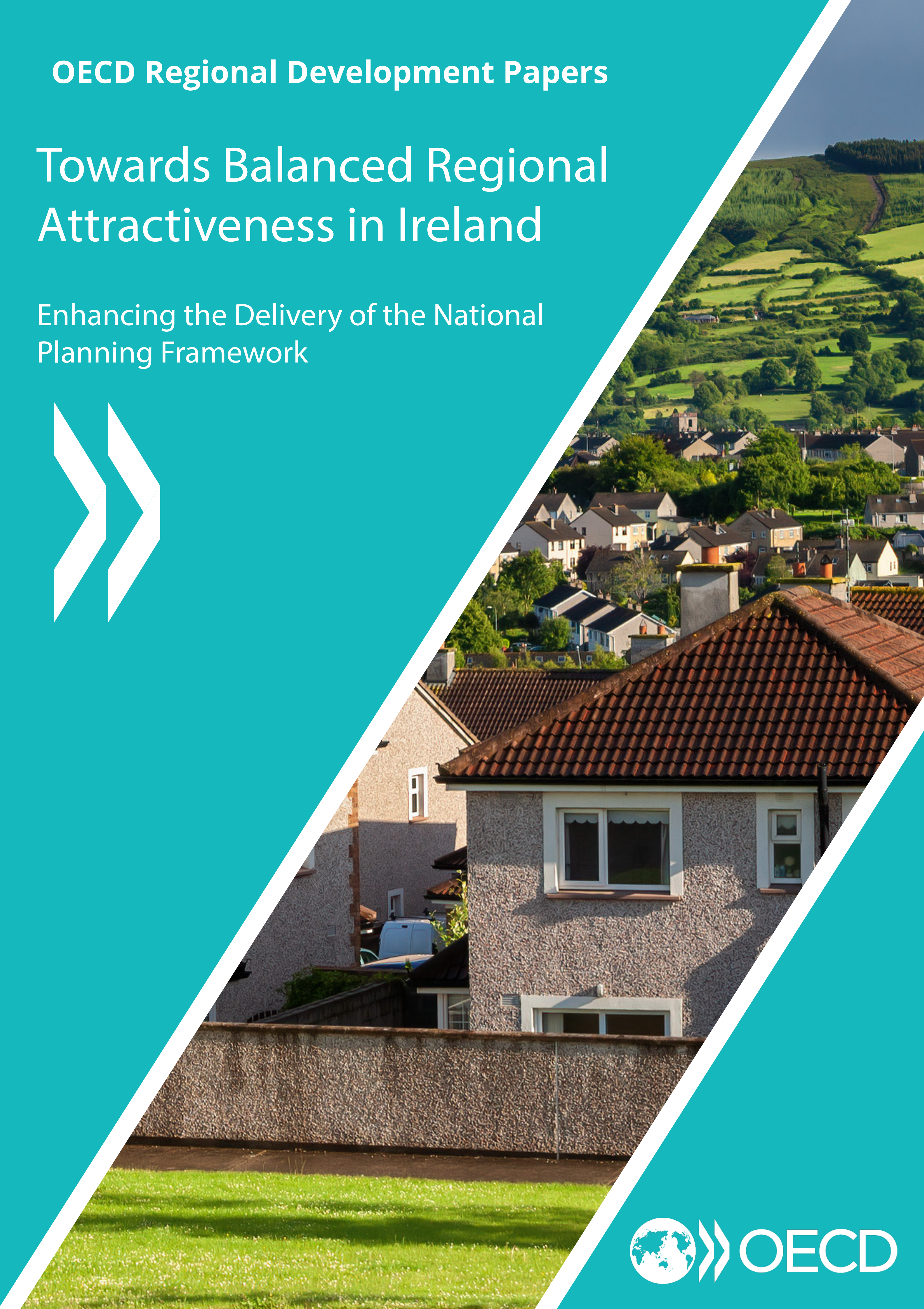
OECD Regional Development Papers

Towards Balanced Regional Attractiveness in Ireland

Enhancing the Delivery of the National Planning Framework



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Ireland is highly centralised and fast growing, creating coordination challenges in terms of delivering key investments and in key policy areas like transport, housing and education. Actors across levels of government recognise a need for a more coordinated approach to the delivery of the National Planning Framework, the principal spatial planning strategy of Project Ireland 2040, which includes also the National Development Plan (public investment).The report has three objectives which ultimately aim to support more balanced regional outcomes in Ireland: i) to clarify the gaps in terms of regional attractiveness across and within Ireland's regions, including in terms of population and investment attraction; ii) to assess the ability for the National Planning Framework – in its current form – to address these gaps, and iii) to consider what multi-level governance reforms and attractiveness policies can be introduced or scaled to generate more territorially-balanced development.

Keywords: Regional Attractiveness; Multi-level Governance; City-Regions; Talent; Investment
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The report aims to assist the DHLGH in their ongoing review of the National Planning Framework (NPF). This collaboration reflects a demand across levels of government in Ireland to seek arrangements that lead to more balanced regional development and attractiveness. It is part of the OECD/CFE's work on Regions in Globalisation and follows on from a 2-year project on Rethinking Regional Attractiveness in the New Global Environment that includes case studies for all three Irish Regions and was conducted in close cooperation with the three Regional Assemblies.

The report was drafted and coordinated by Michael Flood, Policy Analyst, RDG/RAMI under the supervision of Claire Charbit, Head of Unit, RDG/RAMI, who provided significant inputs to the report and overall direction for the OECD's work on Regional Attractiveness. The report benefitted from input and statistical analysis of Iris Seunga Ryu, Junior Policy Analyst, who leads the development of the Regional Attractiveness database within RDG/RAMI. Thanks are also extended to Aditi Sebastian, intern, RDG/RAMI, for her work on the report. Special thanks go to Peter Haxton, Senior Policy Analyst, CFE/TOU, for his in-depth review of the report and to Nadim Ahmad, Deputy Director of CFE, for his review and advice towards the final version.

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Abbreviations

AIP	Atlantic Immigration Program
CASP	Cork Area Strategic Plan
DEMs	Directly Elected Mayors
DHLGH	Department of Housing, Local Government and Heritage
EC	European Commission
EU	European Union
FDI	Foreign Direct Investment
GRW	Germany’s Joint Task for the Improvement of Regional Economic Structures
GST	Government Sales Tax

IAG	Implementation Advisory Group
LGMA	The Local Government Management Association
LGA	Local Government Act
MASP	Metropolitan Area Strategic Plans
MTA	Metropolitan Transport Authority
MLG	Multi-level Governance
NDP	National Development Plan
NPF	National Planning Framework
NSS	National Spatial Strategy
OECD	Organisation for Economic Co-operation and Development
OPR	Office of Planning Regulator
PI 2040	Project Ireland 2040
RSES	Regional and Spatial Economic Strategies
TL2	Territorial Level 2
TL3	Territorial Level 3

Executive Summary

Setting the scene

- The report has three objectives which ultimately aim to support more balanced regional outcomes in Ireland: i) to clarify the gaps in terms of regional attractiveness across and within Ireland's regions, including in terms of population and investment attraction; ii) to assess the ability for the National Planning Framework – in its current form – to address these gaps, and iii) to consider what multi-level governance reforms and attractiveness policies can be introduced or scaled to generate more territorially-balanced development.
- In the context of Ireland's unbalanced regional attractiveness, Ireland's Department of Housing, Local Government and Heritage partnered with the OECD to look at mechanisms that can be adopted, scaled, or strengthened to achieve more balanced outcomes.
- Minding the gaps in regional attractiveness will require new mechanisms to deliver public investments and services that address marked regional disparities. These disparities, namely, in income, infrastructure, digital, and well-being, are wide-ranging and can hurt the attractiveness of regional locations. These inequalities tend to privilege Dublin, while less developed TL3 regions stand out for higher levels of well-being.
- Multi-dimensional inequalities exist in terms of economic performance where Ireland's regions saw the largest growth in regional income disparities across OECD countries between 2010 and 2019, but it is also evident across areas like internet speeds and transport infrastructure where only two out of eight TL3 regions perform better than the OECD and EU average, respectively.
- Ireland is highly centralised and fast growing, creating coordination challenges in terms of delivering key investments and in key policy areas like transport, housing, education, among others. Actors across levels of government recognise a need for a more coordinated approach to the delivery of the National Planning Framework (NPF), the principal spatial planning strategy of Project Ireland 2040, which includes the NPF, and the National Development Plan (public investment strategy). Notably, the NPF forecasts population growth of 1 million people by 2040 with much of that growth anticipated in regional cities.
- It is often argued that the relative size of Ireland translates into effective central coordination of attractiveness policies. However, Ireland's small population does not preclude having an empowered subnational level of government. Indeed, the challenges currently high on the policy agenda (e.g., housing, climate, transport) are likely to grow as the population grows and spreads. Subnational governments are, and need to be, a key part of the solutions, but they lack the resources and mechanisms to deliver on national plans and policies.

Implementing national planning at the regional and local level

- There is a need to align investment decisions and governance arrangements to address regional inequalities and to achieve population targets. For example, there is a lack of regional competences with respect to the delivery of higher education, limiting the ability of subnational actors to invest in and adapt programs to fill local labour market needs and to attract international talent. Increased funding and devolution of responsibilities to the recently established Technological Universities would enable them to launch international research collaborations, attract international students, and develop partnerships with regional enterprises that generate employment paths for graduates (domestic and international).

- A critical rethink of transport governance is needed to support the sustainable development of Ireland's regions. In particular, the idea of establishing Metropolitan Transport Authorities has been proposed by the Irish government as a means of easing the capacity constraints of the National Transport Authority and strengthening that of local authorities.
- Overall, effective co-ordination mechanisms can generate economies of scale and support the territorialisation of attractiveness strategies. This can improve the implementation of large infrastructure projects, public services and boost environmental outcomes. These mechanisms must address the capacity, funding, policy, participatory and administrative gaps in the Irish multi-level government system.

Governing the metropolis: Regions and cities in the making

- OECD research shows that the presence of a metropolitan governance body can have positive outcomes in terms of productivity and public service delivery in the corresponding functional urban area.
- While city-region structures create a framework for cities and peripheral places to align strategies for a functional area, a higher-level view that addresses trade-offs and opportunities for remote towns and villages is needed. The regional level is most suited to play this role and enhance urban-rural coordination.

From stepped change to sea-change: Opportunities for reform to enhance regional attractiveness

- To support Ireland's shift towards more balanced regional outcomes, the report offers a suite of policy options, moving from incremental changes (stepped change) to more significant reform (sea-change):

Policy Reform Area	**Scale of Reform** (1 – 4)			
	Stepped-Change	2	3	Sea-Change
Housing	Involve regional assemblies in dialogues on housing needs assessments and related, key multi-level dialogues on housing development	Reform the Residential Land Zone Tax to be one collected by Local or Regional Authorities as a means of improving subnational fiscal capacity	Work to make Housing a constitutional right, leading the OECD in doing so, and in line with calls from multiple academics and NGOs in Ireland	Significantly increase the budget of local authorities to deliver social and affordable housing while reducing bottlenecks to hiring the staff needed to deliver housing projects
Investment (Foreign Direct + Public)	**Foreign Direct:** Work with IDA to measure and publish investments and FDI-employment by local authority level **Public:** Implement a multi-level steering committee with agencies, ministries, local authorities and	**Foreign Direct:** Support and/or fund local investment attraction officers at the Local Authority level who can work directly with local planners to ready brownfield sites for project development **Public:** Implement public investment training programs (see Chilean	**Public:** Work with the Department of Enterprise, Trade and Employment to fund a regional smart specialization (S3) program (building on ongoing work in Ireland on S3) with project managers based in each assembly and funding for pilot projects (e.g., incubation centres, research collaborations)	**Public:** Implement a multi-annual funding framework for local government, in addition to a multi-annual fund for MASP delivery coordinated by the regional assemblies

	assemblies for NPF-related investments	example) that improve capacity for NPF delivery at the subnational level		
Talent attraction	Support regional talent fora that bring together public and private actors to set strategies for attracting talent on a regional and local basis	Fund regional assemblies to develop a sector-by-sector critical skills list at the regional level to better understand territorial talent shortages	Invest substantially in regional universities to develop internationalization programs, R&D initiatives and in international student attraction and retention	Pilot a multi-stakeholder, regional immigration mechanism for matching migrant-applicants directly with firms in regional locations
Transport	Establish a formal mechanism for vertical coordination on regional transport plans between the assemblies and the Department of Transport, NTA and TII	Extend the cycle for Local Development Plans beyond 6 years to enable a longer-term focus on policy domains like transport at the local authority level	Adopt the recommendations of the IAG on DEMs role in a local transport strategy with statutory functions for design and delivery	Establish a Metropolitan Transport Authority based on OECD (2022[1]) guidelines that ensures region-wide delivery of an equitable and accessible service
Multi-level Governance	Enable Local Authorities full competence for staffing, ensuring accountability mechanisms are in place to facilitate this change	Directly fund the Regional Assemblies to deliver key national programs (under the NPF) such as housing needs assessments, critical skills lists and MASP implementation, together with Local Authorities	Enhance the democratic mandate of Regional Assemblies by facilitating direct elections to the Assemblies	Work with DPER, Revenue and DHLGH to reform the public finance system to increase revenue capacity of local government while introducing direct revenue streams for regional government

OECD Recommendations to enhance NPF delivery and regional attractiveness

- To address the capacity shortfall of subnational government in Ireland, the central government should establish an independent task force to explore opportunities for increasing the fiscal capacity and own-source revenues of local and regional government.
- Regional policy in Ireland is currently operating in siloes. To address this, at the national level, an inter-ministerial commission could be introduced, including agencies with a mandate for infrastructure, utilities, and local and regional development – this can be developed out of the existing Project Ireland 2040 Delivery Board with a larger mandate and membership.
- Mechanisms for attracting talent to the regions are not fully developed. Together with the Regional Enterprise Plan managers, Regional Assemblies[1] should develop territorialised critical skills lists responding to the skills needs of the regions and their firms.
- At the regional level, regional assembly-led Regional Spatial and Economic Strategy (RSES) delivery boards should be established with representation from key national agencies – in each region this board can deliver a compact growth agenda through leadership on the metropolitan area strategic plans while fostering strong urban-rural partnerships.
- Gaps in transport performance render investment and talent attraction difficult for some regions. While the National Transport Authority is uniquely placed to develop a national strategy for transportation, a more collaborative approach should be established to involve the assemblies as a leader in the design and delivery of transport solutions.
- Ireland has developed intricate smart specialisation strategies (S3) however they lack a vision for region implementation which could hinder their sustainability in the long-term. The Department of

[1] Second administrative level of government, or regional level.

Housing, Local Government and Heritage should work with the Department of Enterprise, Trade and Employment to fund the regional implementation of the National S3 program.

- Regional reforms to boost attractiveness will require technical and institutional capacity across all regions. As such, training programs for subnational governments should be implemented to build the specific capacity to deliver projects at the heart of the NPF.
- The Department of Further and Higher Education, Research, Innovation and Science should provide increased funding and responsibilities to the recently established Technological Universities, recognising their capacity to unlock regional skills and attract new talent.
- To ensure reforms address multi-dimensional inequalities, Government Departments should align their respective strategies with the current and future demands for well-being services that the NPF population projections will require – the proposed inter-ministerial body is a channel through which to deliver this alignment.
- Consideration should be given to the democratic mandate of regional government in Ireland, potentially in the form of directly elected Assemblies, to ensure that regional leadership and accountability underpin the delivery of regional attractiveness policies.
- Finally, the centralised nature of policies and planning in Ireland has made it difficult to extend involvement and collaboration in national policies and reforms. Steps should be taken to encourage more co-creation in future NPF reviews, working directly with all levels of government and civil society.

1 Setting the scene

Introduction

Through 2022 and 2023 the OECD worked together with Ireland's Department of Housing, Local Government and Heritage (DHLGH) and the Regional Assemblies (Eastern and Midland, Northern and Western and Southern Regional Assembly) in developing three regional attractiveness case studies covering the whole of the Republic of Ireland (with the support of the European Union). These 'flyer case studies' looked at the assets, gaps, and challenges in terms of regional attractiveness across the country and considered how these assets could be strengthened to better attract investors, talent and visitors. This exercise prompted important questions about the state of play in Ireland in terms of regional attractiveness – notably, whether regions have the capacity to deliver on the ambitions of Project Ireland 2040 (PI 2040) and beyond. In particular, the question remains whether the appropriate tools exist at the relevant scale to steer talent and investment to regional locations outside of the greater Dublin area. As shown in Box 1.1, Ireland's regions, outside of Dublin and the Mid-East, are lagging not only in terms of income but on a multi-dimensional set of indicators, including infrastructure and digital performance. In this context, this review looks specifically at mechanisms that can be adopted, scaled, or strengthened to support a more balanced and coordinated approach to the delivery of the National Planning Framework (NPF) – the overarching spatial planning strategy of PI 2040. Critically, a goal of the NPF is to deliver greater results in terms of talent and investment attraction across regions, with a focus on regional cities of scale (>50,000 people) that can act as counterbalances to the historical concentration of activity in and around Dublin. The NPF is accompanied by the National Development Plan (NDP), a ten-year (2021-2030) public investment strategy. It intends to deliver the key infrastructure that supports the NPF's objectives relating to Ireland's compact growth and the housing, energy, transport, education, and climate goals associated with the plan. Overall, PI 2040 represents a coherent, long-term vision for regional development that considers regional differences – and doing so more ambitiously than any national spatial or investment strategy in Ireland's recent history. Of central importance to the NPF are the population forecasts which anticipate population growth of one million – half of whom will enter Ireland through immigration – to be spread across the three regions, with half of that planned for the Southern and Northern and Western Regions and the remaining half for Eastern and Midland:

Regional Assembly Area (TL2 Region)	Census 2022 Population	NPF Regional Population Objectives – 2040
Eastern and Midland Region Cities: Dublin	2,504,307	~2,850,000
Southern Region Cities: Cork, Limerick, Waterford	1,703,393	~2,000,000
Northern and Western Region Cities: Galway	905,439	~ 1,000,000

These targets illustrate the exceptional position in which Ireland finds itself. As many EU countries struggle to attract and retain talent, Ireland's challenge is to better balance the population and employment growth that is forecast across all regions. And to do so with regard for the well-being of people and planet across places which is predicated on employment opportunities, a clean environment, access to key services and quality infrastructure, among other assets.

Being a small state does not preclude having an empowered subnational level of government. The imbalance in terms of regional attractiveness across Ireland risks growing deeper as the population grows and becomes more geographically diverse, which can be offset through greater local and regional involvement in policy design and service delivery. While levels of fiscal decentralisation generally correspond with higher levels of development (OECD, 2022[2]), however Ireland has one of the highest levels of GDP per capita with a highly centralised structure, making it an outlier in this respect. This can be explained by Ireland's distinct growth model, with a strong emphasis on attracting international firms. However, the relatively high overall levels of GDP per capita mask large regional income disparities and indeed other multi-dimensional territorial inequalities (see Box 1.1). Moreover, it is not clear whether these inequalities will deepen if Ireland remains largely centralised, especially given the significant demographic changes anticipated in the coming years. As this report shows, many countries – unitary and federal, big, and small – have relatively high degrees of empowerment of local and/or regional authorities. For example, in smaller OECD economies such as Denmark, Finland, Norway, Switzerland, and Sweden, subnational governments are responsible for between one-third and two-thirds of total government expenditure. These shares stand in stark comparison to Ireland's 9% (OECD, 2021[3]).

The NPF makes clear the need for a regional vision and level of government to better coordinate and promote the sustainable development of Ireland's regions. In this respect, the NPF is positioned as an alternative way forward to 2040 however the governance and implementation mechanisms show little deviation from business as usual. A regional vision for Ireland will i) need to look squarely at the implementation of public investment and city-region governance to ensure that financial capacity is aligned with institutional mandates and ii) swiftly implementing pilot programs that strengthen the capacity of subnational governments to deliver on Project Ireland 2040.

The Project Ireland 2040 Delivery Board is an example of the high degree of centralisation of Ireland's governance structure. With the launch of PI 2040 a cross-departmental coordination body was established to act as a national steering group to guide the project design and governance through the early stages. Initially it included 10 Minister-level (Secretary Generals) board members representing the departments with significant capital spending portfolios. In this way, it first functioned as a strong coordination mechanism through which ministries and state agencies could align their strategies related to Ireland's regional development. However, it never included direct membership of subnational actors who have been involved in negotiations in an informal and ad-hoc manner. Moreover, the mechanisms for working vertically across levels of government are often divided strictly by policy silos. The system as it exists largely privileges national to local channels of coordination with a still limited role for regional actors. However, with the introduction of the regional level being fairly recent, established in 2014 with the Local Government Act (LGA), and launch of the regional assemblies, NPF delivery is an opportunity for this level of government to take a more assertive role in policy making and project delivery. In 2023 the PI 2040 board was reduced to include just 3 Secretary Generals (Department of Public Expenditure, NDP Delivery and Reform; Department of Housing, Local Government and Heritage; Department of Further and Higher Education, Research, Innovation and Science) along with 5 external experts, however still lacking direct subnational involvement (Oireachtas, 2023[4]).

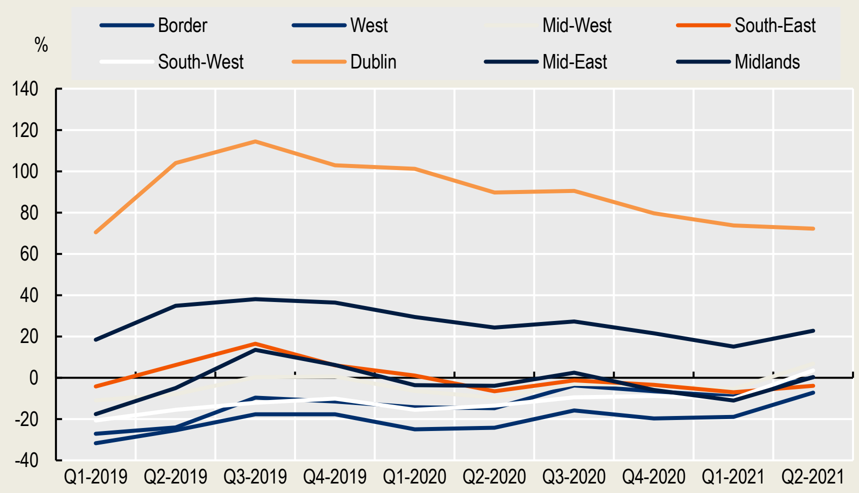
This report explores how Ireland's regional attractiveness – already strong by various measures – can be better balanced and strengthened to deliver NPF objectives (and beyond) by focussing on improving the coordination and implementation mechanisms and considering systemic reform in certain policy areas. The report starts out with a preview of the disparities that exist in Ireland across a range of financial and non-financial themes. In the first section, the attractiveness of Ireland's Territorial Level 3 regions (TL3 – small regions) are analysed, showing distinct advantages and gaps across the country. Following this regional attractiveness assessment, gaps and opportunities pertaining to the implementation of the NPF are explored and, in a final section, key recommendations are provided.

