

SEEING THE FUTURE IN REGIONAL ECONOMIC DEVELOPMENT: Lessons from Ireland

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The fourth in a series of articles developed from regular public forums sponsored by the Leslie Harris Centre of Regional Policy and Development. Memorial Presents features speakers from Memorial University who address issues of public concern in the province. Dr. David Stewart is Chair of Irish Business Studies in Memorial University's Faculty of Business Administration.

In Ireland, the economies of the Dublin region and the south are showing greater growth than those of the north, midlands and west. In Newfoundland and Labrador, the economy of the northwest Avalon is booming while the rest of the province is struggling. Ireland has adapted an innovative development process to address the problem. Is there a lesson for Newfoundland and Labrador in the Irish experience?

The decade of the 1990s was one of significant growth in Ireland, founded upon its ability to attract foreign investment. Throughout the nineties, Ireland pursued an effective investment prospecting strategy to attract foreign enterprises. In the beginning, Ireland was able to offer the investor a combination of a well-educated, young and inexpensive workforce; relatively low corporate tax rates (0%, then 10%, and now 12.5%); and a system of grants and loans financed through the Structural Fund of the European Union – which is similar to the system of transfer payments in Canada.

However, by the end of the nineties, Ireland had become a victim of its own success: relative wage rates had risen significantly. Ireland's status as an Objective 1 (or "have-not") region with access to Structural Funds was coming to an end. Changes in the international business environment, such as the impending expansion of the European Union to include eastern European countries, threatened Ireland's formula for attracting foreign investment.

Foresight is a process that brings together policy makers, key stakeholders and content experts in order to:

- determine what trends might be important in the future and how that future may be shaped;
- create a unified strategic vision of the future; and
- establish working networks among stakeholders.

The Czech Republic and Slovenia offered highly educated workforces that were more competitively priced than the Irish. And other countries (Estonia, for example) offered lower corporate tax rates than the 12.5% offered by Ireland.

In response to these and other threats, Ireland embarked upon an economic renewal process. In 1999, under the guidance of Forfás, a National

Foresight Study was launched. (Forfás provides the Department of Enterprise, Trade and Employment and other stakeholders with analysis, advice and support on issues related to enterprise, trade, science, technology and innovation.) The results of this study have shaped current economic policy in Ireland.

The attraction of foreign investment is still fundamental to economic policy, but emphasis is now placed upon moving up the value chain by attracting investment concerned with innovation and with research and development. The focus is upon two economic sectors – information and communications technology (ICT), and biotechnology. In essence, Ireland is shifting its



economy to emphasize knowledge-based industries. While it will take time to assess whether this strategy will be effective, early signs are encouraging. Clearly, Ireland has taken a considerable gamble based upon the findings of the National Foresight Study.

Foresight was not invented by the Irish, and has been applied by many nations. Japan, Australia, Columbia, Sweden and Germany are just a few examples of countries that have used Foresight to create long-term development strategies. In fact, the European Union has established a directorate to promote the use of the process in policy formulation, particularly for those countries that joined the EU in 2004.

It is difficult to overstate the importance of Foresight to Ireland. To emphasize its importance, Forfas has recommended that all public policy in Ireland be developed using a Foresight process.

While Foresight has been used in a variety of contexts in Ireland, one particular application parallels a situation faced by Newfoundland and Labrador – namely, the issue of regional development outside the Northeast Avalon.

The BMW Region Foresight Project

Ireland has two regional assemblies: one for Dublin and the Southeast, and the other for the Borders, Midlands, and the West. The latter are creatively known as the “BMW Region.” This Region comprises about 50% of the land mass of Ireland but contains only about 27% of the population.

Not unlike most of Newfoundland and Labrador, the BMW Region is beset with a number of challenges including outmigration, small communities, and a dependence on resource-based industries such as forestry, agriculture and fishing. Many areas of the BMW

have not been able to share in the rapid economic development enjoyed in Dublin and the Southeast. In 2004, the BMW Regional Assembly initiated a Foresight project to develop investment priorities based upon the long-term challenges facing the region. The project had the following objectives:

1. To prepare a commonly-agreed development program among policy-making bodies.
2. To involve all relevant stakeholders in the future development of the region, specifically stakeholders from the various levels of government, education, the development agencies, trade/business associations and the private sector.
3. To enable a deeper understanding of the roles and challenges of each stakeholder, and the opportunities and benefits to be derived.

The project duration was to be one year.

Methodology of the BMW Foresight Project

Four panels of stakeholders were formed, and each was assigned one of four themes for the region. Each theme represented a possible future for the region by the year 2025:

- The BMW as a Competitive Region
- The BMW as an Innovative Region
- The BMW as a Quality of Life Region
- The BMW as a Knowledge Region

For example, the panel assigned to envision a “competitive” region by the year 2025 had to identify what needed to be put in place to allow the region to become competitive in the future. This included drafting an appropriate strategy to make the region competitive, developing suitable supportive infrastructure, and identifying immediate investment priorities.

All members of the panels were volunteers; however, the panels received research support from staff of the BMW Regional Assembly with additional input from Forfás. The process was facilitated and coordinated by a firm of external consultants who had considerable experience with the Foresight process.

