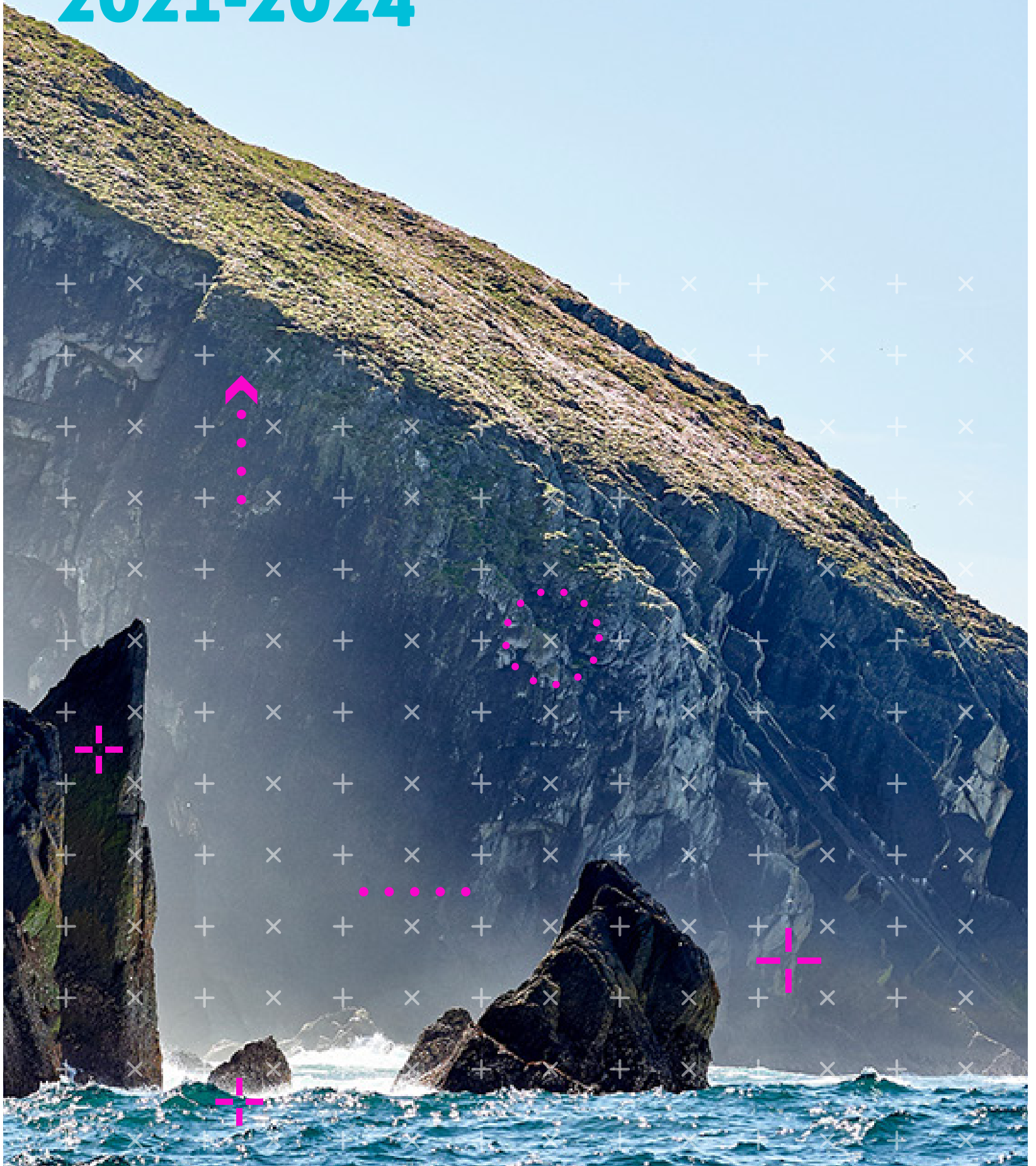


DRIVING RECOVERY AND SUSTAINABLE GROWTH 2021-2024

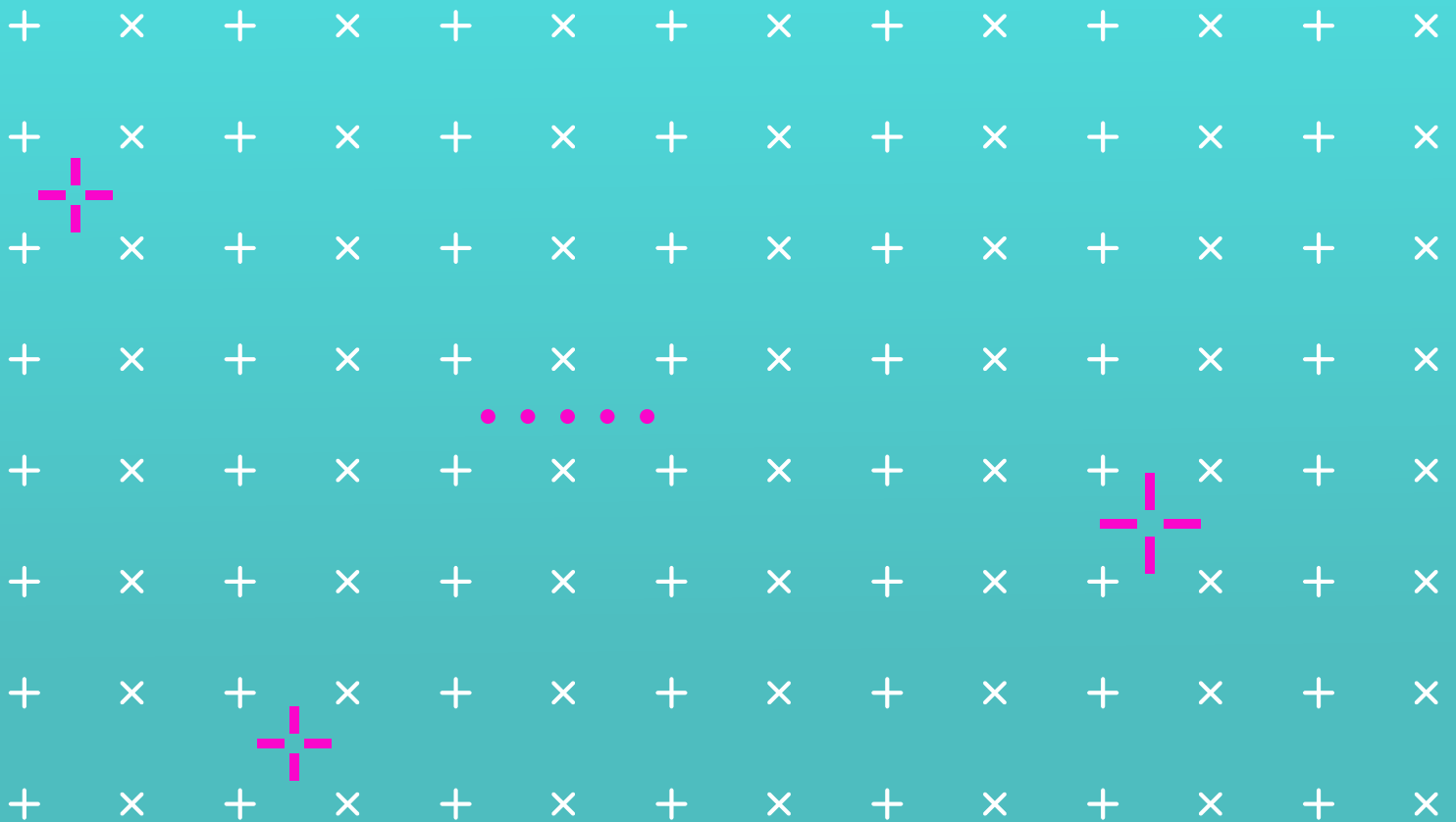


Rialtas na hÉireann
Government of Ireland

 **IDA Ireland**

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01 INTRODUCTION



IDA Ireland launches its new strategy for the period 2021-2024 at a time of unprecedented uncertainty and accelerating change. In Ireland and in our key source markets for investment the Covid-19 economic shock continues to reverberate with elevated levels of unemployment and lasting disruption in some sectors. Global FDI has declined sharply and is expected to remain challenged through 2021. The pandemic has accelerated emerging trends that will re-shape business models, such as remote working and technology adoption, while also underlining the importance of resilience within multinational companies' (MNCs) operations and in the institutions and infrastructure of their host countries. It has deepened geopolitical divides on the integrated, open nature of the global economy. Additionally, as countries seek investment to drive their recoveries, it has further intensified competition to win FDI projects.

IDA's ambition is to capitalise on opportunities to provide MNCs with solutions to the challenges they face in this difficult global environment. We will partner with existing clients to safeguard and enhance their mandates in Ireland, while also attracting the next generation of leading-edge MNCs in our core sectors of focus. IDA will place sustainable growth at the centre of our strategy, in line with Government policy, international consensus, the vision of our clients, and the demands of citizens. We will seek growth that meets the needs of the present without compromising the ability of future generations to meet their own needs, while fostering an inclusive, sustainable, and resilient economy and society. The ambition of this strategy is framed through five interlinked pillars of Growth, Transformation, Regions, Sustainability and Impact. Under these pillars, IDA will:

WIN 800 TOTAL INVESTMENTS TO SUPPORT JOB CREATION OF 50,000 AND ECONOMIC ACTIVITY

PARTNER WITH CLIENTS FOR FUTURE GROWTH THROUGH 170 RD&I AND 130 TRAINING INVESTMENTS