A national call to address regional disparities

Project Ireland 2040 is composed of the NPF and the NDP that together form an ambitious policy agenda and vision for Ireland spanning two decades. This type of foresight offers all levels of government targets to work towards and indicators – or guideposts – to which performance can be monitored and evaluated. As such, policies can be pivoted where necessary to achieve more desirable outcomes. This is the rationale for the forthcoming review of the NPF, which, since its launch in 2018, has experienced substantial external headwinds. The COVID-19 crisis, Russia's war of aggression against Ukraine, energy price volatility, and historically high inflation across the OECD have all contributed to a complex economic environment, and in turn impacting on large-scale investment projects in areas like housing and transport infrastructure that are critical to boosting the attractiveness of territories (2023[5]).

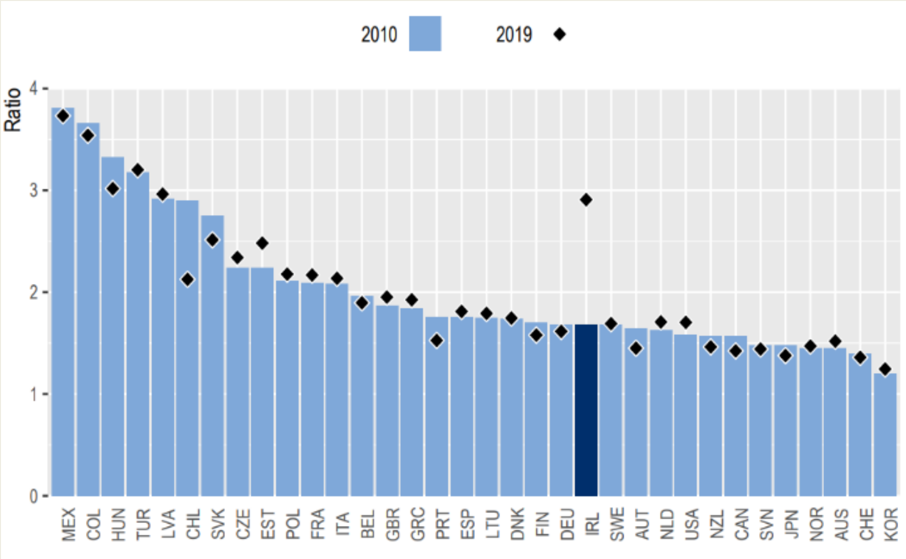
Box 1.1. Multi-dimensional inequalities in Ireland

Figure 1.1. Download speeds, % deviation from the OECD average - vary sharply with a strong advantage for Dublin



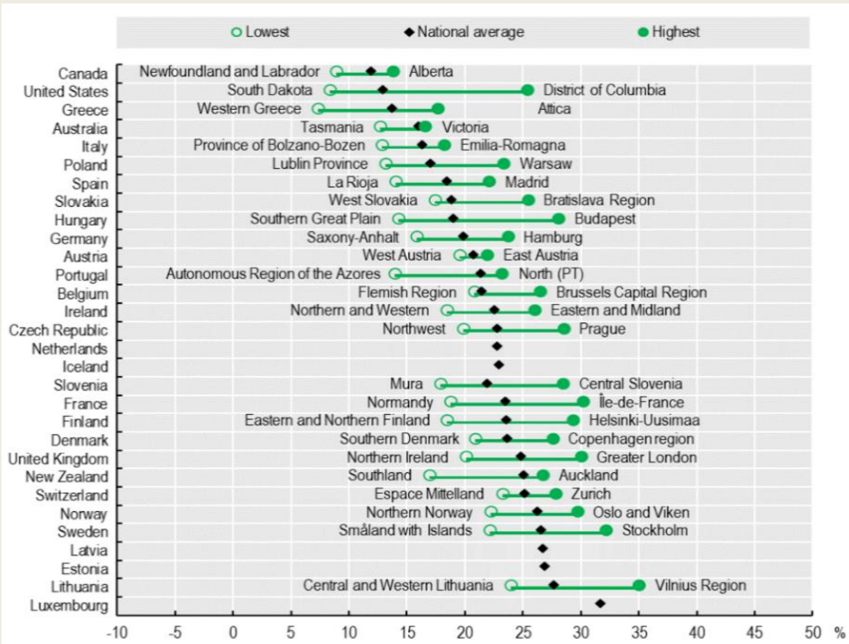
Achieving a digital transition needs to account for territorial differences in internet quality. Internet speeds across the country generally compare favourably to the OECD average but there are wide disparities between regions. Patterns are like other OECD economies, where in the first quarter of 2022, people living in metropolitan areas experienced, on average, 40% faster fixed Internet connections than those in regions far from metropolitan areas.

Figure 1.2. Index of regional disparities in GDP per capita (richest 20% relative to poorest 20% of regions)



Regional inequalities – in income, wealth and productivity – have been increasing in more than half of OECD countries (with available data) over the past two decades and can, in part, be linked to populist backlash and the rise to 'geographies of discontent' in many countries.

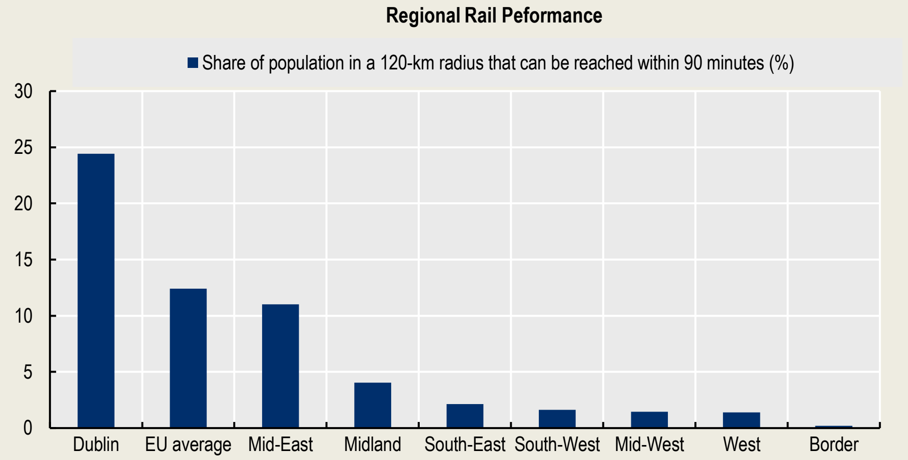
Figure 1.3. Share of green-task jobs across and within countries, OECD regions, 2021 or last available year



In addition, there are risks, without action. that on-going megatrends such as the green transition may in fact exacerbate inequalities. For example, the share of jobs focussed on green tasks amounts to 17% in Northern and Western region, 10 percentage points lower than in the Eastern and Midland region.

Achieving a just green transition will require a more territorially balanced approach to the development of green jobs and attractiveness to 'green talent'.

Figure 1.4. Passenger Rail Performance by TL3 Region and EU average, 2021



A key policy area that citizens, industry and indeed the environment are expected to benefit from is (public) transport. In Ireland, the regional variation in transport performance is significant. Rail is one such area where in-country performance relative to other EU countries paints a stark picture. Only in the capital sub-region does rail performance exceed the EU average, while the remaining seven sub-regions fall below the curve with particularly deep challenges in the Northern and Western regional assembly area.

Source: Top Figure: OECD calculations based on Ookla database ; 2021 ; OECD TL3 regions; Second Figure: Source: OECD Regions and Cities at a Glance (2022); Third Figure: (OECD, 2023[6]); Fourth Figure (European Commission, 2022[7]); Text: (Pietrovito et al., 2023[8]) (McCann, 2019[9]) (OECD, 2023[6]).

Just as external challenges have impacted national plans and policies, they have had an uneven effect on Ireland's regions and cities. A report conducted by Ireland's regional assemblies shows for example that the amenability of remote work is much higher in and around the Dublin area (Regional Assemblies, 2022[10]). On a separate front, the arrivals of refugees from Ukraine represent a much higher percentage of the population in the Southern and Western part of the country according to the latest numbers (CSO, 2023[11]). While very different policy realms, one commonality, even if to varying degrees, is that tackling the regional differences require place-based interventions that engage and involve local and regional stakeholders from policy design to implementation. These interventions can deliver benefits and opportunities for local people across Ireland, but also enhance the attractiveness of all regions to talent, investors, and visitors alike. Understanding that a region is welcoming and hosts the social, physical and digital infrastructure to live a good quality of life is increasingly a priority for talent on the move.

Indeed, as Ireland's regional population grows, so too will the demand for more place-based policies that consider distributional differences, especially in terms of quality of life, that can be observed across the territory. It is noteworthy that this is an opportune starting point for Ireland with both metropolitan regions and regions (TL3) far from a metropolitan area forecasted to grow faster than anywhere in the OECD (OECD, 2022[12]). Accommodating for this growth in population will require a systemic, regional approach to spatial planning and investment that has not been seen before in Ireland's history – one that is shifting from emigration to immigration, from a demographic decline to a changing demographic and population growth.

Balanced development in an environment of uneven governance

Indeed, one of the challenges shared across all three Irish regions, namely a shortage of technical capacity and limited spending allocated to local and regional government for project delivery. Policy development on issues of local and regional concern – the most pressing of which are investment in housing and transport infrastructure – largely take place in Ireland's capital city, Dublin, where much of the central government public sector is located. Moreover, the share of subnational government (SNG) expenditure as a percentage of GDP has dropped by 10% since 1995, more than any country in the OECD, and in 2020, Ireland had one of the lowest levels of subnational government expenditure, investment, and revenues across the OECD.[2] The picture in terms of subnational revenue gives a strong indication of the limited fiscal capacity of the Irish local government. Subnational revenues represented just 10.6% of total public revenue in 2020, i.e. 2.4% of the GDP, one of the lowest ratios within the OECD and EU27 (45.5% and 38.3% on average respectively). The main source of subnational government revenue comes from grants and subsidies, which account for around three-quarters of the total, well above the average for OECD unitary countries (53.3%) and the EU27 (46.6%). This level sharply increased between 2019 and 2020, due to higher state transfers for Covid-19 related spending, housing regeneration and roads. The second source of subnational government revenue is tariffs and fees, which accounted for 11.7% of the total, a ratio close to the OECD and EU27 averages (respectively 13.3% and 10.3%). The share of tax revenue as a proportion of subnational government revenue is very low by international standards (8.3% vs. 35.4% of on average in OECD unitary countries and 40.1% in the EU27) (OECD, 2022[13]).

National investments do seek to better disperse funds throughout the territories but spending decisions remain with the central government. There is ongoing work being done to ensure alignment of the NDP (investment) with the NPF objectives for more balanced regional development. The preliminary assessment of the NDP in 2021, however, showed that the regional cities – the focus of Ireland's compact growth aims – have a lower share of investment projects over €20 m and €100 m compared to their planned growth, signalling that investment is taking place in the wider regions rather than within the regional cities (Government of Ireland, 2021[14]).

In terms of policy competences, the local authorities in Ireland have a limited – but growing – range of responsibilities compared to other OECD countries. The 2014 reform of the Local Government Act reform clarified the allocation of responsibilities across levels of government. Some functions were recentralised (e.g. water services were transferred from local government to the state company Uisce Éireann (Irish Water), while others were, in part, decentralised (e.g. planning, local and community development). This reform was based on a review of local government functions called 'Putting People First: Action Programme for Effective Local Government'. Among the new expectations placed on local government are those related to climate action, smarter travel and biodiversity along with local enterprise and economic development roles, an ever-expanding role in relation to community and rural development (notably through the COVID crisis) and the integration of migrants, including a significant role in relation to supporting Ukrainians arriving to Ireland. Going forward, work needs to be done to ensure that the greater expectations placed upon regional and local governments are supplemented with access to the resources needed to deliver key social and physical infrastructure from integration services and cultural capital to affordable housing, transport links and greener sources of energy. In other words, finance needs to follow

[2] 8.9%, 32.5% and 10.6%, respectively, as a percentage of all government for the same transaction. This compares to averages of 27.5%, 50.7% and 45.5% across OECD unitary countries.

function while subnational government mandates in Ireland are well-funded compared to other OECD countries (Rodríguez-Pose and Vidal-Bover, 2022[15]), this *may* be more a result of their limited mandate than their fiscal capacity. As an increased population in regional locations leads to increased responsibility, so too will the need for financial and human resources to deliver on the regional and national agenda, which can flow from the centre or greater fiscal autonomy vis-à-vis expanded own-source revenues (taxes, fees) at the subnational level.

The publication of the NPF and the NDP in 2018 (see Box 1.2**) laid the foundations for more ambitious regional development policy in Ireland.** The NPF provides a coherent architecture for vertical coordination and for subnational leadership in the delivery of regional development policies. Indeed, the NPF and the regional and local plans that underpin it are recognised across Ireland as a sound policy framework. However, there remains a lack of clarity on the governance and implementation roles of the two subnational tiers of government, in addition to the role of non-governmental actors (Burke, O'Sullivan and Ruane, 2023[16]). Critically, the NPF forecasts growth for the four cities outside Dublin – Cork, Limerick, Galway and Waterford –at twice the rate of the capital. This requires a balance between place-based policies that are pro-active and planning for future growth and reactive policies based on current and historic demand signals.

Box 1.2. The Architecture of the National Planning Framework (NPF) and the Review Process

The NPF, together with the National Development Plan (NDP), form the basis for Ireland's spatial and capital investment policy

National Planning Framework

Regional Spatial and Economic Strategies

Local City and County Development Plans

Project Ireland (PI) 2040 has two core components. The first is the National Planning Framework, which is a spatial strategy that sets the planning, population growth and investment agendas across the Republic of Ireland. The other is the National Development Plan, published in 2018 and revised with increased spending allocations in 2021, outlines where public investments will be made to deliver Ireland's growth agenda – the two plans being aligned as much as possible. That alignment was seen as one of the early successes of PI 2040 as multiple departments benchmarked strategies to the macro-level plan. This was a departure from the National Spatial Strategy (NSS) 2002-2020 which was scrapped in 2013 and did not benefit majorly from cross-department alignment. While the NSS was focussed on a similar model of polycentric growth, it attempted to focus growth on many hub and gateway cities/towns regardless of their smaller populations. The current NPF takes the approach of targeted, compact growth in and around fewer city regions with "half of future population and employment growth…in the existing five cities and their suburbs" and for a split of half the growth in the Eastern and Midland TL2 region (Dublin) and half the population growth focussed in the other two TL2 regions: Southern (Cork, Limerick and Waterford) and Northern and Western (Galway).

Regional and Local Plans

The Regional and Spatial Economic Strategies (RSES) are part of the statutory hierarchy of plans that collectively constitute the NPF. Mandated in 2018 and published by 2020, the three RSES offer a detailed regional planning vision to which the Local City and County Development Plans must align. This process rectifies some of the planning fragmentation across county lines and endeavours to identify synergies across TL3-level regional areas. Embedded in the RSES are Metropolitan Area

Strategic Plans (MASPs) which establish growth trajectories and spatial plans for the regional cities. It has also been considered that the regional centres (smaller agglomerations) should have their own area strategic plans.

Local County and City Development Plans are prepared by the 31 local authorities and outline the planning guidelines for the area, which in turn are subject to scrutiny by the Office of the Planning Regulator (established in 2019 to ensure coherence of Local Plans with the NPF).

NPF Review

When the NPF was launched it was established that the first review be conducted no later than 5 years following its implementation. At the time of the review, the initial results of Census 2022 indicate that while the total projected population growth for Ireland is essentially on target, the distribution of that growth is not as regionally balanced as anticipated (see Figure 3.1). The results show that the 2016-2022 period was skewed towards the east, with around 55% of population growth in the Eastern and Midlands Region, requiring a rethink of the drivers of people and investment attraction and retention to Ireland's other two regional assembly areas.

Source: (Government of Ireland, 2018[17])

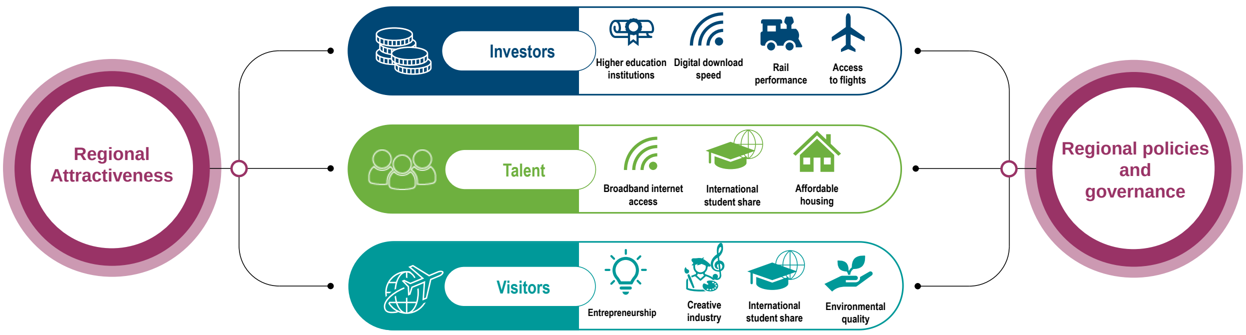
Ultimately, if the ambition of the NPF is going beyond business as usual – and based on a vision of Ireland's future needs – the notion that small and centralised equates to agile and efficient needs a rethink. The remainder of the report outlines a few departure points from which this reimagining can take shape. The recommendations and considerations are not in all cases novel and rather build on emerging ideas and structures within Ireland, notably those formed from years of policy innovation, debate, and reform at the local and regional level, while borrowing expertise and insights from regional governance structures and innovations across the OECD.

2 Minding the gaps in regional attractiveness

For regions to be able to attract investors and talent to their territory they require both soft and hard assets – the infrastructure and the governance mechanisms to design, monitor and improve policies as needed. These needs will only heighten in the years to come as Ireland's population becomes more diverse and the demographic compositions grows older. However, the NPF acknowledges the need to have "enabling infrastructure and supporting amenities" across the country to deliver a compact growth strategy for Ireland (Government of Ireland, 2018[17]). At the same time, the Framework falls shorts of outlining the delivery and governance mechanism in place to respond to future changes. The OECD's work on regional attractiveness is a complement to this approach, zeroing in on the assets that demonstrably deliver on goals like those articulated in the NPF. For example, across OECD regions, performant higher education institutions act as a lever for foreign investment, as do digital and physical infrastructure links (see Figure 2.1). Attracting talent depends on having access to affordable housing and good digital connections while the diversity of a region can also signal a vibrant, welcoming community. This is a focus of the NPF which has a strong quality of life dimension. Linking NPF objectives to Ireland's Well-being Framework (Government of Ireland, 2023[18]) would go a step further in ensuring the objectives relating to people, homes and communities are able to be measured, monitored, and evaluated at an international scale.

Figure 2.1. Framework for regional attractiveness in the new global environment

The drivers of regional attractiveness are shaped by strong regional policies and governance mechanisms



Source: (OECD, 2023[5])

The OECD recently assessed the assets, gaps and challenges associated with the three Irish TL2 regions as part of an international project supported by the EU on rethinking regional attractiveness in the new global environment (OECD, 2023[5]). Using the OECD's novel regional attractiveness database, the project highlighted many of the levers – with a focus on non-financial ones – that can help to even the playing field for attracting investors, talent and visitors across Ireland.[3] Since that exercise, the database has been extended to provide a more granulised understanding of attractiveness by exploiting available data for small regions (TL3), and therefore allowing for a more in-depth analysis of disparities within middle-tier regions (TL2) (see Figure 2.2). In Figure 2.3, the performance of these small regions against EU median performance across the 12 dimensions of attractiveness is plotted (with detailed regional attractiveness compasses provided in Annex A). It shows that even at the sub-regional level – equating to Ireland's 8 TL3 regions – distinct challenges and advantages exist.

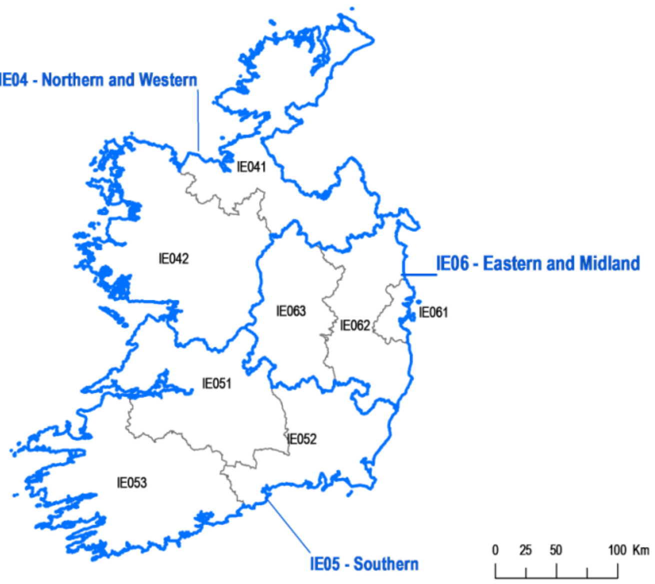
Figure 2.2. Territorial Grid of Ireland

TL2 regions correspond to the Regional Assembly Areas while TL3 regions correspond to the now defunct regional planning authorities

Territorial Levels 2 and 3

TL2	3 Groups Regional Authority Regions
TL3	8 Regional Authority Regions

IE04	Norhtern and Western
IE041	Border
IE042	West
IE05	Southern
IE051	Mid-West
IE052	South-East
IE053	South-West
IE06	Eastern and Midland
IE061	Dublin
IE062	Mid-East
IE063	Midlands



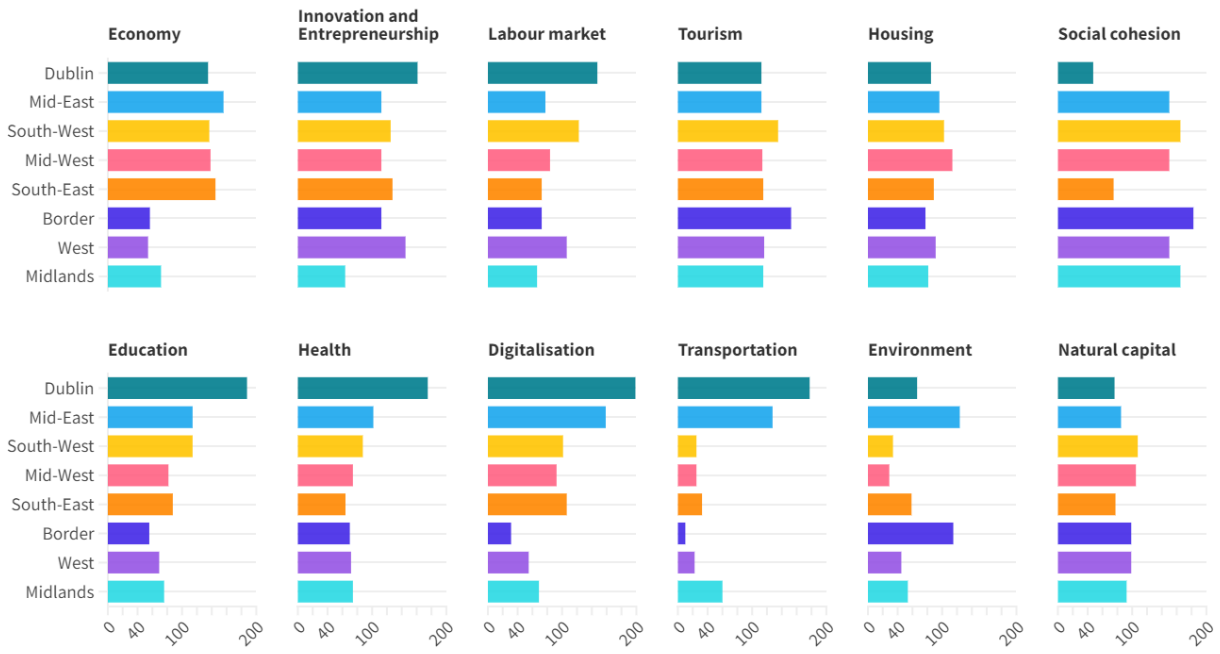
Note: In Ireland the TL2 and TL3 regional levels correspond to the EU NUTS 2 and NUTS 3 levels, respectively.
Source: OECD Territorial Grid

Analysing territorial attractiveness is not about ranking regions – it's about understanding assets and gaps and how to manage trade-offs. To put this in perspective, the lowest GDP-per-capita small region (Border) is the highest performer in tourism, social cohesion and 2nd in environment dimension of attractiveness. Meanwhile, the region with most affordable housing (Mid-West) falls behind in terms of transportation and environmental preservation. It's important to note that the low housing score underscores the challenges of affordability and price increase, which are impacting all regions of Ireland, urban and rural alike, highlighting the impact of Ireland's housing crisis. As for the Environment dimension, the primary emphasis is on institutional and communal efforts in environmental conservation. Given the need for a more balanced dispersion of talent and investment in Ireland, this regional attractiveness assessment can help Irish regions to address persistent multi-dimensional inequalities by focussing on

[3] To access the regional 'flyer' case studies – for Ireland and across the 10 countries involved the project to date – please visit www.oecd.org/regional/globalisation.htm.

what works for regional attractiveness, namely, investment in key infrastructure, education, the environment – the foundations of a good quality of life. Indeed, the success of the NPF will require new incentives for talent to choose regional locations to live, work and play. The following analysis introduces fresh insights regarding the performance of Irish regions in comparison to their European counterparts at TL3 level across various dimensions, with some scores reflecting population-weighted differences within the regions.

