

## Dundalk's integrated development strategy – Ireland <sup>1</sup>

(by Declan Murphy, Ireland)

### Description of the approach (aims, delivery, budget etc)

Dundalk is on the east coast of Ireland, midway between the two main urban centres on the island, 80 Kms from Belfast in Northern Ireland (UK) and from Dublin in the Republic of Ireland. It is the local government centre for County Louth, a county with mixed agriculture, industry and tourism as main economic activities. The town population has grown from 25,000 in the 1970s to 32,000 in 2005 and is projected to double to 60,000 people by 2020. Historically Dundalk had a strong commercial base with industry in footwear (6,000 employed in the 1960s), textiles, cigarettes, brewing, and engineering. The demise of traditional industries and Dundalk's geographic location on the border (its natural hinterland to the north is in the UK) have posed development challenges. This was exacerbated by poor infrastructure. Dundalk today is designated as a 'gateway' for development under the "National Spatial Strategy for Ireland 2002 – 2020, People, Places and Potential", which emphasises devolved development. Each county has been encouraged to develop a 10 year vision based on wide consultation, research and visioning. In addition Dundalk has undertaken its own assessment of Dundalk as a place to invest, live, work and visit as the basis for developing an economic development plan up to 2010.

National policy in the promotion of entrepreneurship and SMEs is the responsibility of the Department of Enterprise, Trade and Employment in Ireland. It delegates responsibility for implementing its policies to state agencies. Dundalk has a triple pronged and segmented approach to promoting: (a) micro entrepreneurship; (b) SME development and domestic industry; and, (c) international investment (FDI). There is close co-operation, as well as much joint activity (e.g. jointly funded studies or training events), both between these institutions and other local bodies (e.g. Dundalk Chamber of Commerce, Dundalk Institute of Technology).

Louth County Enterprise Board, one of 35 County and City Enterprise Boards in Ireland, deals with micro enterprise. In recent years it has, on average, supported 30 new projects per year and undertaken 25 training courses with approx. 250 participants. It has various satellite programmes to promote SMEs:

- 'PLATO': a business networking programme that introduces expert advisors and mentors from larger companies to small companies;
- 'Craftmark': a training and advisory service for craft workers;
- 'Women in Enterprise': aimed at women who are considering business ideas;
- 'Creative Enterprises': this programme looks at other creative arts (e.g. music, painting); and,
- 'Border Vision': a clustering programme in environmental sector and digital media. All programmes are cross-border, that is they offer support and services to people in the regions on the two sides of the border.

Enterprise Ireland: Enterprise Ireland is the national state agency responsible for developing Irish industry. Its core mission is to accelerate the development of world-class Irish companies to achieve strong positions in global markets. Its clients are primarily SMEs and it segments client companies (manufacturing and internationally traded services companies employing 10 or more people) into three main categories: early stage start-ups, high potential start-ups and growth companies, and large companies (non-SMEs) and tailors its support accordingly. The mission and aim of Enterprise Ireland

<sup>1</sup> Source: Discussion Paper "Entrepreneurship in the Districts Mittweida and Altenburger Land", OECD LEED Programme", in: *OECD LEED Local Entrepreneurship Series*, October 2006.

is to transform Irish industry and it sets out key deliverables and targets in its strategy to achieve this aim: (a) EUR 3 billion new export sales over the next three years; (b) Double to 1,050 the number of firms engaged in 'meaningful' R&D by 2010; (c) Support the creation of 210 new 'High Potential Start-Up' (HPSU) companies nationwide (by year end 2007); (d) Drive export readiness by implementing productivity and competitiveness improvement projects in 300+ firms (by year end 2007; and, (e) Infrastructure (roads, colleges/proximity, etc.) and buildings available. The overall approach is target driven and monitored at national and regional levels.

IDA Ireland (Industry Development Agency): The IDA concentrates exclusively on FDI strategy and promotion and is the third main agency that deals with new enterprise in Dundalk. It links closely with its sister agencies dealing with domestic companies and with local government and private sector. It has a network of offices worldwide and within Ireland. Its Dundalk office has been vital to attracting companies such as Xerox, Heinz, ABB and a range of smaller companies. It has attracted new service industry projects from the financial services and customer care sectors in early 2006 to Dundalk.

