some commuter traffic from the mainline national railway, and allow for expanded commuter services to important residential centres in West Dublin and Kildare.

Other improvements for suburban commuter rail will include an increase in capacity on the DART and an expansion of DART services to other commuter lines, as well as the reopening of the railway to Dunboyne in 2010 (phase 1 of the re-opening of the Navan rail line, estimated for completion by 2015).

National and commuter rail services, as well as city centre transport, will be improved by the provision of the DART interconnector, an underground tunnel to connect Heuston and Connolly stations via Stephen's Green, where it will interface with the Luas and proposed Metro services. This project seeks to integrate the various rail infrastructures operating across the city and region, and to increase capacity on same.

In addition to the DART interconnector, two Metro lines have been proposed for the city with a projected completion by 2013. Metro North is planned to follow a northerly route from Stephen's Green to Swords via O'Connell Street, Ballymun and the Airport. It is planned for use by 35 million passengers per year and to deliver a journey time of approximately 20 minutes between Stephen's Green and the airport.

Metro West, the second phase of the Metro project, is planned to link the Western suburbs of the city (Tallaght, Clondalkin and Blanchardstown), and to interconnect with Metro North at Dardis Town (just south of the Airport). While the projected completion of Metro West is scheduled for 2014, the large capital costs of these projects may decrease the likelihood of their delivery in the medium term given current financial constraints.

The Luas came online in 2004. The two separate lines which formed the original network are due to be linked in the city centre in conjunction with the construction of Metro North. The

Luas is undergoing significant expansion at present, with further expansions planned. The extension of the green line from Sandyford to Cherrywood/Bridesglen is ongoing and due to be finished by 2010, the red line from Connolly Station to the Docklands by 2010, and from Tallaght to City West by 2011. New Luas lines to Lucan and Broadstone/Broombridge are at an advanced stage of planning, with a link from Cherrywood/Bridesglen to Bray also being considered.

Bus

Dublin Bus is the main public transport provider for the GDA (extending as far as Balbriggan, Newcastle, Dunboyne and Kilcock) carrying 150 million passengers each year and transporting 70% of all public transport commuters into Dublin during peak times²⁷. However, reforms are required to improve the efficiency and effectiveness of bus services in the city and region. Primary among these are better passenger information services to inform transport users with more accurate timetables and route maps, which highlight connections with other bus and transport services, and to better integrate bus services with other modes of public transport, particularly through integrated ticketing but also perhaps through the coordinated scheduling and provision of services.

Connectivity Infrastructures - Telecommunications

Advanced telecommunications services are critical for the attraction of FDI, for the development of indigenous industry and the promotion of the Smart economy. The increasing importance of services to the economy, in particular those that are structured around electronic transactions and information flows, makes it essential that the region has access to advanced and cost competitive communications services. For SMEs, effective use of ICT allows them not only to develop and deliver new services but also to compete more effectively with their counterparts in other markets, for example by reducing costs and improving the quality of services.

Better use of ICT has been identified as one of the key factors required to improve Ireland's productivity performance. Broadband can enable higher productivity growth by allowing firms to cast their net wider when looking for suppliers or seeking new market opportunities to increase their customer-base or to more effectively link business functions e.g. sales, design, manufacturing, supply chain, stock control and accounts.

Currently, Ireland experiences poor broadband performance in relative European terms which is an impediment to enterprise and performance. Within the GDA, while wireless connections permeate much of the region, wireline provisions are more confined e.g. parts of the hinterland and in particular areas of Counties Meath, Kildare and Wicklow have limited wireline connections.

The broadband offering in the GDA needs to be dramatically improved to reflect the importance of the Capital city and its hinterland as an ICT hub of European and global significance, and to keep pace with the needs of businesses and individuals. Continual future investment in connectivity and telecommunications infrastructure is required - with focus required on uptake, performance and availability. An emphasis on fibre connections, high performance infrastructure and improving existing performance in terms of speeds, costs and

²⁷ Information sourced at www.dublinbus.ie

coverage should be prioritised in order to provide opportunities to compete with international competitors.

Utilities

Economic development within the GDA is dependent on the availability and quality of services and utilities relating to water supply, waste, electricity, gas, broadband and other communication technologies. Being the most populated region within the country, this places significant pressures and demands on finite resources.

Power Infrastructure

The demand for electricity in the East region is expected to increase by over 80% by 2025 and will then be 30% of the demand of the island. Up to 240 MW of wind generation is expected to be connected to the Grid in this region. Improvements are necessary in regional power infrastructure in order to maintain security of supply, to attract additional industry, and to allow for the connection of renewable energy sources to the grid.