Figure 2.3. Comparative analysis of Irish Sub-Regions Scores in each attractiveness dimension



Note: The graph shows the EU composite scores of Irish regions relative to other EU TL3 regions in 12 dimensions that comprise the Regional Attractiveness Database. The scale is 0-200, where 200 represents the region with the best performance, and 100 represents the median among EU regions. It is worth noting that two dimensions, Land and Cultural Capital, have been temporarily excluded from the analysis as they are currently undergoing development.
Source: OECD Regional Attractiveness Database (TL3)

Eastern and Midland Sub-Regions: Dublin, Mid-East, and Midlands

Among the Eastern and Midland sub-regions, Dublin, as the capital of Ireland, stands out with a concentration of resources and high levels of connectedness, a robust economy, and a well-developed education and health system. However, it is noteworthy that Dublin faces challenges in terms of its labour market, social cohesion, environmental preservation, and natural capital. Addressing these issues is crucial for enhancing community building, providing more natural amenities, and improving employment. On the other hand, the Mid-East region exhibits strengths in quality of life and transport infrastructure, and digital connectivity, but it lags in terms of its labour market and natural capital. These findings underscore the importance of fostering a flourishing job market and creating more greens spaces to further elevate the region's overall well-being. In the Midlands region, while the social cohesion and natural capital are strong, the challenges lie in the realms of regional economy, innovation, labour market, housing, education, and healthcare, highlighting areas where targeted investments can move things forward. The distinct attributes of each sub-region complement each other, highlighting the need to adopt coordinated strategies for creating synergy. For example, Dublin is a strong driver for investment and talent attraction, while the Mid-East, surrounding Dublin, possesses great digital and transport infrastructure, and the Midlands region fosters an inclusive and cohesive society.

Southern Sub-Regions: South-West, Mid-West, and South-East

The South-West region exhibits a balanced, well-rounded performance across most dimensions, albeit there is room for development in transport-connectedness and environmental considerations. Enhancing transportation infrastructure and promoting a region-wide shift towards a greener economy can help further solidify the region's attractiveness. In the Mid-West, strong economic performance, housing, tourism, and social cohesion are standout features; however, the regional labour market, transport-connectedness, and environmental preservation efforts require further improvement. The South-East region excels in innovation, entrepreneurship, and economic output, but faces weaknesses in the labour market, transport network, eco-friendly initiatives, social integration, housing costs, health, and natural capital. Fostering labour market growth and improving medical care system and social interconnectedness are pivotal steps to address these disparities and maximize the region's potential.

Northern and Western Sub-Regions: Border and West

While the Border region excels in tourism, social cohesion, and environmental sustainability efforts, it lags behind other European regions in many other dimensions. Meanwhile, the West region, while showing strength in innovation and social cohesion, faces challenges with its economic results, education, and infrastructure, including digitalization and transport. These findings highlight the need for comprehensive strategies to bolster regional economy, enhance educational opportunities, and improve infrastructure in both the Border and West regions. Collectively, the Northern and Western Sub-regions demonstrate untapped potential for sustainable development, highlighting the importance of targeted initiatives to bridge attractiveness disparities with the rest of Ireland and to promote overall resident well-being.

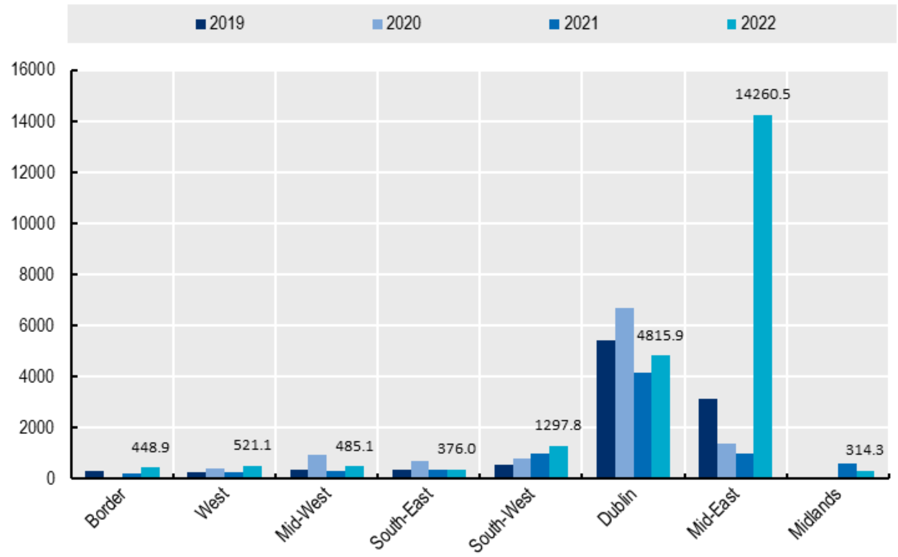
Zooming in on the international investor attractiveness of each sub-region

Examining beyond regional economic performance and zooming in on the economic attractiveness of the sub-regions in the international context, we can see that Dublin and Mid-East regions are prominent drivers of greenfield FDI inflows, closely followed by the South-West region (see Figure 2.5). However, the Mid-lands region seems to lag behind other Irish sub-regions in terms of inward FDI capital expenditures. Furthermore, each sub-region shows a diverse sectoral breakdown in relation to foreign direct investment (FDI). The graph below illustrates the sectoral distribution of inward greenfield FDI capital expenditures flows in Irish regions between 2016 and 2022, with some FDI inward flows not regionally disaggregated and thus excluded from the data.

Dublin and the West, known for their strong innovation and entrepreneurship ecosystems, attracted most of their significant greenfield FDI in the Software & IT services sector (see Figure 2.5). The Mid-East region characterised by a high quality of life, an active labour market, and affordable housing, has emerged as a semiconductor development hub, with nearly 80% of its greenfield FDI inward flows directed towards this industry. Meanwhile, the Mid-West and South-East regions have been prominent recipients of greenfield FDI in the biotechnology and renewable energy sectors. The Midlands and Border regions show strengths in the pharmaceuticals industry, evident from their substantial concentration of greenfield FDI inward flows in this sector. Lastly, the South-West region exhibits a well-balanced greenfield FDI portfolio, with a focus on software and IT, real estate, and pharmaceuticals particularly when compared to other Irish regions.

Figure 2.4. Greenfield FDI Inwards in Capital Expenditure in USD millions by Sub-Region (TL3)

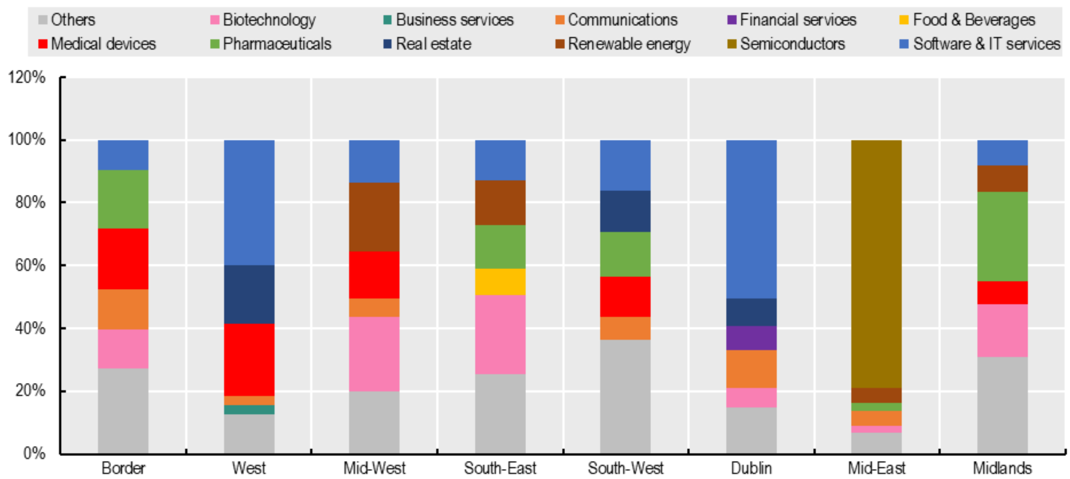
Irish sub-regions exhibit varying levels of FDI inflows



Source: OECD elaboration based on fDi Markets data (2022)

Figure 2.5. Sectoral Composition of Greenfield FDI Inwards by Sub-Region (TL3)

Irish sub-regions display unique sectoral strengths in terms of FDI



Source: OECD elaboration based on fDi Markets data (2016-2022 aggregated)

The profiles of each region in terms of investment attractiveness are demonstrably distinct and still heavily favour Dublin and the Mid-East in terms of economic attraction. Charting new regional pathways that drive investment and population to other parts of Ireland will require enhanced coordination and some risk-taking among actors across levels of government. It may also ask that Ireland's central government reconsider who the most effective actors are in terms of attractiveness and whether they have the tools and competences required to tip the scales.

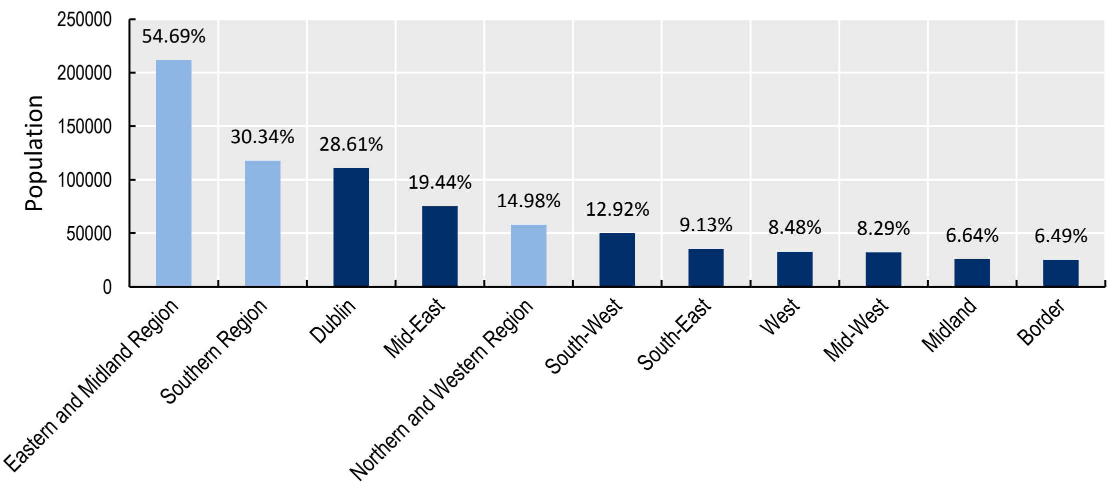
3 Implementing National Planning at the Regional and Local Level

Ireland's current approach towards more balanced regional development

The National Planning Framework, the Regional and Spatial Economic Strategy and the Local Development Plans constitute the basis for regional and local development planning in Ireland. As illustrated in Figure 3.1 the population targets for Ireland stipulate that roughly half of the population growth out to 2040 should be in Eastern and Midland assembly area, with the other half in the remaining two Regional Assembly areas: Southern, and Northern and Western. In the first release of Census 2022 results, targets were off the intended 50/50 split by about 5% (Figure 3.1). While only a relatively minor disparity, it does reinforce the need to re-balance regional attractiveness in the short-term to help meet the 2040 population targets. As noted in analysis by the Economic and Social Research Institute (ESRI) (Bergin and García-Rodríguez, 2020[19]), this split is in line with projections, albeit policy interventions can impact the population dispersion and will need to be considered in future modelling. The question remains, however, whether increasing the capacity of subnational government to attract talent and to deliver key infrastructure can influence population figures by 2040.

Figure 3.1. Population growth in Ireland is oriented towards the East and South

Population changes by TL2 and TL3 regions as a share of total population change in Ireland (2016 – 2022)



Note: The percentage reflects the contribution of the TL2 and TL3 region to Ireland's overall population growth.
Source: Central Statistics Office, Ireland, 2023

To achieve the projected growth targets, Ireland has worked to regionalise planning and investment strategies utilising a three-tiered structure: central, regional and local. The degree to which each tier is embedded in policy development varies widely. Across all levels key gaps exist in terms of the multi-level governance of regional attractiveness policies. For example, critical gaps in the regional attractiveness flyer case studies[4] that should be looked at as serious barriers to NPF implementation, include:

- Limited regional and local competencies for talent attraction
- Limited discretion on investment attraction policies at the local and regional level
- Limited discretion for infrastructure spending and implementation at the local and regional level
- Limited capacity in terms of infrastructure delivery to respond to evolving demands of population growth (housing, public transport, social infrastructure, etc.)

To deliver on the population and investment targets outlined in Project Ireland 2040 there is a need for new drivers that can both attract, retain and better distribute these targets across Ireland's regions. Moreover, once population targets are chieved, the work to integrate, provide services and build cohesion among communities is an inherently local exercise requiring increased capacity. The creation of new structures and plans – an area in which Ireland already excels – is not enough. Instead, new policy levers, backed by funding and increased capacity at the local and regional level, will be required. The remainder of the report explores some avenues through which this can be achieved.

An overview of institutional reform – and inertia – in Ireland

Relative to other OECD countries, Ireland is highly centralised. Local (municipal) self-government was formerly recognised in the constitution for the first time in 1999 by way of an amendment (Article 28A), which introduced local elections. Since then, a general trend towards greater involvement of subnational governments in decision-making has gained traction even if competences have not developed at the same rate. In 2001, for example, the Local Government Act introduced a range of reforms detailed in the "Better Local Government" White Paper. In 2012, the strategies entitled "Reforming Local Government" and "Putting People First Report" dealt with issues of structures, functions, funding, efficiency and service, and governance and accountability, with the aim of strengthening local authorities' responsibilities, functions, leadership and financing mechanisms.

More significant reforms were introduced in 2014 through the Local Government Reform Act, modifying the territorial organisation of Ireland. The reform reduced the overall number of local councils from 114 complex two-tier councils to 31 single-tier councils. The reform also introduced a system of sub-county governance, or municipal districts, designed to enhance democratic governance, subsidiarity and accountability. The act resulted in both recentralisation and decentralisation processes and reinforced supervision of subnational governments. For example, on one hand it strengthened the decision-making powers of councillors within the 31 councils and provided them with greater oversight regarding the decisions of the chief executives of local authorities. While on the other, it introduced the three regional assemblies and established new functions at the regional tier including on planning, economic development (through the Regional and Spatial Economic Strategies, to which Local Development Plans must align) and the management of EU funds. The question of further devolving powers and modernising the local government system remains under the microscope (OECD, 2022[20]).

[4] To access the Rethinking Regional Attractiveness case studies visit the OECD Regions In Globalisation webpage: www.oecd.org/regional/globalisation.htm

Despite the introduction of several reforms since the financial crisis, researchers have labelled this 'decentralisation-lite' and even 're-centralisation' (Ruano and Profiroiu, 2017[21]). Whether or not planning and investment policies are more effectively delivered at the national rather than sub-national level remains a valid question – and is not the core focus of this discussion – but the resulting impact on inter-governmental trust is an important indicator to monitor when powers are shifted. Indeed, many of the fractures in inter-governmental coordination appear to be based on working relationships and limited or non-existent channels of communication across levels of government and state-run agencies. While these have improved with the introduction of the regional assemblies, some actors at the local level still perceive the assembly role, and the regional tier more generally, as an intermediary one which moves immediate collaboration with central government one step further away.

The informality of multi-level governance in Ireland has a long history and has been slow to evolve. Indeed, the social capital fostered between public and private actors has been credited for some of the success Ireland has observed in terms of attractiveness. IDA Ireland – the investment promotion agency – depends on local leaders and networks to attract and retain regional investments; local authorities depend heavily on direct and informal channels of communication with ministries to obtain projects and solve issues. In France, agencies like Business France rely on similar networks to engage effectively with subnational actors to deliver projects (OCDE, 2022[22]). These networks should not be discounted and should indeed be better understood and co-opted to ensure they work for all regions. However, implementing more formalised structures, guided by international good practices can help to create effective governance mechanisms that enhance coordination and communication across levels of government. This will be crucial as Ireland's population grows along with demands for a more equitable distribution of investment and jobs. Such reforms can deliver positive outcomes for communities at both the regional and local level (see Box 3.2).

Despite the moderate success of the informal networks that do exist, there is room for improvement and more formalised collaboration between local, regional and central government. Currently, there is diffuse representation of local government at the national-level and no framework for central government agencies to consult with local and regional authorities, beyond on an ad-hoc basis during the development of national plans. The Local Government Management Association (LGMA) is a body that provides support for the 31 local authorities and the County and City Management Association, an assembly of chief executives from across local government. However, the limited interaction between these bodies and central and regional government remains an untapped resource. In the context of 'city-building' under the compact growth model outlined under the NPF, these interactions will become even more essential.

Improving regional and local competences in key policy areas

The scale at which certain activities and investments are designed and implemented will vary across policy domains and country contexts. There is no 'one size fits all' solution to where a competence should sit, but experience shows that certain geographic scales can lead to efficient delivery of some key functions. Investments in key infrastructure like transport and housing that enhance international attractiveness benefit greatly from pan-regional coordination and ownership at the regional scale (Green, 2023[23]). The ability to deliver at the right scale is predicated on the competences and resources available to that level of government. The flexibility to adopt that strategic planning role across policy areas will depend on discretion provided to the regional and local tiers through public investment and public finance. In the Irish framework, where the direct investment and policy capabilities of local and regional government are limited, the ability to coordinate these activities across levels of government is of even higher concern (Green, 2023[23]).

A challenge in Ireland is the siloed approach sometimes adopted in relation to public investment and regional attractiveness strategies. Housing projects need to be serviced by water and grid infrastructure while also needing transport solutions to ensure developments are well-connected and car dependencies are reduced. To this end, the Recommendation of the Council on the Governance of Infrastructure (OECD, 2020) urges governments to adopt effective co-ordination instruments across national and subnational levels of government, such as co-financing arrangements, contracts between levels of government, formal consultation processes, national agencies or representatives, working together with subnational areas, or other forms of regular inter-governmental dialogue and co-operation (OECD, 2020[24]). While consultation is a cornerstone of Irish planning, there is a need to move a step further, adopting both horizontal (e.g. inter-municipal and inter-regional; but also inter-departmental) and vertical co-ordination (see Box 3.3). Moreover, there is a need to align investment decisions with the broader goals of Irish regional development: attracting and then helping talent to come and stay in regional locations. This section looks at talent attraction, housing and transport and three priority areas for enhanced regional action.

Talent Attraction

In Ireland, the imperative is the attraction and retention of talent – and thereby jobs – across the territories to meet the ambitions of the NPF and beyond. While initial CSO results indicate that progress is being made, a concerted effort will be required to maintain levels of population growth across the country and to ensure that Ireland's regions are internationally attractive to new businesses and newcomers.

Ireland has fallen out of the top ranking for international talent attraction – moving from 6th to 12th – according to the OECD indicators of Talent Attractiveness (OECD, 2023[25]). This is due in part to a change in its immigrations admission policy and longer visa processing times. At the same time employers in Ireland are unable to fill positions, with a recent report citing that 81% of companies are struggling to attract the talent they need (Manpower Group, 2023[26]). The OECD's work on rethinking regional attractiveness demonstrates three strong drivers of talent attraction: affordable housing, good quality internet infrastructure and a diverse population as measured by the share of foreign students in higher education in the region (OECD, 2023[5]). These are three policy areas where place-based initiatives and regional partnerships can make significant strides in the near-term when enabled to do so.

In Ireland, the lack of regional and local competences with respect to higher education institutions create a roadblock for education-based attraction initiatives. In this respect, there is significant room for increased funding and devolution of responsibilities to the recently established Technological Universities, to enable them to launch international research collaborations, attract international students, and develop partnerships with regional enterprises that generate employment paths for graduates, domestic and international, to come and stay in the region. Despite the limited capacity, several initiatives have been launched to better position Irish regions on the global talent radar, including efforts to gain the UNESCO Learning Region designation across cities (Cork, which already gained the status), regions (Southern) and sub-regions (South-East).

In addition, initiatives like the regional development monitor enable the regional tier of government to measure and monitor progress on policies and programs – an important technical capacity that many longer-standing regional government systems often lack. Such initiatives give regional actors an important lens through which to understand quality-of-life related issues and the policies needed to address them. Central government support to deepen this work can help ensure it continues to be an OECD-wide exemplar of data collection and monitoring at the subnational level.

The Regional Skills Fora – an initiative of the Department of Further and Higher Education, Research, Innovation and Science initiative – are a notable mechanism through which to upskill and train individuals already in Ireland. However, with the forecast population growth levels for Ireland, a regional skills strategy needs to also consider international talent and to take a pan-regional view, which the Regional Assemblies could provide. While Ireland's Department of Enterprise, Trade and Employment produces a Critical Skills Occupation Lists, this could be regionalised – ideally to the TL3 level – to measure, monitor and act on the regionalised talent needs. For example, to usher in the green transition, talent attraction efforts that enable growth in the renewables sector will be required. Even where local/regional government are given greater discretion in policy areas like housing and transport, there is undersupply of talent in the engineering and construction sector to fill the demand.