WIN 400 INVESTMENTS TO ADVANCE REGIONAL DEVELOPMENT

EMBRACE A GREEN RECOVERY WITH 60 SUSTAINABILITY INVESTMENTS

TARGET A 20% INCREASE IN CLIENT EXPENDITURE IN IRELAND TO MAXIMISE THE IMPACT OF FDI

The impact of Covid-19 on the Irish economy was severe and immediate. The negative effects of the crisis may be long lasting, particularly in the labour market, with unemployment forecast to average just under 16% in 2020 and to remain above 10% in 2021.¹ The unemployment challenge may be even more significant than these forecasts suggest amid the ongoing risk, and current reality, of heightened public health restrictions. In an extraordinarily challenging moment for people and businesses across the country, IDA's new strategy will deliver substantial job creation and economic activity. It will contribute significantly to a transformative recovery that embraces the future of work and the green transition. It will, in collaboration with key stakeholders, propel recovery and advance compact development in each region including those most affected by the economic impact of Covid-19 and Brexit. In support of an inclusive recovery across the economy, it will strengthen the linkages between MNCs and the Irish SMEs for which IDA clients are an important source of demand as well as other spillover effects.

The ambition of the strategy reflects IDA's recognition of the centrality of FDI to Ireland's economic recovery. MNCs in Ireland have not been immune to the Covid-19 crisis, but their relative resilience has underlined the importance of FDI to Ireland. Ireland cannot take the resilience of MNCs, and their indispensable impact on communities across the country, for granted. MNCs impact in Ireland – on the people they employ, either directly or indirectly, the businesses they support, from large Irish MNCs to regional SMEs, and the Government expenditure they enable through taxation – is more important than ever. Our objectives across the Growth, Transformation, Regions, Sustainability and Impact pillars of this strategy will safeguard this impact and ensure FDI remains central to Ireland's economic success in the years of change ahead.