Eirgrid, the agency responsible for the management of the national power grid, has stated that the following developments are necessary to cater for forecast demand in the region:

- An additional investment of approximately €800m through upgrading approximately 450 km of the existing network and building new circuits
- Strengthening of network into and out of the region to allow the demand to be met by renewable generators located mainly in the west of the country
- Strengthening of network serving Dublin City load
- Development to allow north-south flows to by-pass the network serving the Dublin load
- Construction and connection of new 220 kV stations in north and west Dublin to cater for the rapidly growing developments in these areas
- Reinforcement of the network to cater for strong growth in Kildare and North Wicklow.

Eirgrid states that, if no action is taken:

- In the medium term, there will be no capacity in the network to cater for new customers and the reliability of supply to existing customers will fall below normal international standards
- There will not be adequate capacity in the network to allow for excess renewable generation to be exported over the planned East-West interconnector; this will curtail renewable generation at times, reducing the commerciality of renewable developments and consequently the likelihood of necessary progression.

Waste Management

The quality, availability and cost of waste management solutions continue to be a competitiveness issue for enterprise in Ireland. Enterprises continue to have concerns in relation to the cost of waste management services and the lack of adequate waste

infrastructure and services in Ireland to meet the demands from industrial, commercial and household waste generation.

There is currently a high level of uncertainty about the future direction of Irish waste policy. In particular, a decision on the regulation of the sector is pending. This uncertainty, which has serious implications for the provision of new services and infrastructure by the private sector and inhibits regional waste planning.

In addition to this uncertainty, the current scope of waste management strategies presents an issue. Existing regional waste management plans need to be coordinated at national level to attract investment in waste infrastructure in a way that maximises potential economies of scale, competition and enables the market to pass on the benefits to businesses and households²⁸.

Water and Waste-water

The provision of adequate and affordable water and waste water services is crucial to ensure the sustained growth and development of enterprise in the region. Access to secure and competitively priced water supplies, at appropriate quality levels, is core to the delivery of these services. Adequate waste water treatment capacity is essential for environmental sustainability²⁹.

At present, treated water supply and sewerage treatment in Dublin and the Mid East is primarily undertaken at a local level. Substantial investment in the region's water and waste water infrastructure has been undertaken in recent years through the individual local authorities. Continued investment in water services under the current NDP aims to address remaining capacity shortages.

In the recent Forfás (2008) assessment of water and waste water services from an enterprise perspective a number of issues were highlighted for Dublin and the Mid-East, including insufficient water capacity in Dublin by 2013, and insufficient waste water capacity as of 2008. It is expected that planned water and waste water infrastructure projects will address these deficits.

The Forfás report also examined non-domestic charges for water and waste water amongst the local authority areas with Gateways and Hubs. In relation to their combined water service charges, Fingal, South Dublin and Dublin City were each below the average for Gateway and Hub authority areas charges, while Dun Laoghaire Rathdown was above. The study did not include the local authority areas in the Mid East.

²⁸ Forfás (2008) *Waste Management Benchmarking and Priorities Report*

²⁹ Forfás (2009) *Statement on Infrastructure - Issues and policy priorities for enterprise development*

6. Priority Actions

The action areas below will benefit from increased proactive collaboration across the relevant actors in a structured way. There are many actions that can be taken at a regional level and others that require a national response. However, it is incumbent upon the regional actors to also consider how they can best take advantage of national initiatives, and their delivery locally.

A number of cross-cutting recommendations concerning national level action arise from Forfás' work in relation to all of the individual regions as part of the Regional Competitiveness Agendas process. These are set out in the final report: *Regional Competitiveness Agendas: Overview, Findings and Actions*, which is available separately. Key areas of focus are: infrastructure - planning, development & delivery; accelerated development of the gateways (including leadership and governance issues); and mechanisms to initiate and support enterprise related regionally based initiatives).

The following are considered of primary importance in ensuring the future competitiveness of the East region in the years ahead.

Connectivity issues

Access and transport issues in the City and the wider region are negatively affecting enterprise development and competitiveness on a number of fronts, including ease of access, quality of life and environmental sustainability. Congestion due to car dependency is an issue that needs to be addressed through better traffic management and the accelerated development of integrated public transport alternatives to car transport. Major initiatives are already in train in this regard, but many others require urgent delivery - which have been highlighted in the previous section and are summarised in the box below.