Together with the Regional Enterprise Plan managers, Assemblies would be well-placed to develop territorialised critical skills lists by working with employers and chambers of commerce across each TL2 or TL3 regional area. This could then form the basis for a model similar to the Atlantic Immigration Program (AIP) in Canada that could help ensure that Ireland's immigrant attraction strategy – intended to account for half of the population growth to 2040, equivalent to half a million new residents – is responding to the talent needs of the regions and their businesses. A program like the AIP is an example of a successful regional skills strategy built upon multi-level governance across national, regional and local governments, along with the private sector and civil society, all contributing to the economic needs of this historically lagging region of Canada (see Box 3.1).

Box 3.1. Effective Multi-level Governance for Talent Attraction: Canada

The Atlantic Immigration Program (AIP) is a good example of regionally co-ordinated talent attraction policy

The four provinces that make up the Atlantic Canada Region [New Brunswick (N.B.), Nova Scotia (N.S.), Prince Edward Island (P.E.I) and Newfoundland and Labrador (N.L.)] face a harsh demographic decline that is expected to continue over the next decades. The population of Atlantic Canada represented 6.5 % of national population in 2020, compared to 7 % in 2011, and is aging more rapidly. For example, between 2007 and 2017, seniors (those aged 65 and above), as a percentage of the population, rose by 3.6% nationally (from 13.4% to 17%), compared to 5% in Atlantic Canada (from 15% to 20%)

The AIP was launched in 2016 as a pilot program designed to respond specifically to these challenges and was made permanent in 2022 after an evaluation confirmed its proof of concept. It is based on a partnership between employers, government, and settlement services. While most immigration programs begin with an individual applying to immigrate to Canada, under the AIP, designated employers can endorse a potential immigrant prior to the permanent residence application. They do not need to obtain a Labour Market Impact Assessment, which shortens the hiring process.

Between 2015 and 2022, Atlantic Canada's population grew at 0.9% per year on average (based on mid-year estimates), up from 0.2% per annum between 2008 and 2015. The increase in population growth in Atlantic Canada post 2015 was four times greater than the national average, which had also showed positive momentum. While not solely attributable to the AIP program, economic growth has also burgeoned, jumping from 0.1% per year on average (from 2008 to 2015) to 1.3% per year between 2015 and 2021, illustrating significant regional momentum after a period of lagging development.

The program was designed with a collaborative approach. Immigration, Refugees and Citizenship Canada (IRCC) and the Atlantic provinces are the core governance and delivery partners. Other organisations, such as settlement service provider organisations (SPOs) and the Atlantic Canada Opportunities Agency (ACOA), play valued program delivery roles, but do not participate in governance.

Source: (Canada, 2020[27]); (OECD, 2022[28])

Housing

Across OECD regions, affordable housing is identified as a key driver of international talent attraction, while it is also important to highlight its importance in inter-regional flows of talent (within the same country). Similarly, affordable housing is also recognised as a significant driver of talent flows across OECD countries (OECD, 2023[5]), while rising house and rental prices and can be an early signal of regional out-migration, especially among youth (Causa, Abendschein and Cavalleri, 2021[29]). Ireland is not proving immune to the rising house prices observed across the OECD. Analysis from the OECD, considering 2015 as the base year, shows a 33.5 point increase (above cost increases in the general economy) in real house prices in Ireland as of Q2 2023, approximately 2 points above the OECD average. However, while improving affordability is a steep challenge, correcting the demand-supply imbalance, by constructing residential units and retrofitting existing supply to enable people to live in core areas (towns and cities) outside the capital, is the imperative. Further obstacles to the delivery of this objective include inflation-driven costs and viability challenges faced by the construction sector. **Furthermore, housing considerations should carefully weigh immediate needs – including the need for further social housing – against longer-term projections associated with the NPF**, noting that talent attraction in regions and cities is dependent on the availability and affordability of housing now and in the future.

Ireland is not alone in facing this policy challenge, with initiatives across OECD regions and cities being implemented to meet growing housing demand. Increasing supply is widely acknowledged as one method to apply strong downward pressure on overall housing prices. For example, in the U.S., those cities that have taken steps to expedite dwelling approvals are leading in terms of affordability (Burn-Murdoch, 2023[30]). Canada has recently waived the Government Sales Tax (GST) on purpose-built rental housing to promote construction and very recently increased the budget for Canada Mortgage Bonds by 50% from CAD40 to CAD60 billion. This urgency to get homes built is reminiscent of the Irish case – a local authority presentation in Sligo noted that the NPF targets are impressive and benefit the region, but the delivery has been weak. For example, in the last year, about 170 units were built versus a need for closer to 600 to meet NPF targets. Despite the quality-of-life advantages that County Sligo boasts, there is simply limited choice and as a result high prices, for potential newcomers seeking a place to live. A focus on revamping existing vacant and derelict homes is to be developed in tandem with the construction of new houses, to control prices and help meet demand. However, there is a need to also increase the capacity for local authorities to deliver. In the Canadian case, the central government has opened a housing accelerator that directly funds municipal governments to deliver housing, with conditions including marginal increases to height limits, (international) student housing requirements near to institutions, and a localized strategy for non-market affordable housing (CBC, 2023[31]). This negotiation process is part of the long-standing tradition of federalized cooperation which leaves municipal and regional government delivery capacity while still maintaining agenda-setting control at the centre.

One intervention to address supply issues in Ireland is the Residential Land Zone Tax (RLZT) which will be levied at a rate of 3% from 2024 on land zoned for residential use that remains vacant. A similar approach has been adopted in Germany which, from 2025, will allow most municipalities to levy an additional tax on vacant buildable land to increase the housing supply in cities. Indeed, research shows that not only do vacant land taxes fix the housing supply, but also provide a valuable source of revenue for subnational governments (International Growth Centre, 2017[32]).

Transport

The OECD has recommended a critical rethink of transport governance to support the sustainable development of Ireland's regions. In particular, the idea of establishing Metropolitan Transport Authorities (MTAs) has been proposed as a means of easing the capacity constraints of the National Transport Authority and strengthening that of local authorities (OECD, 2022[1]). As transport is one of the most urgent development priorities across the Irish regions – and one of the strongest levers of regional attractiveness – this is an area ripe for innovation and an area where further support and capacity at the subnational level could generate positive returns.

The exact scale of the territory for MTAs will vary; for instance, in France, Ile-de-France Mobilité covers the Ile-de-France region, with some rural areas as well as larger and smaller towns around Paris (ITF, 2018[33]). The EC and OECD have established the boundaries of functional urban areas (FUAs) (OECD, 2013[34]) and the area covered by Ile-de-France Mobilité coincides closely with the functional urban area centred on Paris. In London, Transport for London (TfL) has a mandate to deliver public transport and active transport for the Greater London Authority area, which coincides with the urban core.

Other examples show that authorities at different levels and with different functions can coexist. In Barcelona, for example, the Metropolitan Area of Barcelona (AMB) is responsible for land use, housing, environment and transport (through a dedicated transport department) at the scale of the urban core (Barcelona and the surrounding 36 municipalities). AMB's transport department is responsible for the planning of bicycle, walking and local bus traffic/routes. Whereas at the regional level, the Metropolitan

Transport Authority (ATM) has been established to oversee the planning and delivery of heavier modes of public transport (e.g. commuter trains, regional buses).

The OECD recommends that Irish MTAs could be governed by an "intermediary body" such as the Regional Assemblies, which already benefit from widespread stakeholder buy-in. Embedding MTAs within the MASP structure could also offer significant synergies, and adding legitimacy to a structure that is sometimes characterised as a policy proposal strong on substance but weaker in terms of implementation mechanisms. However, initiatives such as the Waterford Metropolitan Area Transport Strategy in County Waterford, show the potential of regional leadership, in collaboration with national agencies and departments, in the delivery of transport strategies.

The creation of MTAs could build on significant work to date, such as the development of joint NTA-Local Authority transport plans in regional growth centres and key towns. For metropolitan and local transport plans to be effective, they will require a broader regional strategy, at the TL2 level, to ensure linkages are made between the plans established for each of these key towns and regional growth centres (e.g. a regional centre like Letterkenny or Dundalk and key town like Kilkenny or Naas) with those already planned or in place for Ireland's five cities – in addition to the rural areas and villages that are not captured by any of these classifications. While the NTA is uniquely placed to develop such a regional strategy for transportation, a more collaborative approach should involve the assemblies as leaders in the policy and implementation design process.

Bridging multi-level governance gaps in Ireland

Regional attractiveness does not occur by accident. Governance mechanisms are complex processes and require effective coordination across multiple levels of government and stakeholders to allow for efficient sharing of information, decision making and implementation (across administrative and geographical boundaries). Creating cohesive and navigable processes is not only a benefit to government, but a signal to external investors and prospective newcomers that an open, accountable and efficient governance system is in place.

Effective co-operation and co-ordination mechanisms can provide economies of scale and lead to better territorialisation of attractiveness strategies. This can lead to the swifter implementation of large-scale infrastructure projects, the delivery of improved public services or better environmental outcomes (see Box 3.2 and Box 3.3). '

Box 3.2. Fostering agreement-based cooperation among local governments

Sweden: Inter-municipal co-operation can supplement the regional tier of government and deliver positive outcomes

Since July 2018 Swedish municipalities and regions have been afforded an unrestricted right to initiate co-operation-based agreements to deliver on specific policy competencies. These are normally 'local federations' or 'joint committees' and confer a legal right to a newly formed body of two or more municipalities and/or regions to deliver certain functions. For example, the Gothenburg Region (~ 1 million inhabitants) – part of Vastra Gotaland county (TL2; equivalent to the regional tier in Sweden) – is a local federation combining 13 municipalities, including one from a neighbouring county (Halland), in what constitutes a bottom-up, elected regional body. There are currently 59 elected members of the Federal Council which governs the region as well as a Federal Board which runs the day-to-day operations. There are working groups for labour market, social welfare and the environment, as well as the built environment. A subregional public transport council is also convened together to support transport planning in the functional area of the Gothenburg city-region.

These federations and committees connecting municipalities have also led to concrete action on climate change through knowledge spillovers and peer learning. Moreover, they lead to robust proposals on climate-related topics with a regional and sub-regional dimension such as inter-municipal transport solutions and regional energy infrastructure.

Source: (Osei Kwadwo and Skripka, 2021[35]; Wretling and Balfors, 2021[36])

Across the OECD, inter-municipal co-operation is seen to have a positive effect on cost savings and environmental outcomes. A study investigating co-operation effects across more than 200 metropolitan areas in 16 OECD member countries found that inter-municipal co-operation on transportation issues in metropolitan areas reduces CO_2 transport emissions in part due to greater environmental policy coherence. Co-operation enables economies of scale through standardised mitigation policies for emissions while upholding wider enforcement from a higher level of government. The result demonstrated the importance of vertical policy coordination between the national and metropolitan levels as strict laws imposed at the centre had a positive trickle-down effect on emissions in metropolitan areas. The study noted that metropolitan areas located in countries with clearly defined national environmental policies, such as Sweden, are better positioned to draw economies of scale effects from the implementation of environmental mitigation measures than metropolitan areas pursuing independent efforts and in the absence of national environmental policies, which is the case for New York City and Washington D.C. in the USA unilaterally adopting the Paris Agreement. This demonstrates the importance of an ambitious climate plan at the centre with strong mechanisms for delivery, locally.

Thus, while the formulation of environmental mitigation policies is important, their effectiveness relies on enforcement mechanisms which can be more effectively realised through co-operation. This builds on previous analysis of the effects of co-operation on cost savings, which found a reduction in costs as smaller municipalities benefited from economies of scale (Bel and Sebo, 2018[37]).

The starting point for building these mechanisms is to diagnose which coordination and multi-level governance gaps they should address. Multi-level governance gaps can take several forms presented in Table 3.1 below:

Table 3.1. Multi-level Governance Gaps

MLG Gap	Description	Action	Experience In Ireland
Information gap	Asymmetries of information (quantity, quality, type) between levels of government (intentional or not)	Incentives to reveal and share information	The NPF architecture ensures information is well-shared even if dialogues across levels on the information are informal
Capacity gap	Insufficient scientific, technical, infrastructure capacity of subnational actors, in particular to design appropriate strategies	Instruments to build local and regional capacities	Capacity – analytical, operational and organizational – is lacking at the regional and local tiers of government
Funding gap	Unstable or insufficient revenues undermining effective implementation of responsibilities at the subnational level	Shared financing mechanisms	Financial revenues are unstable and project-dependent making medium and long-term planning a barrier for local and regional government
Policy gap	Silo approaches of sectoral ministries and agencies	Mechanisms to create multidimensional/holistic approaches at the subnational level, and to exercise political leadership	There are numerous mechanisms for national-level co-operation but siloed approaches to vertical coordination on policies
Administrative gap	Mismatch between functional areas and administrative boundaries	Arrangements and institutions to act at the appropriate level	There is significant work to better align the multiplicity of regional bodies in Ireland
Objective gap	Actors at different levels have different and often contrasting objectives that impede co-operation	Incentives to align objectives	Objectives are passed down from top to bottom with room for co-operation at the objective-setting stage in the policy cycle
Accountability gap	Difficult to ensure the transparency of practices across constituencies	Institutional quality measurement: instruments to strengthen integrity at central and local levels; instruments to enhance citizens' involvement	Accountability is strong as evidenced by the trust in government in Ireland, however local political leadership is perceived to be weaker
Participatory Gaps	Arise when public bodies do not communicate with and leverage the skills of non-governmental actors	Include (relevant) public and private actors in decision-making from an early stage	While public consultation is widespread, the involvement of regional and local actors as partners in policy design and delivery is mixed

Source: (Charbit, 2020[38]); (OECD, 2023[5]); (OCDE, 2022[22])

While progress can be made on all fronts there is a need for particular attention to bridge capacity, funding, policy, participatory and administrative gaps in the Irish context. Indeed, closing these gaps will present Irish regions with a clearer structure and external image at both the region and city-region level which should provide the international visibility and economic opportunity to achieve significant scale. However, closing these gaps requires the involvement and empowerment of local and regional stakeholders – as such, participation and mobilisation can be viewed as a gap in its own right. The gaps most pertinent in the Irish context are explored below.

Capacity Gaps

Capacity gaps arise when there is insufficient expertise – in the form of scientific and technical know-how – at the subnational level to design and deliver sound policies and projects (Charbit, 2020[38]). In Ireland, local and regional authorities often lack the capacity to design and implement the strategies necessary to deliver on their mandate. While the Local Government Act 2014 afforded additional competences to local and regional government with respect to planning, local and regional development, it is not apparent that increased fiscal or human resources have followed.

One area where more can be done is through support for partnerships between higher education institutions and local and regional government to accredit programs that directly address these technical capacities. For example, the recent accreditation of a planning course to the National University of Ireland, Galway is a direct channel for planners to gain experience and stay in the Northern and Western region. While in the Southern Region, the South-East Technological University is working to develop new pathways for youth to come and stay in the region, and for adults to upskill and work towards meaningful employment – all of which is part of their work to become a UNESCO Learning Region. It is also important to recognise the role of the university in supplementing the limited capacity of the local and regional tiers in the short term, particularly in monitoring and evaluating progress and supporting the development of policies and strategies (for example, smart specialisation).

A recent OECD review of the public sector in Ireland (2023[39]) **highlighted that a major impediment to the implementation of national plans may lie at the local authority level,** with stakeholders highlighting that Ireland excels at developing strategies and policies but falls short on delivery: "most of the policies are delivered through the local authority system – that in itself is a challenge. They are independent and democratic institutions. You can't direct them to do something per se." The challenge evident here lies with the level of engagement – and lack of empowerment – during the policy development cycle.

In essence, if the regional and local tiers of government are to play a larger role in the implementation side of Project Ireland 2040, there is a need for targeted training programs and cooperation mechanisms that enable greater co-design of programs between central departments and agencies and local and regional government, in addition to non-government stakeholders. For example, as discussed below, if a multi-annual funding framework for local authorities is to be delivered, this is an opportunity to form a governing body composed of local and regional authorities that is directly responsible for the design of the mechanism, and provide those involved with the necessary training, for example, in public investment. While not every local authority can realistically be an equal stakeholder in this process, the Assemblies are well-positioned to play a coordinating role to ensure training is delivered across the country and that regional interests are represented (e.g. that RSES and MASP outcomes are factored in to any such framework). For example, in Chile, the National Investment System offers specialised training courses on formulation and evaluation of public investment projects (Capacity in Design and Evaluation of Public Investment Projects) for national and subnational officials. It has a dedicated module on field training and regional workshops for entities in charge of formulating investment initiatives, mainly municipalities and other public services at the local level. The objective is to develop the appropriate competencies of subnational civil servants in the formulation and preparation of investment projects, as well as in the methodologies of social evaluation. The training sessions take place in the municipalities and are designed by investment analysts based in regional offices (and part of regional government) (OECD, 2019[40]).

However, training cannot be used solely to better deliver national programs and must be accompanied by policy sharing across levels of government. Contracts that empower subnational governments can help to kickstart decentralisation processes and built capacity sequentially. They are useful at the early stages of decentralisation where national capacity is high and subnational capacity is relatively low. This has been the basis for three decades of reform in France where regions have increasingly been empowered to deliver key areas of planning. Regional decision-making progressively included new fields, larger budgets and new actors (representatives of civil society, entities at metropolitan level, etc.) For example, the State-Region contracts of 2015-2020 entailed five priorities: transport; higher education; digitalisation; innovation; and ecological and energy transition, with a total budget of 30 billion EUR available to fund delivery. Changes were imposed by the Law NOTRe in 2015 with new competences for regions and the subsequent merging of regions (from 22 to 13) by 2016. These revisions were designed to reallocate priorities, taking into consideration the new geography of regions, and a renewed vision based on strategic infrastructure planning. In addition, in 2016, the French government launched new contracts, the State-Metropolis Pacts, aiming at empowering new subnational entities: the metropolitan areas ("MAPTAM" Law, 2014). Contracts support urban innovation at the metropolitan scale through financial partnerships in key investment areas (Charbit and Romano, 2017[41]).

Funding Gaps

As depicted in Table 3.2 **there are four principal funds through which local authorities in Ireland can draw down resources to implement major projects**. The funds are delivered through a competitive bid process that incentivises local authorities to develop robust proposals. However, many local authority executives cited challenges with the short-term funding cycle model, describing it as incompatible with the extended lead time required for major infrastructure projects such as roads and social housing, or for major retrofits of existing infrastructure. The bid process also reinforces the disparities between local authorities, proving a disadvantage to those with lesser institutional capacity. However, the funds being focussed on urban and regional geographies rather than administrative boundaries alone have given local governments the ability to use them for cross-county infrastructure projects that otherwise could not be provided. Similarly, the European Regional Development Funds (ERDF) have enabled a similar approach at the regional tier.

A primary goal of capital funding programs should be to ensure the adequate services and infrastructure necessary to attract residents and private investment are in place. The competitive process through which grant funding is currently managed could lead to one region or city pulling ahead of the others in a similar fashion to Dublin's rise through the Celtic Tiger period. Indeed, proposals for a multi-annual investment framework are a commonplace demand of local government in Ireland. However, a multi-annual fund tied to the MASP structure may also be necessary to move from design to implementation in the compact growth agenda. This fund could be coordinated by the Regional Assemblies in collaboration with the relevant local authorities. It could be based on a formula that accounts for population (NPF) and investment – considering NDP but also IDA and Enterprise Ireland – targets right across the country. Moving away from the competitive bid structure is a first step to freeing up local administrative capacity. Moreover, the objectives set out in the NPF – to grow Ireland's regional population and to build centres of scale across the country – require collective thinking and a managed level of subnational risk-taking that the bid process does not incentivise. Indeed, the focus on both city-centred growth and balanced regional development are directly at odds with the funding structures which do not directly fund metropolitan or regional authorities, except in a case where a metropolitan area directly overlaps with a local authority boundary.

Table 3.2. Funding Regional Development Under Project Ireland 2040

Four centrally administered, competitive and project-based funds will be open in 2027

Fund	EUR	Type of Intervention
Urban Regeneration and Development Fund (URDF)	EUR 2 billion	The primary objective of the URDF is to promote new residential and commercial development in larger cities and towns to generate attractiveness. It aims to boost compact growth and development through the regeneration and rejuvenation of Ireland's five cities and other large towns while enabling a larger proportion of housing and commercial development to be delivered within the existing infrastructure. The URDP funds projects usually based on a competitive bidding process after a preliminary call for proposals, but also issues funding rounds for targeted purposes such as to address vacancy and dereliction.
Rural Regeneration and Development Fund (RRDF)	EUR 1 billion	The aim of the RRDF is to stimulate job creation in rural areas, address de-population of rural communities and support advancements in towns and villages with a population of less than 10,000, and outlying areas. Funding for capital projects is awarded by the Department of Rural and Community Development through a competitive bid process. Proposals are invited from Local

		Authorities, and other locally/regionally based organisations, such as Local Development Companies, as well as Government Departments and State agencies
Climate Action Fund (CAF)	EUR500 million	The CAF provides financial support and assistance to attain Ireland's climate targets by helping to reduce greenhouse gas emissions, increase renewable energy and energy efficiency in homes and communities. The funding distribution functions through a call for proposals.
Disruptive Technologies Innovation Fund (DTIF)	EUR 500 million	The DTIF was established to fund investment in the research, development and deployment of disruptive technologies and applications on a commercial basis. The Fund aims to support the deployment and commercialisation of technology to deliver new solutions and to create and safeguard the jobs of the future. A Steering Group has been established to assess proposals which are mainly sought from multi-partner consortia seeking funding of €1 million or more.

Source: Department of Public Expenditure, NDP Delivery and Reform

Public Investment

A 2017 report by the International Monetary Fund scored Ireland as a medium performer on public investment management in relation to central-local coordination of capital investment projects (IMF, 2017[42]). In particular, this assessment reflects the limited spending and borrowing discretion as well as the limited channels for direct communication with government departments (besides DHLGH and the Department of Public Expenditure and Reform) on spending priorities. This centralisation of investment decisions became entrenched after about a decade of under-investment in public infrastructure following the 2008 financial crisis which saw heavy austerity measures in terms of government spending. The public investment strategy for Ireland is outlined in the NDP (managed by the Department of Public Expenditure, NDP Delivery and Reform) which is, to some extent, aligned with NPF population targets. However, an ongoing mechanism to ensure alignment of public investment with regional priorities does not currently exist. If established, this could create a subnational-national feedback loop through which to adapt the investment strategy to meet evolving trends.

Today, public investment in OECD countries is under stress, with many embracing a preference for fiscal consolidation strategies in the context of the recovery from the COVID crisis and the ongoing inflation of energy prices and key inputs (OECD, 2021[43]). At the same time, places are burdened with aging infrastructure and increasing stress on the built environment due to climate events. More to the point, climate change and population growth necessitate new types of infrastructure that are built more efficiently and sustainably. The OECD principles for effective public investment can offer lessons on how to best manage this process (OECD, 2019[40]). The need for local involvement in the investment cycle to respond to changing local realities is underlined in the recommendation, notably under Principles 2 and 3. For public investment to be effective it is necessary to:

- Principle 2. Adopt effective instruments for co-ordinating across national and subnational levels of government.
- Principle 3.Co-ordinate horizontally among subnational governments to invest at the relevant scale.