Given the extraordinarily high uncertainty around the global economic outlook and resulting impact on FDI, we believe a formal review of the strategy at its mid-point, is more important than ever. Towards the end of 2022 IDA will assess progress on the strategy and make any adjustments necessary to respond to changes in the global or national environment. While IDA believes the strategy is directionally correct in its current form, we intend to remain as pragmatic and flexible as possible in adapting to circumstances as they unfold.

IDA entered 2020 following a five-year period of exceptionally strong and historically high levels of investment and employment growth among the companies we support and partner with. Through our partnership with MNCs from around the world, IDA has an established and successful track record – now spanning over 70 years – of delivering on our mission to win and develop FDI, for the benefit of the country and its citizens. In a highly competitive global environment, Ireland, which accounts for less than 1% of Europe's population, accounted for 3% of FDI projects into Europe in 2019. Ireland accounts for an even higher share, of over 6%, in IDA's core sectors of focus.² IDA is consistently ranked among the leaders in our field as we strive to realise our vision to be the best and most successful Investment Promotion and Development Agency (IPDA) in the world.³

1 Department of Finance, Budget 2021 economic forecasts (pre-dating the heightened public health restrictions introduced on October 22nd)

2 FDI Report 2020, data for the continent of Europe; market share in IDA core sectors of focus based on IDA analysis of FDI Markets database for projects with greater than 10 jobs in relevant sectors

3 Site Selection, Global Best to Invest Report 2020

Within IDA, delivery of the strategy will be supported by enhancements to our digital capabilities, improvements to our product and service offering, investment in our regional property programme, and continuing development of IDA's most valuable asset – our people. The combined efforts of colleagues across IDA in adverse circumstances throughout 2020 have provided the foundations this strategy will need to succeed. Success will also be dependent upon collaboration between IDA and key stakeholders across Government and the wider public and private ecosystem in a team effort to maintain and attract FDI and develop our value proposition to respond to a changed global environment for FDI. Ireland's relative competitiveness will be vitally important in light of economic headwinds and intense competition to win a potentially smaller number of global FDI projects. This includes stability, resilience and quality of life, in addition to long standing areas of competitive necessity such as cost competitiveness, investment in productive assets, education and skills, connectivity, and tax.

The consequences of the events of 2020 are still emerging and will continue to reverberate over the course of IDA's new strategy. The resulting evolution of the FDI landscape in the next four years is likely to be characterised by trends including corporate restructuring, sectoral consolidation, rapid technological disruption, more fragmented markets, and heightened levels of protectionism, investment screening, and regulation. Identifying new sources of growth will be crucial to consolidate FDI in Ireland and to replace inevitable losses as companies reduce costs and pursue efficiencies in a challenging and changing global environment. The endeavours of colleagues across IDA throughout 2020 to remotely engage with existing and target clients on their growth agendas will prove vital as we realise the investment opportunities and address the challenges arising at this unprecedented time of public health, economic and climate crises.

The most important factor in delivering on our ambition will be the continued success of IDA client companies. MNCs demonstrated strength, resilience and agility in responding to Covid-19 to date, although some sectors have been impacted by disruption and weak demand, particularly services activities linked to travel and hospitality and some manufacturing sub-sectors. In the challenging period ahead, IDA will continue to partner with existing clients and also build our relationship with new name investors to Ireland. We will aim to realise opportunities from digital transformation and the green transition, along with those arising from new business models, an enhanced focus on operational resilience, supply chain reconfiguration and the future of work. Specific areas of opportunity include cloud computing, artificial intelligence (AI), 5G, big data, disruptive service platforms, advanced manufacturing, cell and gene therapy, connected health, industrial automation and renewable energy. Together with client companies, and in collaboration with stakeholders throughout the country, we will drive recovery and sustainable growth.

02

A CHANGED GLOBAL ENVIRONMENT FOR FDI



The global environment in which Ireland competes for foreign direct investment is constantly changing. Ireland's historic success in winning a far higher share of FDI than warranted by the size of our population and economy reflects the ability of Government, stakeholders and citizens to adapt and capitalise on the opportunities that arose as business models shifted and new growth areas emerged. The forthcoming period will once again be characterised by change and evolution in the global FDI environment, but at an accelerated pace and set against an exceptionally challenging economic backdrop as a result of the Covid-19 pandemic. IDA's Driving Recovery and Sustainable Growth strategy is intended to position the Agency to respond to this changed environment.

The pandemic had an immediate impact on greenfield FDI in the first half of 2020. At a global level provisional figures show the number of projects announced by investors declining sharply, particularly at the height of the lockdown in Europe and North America in the second quarter.⁴ Ireland recorded a relatively strong performance in the first half of the year, as projects in the pipeline from the tail-end of our previous strategy were realised. Activity slowed considerably as the period progressed, with core functions such as site visits and in market company engagements reducing significantly. IDA has utilised its digital capabilities to carry out these activities remotely and is engaging with existing and target clients on their growth agendas, but nonetheless the delivery of projects throughout the second half of 2020 and into 2021 is expected to be severely challenged.

The outlook for 2021 onwards is subject to extraordinarily high levels of uncertainty, particularly in relation to the future trajectory of Covid-19 and the successful deployment of vaccines and other treatments for the disease.⁵ Global FDI has historically tracked closely to economic growth. Leading international forecasters expect growth to resume in 2021 but the overall size of the economy and employment levels are not expected to return to pre-crisis levels until late 2021 and into 2022. Highly accommodative fiscal and monetary policies, along with the resiliency of many businesses, has helped reduce the immediate economic and social impacts of the crisis and prevented an even deeper recession. Nonetheless, the expectation of a slow recovery reflects public health uncertainty and the lasting scarring effects from such an unprecedented economic shock on business conditions and consumer confidence.