*Infrastructure*: Dundalk and its environs has seen significant new infrastructure in recent years, in roads, telecommunications, utilities (energy, water, sewage), as well as extensive investment, mostly private, in new retail, leisure and recreational facilities. Its modern infrastructure today compares well with similar locations in Ireland and internationally. Provision of factory or business space is a key element of the infrastructure improvement throughout the country and in the Dundalk region. Enterprise Ireland co-invests with the local communities, the academic sector and the private sector in diverse initiatives on physical infrastructure: (a) community enterprise centres (one in Dundalk); (b) private sector business parks; and, (c) incubators. Dundalk Institute of Technology is a 45 ha. College campus with R&D expertise in electronic, mechanical and manufacturing engineering, control and automation, software development/ICT, creative and digital media and renewable energy. Within the campus its Regional Development Centre acts as an enterprise support and technology transfer centre and provides 26 incubator units (22-55 square metres office units). In addition it provides six units of 25 square metres each in Drogheda, approx. 25 km away. These facilities provide the full range of 'best practice' incubation services.

*Finance*: The development agencies dealing with entrepreneurship and SMEs provide: (a) direct financial support (feasibility study grants, capital grants, employment grants) to selected projects; and, (b) links to sources of funding from banks and venture capital organisations. Enterprise Ireland also provides R&D grants and equity capital in selected cases in conjunction with private sector investors. Enterprise Ireland has supported 30 different venture capital funds through commitments of 143 million Euro, leading to a total of EUR 545 million under management by these funds. In Dundalk, 'Enterprise Equity Venture Capital Group', has invested EUR 48 million in 73 companies in Northern Ireland and the Republic of Ireland.

The Irish banking system has increased its focus on SMEs in recent years, for example, the Bank of Ireland's 'start-up package'. In summary, entrepreneurs and SMEs in Dundalk (and other regions) benefit from a portfolio of financial incentives, venture capital and credit to assist start-up and development.

*Bank of Ireland Start-up Package:*

- A range of current account banking services free of charge for two years;
- Free online banking for two years;
- Loans up to EUR 200 000 at rates from 5% to 7%;
- Waiver of leasing/hire purchase set-up fee; reduced administration fees on invoice finance services;
- Reduced fees and charges on card services;
- EUR 50 off Palo Alto business planning software; 20% discount on Hewlett Packard kit;

- 33% off Graphite Human resources employee legislation manual;
- 30% discount on company formation advice; 1 hour's free consultation with qualified accountant;
- Discounted offers on e-business software;
- 20% discount on 02 handsets and tariffs; and,
- Free listing in Yellow pages; 50% reduction on memberships fees for Small Firms Association.

*Export:* Within the range of services delivered by Enterprise Ireland, assistance with export is also provided. This extends from assisting companies with programmes to strengthen their first export strategies (e.g. aimed at companies with less than EUR 30 000 export levels). Workshops held in 2004-2005, for example, identified the key aspects of exporting and introduced the participating companies to all services available. Some companies were assigned individual mentors with significant export experience to work with them on their export plans and also received practical, on-the-ground assistance from Enterprise Ireland's overseas offices.

### **Why the approach is relevant to East Germany?**

Historically Dundalk has many features that are not uncommon in Eastern German regions: traditional industry, which has declined and in many cases no longer exists; location on a border (with spillover impact in Dundalk's case from conflict in Northern Ireland); and a dependency culture with limited local enterprise ethos. Its local development strategy has useful pointers for other regions:

- *Co-ordinated national regional, county and local development planning* – spatial and economic development with close collaboration between public and private sector;
- *Strategic vision and initiative* – a 10 year plan ('Dundalk – the Location to Invest, Live Work and Visit'), prepared by the Dundalk Economic Development Group;
- *Creation of local 'magnets of attraction'* that project the town regionally and internationally (health and leisure centres, floodlit horse racing track, sailing, etc.);
- *'Public Private Partnership'* approach in effect has been pursued with all responsible public and private parties in Dundalk involved;
- *Measurable results sought:* strategies and plans have been translated into action charters and concrete targets (no. of companies established, jobs created, sales, etc.);
- *Cross border co-operation/functional approach:* that is, practical joint working on training programmes and policy initiatives, many designed as cross border activities;
- *Wide range of services offered:* in training, funding and advisory services, in incubation facilities and aimed at all sections of the community; and,
- *Segmentation of client companies* and therefore awareness and clarity on who does what and who deals with who (namely, One-Stop-Shops according to enterprise segment).