The soon to be established Dublin Transport Authority will play a key role in the strategic planning of transport infrastructure and services in the Greater Dublin Area.

Transport

Advance provision of public transport in Dublin and the GDA

Dart Interconnector

Luas interconnection (Red/Green Lines)

Leadership and Governance

To achieve and retain competitiveness, key policy decisions need to be made for the region and its metropolitan area in particular. Strong leadership can coordinate and implement progressive strategies in all areas of local governance, facilitating efficiency, and an effective relationship with central government. Given their co-ordinating and leadership role, structures and institutions such as the Dublin and Mid East regional authorities, the Dublin Transport Authority and the proposed office of a Dublin Mayor all have important contributions to make in effecting a more 'entrepreneurial' model of local governance³⁰. The

³⁰ OECD (2007) *Competitive Cities: A New Entrepreneurial Paradigm Shift in Spatial Development*

RPGs provide a framework for enhanced region-wide co-ordination. It is important that they facilitate strategic planning and land use, and are adhered to.

Broadband

The broadband offering in the region needs to be dramatically improved to reflect the importance of Dublin city and its hinterland as an ICT hub of European and global significance and to keep pace with the needs of business and citizens. An accelerated shift to more advanced, next generation, fibre-based connectivity to both businesses and homes in the region is urgently required. Unless investment in next generation broadband networks is made, Ireland risks allowing a competitiveness threat for Irish based firms as significantly faster speeds become available in other countries.

Enhanced Agency Collaboration

As ways of doing business are changing, firms will increasingly engage in alliances, partnerships and networks, both in Ireland and across the world. Business models are being transformed whereby open innovation (across companies) is becoming a reality; smaller technology intensive companies have a range of options for targeting their end customers, including entering into licensing and/or revenue sharing arrangements with larger global companies.

As companies increasingly network, the enterprise development agencies can also enhance their collaborative actions to facilitate companies in this environment, and to:

- Provide clarity on the availability of business supports, the role of each agency and key contacts
- Working across the community of multinational and indigenous firms, facilitate structured interactions and networking between firms (and between HEIs and firms), by promoting awareness of existing initiatives (for example Industry Led Research Platform Programme, Competence Centres Initiative, Skillnets sector specific training initiatives etc.)
- Involve overseas and indigenous company participation in trade missions and inward investment itineraries.

Developing Innovative Capacity

Build on and extend existing in-region initiatives such as the Creative Dublin Alliance to stimulate greater levels of innovative activity within firms. In addition, regionally based government bodies and agencies should assess how they themselves can encourage innovative thinking within their organisations and ultimately achieve enhanced innovative service delivery, increasing service efficiency and impact, and minimising costs, particularly for business facing services.

Appendix I

Existing Enterprise Agencies, Initiatives and Supports³¹

The enterprise development agencies play a key role in stimulating the development of new businesses, facilitating the expansion of existing companies, and targeting new foreign direct investment through a broad range of initiatives. In conjunction with Forfás they influence policy by providing on-the-ground information about the real issues facing business (in areas such as infrastructures, education and regulatory environment).

The agencies work together to market and promote Ireland internationally as a 'good place to do business' and with a strong reputation for high quality exports, and within that context marketing the capabilities of regions specific to potential investors' needs. All of the agencies work to deliver value for money for their expenditure, which is monitored using a range of indicators including increased exports, productivity, innovation and employment.

Enterprise Ireland

Enterprise Ireland's core objective is to drive export growth by creating and growing internationally competitive businesses and facilitating entrepreneurship throughout the country. They have offices and representatives established in a range of locations throughout the country and their regional headquarters is based in Shannon. They also have a range of offices overseas that facilitate and support companies in gaining a foothold in new markets. They provide both financial and 'softer' supports to:

- Stimulate and support entrepreneurship
- Stimulate investment in R&D and innovation - through financial supports, Intellectual Property advice, TechSource (technology acquisition)
- Support company expansions and investment in capital and productivity initiatives
- Provide supports for training and management development
- Facilitate companies to participate in trade missions across the world, enable introductions and provide guidance to accessing new markets
- Provide supports for mentoring specific to a business' requirements (e.g. in marketing, finance etc.)
- Facilitate establishment of business networks and facilitate linkages with HEIs (through Innovation, Industry-Led Research Platform and Business Networks programmes, and through supports for Technology Transfer Offices)
- Support the provision of a range of property solutions.