A slow, uneven 'U-shaped' global recovery will have a knock-on impact on FDI. While the impact will vary by sector, at an aggregate level continued uncertainty and weaker global demand will negatively impact the investment pipeline, particularly in 2021. IDA expects there to be a smaller number of projects globally and into Europe in the forthcoming period than during the previous strategy. UNCTAD, the UN's Trade and Development Agency, expects only a gradual and moderate recovery in FDI from late 2021 and early 2022.⁶ UNCTAD forecasts FDI flows globally to decline by up to 40% in 2020 and by a further 5%-10% in 2021.

4 FDI Intelligence, FDI Index

5 See annex on underlying economic assumptions

6 FDI Intelligence, June 16th 2020

It forecasts flows to Europe to fall by 30%–45% in 2020.⁷ Ireland will therefore be competing for a smaller number of projects into Europe with competitor countries recognising the hugely positive impacts FDI can have on their economic recoveries. This competition is likely to focus on those sectors that have the most positive post-crisis outlook, which closely align with the high-value sectors that IDA targets.

A key factor for FDI into Europe will be the pace of the economic recovery in the United States, which was the largest extra-EU source market for investment into the region between 2015 and 2019.⁸ While IDA made significant strides in attracting investment from Europe and Asia-Pacific during the Winning 2015–2019 strategy, the United States still remains the most important source market for FDI into Ireland. Separately, some further Brexit related investment opportunities may arise as the UK exits the transition period at the end of 2020, marking the end of frictionless trade between the EU and UK. However, without the UK, the size of the EU market – one of the key attractors of FDI to Europe – is reduced significantly. Some projects that would typically have gone to the UK may go elsewhere, although the size and profile of the UK domestic market means it will remain attractive to non-EU market seeking FDI.

A ‘U-shaped’ global economic recovery will also accelerate pre-crisis trends out of both necessity and opportunity. The pandemic has fast-tracked the future into the present. Higher levels of remote working will factor into locational decision making by MNCs and could alter the trade-offs between urban and regional locations, as well as the rationale for opening second sites. The importance of well-being, quality of life and placemaking for competitiveness will increase. MNCs will accelerate technology adoption, including digitisation, automation, and AI to drive operational efficiencies and lower costs. The acceleration of these technological developments, which underpin the ‘Fourth Industrial Revolution’, will substantially alter the nature of work and the profile of skills demand, presenting opportunities for transformative upskilling and innovative investment. At the same time, it will potentially lower the jobs content of certain projects, particularly in manufacturing sectors but also in services as further advancements in technology are made. These developments, along with the challenged economic outlook, could potentially make job intensive investments less prevalent.

The importance of resilience within MNCs operations and resilience of the institutions and infrastructure in their host countries was further underlined by the Covid-19 crisis. The global environment for FDI will be impacted as companies assess the resilience and robustness of their operating and supply chain models in the wake of the pandemic and in light of the climate crisis, risks around cyber security and geopolitical developments. MNCs will enhance their focus on climate adaptation and mitigation, presenting opportunities for locations that are early adopters and who position sustainability at the core of their economic recoveries.

7 UNCTAD World Investment Report, June 2020

8 EY Europe Attractiveness Survey, May 2020

The corporate response to political decisions related to national security will be a key factor in the global FDI landscape, as tensions that were previously focused on trade flows widen to issues of technology, intellectual property and strategic autonomy. Market and supply chain fragmentation may lead to the reorganisation of MNCs operations. Any resulting re-location of activity could alter the highly-integrated global FDI environment and lead to increased levels of regionalisation. Regulatory developments within the EU (e.g. with regard to competition, emerging technologies such as AI, and investment screening) will unfold over the lifetime of IDA's strategy as the European Commission pursues a more active industrial policy for Europe. Corporation tax developments will also impact upon the global environment for FDI. The OECD continues to work towards an agreement to reform the international tax system with particular implications for digitally oriented and intangible intensive sectors, which have been key sources of FDI growth in recent years.

The above context shaped the development of IDA's Delivering Sustainable Growth and Recovery 2021 to 2024 strategy. The changed global environment requires a realistic and flexible approach, but which remains ambitious in contributing significantly to Ireland's recovery. This strategy positions IDA to respond to the emerging trends that are accelerating as a result of the pandemic. It identifies the opportunities for sustainable growth among IDA's established base of clients through a focus on transformative investments to increase the productivity of Irish operations and their workforce through RD&I, digitisation, training and actions on sustainability. Crucially it also maintains a focus on attracting the next generation of leading MNCs to locate in Ireland, further driving sustainable growth and maximising the impact of FDI in Ireland to 2024 and beyond. In recognition of the uncertain outlook, IDA will conduct a formal review of the strategy at its mid-point toward the end of 2022 to assess progress and make any necessary adjustments.

03

IMPACT OF FDI IN IRELAND



In an extraordinarily challenging moment for the country, MNCs impact in Ireland – on the people they employ, either directly or indirectly, the businesses they support, from large Irish MNCs to regional SMEs, and the Government expenditure they enable through taxation – is more important than ever.

Since the foundation of the State, FDI has helped to transform Ireland into an open and internationally focused economy and society. The activities of the over 1,600 MNCs supported by IDA in Ireland make a crucial contribution to employment, the public finances, regional development, global value chain integration, indigenous enterprise, and innovation to name just a few areas. IDA client companies are concentrated in the sectors which drive the modern global economy: Technology, Content, Consumer and Business Services; International Financial Services; Biopharmaceuticals & Food; Medical Technologies; and Engineering & Industrial Technologies. MNCs in these sectors helped support Ireland's recovery from the Global Financial Crisis, the achievement of record employment levels in 2019, and the relative resiliency of the economy during the Covid-19 pandemic.