With regards to *Principle 2*, many OECD countries have adopted high-level forums that directly empower local and regional tiers in key public investments. For example, the Territorial Co-ordination Council in Portugal is the political body with the remit to promote consultation and co-operation between the Government and different political institutions, at regional and local levels. Portugal has also recreated the High Council for Public works as a technical advisory body for the Central Government on infrastructure investments in which are represented, among other entities, the Metropolitan Areas, the Territorial Coordination Council, and the National Association of Municipalities (OECD, 2019[40]).

European funds are perhaps the best example through which the regional level in Ireland has proved themselves to be effective funding authorities. As the managing authority for the European

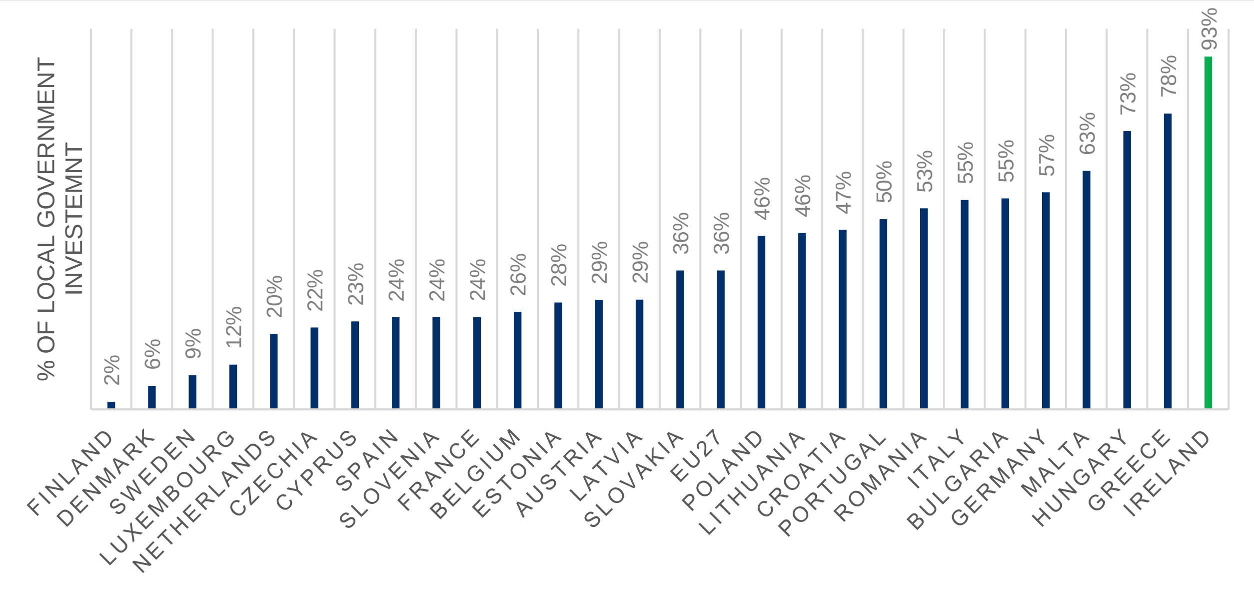
Regional Development Funds (ERDF), the Regional Assemblies implement project that have a direct impact on regional attractiveness from re-skilling for the green transition to the deployment of smart specialisation strategies that chart new pathway for regional economic development. Indeed the 2021-2027 partnership agreement touches on areas that show causal links with attractiveness including investments in digital infrastructure and greater investments in higher education (DPER, 2021[44]). These investments need to be aligned with the more substantial public investments currently decided on in Dublin to ensure that regional funds are not siloed, and linkages are created – an area where the regional level remains underutilised. Indeed, the role of European funds is to support regional transitions to net-zero and to strengthen economic and social cohesion into the future which has enabled the Assemblies to build a long-term vision for what a resilient and attractive region looks like. This perspective could be better utilised in the decision-making process and will be an important one to empower in the implementation Ireland's compact growth strategy.

With regards to *Principle 3*, and horizontal co-operation on public investment, France has a long history at the inter-municipal level. With almost 35 000 municipalities, France currently has around 1 250 inter-municipal structures with own-source tax revenues aimed at facilitating horizontal co-operation – 99.8% of municipalities are involved in them. Each grouping of municipalities constitutes a "public establishment for inter-municipal co-operation" (EPCI). The EPCIs assume limited, specialised, and exclusive powers transferred to them by member municipalities. They are governed by delegates of municipal councils and must be approved by the State to exist legally. To encourage municipalities to form an EPCI, the central government provides a basic grant plus an "inter-municipality grant" to preclude competition on tax rates among participating municipalities. EPCIs draw on budgetary contributions from member municipalities and/or their own tax revenues (OECD, 2019[40]).

One challenge in Ireland is the heavy reliance of local governments on capital transfers with limited flexibility for the allocation of spending. Ireland stands out as the OECD country with the highest share (at over 90%) of subnational public investment sourced from central government capital transfers (Figure 3.2). These 'specific-purpose grants' offer limited discretion on public spending – even though local authorities are consulted on capital investment plans (i.e. the NDP). Moreover, these transfers tend to represent the up-front costs of infrastructure projects but provide limited means through which subnational governments can invest in needed maintenance and repair. Moreover, national agencies who currently deliver the bulk of infrastructure services have expressed their own concerns about a lack of funding to deliver their service. While central government transfers need not be unconditional, the room for negotiation among levels of government on the term and purpose of such investments could be extended – especially as these investments could serve as projects that cut across county lines and, as such, could benefit from an intermediary role played by the regional assemblies.

Figure 3.2. Capital transfers as % of local government investment, 2022

Ireland's local (county) governments rely more on capital transfers for public investment than any EU member state



Note: It is to be noted that in few cases, capital transfers may account for asset transfers to local governments rather than being directed towards local government investment.
Source: (OECD, 2023, forthcoming[45])

There is also room for central government to provide greater technical assistance to local and regional governments on implementing investment in the short-term that could lead to improved implementation outcomes in the medium term. In Korea, the Public and Private Infrastructure Investment Management Centre has a Public-Private Partnership (PPP) unit that provides technical assistance to subnational governments. Discussed below, Chile operates a similar program that builds the capacity of subnational governments to implement major investment programs.

Public Finance

Ireland had one of the lowest ratios of local expenditure to GDP and public spending in 2020 (2.4% and 8.9% respectively) compared to OECD unitary (12.7% and 27.5% respectively) and EU 27 countries (18.3% and 34.3% respectively). The role of Irish subnational governments as public employers is very limited, as local staff spending represents 8.2% of total public staff expenditure (vs. 41.4% on average in OECD unitary countries), although it represents 22.1% of subnational government expenditure. Subnational government expenditure experienced a strong decrease between 2007 and 2020 resulting from recentralisation trends, Better Local Government reforms, and from the aftermath of the 2008 recession. Overall, between 1995 and 2020 the share of subnational government expenditure in GDP and public expenditure decreased respectively by 9.8% and 21.4%, the highest decline among OECD countries (OECD, 2022[13]).

In the current fiscal context, with limited own-source revenues, local authorities allocate significant portions of their capacity to the proposal and bid-development phase of projects, many of which may never come to fruition. Addressing this funding gap (discussed below) can help to shift the role of local government from short-term thinking to long-term visioning, in line with NPF objectives. Indeed, empowering local governments fiscally can lead to a greater targeting of resources. For example, a study using data from Norway found that dropping central regulations on subnational spending resulted almost immediately in important changes in local service provision. This suggests that there was a clear demand for local discretion (Borge, Brueckner and Rattsø, 2014[46]). When compared to other unitary countries, Irish local government have a low degree of revenue autonomy with earmarked public investment grants under PI 2040 contributing a significant share of the public investment allocated for local economic development (see Figure 3.3). This gives local and regional governments limited flexibility in terms of spending priorities which need be fungible enough to take into account the impact of megatrends on places, including demographic shifts, the climate transition, disruptions in global value chains and other economic, health and political shocks such as the recent COVID crisis.

Figure 3.3. Availability of Funding Options at the Local Level

Irish local governments have relatively local revenue autonomy and are highly dependent on central government public investment grants

	Funding				
	Denmark	**Finland**	**Ireland**	**Netherlands**	**New Zealand**
Revenue and expenditure autonomy	**High** • CG transfers represent 60% of total LG revenues. • Tax raising capacity is high. Local taxes represent 36% of LG revenues. Main local tax is municipal income tax for which LGs can set the rates. • To avoid municipal income tax increases, CG imposes a tax stop on the aggregate tax revenues. Regions are mainly financed by state grants and subsidies though an equalisation system. • CG guarantees sufficient financing for LGs. • High discretion over expenditures.	**High** •CG transfers represent only 32% of total LG revenues. Grant allocation is centralised mainly in the Ministry of Finance. •Tax raising capacity is high representing 46% of total LG revenues. Unlimited right of LGs to levy the Personal Income Tax (PIT). This gives municipalities a risk close to the sovereign. •Long tradition of strong LGs' autonomy. •High discretion over expenditures.	**Low** • LGs heavily rely on CG grants and subsidies, which represent around 52% of LG revenues. • Tax raising capacity is moderate – around 19% of total revenue. • LGs raise around 26% of total revenue through commercial rates (fees) (commercial water charges, rental income, parking charges and similar). • Very limited spending responsibilities, mainly in social protection and housing sectors.	**Moderate** • Dutch SNGs substantially rely on CG transfers, which represent over 74% of LG revenues. • Tax raising capacity is relatively low – 10% of LG revenue. Municipalities have a right to set a property tax rate within pre-defined limits. Property taxation constitutes the largest share of local tax revenue. • Several grant funds exist which are redistributed based on an equalisation system. • Moderate discretion over expenditures. Municipalities receive earmarked grants (around 12% of revenues) which are subject to checks related to the objectives and conformity with rules.	**High** • CG transfers represent 32% of total LG income. • Tax raising capacity is high representing 52% of LG income. Property tax represents about half of LGs' revenues and can be set freely (subject to citizen consultation). • LGs have "power of general competency" on expenditures, meaning they are free to choose the activities they understand to fulfil their statutory role, subject to public consultation.
Public investment grants	**Low** • ESIF support is low. However, smaller municipalities sometimes engage in such practices and typically finance the matching part from their own funds rather than via borrowing.	**Low** • Municipalities mostly use MuniFin loans to fund investments and barely rely on the assistance from the EU or other international organisations.	**High** • ESIF support has been decreasing after having benefited substantially during the Cohesion period. • In 2018, the CG created two competitive funds, which provide grants to LGs' public investment projects.	**High** • ESIF support is low. • Most of the local investments are directly financed by line ministries through grants.	**Moderate** • CG provides only a matching grant for transportation (roads).

Note: The framework refers to the importance (high/medium/low) of each of the elements in the national system, not its quality nor stringency.
Source: (OECD, 2021[43]; Vammalle and Bambalaite, 2021[47])

Policy Gaps

Policy gaps arise when plans are siloed in specific central government ministries or agencies and thus require mechanisms that foster coordination and co-production with the subnational level. Where possible, political leadership at the subnational level can also help to bridge these gaps (Charbit and Romano, 2017[41]).

Across Ireland, there is a strong perception that the agencies in charge of delivering key infrastructure are operating independently of one another, with only limited coordination with the Department of Housing, Local Government and Heritage, the office responsible for subnational government. At the same time, local authorities perceive that the communication channels and collaboration mechanisms for local-agency interactions are weak. To rectify this, the DHLGH should develop a coherent system for horizontal coordination across key agencies – notably, Uisce Eireann (Irish Water), Eir Grid, NTA, TII, the Department for Infrastructure and Irish Rail – that creates a culture of formal cooperation on matters of local and regional development. Going further, these committees or steering groups can be co-chaired by regional assemblies who can provide a regional view and help build linkages across MASP areas, towns and places. Notable examples are already in place such as the proposal for MASP steering committees or City Delivery Boards – however it may be necessary to evaluate whether changes to existing coordination mechanisms for rural development across agencies, regional and local development are required.

Secondly, there is an apparent divergence of views across national agencies on how projects should be delivered locally. Numerous ad-hoc committees exist to address issues pertaining to regional development, for example a high-level (CEO-grade) committee has recently been convened across utility providers including water, transport, electricity, rail, and others. Despite this, there exists limited evidence of a national inter-departmental body to address territorial cohesion through utility and infrastructure provision. Given the Irish government does not have a Ministry for Regional Development, a more formalised mechanism could be introduced to promote more balanced regional development and enhance the role of the Regional Assemblies, although it is a noteworthy that the NPF is a starting point around which to organise a more formalised regional development strategy.

Germany's Joint Task Force for the Improvement of Regional Economic Structures (GRW) is a good example of such a framework. The task force – the cornerstone of the national government's regional policy – was recently restructured to be better respond to entrenched regional imbalances and the demands of the climate transition, as well as rapidly changing demographics (issues of critical importance for Irish regions) on German regions (lander) (German Federal Ministry of Economic Affairs and Climate Action, 2022[48]). It operates as a vertical policy where regions and the federal government co-decide on key investment projects at the municipal level with varying subsidy rates applied based on the degree of regional imbalance (positive discrimination) (Suedekum, 2023[49]). Introduced in 2022, the GRW program – with an annual budget of EUR 2 billion – was the first in 50 years to extend the centrally-determined funding priorities to encompass 'soft factors' such as childcare and cultural activities, based on the premise that localities need resources to provide greater incentives to attract skilled immigrants to come and work in these areas (Suedekum, 2023[49]).

While the critical regional focus of the NPF is on housing, connectivity and employment-led growth in the regions, going beyond 'business as usual' should also consider whether subnational governments are equipped to strengthen the soft assets of their communities to appeal to newcomers – like in the German reform. More specifically, government departments such as the Department of Social Protection, the Department of Rural and Community Development and the various departments responsible for tourism, culture, youth, integration and higher education, should align their respective strategies with the current and future demands for well-being services that the NPF population projections will require.

Finally, consideration should be given to the democratic mandate of regional government in Ireland. In its current form, the Regional Assemblies are indirectly elected bodies which convene councillors from the constituent local authorities whose orientation may lend more to that of the local than the regional level – an advantage in terms of local advocacy and inter-municipal collaboration but a gap in terms of advancing a regional vision and regional planning, the latter of which is more representative of the Assembly agenda. Moreover, a directly elected Assembly could still promote a cross-county vision while also becoming a body more invested in the role of the regional level of government as a legitimate provider of public services and investment decisions.

Administrative Gaps

The history of regional development in Ireland is a recent one, with the local county structure pre-dating the proclamation of the Republic of Ireland and remaining the only established form of subnational government. In its brief history, the concept of the 'region' has taken many forms (Kayanan, Moore-Cherry and Tomaney, 2021[50]) illustrating the multi-layered picture of Irish regional policy that exists today. The authors show an apparent redundancy of regional structures in their current form – with multiple overlapping regional boundaries which generally correspond to the work of different national and regional public service bodies – and it is not clear that the proposals to promote regional and city development and attractiveness on the table (MASPs, City-regions, DEMs, Assemblies, Local Authorities) will immediately rectify that administrative overlap in terms of who is responsible for what:

- 3 Regional Assemblies (TL2) which represent the regional tier of government (indirectly elected);
- 8 'Economic Development Regions' which correspond to the TL3 level and which are used by IDA Ireland and Enterprise Ireland in their activities;
- 4 'Climate Action Regional Office regions' which are intended to support local and regional efforts for climate mitigation and adaptation;
- 3 Waste and 4 Water regions to deliver these services;
- Additional boundaries such as the 31 Counties, 5 MASPs, the Gaeltacht regions (regions of Irish language and heritage), among others.

Administrative overlaps between different levels of government also pose a challenge to decentralisation processes as shared responsibilities can lead to uncertainty among members of the public when it comes to identifying which bodies are responsible for their queries and requirements. A lack of clarity in roles and responsibilities also results in superfluous costs and expenses as multiple departments undertake similar duties, leading to inefficiencies and inequities in public service distribution.

OECD guidelines indicate that administrative overlaps can be reduced by clarifying responsibilities assigned to the various levels of government, thereby clearly demarcating roles that support accountability, monitoring and effectiveness of investment and service delivery policies. A need for building sufficient mechanisms of coordination across the different levels of government is critical to managing joint responsibilities. Effective communication and coordination, as well as clearly defined roles and responsibilities help minimize duplication of tasks and create an effective system of multilevel governance.

Simplification of administrative boundaries, where feasible to do so (for example, it is understood that utility zones can be based on where existing infrastructure exists and are thus difficult to revise), can facilitate a greater role for regional government who could then design plans and strategies without significant regional overlap in their delivery. Working within the existing structures, administrative gaps can be bridged by inciting cross-local authority collaboration in key policy areas. Under the current funding structure, the incentives for co-operation are limited and depend largely on the quality of the informal working relationships across county borders. While MASPs are one means of bridging this gap, there are opportunities for further collaboration in areas such as investment attraction (as evidenced via actors like the Western Development Commission), talent attraction and retention (evidenced via the Learning Region initiative in the Southern Region) and in more structure policy domains from transport to housing to the delivery of social services.

Objective Gaps

Objective gaps, where actors at different levels have different and often contrasting objectives that impede co-operation, appear to diverge across levels of government. There are competing views in Ireland about how policies and projects should be delivered and whether targets (e.g. as established by the NPF) are indeed ambitious enough. Going beyond ‘business as usual’ means rectifying some of the challenges around asymmetric arrangements between levels of government – a result of siloed channels of communication and negotiation between different subnational governments at the local and regional level and central ministries and agencies.

Adopting a framework for multi-level engagement which is collaborative and empowering (see Table 3.3**) and embedding it in every level from the earliest stage of the policy cycle can help to bridge this gap**. Indeed, actors should be engaged from the earliest stage of problem identification and empowered to develop solutions together with the various levels of government (Moore-Cherry et al., 2022[51]). While the Irish country context has enjoyed the benefit of informal cooperation to date, this has also resulted in this asymmetric working relationship. For example, it is often highlighted that when a county or region has high-level political representation in the cabinet of the central government, these regions are perceived to receive greater attention in terms of moving local and regional development forward. While asymmetric decentralisation can work in a transparent democracy with accountability mechanisms to underpin it, informal political arrangements are largely not as effective in reducing regional inequalities (Allain-Dupré, Chatry and Moisio, 2020[52]).

To bridge objective gaps, actors across levels need to agree on a common point of reference which considers the strengths, gaps and opportunities of a region. This is the premise of the regional attractiveness compasses produced by the OECD but also evident in regionally directed initiatives such as Smart Specialisation (Southern Region) and the Smart and Connected Region plan (Northern and Western). Regional leadership can help to set a path forward and to garner buy-in from important stakeholders. This leadership is particularly pertinent as regions undergo transition and can be a decisive contributor to their success (Beer, 2023, forthcoming[53]). Moreover, a common understanding of progress requires policies to be measured and monitored at the appropriate scale. The Government of Ireland could further support the build-out of the Regional Development Monitor (RDM), notably on issues related to well-being and quality of life across the regions, which are essential ingredients for talent attraction and retention. Furthermore, measuring development at the scale of the MASP will become an important tool to monitor the growth and sustainability of Ireland’s compact growth strategy – this could indeed be embedded within the RDM platform.

Participatory Gaps

For attractiveness policies to work effectively, the involvement of non-governmental stakeholders is fundamental. Input from citizens and the business community can help to improve resident well-being as well as the overall investment ecosystem. In addition, regional institutions of higher education can become core partners in the development of talent attraction schemes, research partnerships and innovation ecosystems. Engaging actors in the tourism sector can help to foster the an ecosystem of tourism providers that ultimately boost the attractiveness of the sector to further investors and contribute towards the sustainable management of tourist flows and the emergence of new, more sustainable forms of tourism (OECD, 2023[5]). Indeed, tourism is itself a highly place-based sector which should lean heavily on local knowledge and skills and be governed at the regional scale in collaboration with civil society and the business sector.

As Ireland undergoes a process of policy experimentation – which could lead to incremental decentralisation – it will be important to involve actors as co-creators from the very beginning. Importantly, establishing safety nets to ensure that new modes of governance are supported by central government is going to be critical. In Table 3.3, a useful tool for policy-makers is proposed which can help to establish the level and depth of public engagement that government is committed to from the outset.

Table 3.3. Framework For Multi-Level Engagement

The IAP2 spectrum is an objective-setting tool that helps establish the grounds for cooperation and engagement and can be useful at the ex-ante stage of policy development

IAP2 Spectrum	Inform **Top-Down**	Consult	Involve	Collaborate	Empower **Bottom-Up**
Level of Engagement and Implementation	We will keep stakeholders informed of policy developments and the specifics around implementation (costs, delivery, dates, etc.)	We will request input from stakeholders on the design, implementation and objectives of policies and inform them about how said feedback was integrated	We will work with stakeholders throughout the policy-making process to ensure their concerns are reflected in the policy design	We will collectively design and implement policies that meet the objectives of all stakeholders involved from inception to delivery	We will delegate decision-making power to stakeholders and commit to implementing or funding what they decide upon
In Practice	Most plans in Ireland go further than informing the public	National Marine Planning Framework	National Planning Framework	URDF and RRDF; MASP; Metropolitan and Local Area Transport Plans	Regional Development Monitor; Limerick 2030

Note: While this framework is meant for public participation and consultation it is a useful means of assessing multi-level governance and aligning stakeholders from the outset – deciding where and how different levels of government, civil society and the private sector will be involved and making a commitment that builds trust between levels of government.
Source: Adapted from the International Association for Public Participation (IAP2):

Mechanisms for vertical coordination across levels of government

Inter-governmental bodies can be important assets for designing and implementing regional governance reforms and aligning interests and priorities for regional development across levels of government. Inter-governmental bodies provide regional and other subnational actors with the opportunity to: share perspectives and experiences; understand the needs and problems of other levels of government; negotiate with each other; and obtain help in the design, implementation and monitoring of policies or reforms. From the central government's perspective, bodies that facilitate co-ordination and dialogue between different levels of government can also serve to establish a clear and transparent priority-setting process, and provide high-level guidance, co-ordination and discussion of matters related to regional development (see Box 3.3). Inter-governmental bodies can be particularly useful to design and implement regional governance reforms. There is significant scope in Ireland for the development of three-tiered bodies (local/regional/national) that pave the way for more collective decision making, particularly in the realm of public investment and the adoption of territorialised strategies.

The use of formal arrangements, such as contracts, deals or agreements across levels of government, can help ensure efficiency in decision making and policy making by strengthening vertical co-ordination and building trust between national, regional and local governments. Contracting or deal-making approaches can favour information sharing and mutual understanding in how to address a common policy priority. In particular, contractual agreements can clarify “grey areas” where responsibility for action or outcomes is not clearly established. In a multi-level context, responsibilities for each level of government or institution can sometimes be shared, unclear or even overlap. By defining the mutual obligations of parties and agreeing on authority, respective duties and enforcement mechanisms, contracts can help to provide clarity and manage responsibilities in a multi-level context (Box 3.2).