The Enterprise Ireland client base in the East (in 2008) employs almost 56,000 people, accounts for approximately 6.5% of total employment in the region. Prominent activities

³¹ This overview represents a selection of existing agencies, initiatives and supports and is not a complete listing

include Food production and ICT services, alongside an array of other manufacturing and services activities.

Enterprise Ireland has supported the development of Community Enterprise Centres across the region. The Agency has also provided funding for the development of Campus Incubation Centres at nine HEIs in the region and Technology Transfer Offices have also been established at UCD, DCU, TCD, NUI Maynooth, RCSI and DIT.

Under the Applied Research Enhancement Scheme, EI has funded the establishment and development of the Micro Sensors for Clinical Analysis Research Centre at IT Tallaght and the Centre for research in Engineering and Surface Technology at DIT.

Other activities include roll-out of the EnterpriseSTART campaign in the region to encourage the emergence of new high potential start-up companies and provide information and referral for established and nascent entrepreneurs about EI and other enterprise supports at a local level. EI also works closely with the CEBs in the region, for example, enabling access to the EI First Flight Programme to eligible CEB client companies who are ready to enter export markets.

IDA Ireland

IDA is responsible for the attraction and development of foreign investment in Ireland. It is focused on securing investment from new and existing clients in the areas of High End Manufacturing, Global Services and Research, Development and Innovation. Key sectors include Life Sciences, ICT, Engineering, Financial Services, International Services, Digital Media and Consumer Brands. The IDA is also focused on emerging areas such as Clean Technology, Convergence and Services Innovation - areas that offer exciting new investment opportunities.

The IDA attracts overseas and inward investment by:

- Focusing on business sectors that are closely matched with the emerging needs of the economy and that can operate competitively in global markets from an Irish base.
- Building links between international businesses and third level education, academic and research centres to ensure the necessary skills and research and development capabilities are in place.
- Pursuing Ireland's policy of becoming a knowledge-based economy by actively building world-leading clusters of knowledge-based activities.
- Compiling up-to-date statistics and facts for research into industry, the economy and foreign direct investment in Ireland.

The IDA also provides serviced sites, pre-planning approval and buildings (buildings are provided by the private sector on IDA serviced sites). The IDA is developing a limited number of larger scale strategic sites that are intended to service utility intensive enterprise activity (e.g. bio/pharma manufacturing, data intensive services).

IDA Ireland Activity in the East Region

The IDA Ireland client base in the East (in 2008) employs almost 66,000 people, accounts for approximately 7.5% of total employment in the region and is dominated by firms in ICT, Financial Services, and Life Sciences sectors.

A key activity for IDA in the regional context is the development of a strong value propositions for attracting high value foreign direct investment to the region based on its particular strengths and competencies and leveraging complementary strengths and competencies in other regions.

Selected major IDA project announcements in the East region (2005 - 2008)

Company	Sector/Activity	Estimated Job Numbers
IBM	ICT Services	113
Business Objects	ICT Services	100
Service Source	ICT Services	100
Freightquote	Other Services	100
Facebook	ICT services	74
GOA	ICT Services	474
AON	Financial Services	100
Paragon Global Resources	Business Services	100
Google	ICT Services	1,100
HP Financial Services	Financial Services	110
Qlogic	ICT Services	100
PFPC	Financial Services	290
IFS	Financial Services	240
Microsoft	ICT Services	100
Yahoo	ICT Services	400
Hartford Financial Services	Financial Services	130

Údarás na Gaeltachta

Údarás na Gaeltachta is the regional authority responsible for the economic, social and cultural development of the Gaeltacht areas of Ireland. Its overall objective is to ensure Irish remains the main language of the Gaeltacht region and is passed on to future generations. Its economic mission seeks to encourage new investment and employment opportunities in Gaeltacht areas.

The Gaeltacht covers parts of counties Donegal, Mayo, Galway and Kerry - along the western seaboard - and also parts of counties Cork, Meath and Waterford. Údarás is structured on a regional basis (North, Connacht/Leinster and South) and has offices in Donegal, Mayo, Galway, Kerry and Cork. Key economic development activities undertaken by Údarás within the Gaeltacht areas include:

- Attracting high value investments (especially in high technology services), both indigenous and from overseas, to the Gaeltacht
- Providing attractive property solutions for enterprise development in the Gaeltacht

- Working to upgrade services and infrastructure (physical access and telecommunications) - especially where Industrial Estates and Business Parks are located
- Initiatives to strengthen the competencies and qualifications of the workforce
- Initiatives in support of entrepreneurship and early stage start-up companies, including provision of incubation facilities

In providing supports to both FDI and indigenous enterprise investments, Údarás operates within the same regional aid framework as EI and IDA and offers a similar suite of supports to enterprise as the other national agencies, in some instances effectively acting as an 'agent' for mainstream programmes managed by EI or IDA (for example the R&D programme and the more recent Enterprise Stabilisation Fund).