IDA's success in attracting and maintaining FDI to support the Irish economy would not be possible without the client companies with which we enjoy a longstanding and mutually beneficial relationship. Our client base includes a diverse range of MNCs from around the world including 847 companies from the United States, 354 companies of European origin – with almost half of those from Germany and France, 136 UK origin client companies, and 212 clients from across the rest of the world including Canada, India, Japan and China. Our clients are global leaders with sophisticated production and operating models that place them at the cutting edge of innovation across their respective sectors. The activities they carry out in Ireland are wide-ranging, constantly evolving and – as underlined by the Covid-19 crisis – linked to how people work and live around the world in the 21st century. In Ireland, our clients manufacture advanced technologies and carry out transformative R&D. They develop software and provide the digital and financial services that underpin the modern economy. They develop medicines, medical devices and connected health solutions that advance global health outcomes. In addition to the global impact of their varied activities, a shared characteristic across our diverse client base is the positive impact their Irish operations have on the people they employ, the locations in which they are based, and the country more broadly.

IDA client companies employ over 257,000 people across the country, accounting directly for 10% of the workforce at the end of 2019 and a higher share of approx. 12% in 2020 due to the impact of Covid-19 on total employment nationally.⁹ Additionally, eight jobs are created in the economy for every ten created by IDA client companies, amounting to total direct and indirect employment of over 463,000 – approx. one quarter of employment in the private sector.¹⁰ Ireland has successfully attracted MNCs to regional locations where the impact of FDI is even more keenly felt. IDA clients employ almost 145,000 people outside of Dublin (56% of total IDA client employment). This is despite the tendency of global FDI to be drawn towards the talent and market proximity offered by larger urban centres. IDA achieved an overall uplift in regional investment of 50% and successfully delivered for each region investment uplifts of at least 30%, and in some cases significantly higher, during the Winning 2015-2019 strategy. Further success will be required in the forthcoming period to promote balanced regional development in line with the National Planning Framework and to support those regions most affected by exposure to the UK market post-Brexit, the lasting employment effects from Covid-19, and the transition to a low carbon economy.

⁹ DETE Employment Survey 2020; CSO Labour Force Survey Q4 2019 and Q3 2020

¹⁰ Private sector calculated as total employment in the Labour Force Survey minus public sector employment (incl. semi state bodies) in the Earnings, Hours Worked and Employment Cost Survey

The impact of MNCs nationally and regionally goes far beyond their direct and indirect employment contribution. FDI expenditure in the Irish economy includes €10.1bn in annual expenditure on Irish materials and services and €7.4bn of capital investment on new buildings, machinery and equipment.¹¹ Labour mobility is another key channel of spillovers between FDI and Irish enterprise. Between 2009 and 2015, more than one out of every four employees at foreign firms either moved to a domestic firm or became self-employed.¹² In addition to their direct local linkages, MNCs are important gateways for domestic firms' integration into global value chains¹³, exposing the indigenous enterprise base to international knowledge and technology that drive productivity enhancements among firms with the necessary absorptive capacity. IDA clients accounted for 68% of national exports, totalling €255bn in 2019.¹⁴ These exports are supported by forward and backward linkages between MNCs as they source physical inputs and services domestically and overseas.

MNCs are critical to Ireland's innovation performance and the achievement of Government policy objectives on research and development. Foreign companies account for over two-thirds of annual business expenditure in Ireland on R&D. Business expenditure is the driving factor behind R&D spend in the Irish economy, accounting for 75% of gross expenditure on R&D in Ireland compared with an EU average of 66%.¹⁵ IDA clients spend €2.6bn on in-house R&D and a further €1.6bn on outsourced R&D.¹⁶ There are 20,600 R&D staff in IDA client companies, up 55% in five years, and almost half of all clients have an R&D mandate in Ireland.¹⁷ MNCs are engaged with and embedded in the national innovation ecosystem, participating in cutting edge partnerships with academia, research institutes and indigenous enterprises.

The contribution of MNCs to the public finances helps fund exchequer expenditure, including transformative long-term initiatives such as the National Development Plan under Project Ireland 2040. Sectors dominated by IDA clients account for an estimated 70% of corporation tax receipts, which continued to remain a buoyant source of tax revenue in the first half of 2020 despite the disruption caused by Covid-19.¹⁸ The resiliency of income tax receipts during the crisis is partly attributable to FDI dominated sectors that pay high salaries and have been relatively less impacted by the pandemic to date. Jobs within IDA's portfolio have average salaries consistently above the national average reflecting the high value nature of roles within IDA's sectors of focus. Annual payroll by MNCs of €15.1bn has further spillover effects into the wider economy. IDA clients account for over a third of total income tax, USC and employers PRSI paid by companies in the state.¹⁹

The resiliency of MNCs in Ireland evident during the pandemic is not a new development. One third of companies supported by IDA have been in Ireland for 20 years or more. This longevity reflects the ability of, and the need for, MNCs to constantly transform their operations and renew their mandates in Ireland. In doing so, they contribute to Ireland's position of strength in a changing global environment. This underlines the importance of supporting MNCs in Ireland today to sustainably grow their operations in the years ahead, while simultaneously attracting the next generation of MNCs who can make positive contributions to our economy and society as we recover from Covid-19.