### **Reasons for the success of the approach**

Success in stimulating new enterprise has been underpinned in particular by the following:

- *Leadership/Vision:* local government initiatives combined with state agencies, academia and private sector has contributed to success and a better sense of future directions;
- *Diversity of encouragement measures:* 'a something for everyone' philosophy on promoting enterprise – this does not mean all interested people receive funding but a positive approach to all and at a minimum training and advisory services are provided;

- *Building the identity of Dundalk:* within the framework of the local plan being developed the town is seeking constructively and objectively to clarify its future identity and image;
- *Border with Northern Ireland not treated as obstacle or 'negative'.* The wide range of cross-border initiatives, referred to in preceding paragraphs, are testimony to this new approach.

However the picture in Dundalk is not totally successful when it comes to local enterprise. In many areas Dundalk needs to push on with implementing plans and achieve change. These include: the refurbishment of the town centre and revitalisation of businesses in this area. Unemployment has reduced but still remains at twice the national average – successful steps taken to attract new FDI will assist in tackling this target but they need to be matched with greater progress on generating new enterprise and especially new 'high potential start-ups', which will contribute to new jobs and exports. With a growing population, including some immigrant labour, achieving greater enterprise, especially new growth companies, are two of the major challenges of the future. Progress needs to be made also in better linkage between international companies and domestic companies (e.g. purchasing, sub-contracting, outsourcing, etc.). All of these represent 'work-in-progress' rather than failure and are significant future challenges for Dundalk.

### **The obstacles that were faced and the quality of the response taken**

The historical issues outlined above such as decline of traditional industry, high unemployment and need for increased incomes have been tackled with measurable and substantial success. In general the quality of response has been effective and now Dundalk faces more the challenges of managing growth of population and local economy and asserting its identity in the competition for investment and enterprise. The poor enterprise ethos/dependency-on-outside culture still lingers on to some extent in the expectation by many that new FDI will deal with economic gaps rather than locally generated enterprise.

### **Considerations for adoption of this type of approach in East Germany**

Dundalk represents a typical model of a border town that has had to tackle generic issues common to many border regions and smaller population centres. Straddled between the two major urban centres in Ireland it needs to both benefit from this proximity but equally to assert and benefit from its own comparative advantages and own individual identity. The various initiatives outlined above involve a high level of intervention and provide useful comparative experience. The existence of specialised and dedicated agencies dealing with micro enterprises, SMEs and FDI assist in providing clear demarcation of roles and responsibilities on enterprise policy.

What can usefully be drawn from the Dundalk model is the value of having clear institutional responsibilities for pursuing the different segments of companies and the desirability of ensuring good local collaboration between the responsible local actors. In considering the Dundalk model some questions that might be usefully considered are:

- To what extent are regions Land building their own 10 year strategic vision and plan? Is there full co-operation and joint involvement of all public and private partners in such a process?
- Is their need to segment more strictly micro and other SMEs and tailor more clearly the advisory and support packages for each segment? Is their sufficient focus on all categories of society and not just technology oriented entrepreneurs and companies?
- Do the incubation facilities and enterprise training in these regions meet local needs?
- Are financial institutions proactive in the regional and local goals of stimulating enterprise?
- And finally, is the wider holistic approach of Dundalk in working on improving its 'magnets of attraction' and thereby improving the quality of life and business environment being pursued in the German regions to the best extent possible?

**Contact details and website for further information**

Bank of Ireland: [www.bankofireland.com](http://www.bankofireland.com)

Cross Border Centre for community development: [www.crossbordercentre.org](http://www.crossbordercentre.org)

Dundalk Chamber of Commerce: [www.dundalk.ie](http://www.dundalk.ie)

Dundalk Institute of Technology: [www.dkit.ie](http://www.dkit.ie)

Dundalk Town Council: [www.dundalktown.ie](http://www.dundalktown.ie)

Enterprise Equity Venture Capital Group: [www.enterpriseequity.ie](http://www.enterpriseequity.ie)

Enterprise Ireland: [www.enterprise-ireland.com](http://www.enterprise-ireland.com)

IDA Ireland: [www.idaireland.com](http://www.idaireland.com)

Louth County Enterprise Board: [www.lceb.ie](http://www.lceb.ie)

Louth County Enterprise Board initiatives: [www.womeninenterprise.net](http://www.womeninenterprise.net), [www.craftmark.ie](http://www.craftmark.ie),  
[www.plato.ie](http://www.plato.ie)

Newry-Dundalk joint chamber forum: [www.newrydundalkforum.com](http://www.newrydundalkforum.com)

Novation: [www.novation.ie](http://www.novation.ie)

Regional Development Centre: [www.rdc.ie](http://www.rdc.ie), [www.midasinitiative.com](http://www.midasinitiative.com)