Science Foundation Ireland

Science Foundation Ireland (SFI) is the state agency that promotes investment in basic research, particularly in the science and engineering that underpin the fields of biotechnology, information and communications technologies (ICT), and energy efficient technologies³².

SFI's stated mission is to "help build in Ireland research of globally recognised excellence and nationally significant economic importance through strategic investments in the people, ideas and partnerships essential to outstanding research in strategic areas." Specific functions in this regard include:

- Promoting, developing and assisting the carrying out of oriented basic research in strategic areas of scientific endeavour particularly in the fields of biotechnology, ICT, and sustainable energy;
- Endeavouring to ensure that a standard of excellence in the oriented basic research, as measured by competitive peer review on an international basis, is consistently adhered to at the highest level;
- Developing and extending the national capability for the carrying out of oriented basic research in institutions;
- Promoting the attraction of world class research teams and individuals with a view to their carrying out oriented basic research in the State;
- Cooperating and collaborating with other statutory bodies in the promotion and encouragement of oriented basic research; and
- Devising, administering, allocating, monitoring and evaluating any grants, schemes and other financial facilities requiring disbursement of any funds authorised from time to time by the Minister with the concurrence of the Minister for Finance.

³² SFI was established in 2000, as a sub-board of Forfás, to administer Ireland's Technology Foresight Fund. In July 2003, SFI was established on a statutory basis under the Industrial Development (Science Foundation Ireland) Act, 2003. SFI's remit was extended in 2008 to include energy. SFI does not have a specific regional development (or spatially driven) mandate and its activities are guided by the overriding objective to develop and support research excellence

City and County Enterprise Boards (CEBs)

The East has 7 CEBs (four in Co. Dublin). The CEBs support the start-up & development of local business in Ireland. Supports include advice, mentoring & grants or financial supports for training and growth (as a guideline, the CEBs deal with client companies that employ less than 10 people). Through the CEB Co-ordination Unit based in Enterprise Ireland regional headquarters in Shannon the CEBs are developing a closer working relationship with Enterprise Ireland, through for example the extension of the EI First Flight Programme to eligible CEB clients ready to begin exporting or already exporting overseas and the EnterpriseSTART initiative.

Integrated Local Development Companies

In 2007, new and more coherent arrangements were put in place to have one integrated local development company in each county providing a single access point for local communities. These local development bodies are responsible for the disbursement of significant public funds under a wide range of programmes in the NDP, including the Local Development Social Inclusion programme and LEADER and they provide a range of enterprise supports to SMEs and start-up businesses. Groups in the East region include: Cill Dara Ar Aghaidh Teo (Co. Kildare); County Wicklow Partnership; Fingal Leader Partnership; Meath Partnership; several Urban Partnerships and the Dublin Employment Pact.

FÁS

FÁS is the National Training and Employment Authority and provides training courses, apprenticeship programmes and re-skilling/supports. The FÁS Corporate Strategy sets out the strategic direction taken by the Authority and outlines the action that it will take to progress the Strategy under eight High Priority Goals. These goals cover areas such as services for jobseekers and the unemployed, workforce development, labour market policy, social inclusion, equality and diversity, and customer service. FÁS a number of employment services offices and training centres in Co. Dublin, and the Mid-East counties are served by facilities in the FÁS Midlands, North-East and South-East regions.

Fáilte Ireland

Fáilte Ireland has three principal areas of operation; firstly, the agency helps to develop product offerings for both the domestic and overseas markets and leads the marketing effort to promote Irish holidays to the domestic consumer.

Secondly, it supports enterprise development in Irish tourism, promoting best practice in operations, quality and standards and facilitating investment in tourism infrastructure.