11 DETE Annual Business of Economic Impact 2019

12 Revenue, Corporation Tax 2017 Payments and 2016 Returns, published April 2018

13 OECD, FDI Qualities and Impacts in Ireland, forthcoming

14 DETE Annual Business Survey of Economic Impact 2019

15 DETE R&D Budget 2018-2019, December 2019

16 DETE Annual Business Survey of Economic Impact 2019

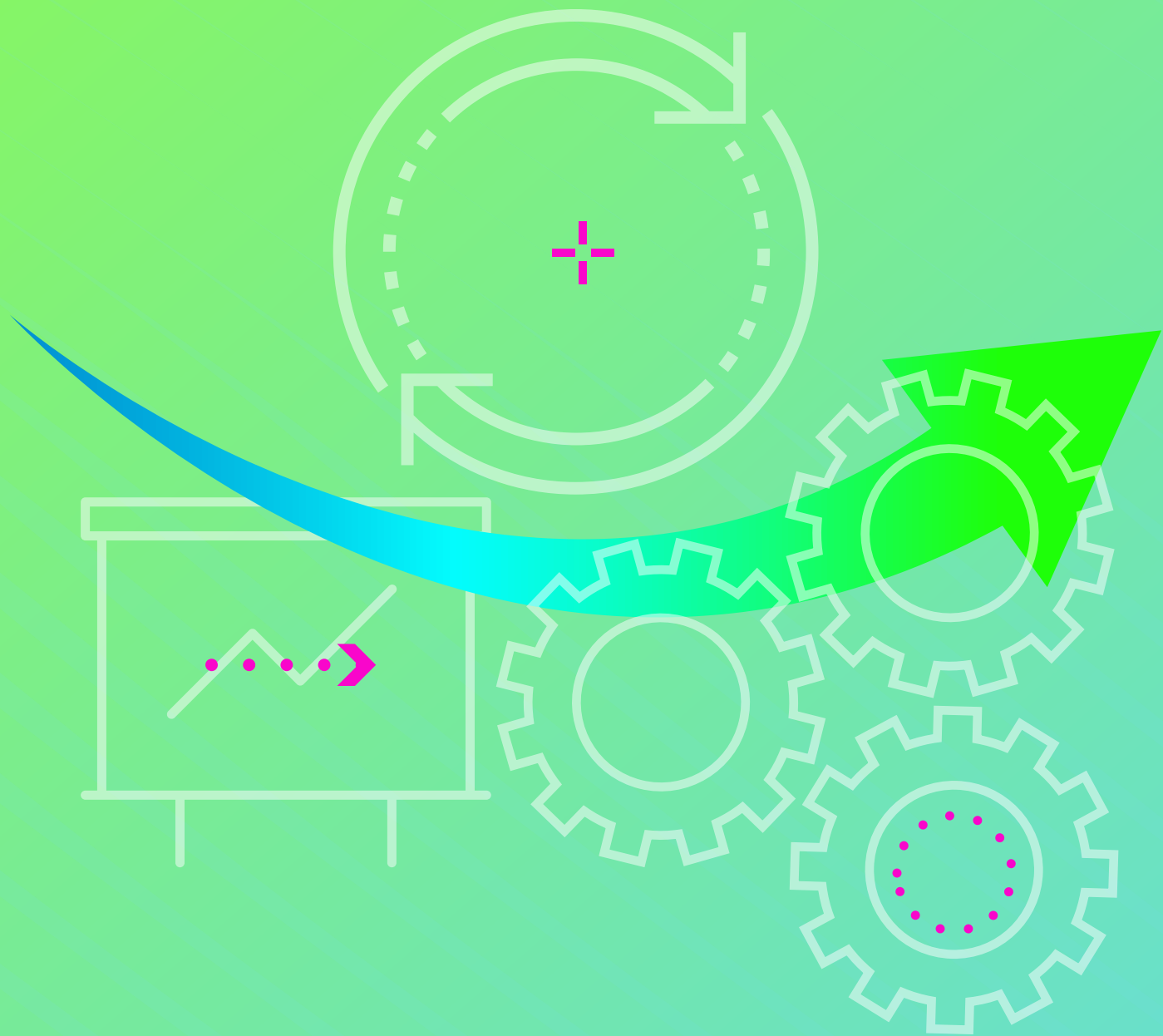
17 Ibid

18 IDA estimates based on Revenue analysis of corporation tax receipts

19 Ibid

04

DRIVING RECOVERY AND SUSTAINABLE GROWTH



Sustainable growth is growth that meets the needs of the present without compromising the ability of future generations to meet their own needs, while fostering an inclusive, sustainable, and resilient economy and society.²⁰ In contributing to sustainable growth, FDI can create quality jobs, enhance innovation, develop human capital, raise living standards, support regional development, and promote environmental sustainability.²¹ In a changed world, IDA’s new strategy seeks to consolidate and build on the positive impact of FDI as Ireland pursues a jobs-led recovery, as envisaged in the Programme for Government, that seizes on the opportunities of the green and digital transition.²² We will do so by supporting clients as we have in the past to create jobs, locate in the regions, and invest in R&D, while adding a new focus on investment in training, upskilling and environmental sustainability.

Figure 1: The Strategic Framework for Driving Recovery and Sustainable Growth 2021-2024



20 UN Sustainable Development Agenda

21 OECD FDI Qualities Initiative

22 Programme for Government: Our Shared Future, June 2020

IDA's Driving Recovery and Sustainable Growth strategy will be delivered through a focus on five pillars: Growth, Transformation, Regions, Sustainability and Impact. These five interlinked pillars align with and are guided by the UN Sustainable Development Goals (SDGs). At a national level they reflect the approach and ambition of the Programme for Government, which focuses on well-being and sustainability outcomes in parallel to economic prosperity. Crucially, the pillars also align with the outlook of IDA client companies, many of whom are already at the leading edge of different areas of sustainable growth ranging from skills development to climate action. MNCs are also placing an increased focus on environmental, social and governance (ESG) factors in their corporate strategies, management structures, and core activities.

UNDER THE GROWTH PILLAR, IDA WILL WIN INVESTMENT TO SUPPORT JOB CREATION & ECONOMIC ACTIVITY.

UNDER THE TRANSFORMATION PILLAR, IDA WILL PARTNER WITH CLIENTS FOR FUTURE GROWTH IN IRELAND.

UNDER THE REGIONS PILLAR, IDA WILL WIN INVESTMENT TO ADVANCE REGIONAL DEVELOPMENT.

UNDER THE SUSTAINABILITY PILLAR, IDA WILL EMBRACE AN INCLUSIVE AND GREEN RECOVERY.

UNDER THE IMPACT PILLAR, IDA WILL MAXIMISE FDI'S POSITIVE IMPACT ON LOCAL BUSINESSES AND COMMUNITIES.