Box 3.3. Vertical cooperation across levels of government

National Strategy for Sustainable Regional Growth and Attractiveness: Sweden

In Sweden, Region-State dialogues provide a sharp focus on balancing regional attractiveness. The National Strategy for Sustainable Regional Growth and Attractiveness 2015-20 considered a wide array of issues ranging from innovation and employment to public services and transport. It adopts a cross-sectoral approach with implementation relying on multi-level governance mechanisms for dialogue and learning along with a strong focus on results, monitoring and evaluation. The strategy emphasised regional sustainability and inclusiveness. It strengthened the dialogue with regional-level stakeholders through a formalised forum for dialogue between the national government and politicians as well as civil servants at the regional level. Importantly, regional policy in the 2015-20 strategy took into account rural as well as urban growth considerations.

Moreover, Swedish regions participate in a project called Region 2050 which builds awareness around processes of change, discuss and coordinate territorial consequences and strategies through a policy laboratory called RegLab through which Sweden’s regions explore topics and issues related to balanced regional development and regional futures. This type of grassroots regional policy laboratory provides an opportunity to share and explore innovative local and regional responses to megatrends. It is also a means for regional and local officials to gain capacity in certain policy areas with frequent masterclasses, training, expert interventions, and policy labs hosted through the forum.

Vertical cooperation can enable more coherent decentralisation reforms: Japan

In Japan, committees were in charge of drafting and monitoring the successive decentralisation reforms. The first committee, the “Decentralisation Promotion Committee”, was appointed in 1995. Although it was not independent from the central government committee members were typically from the private sector, local government, academia, etc., helping to build legitimacy. The committee was charged with drafting recommendations for the reform and submitted to the Prime Minister. The committee was empowered with the ability to conduct investigations and deliberations and could request information from both local and national authorities. The committee published an interim report and decentralisation recommendations which were discussed with the central government, underwent some alterations, but were implemented through an Omnibus Decentralisation Law. Thereafter, new committees were created to design and implement new reform steps in 2001 and 2007 in what has become a culture of co-operative reform processes.

Source: (OECD, 2022[54]); (RegLab Sweden, 2017[55]) (OECD, 2022[54])

4 Governing the Metropolis: Regions and Cities in the Making

Ireland's compact growth agenda is building momentum

The planning philosophy underpinning the NPF is one of compact growth with a focus on two tiers. The five *regional cities* (Dublin, Cork, Limerick, Galway, and Waterford) are intended to be the core population growth centres while other regional centres (Letterkenny, Sligo, Drogheda, Athlone and Dundalk) shall play a supporting role in building out Ireland's compact/urban growth strategy. Investments in the cities and regional centres are a means of creating accessible agglomerations that service peripheral towns and villages, and in line with Ireland's ambition – vis-à-vis the Climate Action Plan –develop more sustainably in the years and decades to come. To deliver on this agenda, Metropolitan Area Strategic Plans (MASPs) have been developed by the three Regional Assemblies, in coordination with the relevant local authorities, to set out the parameters and objectives for future city-region development.

The first attempt to build polycentric city-regions was set out in the National Spatial Strategy 2002-2022 but was ultimately set aside. This was, in part, due to the lack of an implementation structure at the regional tier to mandate inter-county co-operation, with this largely being left to the volition of the counties. Moreover the focus on numerous regional centres was deemed unrealistic with a need for more compact growth around a few, larger regional cities (Breathnach, 2013[56]). The NPF has implemented a structure that ensures broader vertical alignment, especially through the LGA and the creation of the three Regional Assemblies whose Regional Spatial and Economic Strategies (RSES) act as a coordination mechanism at the TL2 level, to better deliver the National Planning Framework. The coordination happens through the mandatory alignment of city and county development plans and the RSES, and then the RSES with the NPF, ensuring overall vertical alignment (recall Box 1.2). This created an effective system for alignment of local and national plans but one that still falls short of ensuring holistic implementation that transcends county lines and can maximise urban-rural linkages when two or more counties are included in a city-region. The response to this shortcoming is the proposed MASPs which are outlined in each RSES and outline the development and planning objectives for each of Ireland's five core cities – as an example, the Waterford MASP is provided in Figure 4.1. Yet the challenges confronting the MASP structure are similar to those confronted in the delivery of the earlier National Spatial Strategy, including subnational capacity for implementation, administrative redundancies and the alignment of objectives across local authorities affected by the MASP structure. Moreover, the degree to which the MASPs can deliver cross-sectoral policies (e.g. housing, transport, energy), overcoming siloed approaches, should be a key indicator of their overall effectiveness.

Figure 4.1. Waterford Metropolitan Area Strategic Plan

The Waterford MASP is seen as an early innovator in terms of plan development and governance

Source: Provided to the OECD by the Southern Regional Assembly

Firstly, it has been acknowledged by actors at the local and regional level that MASPs are an effective tool to plan for city-based growth, built on the three pillars of data, planning acumen, and policy design. That said, the MASPs have yet to identify a governance mechanism that convenes the right ensemble of stakeholders across levels of government. Any proposed body will also need to develop appropriate accountability mechanisms, including target-setting, and performance monitoring and evaluation, to deliver on objectives. Given the relatively weaker powers of local and regional government in Ireland, local and/or bottom-up initiatives often result in informal, but productive working relationships across government, industry, universities and civil society organisations. An example of this was the Cork Area Strategic Plan (CASP), a local initiative that sets out over two decades of locally informed strategic planning on city-region development, upon which any MASP structure must build, and from which Ireland's other city-regions can learn from – including the lessons on why it was never rolled out under any statutory basis. Despite it being a comprehensive policy document, it lacked the appropriate governance and implementation mechanisms that would ensure it is heeded to and not overruled by a local authority, central government or private body acting alone (Counsell, Haughton and Allmendinger, 2012[57]). This reaffirms the inherent challenge of depending on informal, non-binding arrangements for metropolitan governance (see Box 4.1).

Box 4.1. OECD work on Metropolitan Governance

What makes OECD cities function well?

Often, administrative boundaries between municipalities are based on centuries-old borders that do not correspond to contemporary patterns of human settlement and economic activity. Governance structures that take into account today's realities in metropolitan areas typically function more effectively. Research across 5 OECD countries found that the more fragmented a functional urban area, in terms of the number of municipalities therein, the lower the productivity. Yet the presence of a metropolitan governance body can reduce this impact on productivity. These bodies prove to be especially effective in coordinating – and reducing inefficiencies – land use and transport policies.

There are different forms of co-operation arrangements in metropolitan areas, ranging from soft (dialogue platforms/informal/soft co-ordination) to the more "stringent" in institutional terms (supra-municipal body, metropolitan cities). While there is no "one-size fits all" solution but rather a range of models that vary based on territorial and institutional contexts, more integrated and strategic forms of inter-municipal co-operation structures are needed for these areas to cope with typical metropolitan issues. Some elements are essential to ensure effective metropolitan governance, including political representation, geographic boundaries that match the boundaries of the economic region (functional area), clear assignment of expenditure responsibilities and revenue sources, and decision-making power, including some fiscal autonomy.

Overcoming hurdles to metropolitan governance

Various factors explain strong resistance to metropolitan governance reforms: strong local identities and antagonisms; vested interests of politicians and residents; a lack of trust between municipalities which have "historically competed over residents, enterprises and jobs"; opposition from regional governments which tend to compete with metropolitan bodies; local financing systems; and potential costs of reforms. With an increase in metropolitan bodies, an important question is how the relationship between regional governance structures, metropolitan governments, and other entities such as city-regions and regional bodies should be arranged to ensure that they can co-exist in a co-ordinated manner to foster economic outcomes that a stronger than the sum of its constituent parts. It has been observed that metropolitan governments and regions tend to have overlapping responsibilities, jurisdictions and functions. In other cases, their differentiated attributions may create some problems and competing interests; in Hungary, cities with county rights (in charge of the responsibilities of the county within their area) are allowed to borrow with prior approval by the central government, whereas counties have no borrowing autonomy. Adopting the adequate multi-level governance tool is thus crucial when parallel regional governance bodies co-exist.

Source: (OECD, 2022[54]); (OECD, 2015[58]); (Ahrend et al., 2017[59])

There is an opportunity to empower the MASP structure with the proposal for Directly elected Mayors across Ireland. The Chairperson of the MASP structure, as an elected official, would lend legitimacy to the plan and provide an accountability mechanism. To de-politicize the process of local spatial planning and economic development, the council could have an executive role within the MASP structure and be able to vote against a plan or priority spearheaded by the chairperson (or 'Mayor') if deemed to be against the public interest. Indeed, this would be characteristic of the '*adaptive urbanism'* approach which is prominent in countries like Austria, Belgium, Sweden:

> *"In the predominant cluster of mayors that we identified, whose orientation we called 'adaptive urbanism', faithfulness to a regulatory model of planning is evident. Establishing general guidelines is still regarded as the absolute first task. But even among these mayors, far from any technical-administrative paradigm, the political process surrounding the plan appeared to be of great importance. The distance from any ambition of top-down steering of the urban transformations is always evident. The communicative discourse has been filtering with large effect into the spatial planning 'culture' of the local political class, the necessity to affirm such attention was a common feature of the population of mayors, and it was strongly linked to a persisting exaltation of the plan as a governing instrument."*
> (Magnier et al., 2017[60])

The adaptive urbanism paradigm fits well with Ireland's pivot towards polycentric growth and could in turn lead to a more locally informed planning process that benefits from increased citizen engagement. If the MASP ambition is to transform Ireland's five cities into those of European scale and significance, local leadership and participatory design could play an important role. This model can provoke confidence in the city/region from the private sector and bring positive knock-on benefits in terms of attracting highly skilled talent, who may perceive the area to be a vibrant and growing place to live and invest. This is further discussed below in relation to directly elected mayors.

However, the compact growth approach that sees the inevitable expansion of the cities creates a tension due to Ireland's local authority boundaries. This is because suburban neighbourhoods and rural hinterlands can be part of an adjoining county which have historically resisted attempts by city councils to extend their jurisdiction (Breathnach, 2013[56]). Indeed, this was a contributing factor to the demise of the National Spatial Strategy, the NPF's predecessor, in 2013. The imperative piece is that whichever governance structure is chosen is one that avoids the political capture that have implicated previous national spatial plans. As such, it may be that the regional tier is best placed to lead city-regions through to fruition, as they have done to date (Moore-Cherry, Kayanan and Tomaney, 2023[61]).

While city-region structures create a framework for cities and peripheral places to align strategies within a functional area, a higher-level view that considers the trade-offs and opportunities for more remote towns and villages is essential. The regional level is most suited to play this role and to act as an intermediary body promoting linkages between the metropoles and the rest of the region. The regional role is especially vital as Ireland undergoes an industrial and a spatial transformation, with a decline in the agricultural sector and increased urbanisation. This necessitates a more bottom-up approach to planning that connects the realities and impacts of industrial transitions to the benefits and services that can be provided by nearby urban areas – a role the regional assemblies are well placed to deliver (Moore-Cherry et al., 2022[51]). The realities of rural places in relation to the development of cities need to take into account the continuum of rural realities, which can be distinguished by i) rural areas inside a functional urban area (FUA), ii) rural areas close to FUA, and lastly iii) remote rural areas (OECD, 2020[62]). While the introduction of the MASP structure may respond to the first two types of rural areas, the governance of the urban-rural continuum pertaining the third category requires a more regional view.

It is also essential that the design and delivery of MASPs take into account the initiatives and plans associated with the functional area that have been built from the bottom-up. These include spatial plans like the Cork Area Strategic Plan (CASP), Limerick 2030 and its associated strategy for metropolitan development in Limerick-Shannon, and the North-West City Region between Letterkenny and Derry (Northern Ireland) (see Annex B).

Finally, giving political weight to local economic development and planning also gives opportunities for more citizen engagement with these processes. This can help with the management of sensitive decisions and bring residents closer to the realities of a compact growth strategy which may – at the outset – create perceived trade-offs for some residents who would prefer to reside in commuter towns or benefit from more green space.

Box 4.2. Innovative Governance Mechanisms for City-Region Co-operation

Scotland (United Kingdom): City Deals

In Scotland (and more broadly in the United Kingdom), City Deals correspond to tripartite agreements between the UK central government, the devolved government of Scotland and a number of local authorities in areas neighbouring the cities in question. For instance, in the case of the Glasgow City Deal, the ultimate decision-making body, the Glasgow City Region Cabinet, is made up of the leaders of the eight member authorities. Meetings are held every eight weeks and papers are made available to the public. The City Deal is set out according to an Assurance Framework. This document, to be reviewed annually, sets out the governance structures and arrangements for the City Deal Programme; how business cases will progress, be evaluated and agreed upon, and how the funding mechanisms will work. Funding for projects comes from the UK government, the Scottish government and previously, on occasion, EU funds. The total amount contracted is paid over a 20-year period and unlocked partially every 5 years, depending on the delivery of agreed outputs and outcomes.

Netherlands: Triple-Helix Metropolitan Governance and City-Region Attractiveness (BrainPort Eindhoven)

The Netherlands has adopted a relational approach to spatial governance characterized by the establishment of institutional areas that function based on collaboration among local stakeholders. Eight city-regions were established by the central government in 1995 as inter-municipal cooperation entities, but they were abolished in January 2015. Subsequently, new metropolitan governance arrangements have emerged in Amsterdam, the Metropolitan Region of Rotterdam, The Hague and Brainport Eindhoven.

Brainport Eindhoven, located in Southeast Brabant within the North Brabant Province, is a particularly notable example of innovation in city-governance. It follows a triple-helix structure of governance, which aims to foster co-operation between local government, businesses, and academia, developing value chains focused on enhancing not only economic growth but also social and technological development. Economic crises including financial shocks and the loss of jobs led to the initial collaboration between local business leaders and university management in efforts to revive growth and has since followed an upward trajectory. The Brainport ecosystem is governed by board members representing the government, businesses, and universities who collaborate to undertake and monitor projects that enhance productivity and growth in the region. Currently businesses in Southeast Brabant account for more than a quarter of total private R&D expenditure in the Netherlands, with Brainport Eindhoven as the largest employer of private R&D personnel.

Source: (Horlings, 2013[63]); (Bronneberg, Pieterse and Post, 2023[64]); (Huang, 2015[65]); (OECD, 2022[54]);

Directly elected mayors: Opportunities for Ireland and considerations from abroad

In Ireland, the most advanced proposal for a directly elected mayor (DEM) is the case of Limerick which was voted in by referendum in 2019 and approved by the central government (Cabinet) in August 2023. Pending the passing of the bill through Ireland's bicameral parliament (the *Oireachtas*), the mayor will be elected during local (and European) elections in June 2024. The Mayor would primarily take on the current responsibilities of the Local Authority (Limerick City and County Council) Chief Executive with new functions including being a key member of the Limerick Mayoral and Government Consultative Forum, preparing an official Mayoral Programme, Chairing a Limerick Mayoral Advisory and Implementation Committee, and Charing the (local PI 2040) Delivery Board and the Transport Sub-Group, with the option to establish sub-groups on a sector basis as needed. In addition, the DEM for Limerick will have a strategic development role, including developing a housing strategy for Limerick and ensuring its delivery. As highlighted in the Limerick proposal of the Implementation Advisory Group on a DEM, there are many lessons that can be adopted from abroad (Oireachtas, 2019[66]). At the same time, there is a need to adapt any such proposal to the unique political and administrative challenges faced in Ireland and ensure it complements other proposals to overcome weak subnational capacity.

Local leadership is a cornerstone of participatory democracy across OECD countries. For place-based policies to be effective, places need to have a sound platform upon which to develop and deliver such policies - and political leadership with 'skin in the game' can be one avenue to achieve that. However, local leaders do not emerge from nowhere and their technical know-how, in addition to the trust placed in them by local actors (including local government and the private sector) needs to be a precondition to that leadership. Questions need to be asked including whether local political leadership will translate into increased capacity and cooperation at the city-region level? Or could such a proposal lead to increased urban-rural disparities with the metro areas pulling ahead of their rural peers? The degree to which the introduction of a DEM strengthens urban-rural co-operation will depend on whether these linkages are incentivized by national and regional policy frameworks, including how the MASP can be applied in regional centres and the lessons it draws for Ireland’s Town Centre First Policy, for smaller settlements.

The case of DEMs is an appealing one, as it provides a mechanism for increased accountability and citizen engagement at the local level. It can also be an effective voice of leadership that knows well the concerns and assets of localities and regions and can present them with passion and clarity to the central government and on the international stage. The move to directly elect mayors has been one taken across many OECD jurisdictions over recent decades. DEMs are seen as a means of extending the influence and network of a city(-region) globally while grounding this influence in a local logic to advance local interests (Stren and Friendly, 2019[67]). In this sense they maintain a role as stewards of regional attractiveness which can be an impactful means of promoting a place, abroad – the risk being that their effectiveness will diminish significantly if not working in the public interest or if 'captured' by private interests.

In the United Kingdom, the ‘Combined Authority’ mayors are elected based on two or more local authority areas coming together to agree with central government on a set of competences to be devolved and to establish the grounds for a local election process. Their competences are mixed but can involve the delivery of health services, economic development and planning and even public transport. Bristol voted to abolish the role of a directly elected mayor in favour of a committee system, citing the over-concentration of power in the hands of one individual. However, studies showed that mayoral governance boosted the visibility of city leadership and nearly 80% of people working in the private and third sectors felt that the introduction of a directly elected mayor had improved the leadership of the city (University College Cork, 2022[68]).

Directly elected mayors can also be stewards of place-based leadership, supported by the legitimacy of a distinct and clear election which bolsters visibility, accountability, and power at the local level. The role may increase the interest of the public in elections and identifies a clear figure to hold accountable, however, a potential challenge could arise if an election becomes a popularity contest rather than one based on merit (Hambleton, Sweeting and Oliver, 2021[69]).

The mayoral model is also beneficial in terms of government effectiveness given that each mayor can govern differently after accounting for variations among cities and places. However, in countries such as Ireland and the UK, centralised controls at the national level may impede efforts by local governments to exercise power, as has been a critique of the British model (Hambleton, Sweeting and Oliver, 2021[69]).

New Zealand implemented a structure for electing mayors that enabled a stronger relationship between the centre and local governments, with the mayors leveraging relationship-building and negotiation rather than legislative powers. The primary opposition towards the election of DEMs in New Zealand has come from local councillors who see the role as weakening their powers, hence emphasising the political pitfalls of the approach. However, an emphasis on strengthening the role of councillors alongside the direct election of a mayor can lead to successful city-region leadership models (e.g. Manchester Combined Authority, and numerous examples from the United States)[5]. The city of Bristol faced similar challenges but ultimately abolished the role, pointing to the political fragility of directly elected mayors, reinforcing the need for a robust metropolitan strategy that transcends the vision and ideas of one person.

Any attempt to create new administrative jurisdictions that transcend county lines can be expected to be met with the same opposition as that which troubled the implementation of the National Spatial Strategy in Ireland. This resistance may stem from administrative fragmentation and historical rivalry between Irish counties, whose cooperation is required to deliver any reform of political institutions at that level (Breathnach, 2013[56]). However, as previously discussed, if embedded in a city-region model and tasked with clear and coherent competencies (such as MASP delivery) backed by financial resources, including new own-source revenues, the model of a directly elected mayor an effective mechanism to deliver place-based policies for city-regions. To be effective, the introduction of DEMs should be part of the broader goals of decentralisation in Ireland, where the local level is not just tasked with greater responsibility but funded and empowered to deliver on an expanded mandate.

DEMs have become a cornerstone of urban governance for many countries in the 21st century and, contrary to speculation, have in some cases (e.g. in Bristol and Manchester) helped to depoliticise urban development processes by taking a more managerial approach to urban development and helping to broker interests across administrative lines (Sweeting and Hambleton, 2019[70]). However, DEMs are not the only means through which city-regions can be effectively governed and developed (further mechanisms for city-region co-operation are explored in Box 4.2. As the Limerick legislation moves forward, the critical questions will be i) whether increased responsibility is followed by an equal increase in resources and ii) how the county-level mandate of the DEM and the city-region approach of the NPF and the RSES work together to enhance the region’s overall attractiveness as a place to live, investment and visit.

[5] For more information, see work by Bruce Katz (Brookings Metro) on the establishment of DEMs and lessons for the U.K. (Katz, 2005[82]; Harkness and Katz, 2017[83])

5 OECD Recommendations on Enhanced Delivery of the National Planning Framework

Pre-empting the recommendations, Table 5.1 **outlines a series of policy options which reflect various calls for change among levels of government, agencies, sectors, and civil society**. They are presented here as policy considerations of different depths, encouraging reflection among central government departments as to what it would take – and what would be the trade-offs – in realising each scenario. Going from step-change to sea-change requires deep levels of engagement and ownership in the design of new policies, plans and reforms (recall Table 3.3). For example, piloting an immigration tool such as the AIP example (Box 3.1) would require regional empowerment and strong collaboration with the private sector. Similarly, establishing a Metropolitan Area Transport Authority would require strong collaboration among local and regional levels of government and the involvement of industry and state agencies to inform its development. Table 5.1 provides a lens through which reform can be analysed in a tiered way, noting that sometimes incremental steps, conducted in lockstep with subnational actors, take time, engagement and monitoring, and evaluation.

Moreover, the Table demonstrates that there is a need to look at Ireland's core policy issues as part of a nexus of policy challenges and solutions. For example, Canada – a country facing a similar uphill battle on housing and climate – has recently launched a task force to consider ways of better delivering policies to address the climate and housing crises across levels of government vis-à-vis policy solutions that address both in tandem (responding to the policy gap) (Radwanski, 2023[71]). Notably, it will be delivered by an ex-mayor and ex-cabinet minister (capacity), operate independently from government (objective and accountability), and deliver recommendations on everything from tax changes to municipal zoning when released in 2024.