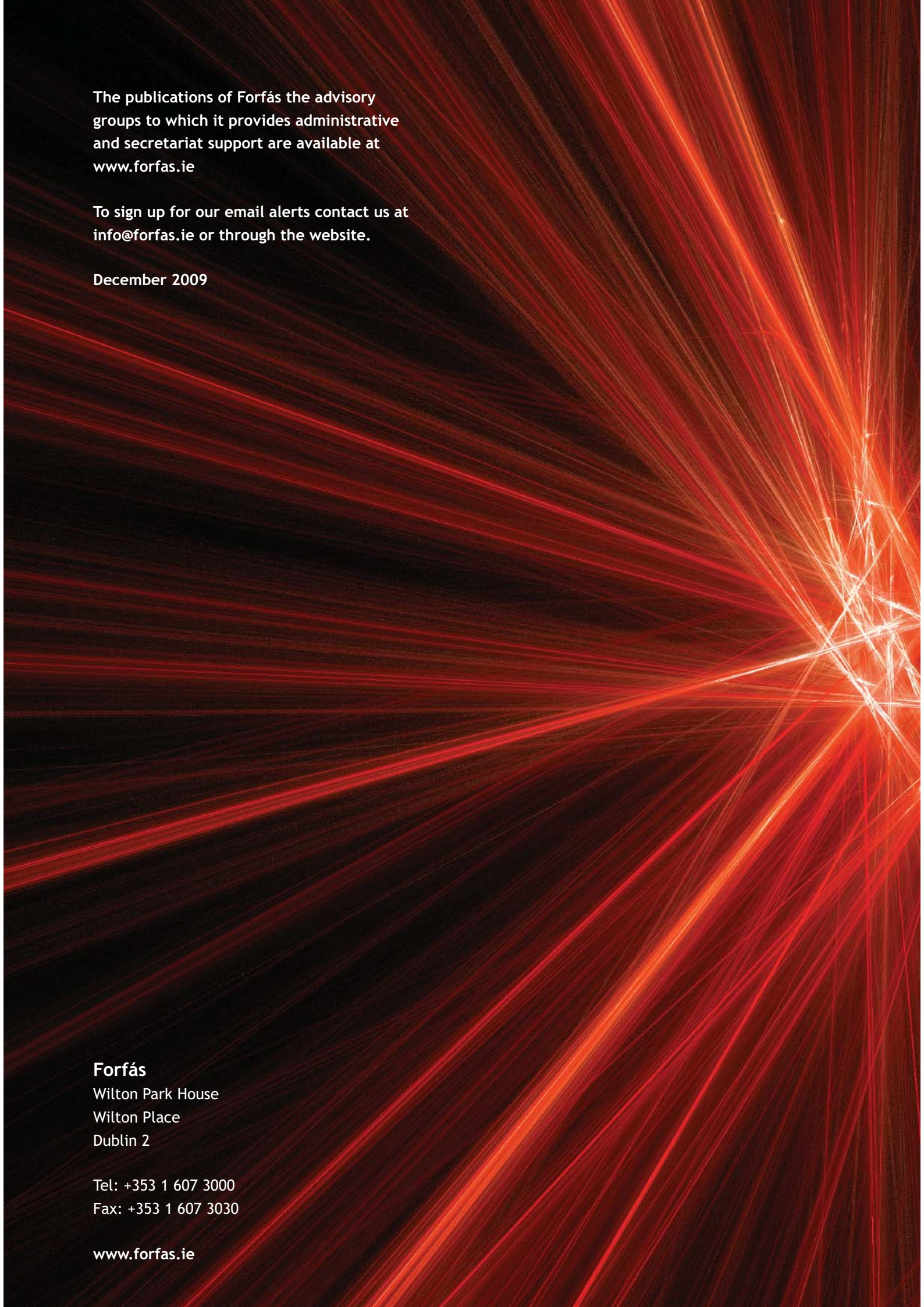
Thirdly, it builds human resource capability in the industry, investing in training provision and standards across the publicly supported educational system, through a training network of outreach centres and also via an executive and management development programmes for the tourism industry.

Regional support for people and enterprises is provided at a local level through the office of the Business Development Manager. The role of the Business Development Manager in each region is to liaise with Industry stakeholders to provide support in developing businesses

capability and standards to support business goals, service standards, profitability and long-term sustainability, in line with the key strategic themes identified in each region's operational plan.

Skillnets

Skillnets provides industry specific training programmes to employees of networks of firms, based on their defined needs. They primarily facilitate an enterprise-led approach to training and development and also aim to address the lack of investment in Human Resource Development by business by tackling some of the real and perceived barriers to training. Skillnets is funded under the National Training Fund through the Department of Enterprise, Trade and Employment.



The publications of Forfás the advisory groups to which it provides administrative and secretariat support are available at www.forfas.ie

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