Success across each of the five pillars will contribute to a sustainable, resilient and regionally balanced economic recovery. The ambition of the Driving Recovery and Sustainable Growth strategy derives from and is embedded in IDA's mission, vision and values, which will be crucial to the delivery of our objectives across each of the five pillars in the period to 2024.

Our Mission: IDA partners with multinational companies to win and develop foreign direct investment, providing jobs, economic impact and opportunity for the people of Ireland.

Our Vision: For the benefit of the people of Ireland, IDA will be the best and most successful Investment Promotion and Development Agency (IPDA) in the world.

Our Values: In order to provide opportunity, equality and well-being for the people of Ireland and strive to the best and most successful IPDA we will uphold the following values:

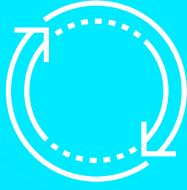
- + **Passion for achievement and performance:** we set and achieve ambitious goals in the very competitive and dynamic arena of FDI.
- + **Public service:** we take pride in delivering jobs and investments and we collaborate/partner with other public bodies to deliver our mission and contribute to theirs.
- + **Professionalism:** we are dedicated to understanding the needs of leading-edge clients and then delivering timely, commercial and innovative solutions. We act on the basis of integrity, trust, fair treatment and responsiveness.
- + **People:** we value the competence, dedication and commitment to excellence of all our people and make IDA Ireland a diverse and inclusive place for staff to work, develop and succeed.

05

THE FIVE PILLARS OF SUSTAINABLE GROWTH



GROWTH



TRANSFORMATION



REGIONS



SUSTAINABILITY



IMPACT

GROWTH

Win investment to support job creation and economic activity

Objectives

Under the Growth pillar of Driving Recovery and Sustainable Growth, IDA will:

- + support existing clients to develop and realise their growth agendas in Ireland
- + plan for the next generation of FDI in targeting of first-time investors to Ireland
- + diversify our source markets for investment to enhance resilience of FDI in Ireland
- + seek high impact investments to address specific national development goals

Initiatives

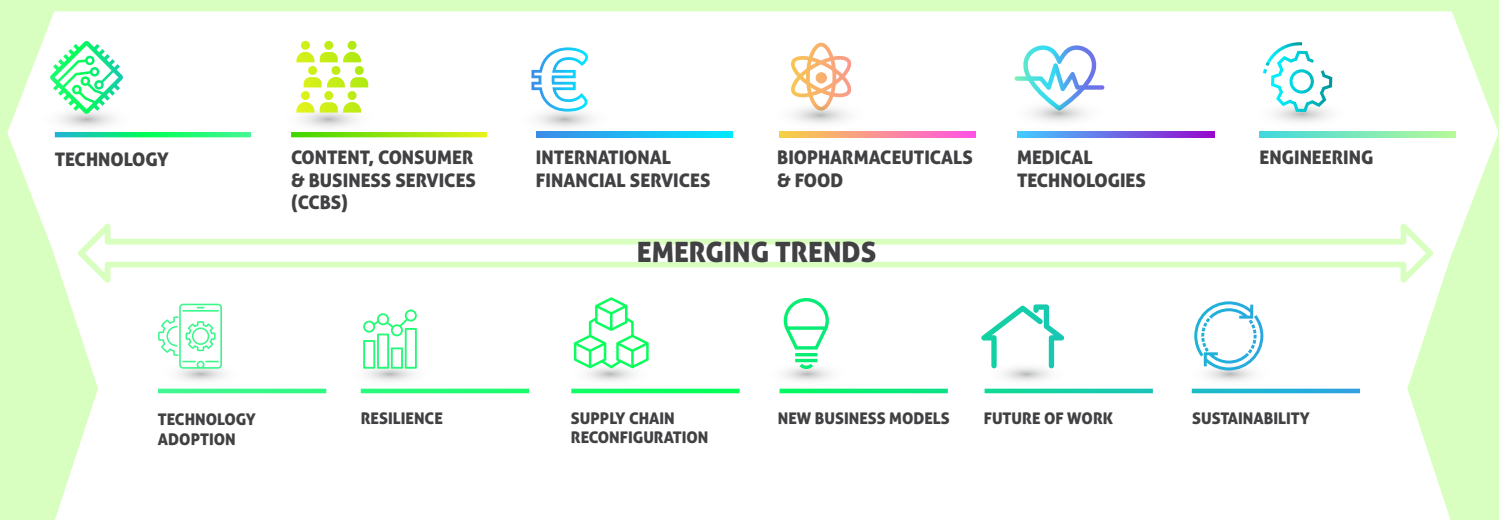
IDA will target and win 800 investments in our sectors of focus: Technology; Content, Consumer and Business Services; International Financial Services; Biopharmaceuticals & Food; Medical Technologies; and Engineering & Industrial Technologies. While not immune to the Covid-19 pandemic, a weaker global economy and the emerging trends, these sectors have consistently illustrated strong levels of agility and resilience. They also align with Ireland's capabilities as a high value, high skilled location. Each will be impacted, to varying degrees and in different ways, by the acceleration of technology adoption, the move to a green economy, and the enhanced strategic focus by MNCs on operational resilience, supply chain reconfiguration and the future of work. Within and across each sector there are specific areas of opportunity to support investment delivery and job creation as the pace of technology increases and new business models emerge in the aftermath of the Covid-19 crisis.