Table 5.1. From stepped change to sea-change: opportunities for reform to enhance regional attractiveness

Scenario table with varying degrees of policy reform from stepped change to 'sea-change'

Policy Reform Area	Scale of Reform (1 – 4)			
	Stepped-Change	2	3	Sea-Change
Housing	Involve regional assemblies in dialogues on housing needs assessments and related, key multi-level dialogues on housing development	Reform the Residential Land Zone Tax to be one collected by Local or Regional Authorities as a means of improving subnational fiscal capacity	Work to make Housing a constitutional right, leading the OECD in doing so, and in line with calls from multiple academics and NGOs in Ireland	Significantly increase the budget of local authorities to deliver social and affordable housing while reducing bottlenecks to hiring the

				staff needed to deliver housing projects
Investment (Foreign + Public)	**Foreign:** Work with IDA to measure and publish investments and FDI-employment by local authority level **Public:** Implement a multi-level steering committee with agencies, ministries, local authorities and assemblies for NPF-related investments	**Foreign:** Support and/or fund local investment attraction officers at the Local Authority level who can work directly with local planners to ready brownfield sites for project development **Public:** Implement public investment training programs (see Chilean example) that improve capacity for NPF delivery at the subnational level	**Public:** Work with the Department of Enterprise, Trade and Employment to fund a regional smart specialization (S3) program (building on ongoing work in Ireland on S3) with project managers based in each assembly and funding for pilot projects (e.g., incubation centres, research collaborations)	**Public:** Implement a multi-annual funding framework for local government, in addition to a multi-annual fund for MASP delivery coordinated by the regional assemblies
Talent attraction	Support regional talent fora that bring together public and private actors to set strategies for attracting talent on a regional and local basis	Fund regional assemblies to develop a sector-by-sector critical skills list at the regional level to better understand territorial talent shortages	Invest substantially in regional universities to develop internationalization programs, R&D initiatives and in international student attraction and retention	Pilot a multi-stakeholder, regional immigration mechanism for matching migrant-applicants directly with firms in regional locations
Transport	Establish a formal mechanism for vertical coordination on regional transport plans between the assemblies and the Department of Transport, NTA and TII	Extend the cycle for Local Development Plans beyond 6 years to enable a longer-term focus on policy domains like transport at the local authority level	Adopt the recommendations of the IAG on DEMs role in a local transport strategy with statutory functions for design and delivery	Establish a Metropolitan Transport Authority based on OECD (2022[1]) guidelines that ensures region-wide delivery of an equitable and accessible service
Multi-level Governance	Enable Local Authorities full competence for staffing, ensuring accountability mechanisms are in place to facilitate this change	Directly fund the Regional Assemblies to deliver key national programs (under the NPF) such as housing needs assessments, critical skills lists and MASP implementation, together with Local Authorities	Enhance the democratic mandate of Regional Assemblies by facilitating direct elections to the Assemblies	Work with DPER, Revenue and DHLGH to reform the public finance system to increase revenue capacity of local government while introducing direct revenue streams for regional government

The recommendations outlined below should first be underpinned by a few basic principles. The first is to take a more systemic view that moves beyond employment and economic growth. The second is to adopt a whole of government approach to policy design and implementation. Finally, future policies should be based on principles of multi-level engagement and co-creation:

I. Moving towards a systemic, regional view that fosters sustainable growth should be at the heart of any reform. Ireland's ambitious growth should not be merely 'employment-led' which by-in-large represents a business-as-usual approach. A people and planet-led growth model will consider the impact of spatial plans on population and environmental well-being now and in the future and consider the need for democratic accountability at the regional and local tiers.

II. It should also be based on more whole-of-government and multi-level government cooperation to design and implement place-based policies that recognize the differences across places. For example, the need for a swifter green transition in the Southern region; better transport links and reducing income disparities in the Northern and Western region; and a need to foster better urban-rural linkages across the Eastern and Midland region. However, regions will only be able to realise these futures when given the appropriate tools to pursue new economic and social paths, especially as old industrial structures decline and the need to shift to less carbon intensive activity is scaled up (Wolfe, 2010[72]). For example, the Korean government allocates unique competences and resources to "special regions" (Gangwon and Jeju). This asymmetric decentralisation approach can inspire experimentation for Ireland which could adopt strategies which include expanded competences (to include some of those mentioned in this review) and which may look different across regions and city-regions depending on their self-defined objectives.

III. The element of co-design and local empowerment is a central feature of effective place-based policies and should be applied in Ireland. To be effective these policies may also benefit from local or regional leadership that can incite confidence in the local business community and civic society to be part of solutions and of charting new economic paths (Beer, 2023, forthcoming[53]). Yet it's also necessary to provide greater flexibility with how funds are spent locally and a more focussed commitment of public investment in regions with greater needs to avoid creating enclaves of the 'left behind' (Beer, 2023, forthcoming[53]). While it is often suggested that a misallocation of resources can result from reforms that give more political and financial powers to local tiers, there is limited evidence to suggest that this is actually the result. On the contrary: when solutions are designed with and for the community the intended outcomes can be more effectively met. To deliver the NPF targets – and indeed exceed them – will require all three tiers of government to be equipped with necessary tools and the mechanisms to work more effectively across and between levels of government.

OECD Recommendations on enhanced NPF delivery for more balanced regional attractiveness

A particular strength of Irish planning and investment policy is its long-term vision and ability to transcend political cycles. This is a result of a coordinated and co-operative approach to policy-making that facilitated Ireland's economic success over the past three decades and which garners high levels of trust from citizens. It is also, in part, facilitated by Ireland's highly centralised structure. However, this long-term orientation is not fully exploited at the regional and local level, for reasons including the cyclical nature of competitive funding programs with nationally defined criteria; limited capacity to develop human and financial resources without national permissions; administrative overlap and limited political power at the subnational level, resulting in clear obstacles to strategic, future-oriented local development. Furthermore, rethinking regional attractiveness for inclusive and sustainable development requires the empowerment of actors across levels of government, civil society and the private sector to be involved in policy design. Regional policy development should also consider the disparities in terms of economic development and well-being that exist within the country and how both central funding and increased autonomy can bridge these disparities.

To go beyond 'business as usual' in the governance and implementation of the National Planning Framework, the OECD recommends the following:

- Given the longer-term vision of the National Planning Framework – and the work needed to get there – it is appropriate to give local and regional government the tools to deliver vis-à-vis new own source revenues and a multi-annual investment framework. The government should establish an independent task force to explore opportunities for subnational own-source revenues to enhance the capacity of local and regional government. Moreover, establishing a multi-annual budget for local government appears crucial to unlock the potential of subnational authorities to deliver Ireland long-term vision for balanced regional development. A dedicated portion of funds should focus on the delivery of city-region delivery (i.e. MASPs) and could be managed by Regional Assemblies in collaboration with the respective local authorities.

- At the national level, a more formalised mechanism could be introduced: an inter-ministerial commission could be introduced, including agencies with a mandate for infrastructure, utilities, and local and regional development – to support the coordination of projects of regional concern. This can be built from, or report to, the PI 2040 Delivery Board, yet given the centralised nature of the Board and its strong focus on NDP delivery, a new body with a wider and more inclusive and territorial vision could be established. The body should operate at the highest level, reporting to senior members of Cabinet and/or the Prime Minister. Furthermore, the body should look to the RSES and MASPs as guideposts for the alignment of plans and investments and, wherever possible, involve the Regional Assemblies and a representative body of the local authorities in deliberations. Going beyond the remit of the PI 2040 delivery board, this body would be focussed on reforms and innovation for the better governance of the regional development and attractiveness in Ireland.
- Together with the Regional Enterprise Plan managers, Assemblies should develop territorialised critical skills lists by working with employers and chambers of commerce across each TL2 or TL3 regional area. This should then form the basis for a model like the Canadian AIP that could help ensure that Ireland's talent attraction strategy – intended to account for half of the population growth to 2040 or half a million new residents – is responding to the skills needs of the regions and their businesses.
- At the regional level, RSES delivery boards with a dedicated, statutory committee for MASP implementation should be established and include representation from key national agencies, especially the NTA, TII, Uisce Eirean, Eir Grid and Irish Rail. This is also the arena in which to consider attaching a DEM-like structure that could enable local leadership on key policy issues and work proactively with the assemblies to deliver urban governance. While piloting a DEM in one city is a possibility, it must be considered that this could result in regional imbalance in terms of political leadership across Ireland's city-regions. As such, the Regional Assemblies should co-chair/lead the delivery boards with an explicit function for ensuring urban-rural linkages are entrenched in the structure.
- While the National Transport Authority is uniquely placed to develop a regional strategy for transportation, a more collaborative approach should be established to involve the assemblies as a leader in the policy and implementation design process. Transport is one of the most urgent development priorities across the Irish regions – and one of the strongest levers of regional attractiveness – this is an area ripe for innovation and an area where further support and capacity at the subnational level could generate positive returns.
    - The OECD recommends that a Metropolitan Transport Authority should be governed by an intermediary body – such as the regional assemblies which already benefit from widespread stakeholder buy-in – who can act as the managing authority. It may be indeed synergistic to embed the MTA within the MASP structure. This would lend legitimacy to the structure which is sometimes characterised as a policy proposal that is strong on substance and weaker in terms of implementation mechanisms.
- The Department of Housing, Local Government and Heritage should work with the Department of Enterprise, Trade and Employment to fund the regional implementation of the National smart specialization (S3) program, building on ongoing work within regional assemblies in Ireland on S3 with project managers based in each assembly and funding for pilot projects (e.g. incubation centres, research collaborations).
- As a building block to further local government reforms, training programs for subnational governments should be implemented to build capacity to deliver projects at the heart of the NPF. These can be cross-cutting (adopting systems thinking principles) or focus on specific policy areas like housing, transport, investment attraction, grid development, or spatial planning more broadly.

They can also focus on specific policies like MASP delivery, Local and Regional Transport Plans, or on delivering the Climate Action Plan locally. These trainings should be co-designed with local and regional government to deliver best results and to ultimately improve the long-term technical capacities of subnational civil servants.

  - Across the board, co-creation needs to occur on all place-based interventions from MASPs to climate action to smart specialisation. The central government should continue to trial innovative ways of engaging regional and local stakeholders at the policy design stage. This can take place through a range of innovative mechanisms, 'or laboratories', that achieves a dual purpose of designing more local-informed policies while offering technical training to participants. The Assemblies are well-positioned to play a coordinating role to ensure training is delivered across the country and that regional interests are represented (e.g. that RSES and MASP outcomes are factored in to any such framework).

- The Department of Further and Higher Education, Research, Innovation and Science should provide increased funding and responsibilities to the recently established Technological Universities, to launch international research collaborations, attract international students and develop partnerships with regional enterprise offices and the regional assemblies that generate employment paths for graduates to come and stay in the region. These can feed into the proposal for territorialised critical skills lists and the Government's national work on Smart Specialisation. Furthermore, they can benefit from international experiences in the development of innovation regions such as Brainport Eindhoven.
- Government departments such as the Department of Social Protection, the Department of Rural and Community Development and the various departments responsible for tourism, culture, youth, integration and higher education should align their respective strategies with the current and future demands for well-being services that the NPF population projections will require. Indeed, a people and planet-led growth model will consider the impact of spatial plans on population and environmental well-being now and in the future, leaning on Ireland's advanced Well-being Framework as a tool for further development across levels of government.
- Consideration should be given to the democratic mandate of regional government in Ireland. As indirectly elected bodies, Regional Assemblies may lack the political legitimacy to deliver on their mandate. Meanwhile, the emergence of new local entities (city-regions, MASPs, DEM structures) risks detracting from the perception that regional entities are legitimate, in particular that of residents and newcomers within the new metropolitan structures. A directly elected Assembly can continue to promote collaboration across county lines while also becoming a body of constituent members that is more invested in the role of the regional level of government as a legitimate provider of strategies and investment decisions – especially as a leading authority in PI 2040 delivery.
- Finally, steps should be taken to encourage co-creation of more systemic reforms across levels of government and civil society, the DHLGH should work with the Regional Assemblies to develop and fund regional forums in key policy areas – early innovations could include Transport, Housing, Talent Attraction, Renewable Energy Development – that are tasked with addressing these intersectional policy areas in a systemic way. A national rapporteur, independent from government, should ensure that results feed into national-level planning and are communicated across departments and with central agencies tasked with delivering on these priorities to reflect on ways their implementation could be better delivered at the regional and local tier. Examples such as Sweden's RegLab can inform this approach.

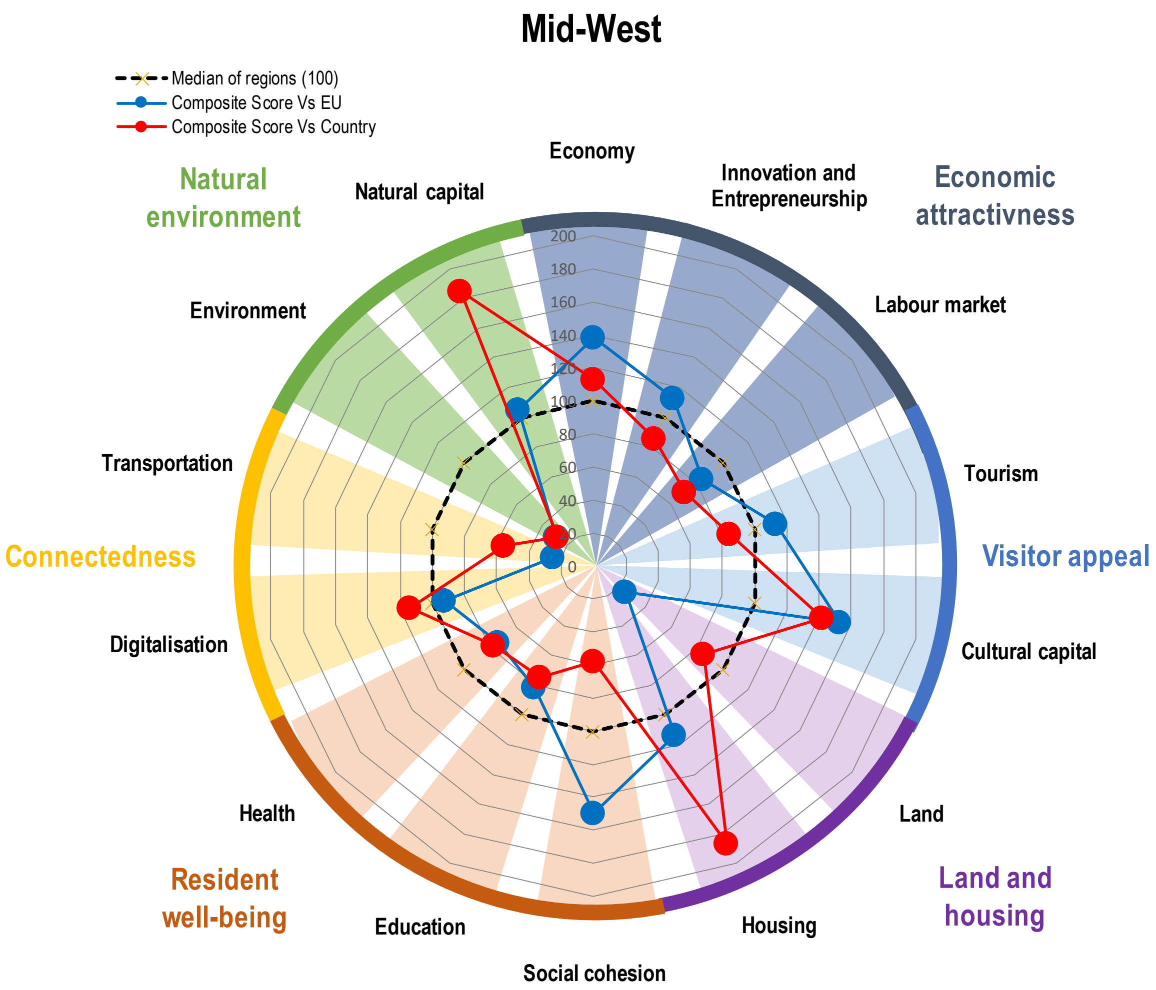
Annex A. Regional Attractiveness Compasses

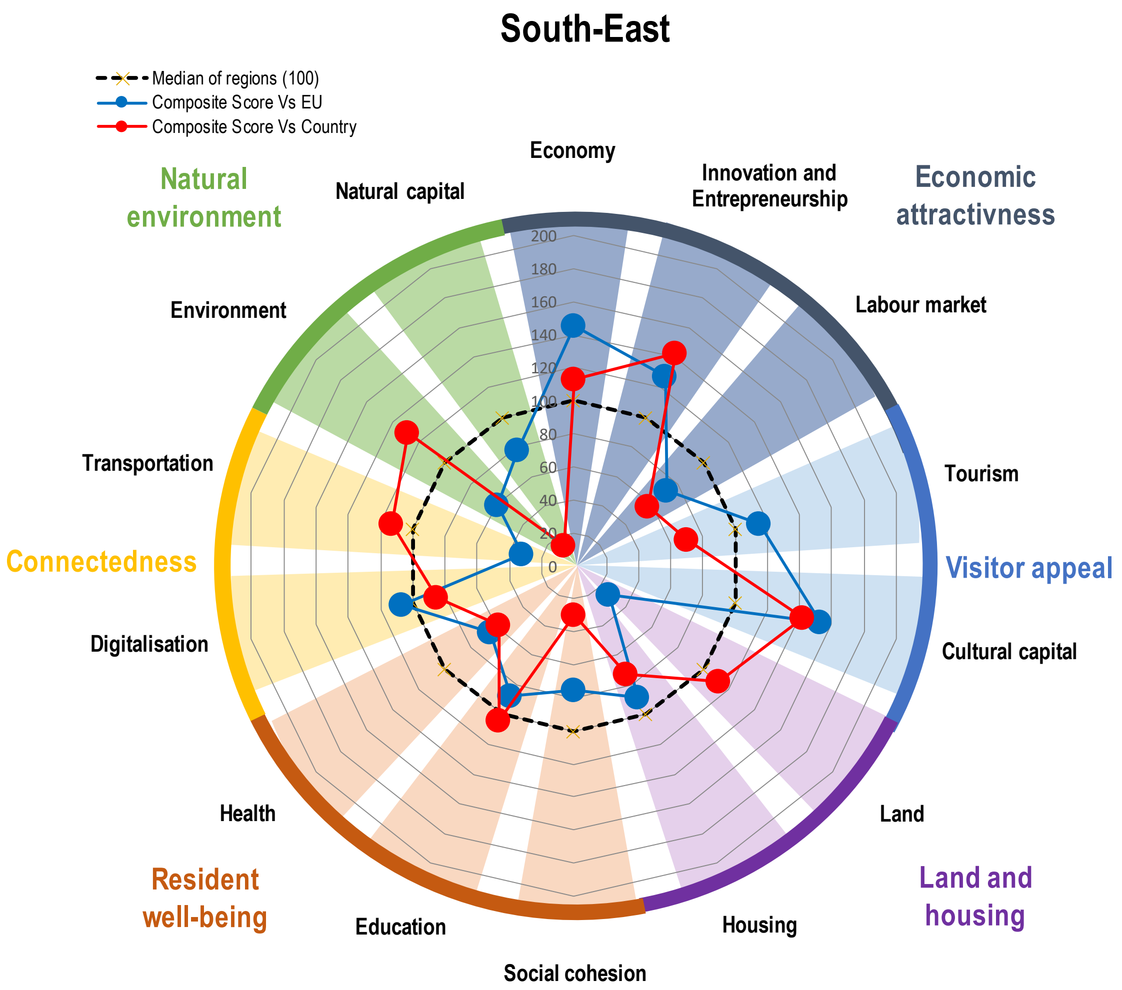
Note: Compass interpretation

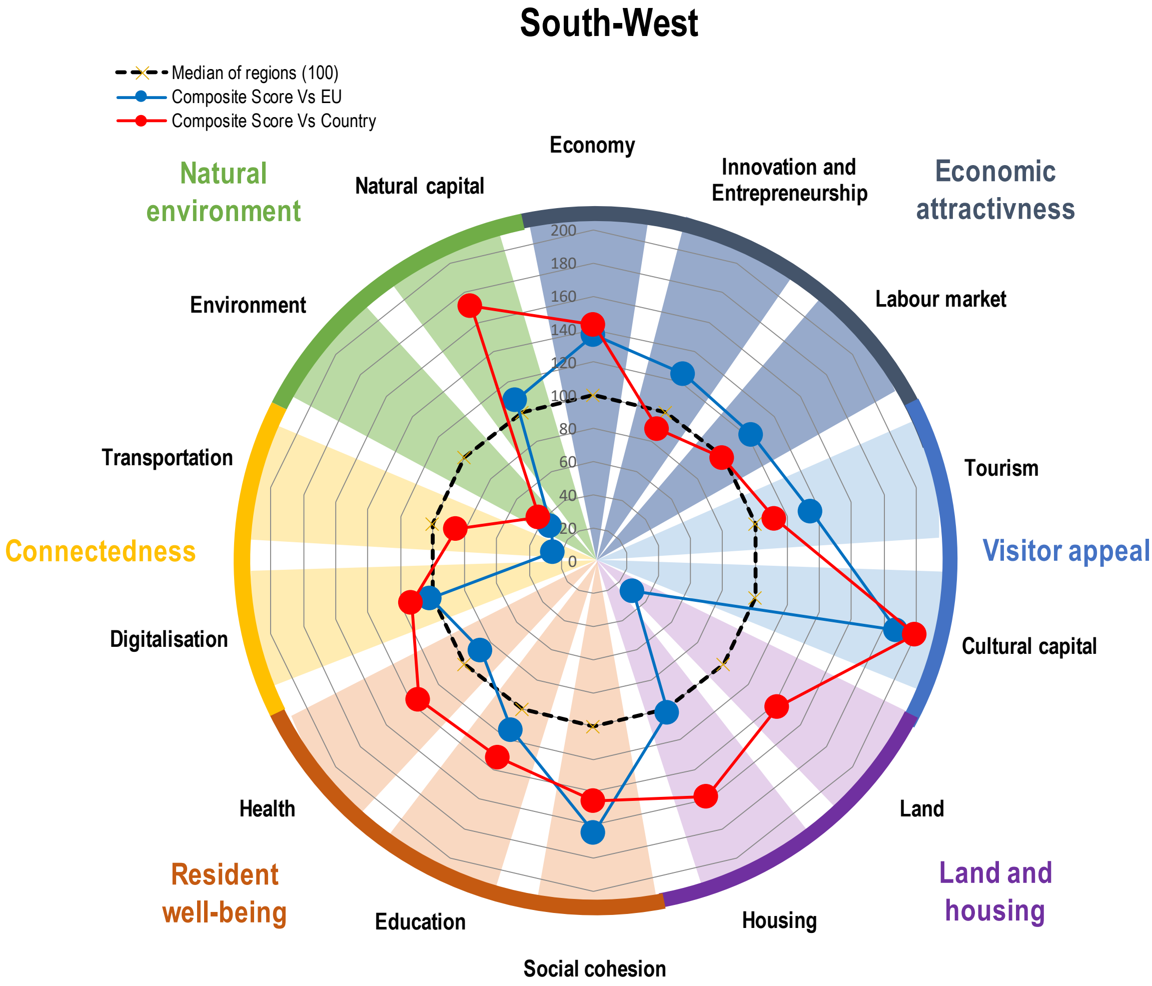
- Scale from 0-200 (200 represents the region with the best performance; 100 represents the median)
- The median for the EU and the Country is represented by the same black dashed line (100).
- The composite score for each dimension, is represented by a blue dot indicating performance relative to the EU median, and a red dot relative to the Country median.