In all, the panels met four times, with considerable work being completed between

meetings by staff of the BMW Regional Assembly and the consultants.

Prior to the first meeting, a SWOT analysis was prepared for the BMW Region. A SWOT analysis identifies the Strengths, Weaknesses, Opportunities and Threats facing the region. (A similar analysis was prepared for Ireland as a whole, to put the BMW Region into the national context.) This information was developed in the form of background papers for presentation to the panels.

The first panel meeting – which lasted for the best part of a day – consisted of: training in the Foresight method; a presentation of trends in regional development; and a presentation and discussion of the SWOT analyses. Panel members were encouraged to critique the SWOT analyses and to add or delete items as they felt appropriate. At the end of the meeting, the panels felt that they ‘owned’ the analyses.

Between the first and second panel meetings, the strengths, weaknesses, opportunities and threats were used to develop a scenario of how the region might evolve according to the selected theme. For example, assuming that outmigration of young, skilled workers is identified as a weakness of the region, two scenarios can be developed – one assuming that outmigration decreases over time, and the other that it explodes to serious levels. Similarly, ease of access to mainland Europe may be identified as a weakness of the region; polar extremes of this factor might be the establishment or the non-establishment of an international airport in the BMW Region. So, a scenario could be developed based upon outmigration decreasing over time and an international airport being established in the region. This, of course, would be an optimistic scenario of the future.

The more factors that are used to define the scenario, the more complex it becomes. Usually, between two and four scenarios are developed in a Foresight process, to reflect the diversity of possible futures. However, in the BMW study, only one scenario was developed for each of the four themes.

The draft scenario was presented at the second meeting of the panel. The panel was invited to discuss and modify the scenario, and to include other factors that it considered important. As a result, an amended scenario emerged that was acceptable to the panel.

Between the second and third meetings, the scenario was distributed widely across the region to other stakeholders who were not members of the panel. Comments from the wider audience were brought back to the panel for discussion.

In the third meeting, panel members were asked to address a number of tasks using the scenario as context. Some examples of these are:

- Is this a desirable scenario for the region? Why or why not?
- What would need to be put in place for this scenario to become a reality?
- Who would be the winners and the losers if this scenario came to pass?
- How could the losers be compensated?

Between the third and final meetings of the panels, the external consultants worked with key officers of the BMW Regional Assembly to identify common themes and findings of the four panels, and to produce a draft report. This draft was presented to the panels in the fourth meeting for discussion and possible amendment. Ultimately, a final report was produced and presented to the Regional Assembly for approval. The approved report was then presented to the Irish Cabinet.

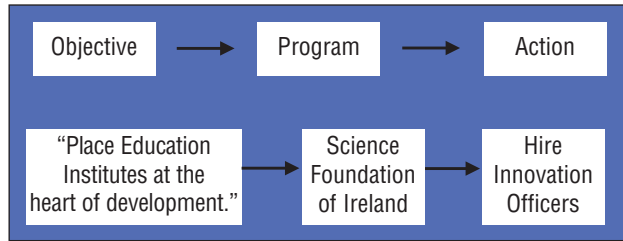
The Results

The BMW Foresight was scheduled to last one year. In fact, it was completed in around fifteen months. The significant outcomes from the project:

1. A vision statement for the Region for the year 2025. Elements of all four scenarios were included, with “Innovation” emerging as the dominant theme.
2. Policy drivers for the region were identified.
3. Ten strategic objectives for the region were identified, with corresponding measures to monitor progress in achieving these objectives.
4. Ten investment projects were identified as immediate priorities for implementation.

The table on this page illustrates how the findings of the project can be applied in one specific situation. In this case, a strategic objective was to place educational institutions at the heart of future developments. The Science Foundation of Ireland was identified as the most

Sample Strategic Objective



likely agent to address this objective. (The SFI is a component of Forfás which has responsibility for developing Ireland's R&D base in the sciences, with particular emphasis upon the economic sectors of ICT and biotechnology.) And the specific action to be taken was the hiring of Innovation Officers for individual educational institutions.

Implications for Newfoundland and Labrador

What can be learned from the Irish experience of regional development? Firstly, the issues facing the BMW Region are very similar to those facing the Province of Newfoundland and Labrador, and other regions face similar challenges. This means that there is a pool of knowledge out there that can be accessed. Outmigration, the concentration on resource sectors and uneven economic development compared to larger urban centres are common issues for both the Province and Ireland.

Secondly, these issues did not surface overnight. They have been emerging for some time. Consequently, there can be no quick solutions. What is needed is a long-term approach as well as a broad perspective. While local opportunities for economic development may exist, there are global opportunities as well. We can summarize this by adopting the term ‘glocal,’ that is, “thinking globally, but acting locally.” The approach taken by the BMW region is grounded in seeing the region not just as an area of Ireland, but as part of the global economy. It seeks to develop infrastructure and strategies that will permit access to the global economy, not just to the lucrative markets of Dublin and the Southeast.

And finally, the Foresight process is based upon learning from others and fostering cooperation among stakeholders. Newfoundland and Labrador has the human and social capital needed to implement a Foresight process. All that is needed is the will. 