Source: Various sources; compiled as part of the OECD Regional Attractiveness database

Southern Sub-Regions




South-East
Median of regions (100)
Composite Score Vs EU
Composite Score Vs Country
Economy
Innovation and Entrepreneurship
Economic attractivness
Labour market
Tourism
Visitor appeal
Cultural capital
Land
Land and housing
Housing
Social cohesion
Education
Resident well-being
Health
Digitalisation
Connectedness
Transportation
Environment
Natural environment
Natural capital
200
180
160
140
120
100
80
60
40
20
0



South-West
Median of regions (100)
Composite Score Vs EU
Composite Score Vs Country
Economy
Innovation and Entrepreneurship
Economic attractivness
Labour market
Tourism
Visitor appeal
Cultural capital
Land
Land and housing
Housing
Social cohesion
Education
Resident well-being
Health
Digitalisation
Connectedness
Transportation
Environment
Natural environment
Natural capital
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140
120
100
80
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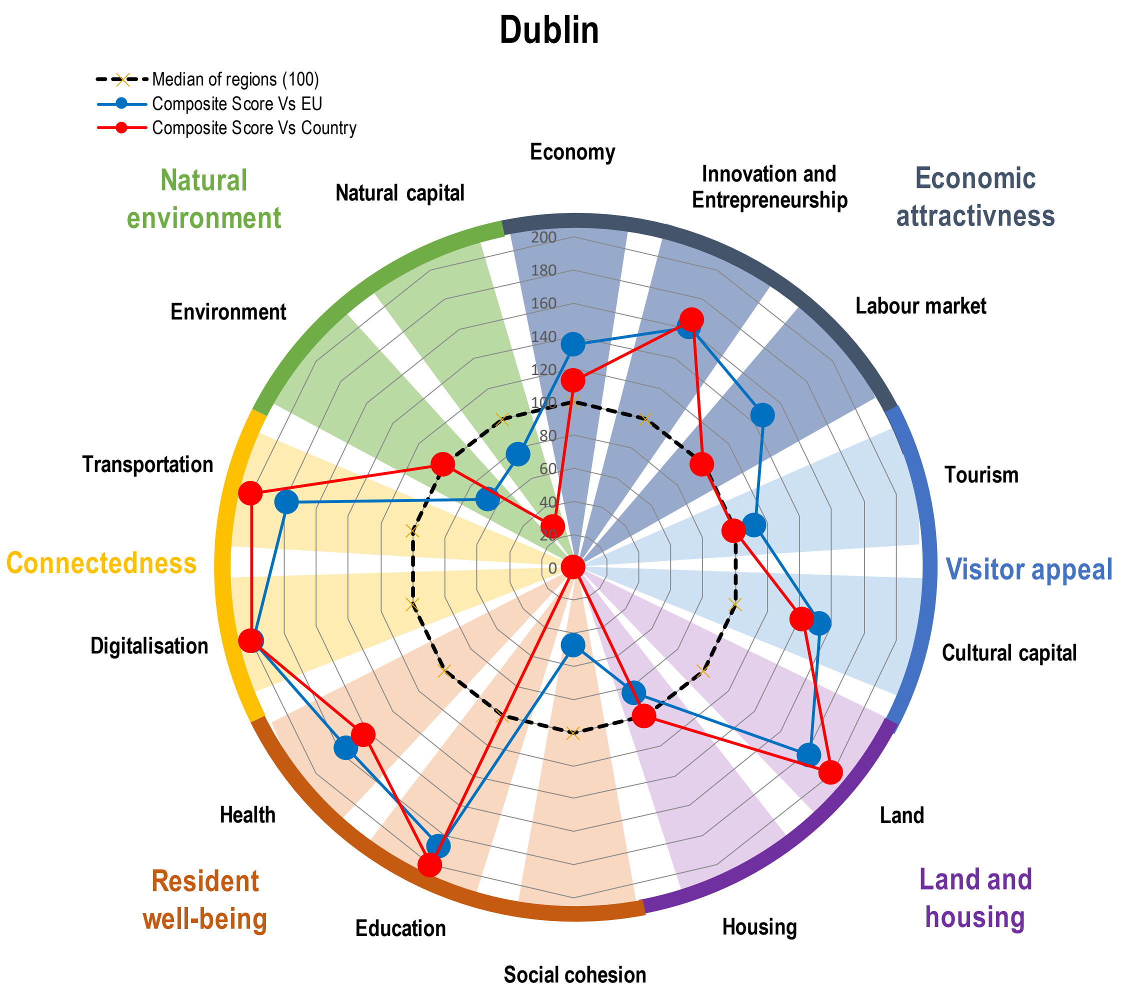
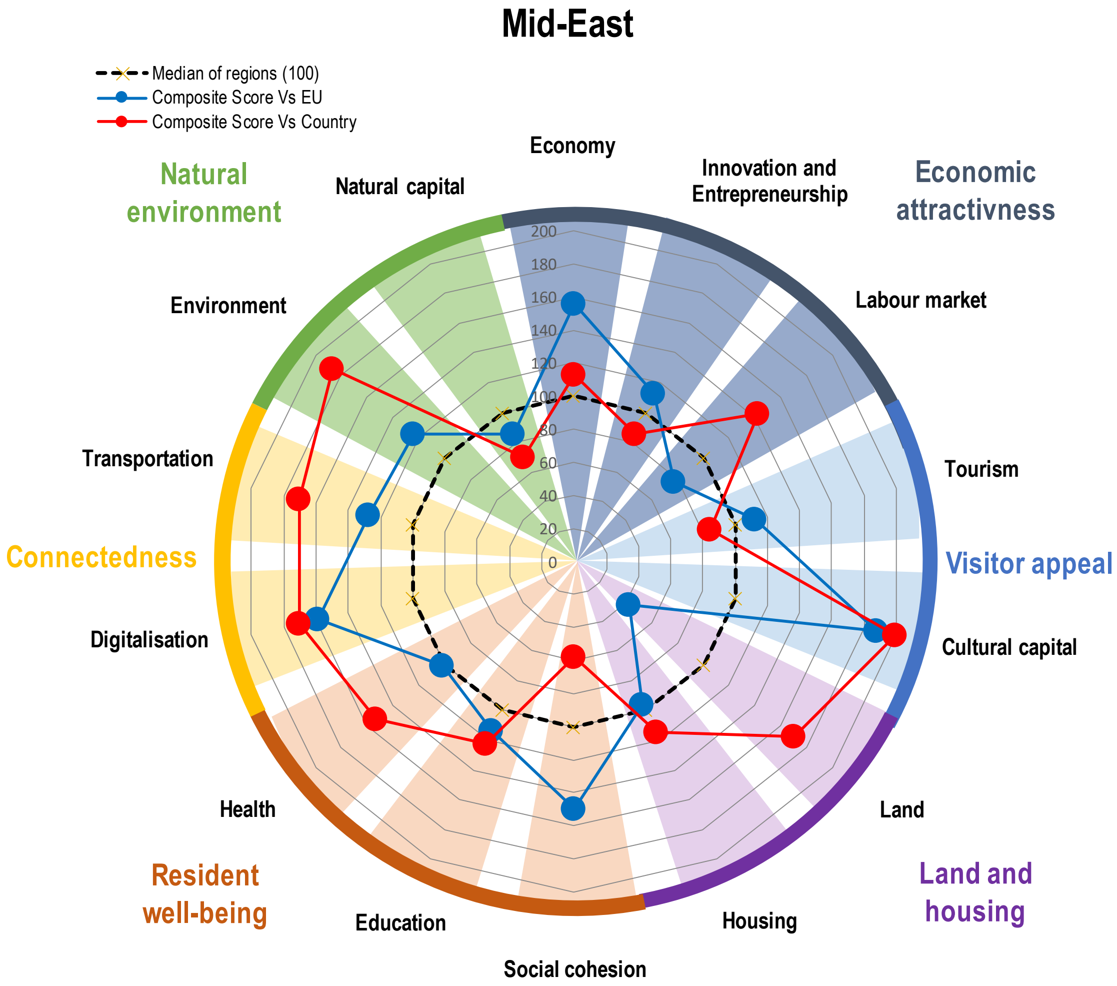
Eastern and Midland Sub-Regions





Mid-East
Median of regions (100)
Composite Score Vs EU
Composite Score Vs Country
Economy
Innovation and Entrepreneurship
Economic attractivness
Labour market
Tourism
Visitor appeal
Cultural capital
Land
Land and housing
Housing
Social cohesion
Education
Resident well-being
Health
Digitalisation
Connectedness
Transportation
Environment
Natural environment
Natural capital
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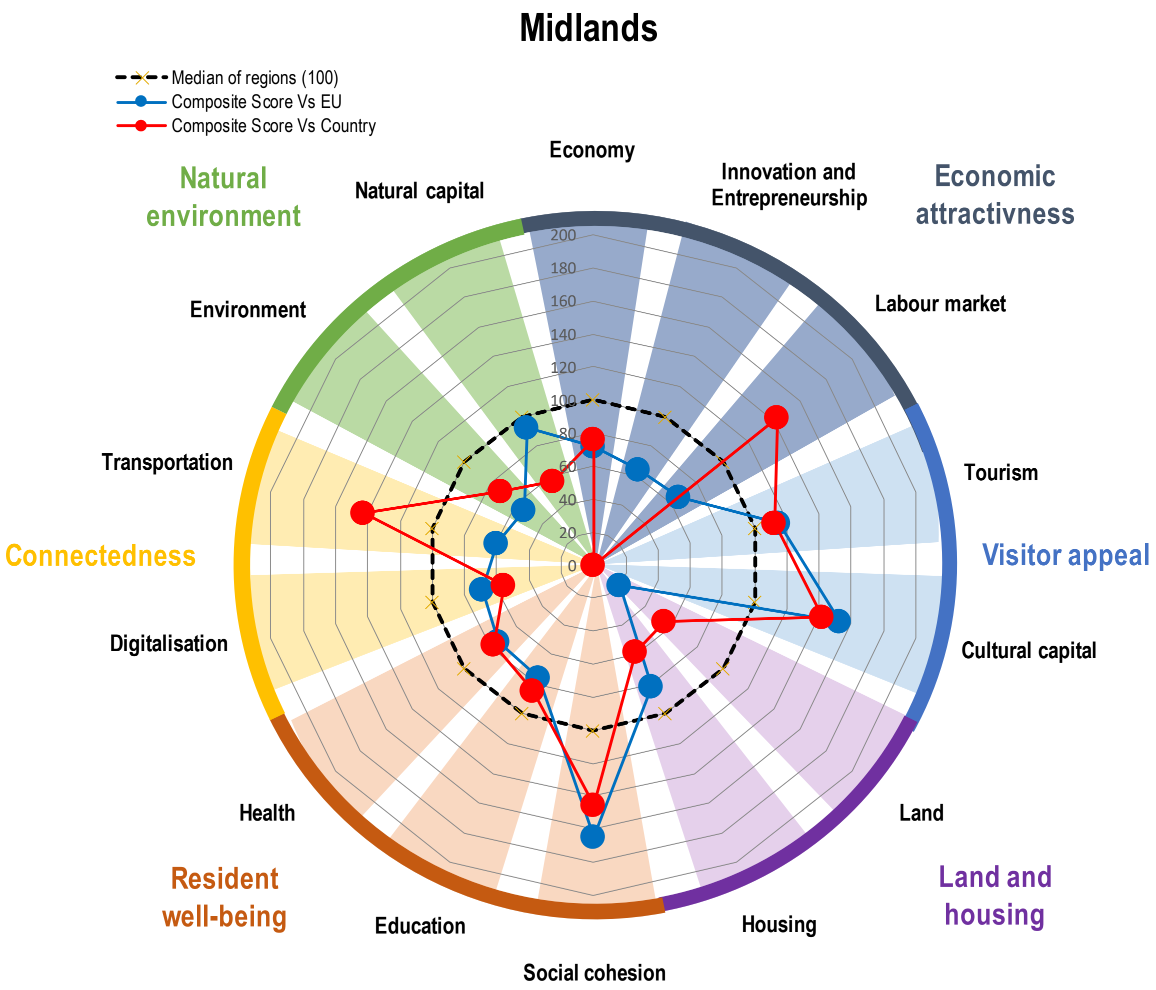
Midlands
Median of regions (100)
Composite Score Vs EU
Composite Score Vs Country
Economy
Innovation and Entrepreneurship
Labour market
Economic attractivness
Tourism
Visitor appeal
Cultural capital
Land
Land and housing
Housing
Social cohesion
Education
Resident well-being
Health
Digitalisation
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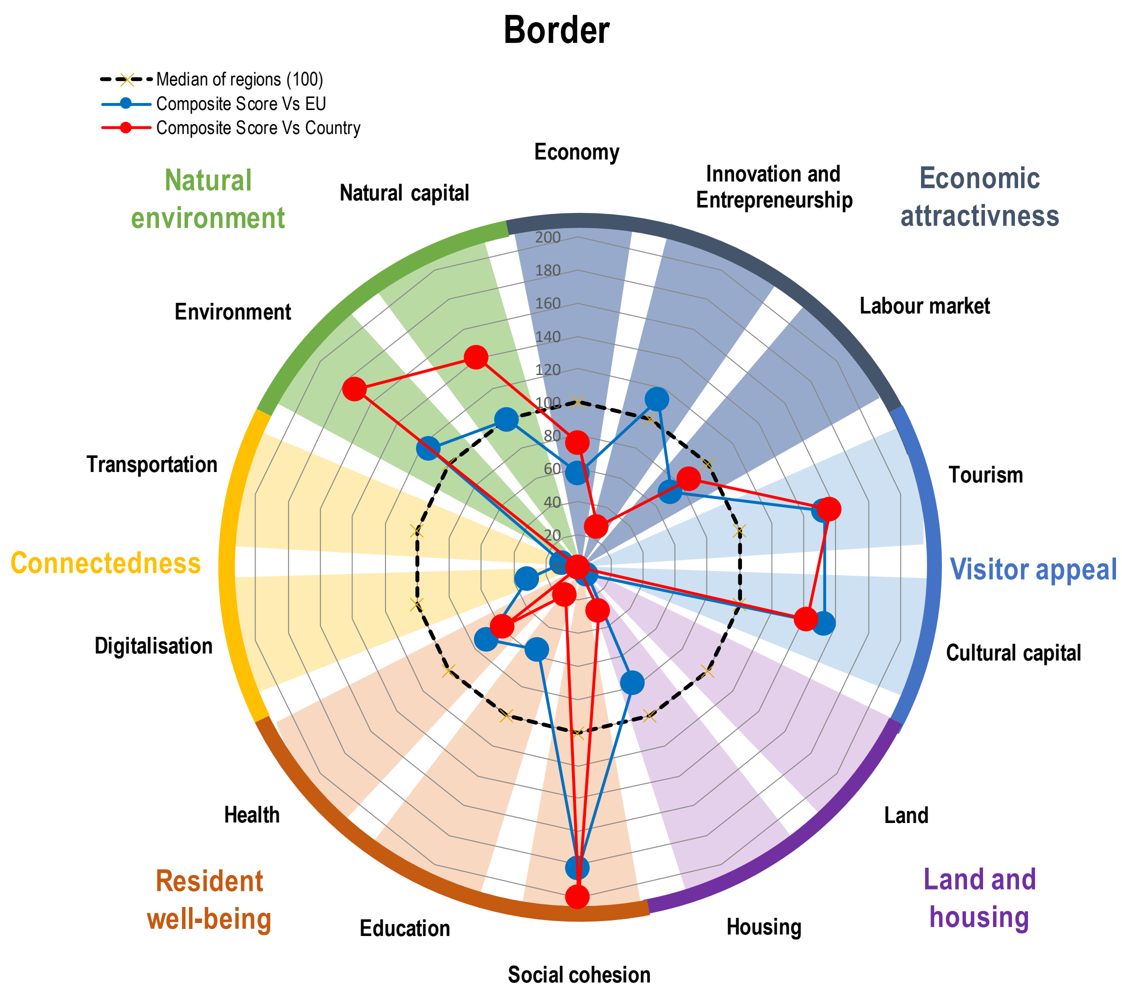
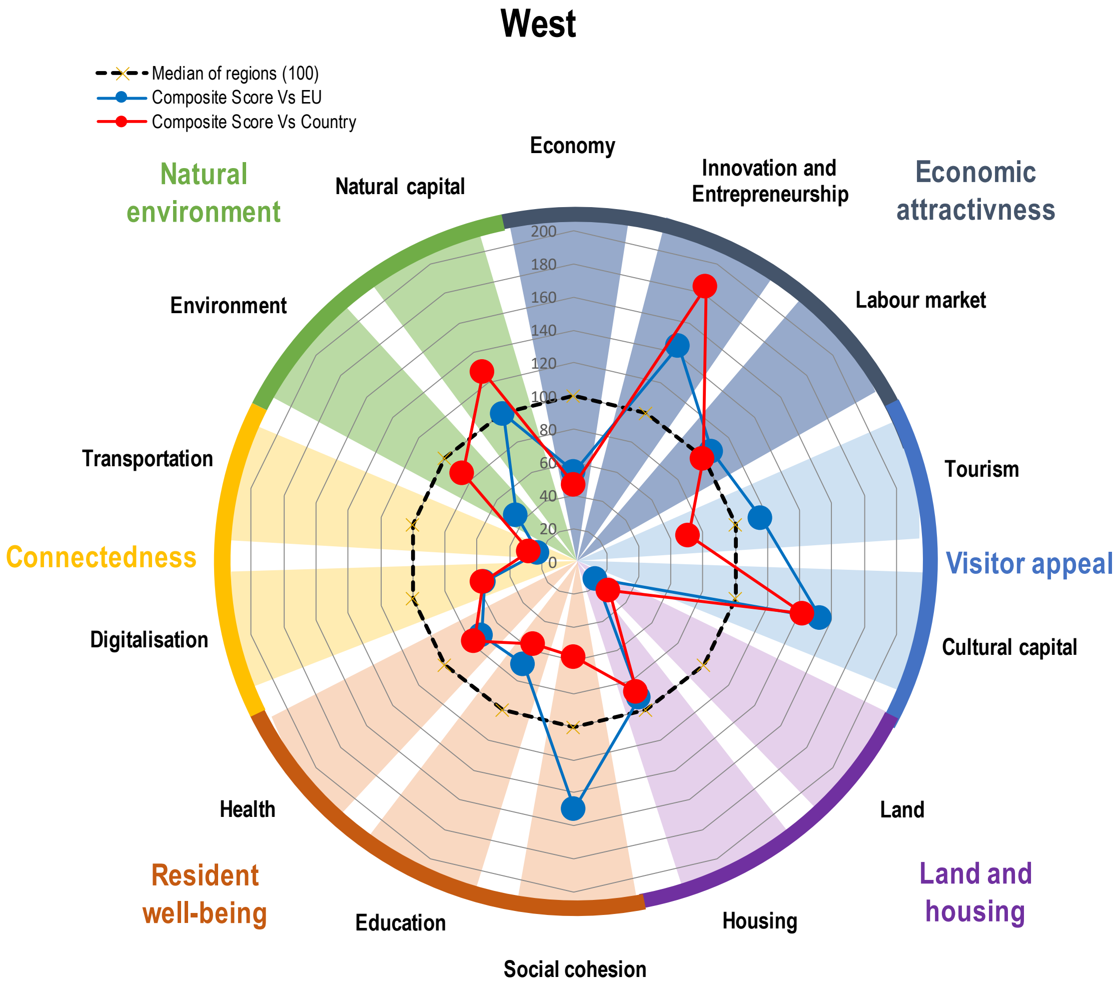
Northern and Western Sub-Regions




West
Median of regions (100)
Composite Score Vs EU
Composite Score Vs Country
Economy
Innovation and Entrepreneurship
Economic attractivness
Labour market
Tourism
Visitor appeal
Cultural capital
Land
Land and housing
Housing
Social cohesion
Education
Resident well-being
Health
Digitalisation
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Natural environment
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Annex B. Select Local Authority Innovations in Place-Making

Given the limited role for subnational authorities in Ireland in terms of public investment and overall spending and policy discretion, several local and regional initiatives have been created to fill the gaps.

Local Innovation	Policy Domain	Lessons Learned	Relationship with National Plans
Limerick 2030	Limerick 2030 is an economic and spatial framework for the redevelopment and growth of Limerick City Centre, that was published in 2013. The plan involves an investment of over €1 billion in enterprise and investment **infrastructure** for Limerick City and County.	The 2022 Interim Review led to two key design considerations for a revised 2030 plan: 1. Enabling the Plan: To support the vision of active urban life in a compact city as envisaged by the Limerick Development Plan, the Limerick 2030 Spatial Plan must function as a guide to enabling the city to maintain a 'business as usual' function while significant transformations are enacted. 2. Expanding the Plan: The extent of the spatial plan needs to be expanded to consider the wider Limerick City Suburbs. Expanding the plan is intended to consolidate the Gateway City identity and ensure that growth is managed in a way that not only avoids sprawl but instead strengthens the sense of a coherent urban area.	The plan has been designed in line with the NPF, RSES, and Limerick Development Plan. In keeping with the NPF's vision of compact smart growth, 50% of new city housing will be within the existing Limerick City and Suburbs footprint.
Northwest Economic Development Initiative	Ireland Northwest is a joint initiative undertaken by Derry City and Strabane District and Donegal County Councils to label the cross-border gateway region as a location for **investment** using a collective approach. Cooperation among the central government, agencies, and local stakeholders enables the region to market its economic, social, cultural and environmental assets and bring in new investment.	This initiative is a direct result of strong collaboration among Donegal County Council and Derry City and Strabane District Council areas with the city of Derry-Londonderry and Letterkenny as its linked gateways, Ireland Northwest serves as a region with strength in real estate, human capital, and educational institutions to bring in investment and attract businesses to the region. The collaborative efforts among the smaller cities and counties strengthen the profile of the region as a settlement area.	The North-West Strategic Growth Partnership enables collaboration between the North-West region and the National Government. The Partnership is responsible for the North-West Strategic Growth Plan aimed at progressing economic, environmental and social regeneration prosperity for the region.
Cork Area Strategic Plan	The Cork Area Strategic Plan is a joint initiative undertaken by Cork City Council and Cork County Council. The plan aims at enabling a more **sustainable** form of **spatial infrastructure** and **location development** for the Cork area featuring high-quality public transport systems that enable better access to jobs, education, health, culture, as well	The CASP provides advanced policy guidance for different initiatives such as Development Plans, Housing Strategy Studies, and the Cork Strategic Retail Study by identifying strategic policies and locations. Development and Local Area Plans will be able to estimate the more in-depth local level policies and actions to be taken by public-private sector partnerships, or by solely private or public authorities.	The CASP can inform the proposals for Metropolitan Area Strategic Plans, in Cork and in other city-regions in Ireland. Attention should be paid not only to its substantive recommendations on spatial planning, but the engagement and governance processes which inform its over twenty-years history. The CASP has successfully informed national strategies such as

	as new housing plans that allow easy access to areas of employment.	Cooperation between public and private sectors is necessary as a challenge to the short-term implementation of the CASP includes a strategy which proposes to reverse existing development trends.	development of Light Rail Transit together with the NTA.
South-East Learning Region	The Southern Regional Assembly is striving to create and develop a Learning Region in efforts to upskill, educate, and enhance the knowledge, skills and talent of its **Human Capital** base. The primary objectives are to improve quality of life by improving access to learning and education opportunities, and enhancing skill development,	Action areas include: 1. Building Community Networks and enhancing the capacity of Community Education providers to enable engagement with the Learning Region. 2. Improving Access to Education / Learning & Outreach. 3. Using Technology to improve education and learning opportunities. 4. Promoting Learning It aims to break away from the established educational and learning framework of the Southern Region, and act as a supporting network to connect people and complement the existing learning structure.	The Learning Region Network seeks to deliver outcomes in line with the NPF and RSES and is built on a collaborative approach that integrates Government (National, Regional and Local plus state agencies), Industry (and their representative bodies), Higher Education and Civic Society (e.g., PPN, Community based organisations) so that they can share their knowledge and work together.

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