- + In Technology, cloud computing enabled the remote economy during the pandemic and is likely to remain resilient. Digital transformation across sectors will spur further investment in software and software as a service (SAAS). Advances in 5G will help drive recovery across a range of technology areas including mobile communications, networking, and data centres.
- + In Content, Consumer and Business Services there will be continued growth in digital platforms disrupting traditional models, for example in online retail with the emergence of new disruptors to traditional retail models. The accelerated usage of online entertainment seen during the pandemic will present opportunities.
- + In International Financial Services, the profile and mix of investments will evolve with growth in front office and regulated activity, technology adoption and R&D, and disruptive industry sub-sectors such as fintech, regtech, payments and non-bank financing. The increased focus on operational resilience could translate into opportunities for Ireland, as could the further post-Brexit reorganisation of the EU financial landscape. There will also be opportunities related to the shift towards a cashless society, which has accelerated over the course of the Covid-19 crisis. Investment related to environment, governance and social (ESG) factors will also present opportunities. The heightened focus on environmental sustainability will lead to the increasing prominence of green finance.

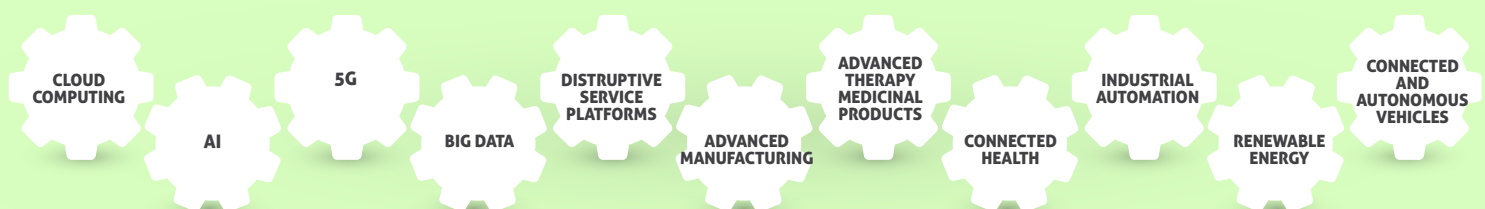
- + In Life Sciences (Biopharmaceuticals & Food, Medical Technologies), the development of personalised medicines will be a key growth area. There will be opportunities for Ireland to win investment related to new innovative products in the area of Advanced Therapy Medicinal Products (ATMPs) included in which is the high growth potential in cell, gene and vaccine therapies (CGVT). IDA plans to invest in the development of Ireland's eco-system for CGVT during the lifetime of the strategy. The Biopharmaceutical sector, which is playing a key part in the global response to Covid-19, presents opportunities across vaccines, therapeutics and digitisation. There will also be opportunities as a result of growth in biopharma related services. Ireland is well placed to win investment in the adjacent Food sector, where there is an increasing emphasis on sustainable food products.
- + In Medical Technologies, advanced and additive manufacturing enabled by a transition to digitisation presents growth opportunities for Ireland. This will be supported by the delivery of the Advanced Manufacturing Centre (AMC) and the positioning of Ireland as an innovative destination for new products and services across digital and connected health, and platform technologies. Opportunities may also arise as a result of supply chain reconfiguration in the sector.
- + In Engineering & Industrial Technologies, there will be opportunities among companies in industrial automation, packaging and engineering design who sub-supply into the Life Sciences sector and among companies that support digitisation across the wider economy. The renewable energy space will present growth opportunities, as will activities linked to connected and autonomous vehicles should the automotive sector rebound.

Figure 2: Sectors, Trends and Opportunities

CORE IDA SECTORS



AREAS OF OPPORTUNITY



To capitalise on these opportunities and ensure the viability of their mandates in Ireland at a time of uncertainty and change, IDA will partner with existing clients on their growth agendas to identify and deliver expansion investments. IDA will also engage with new name investors to win investments to contribute to the next generation of FDI for Ireland and help provide the foundations of sustainable growth further into the future. As new business models emerge in the aftermath of Covid-19, we will identify opportunities among fast-growing early stage MNCs within and beyond our core sectors of focus, particularly in areas where technology change presents new opportunity for investment. Our approach will be supported by the development of strategy implementation plans for each sector and territory. IDA will also continue the roll-out of a refreshed value proposition for Ireland, highlighting established factors of strength such as talent and EU market access, while also underlining factors of heightened importance such as stability and resilience on which Ireland performed strongly during the Covid-19 crisis

To support the resiliency and dynamism of FDI in Ireland, IDA will build upon the progress made under the Winning 2015-2019 strategy to diversify our source markets for investment. The United States, as the world's largest economy and innovation leader, will remain a key market as we target job creating investment opportunities arising from disruptive innovation, digital transformation and environmental sustainability. However, IDA will also leverage opportunities arising from Brexit, as well as the increased focus on resilience and business continuity, in winning investment from Europe, the UK, and Asia-Pacific. IDA will aim to capitalise on the expansion potential from the new name Brexit investments secured since 2016 as these companies build out their Irish operations. We will continue to seek to win new name investments from companies who would previously have chosen the UK as their European base. We will aim to grow the base of clients from Asia-Pacific in Ireland, building upon the strategic projects secured in recent years and on the international ambitions of target clients. We will build awareness of Ireland's value proposition in locations with significant potential as FDI source markets with a particular focus on South Africa, South America, Russia, Israel, Turkey and UAE.

To help address specific national development goals, IDA will partner with agencies such as Science Foundation Ireland (SFI) and Enterprise Ireland (EI) and key stakeholders such as the Ireland Strategic Investment Fund (ISIF) to win high impact investments of significant scale. These unique and capital-intensive investments, for example a landmark RD&I project, would have the potential to act as a catalyst to address a specific and tightly defined national development goal. Our approach will be defined in the development of the implementation plan for the Driving Recovery and Sustainable Growth strategy and aligned to the National Economic Plan and other relevant Government policies. All investments secured by IDA are won in a fiercely competitive environment and have an immensely positive impact on Ireland's economy and society. The 800 investments IDA aims to win from 2021-2024 will be based on the targeting of opportunities in core sectors and emerging areas, from existing and new clients, linked to Ireland's strengths. The high impact investments will involve an inverse approach: the identification of a national development goal, and the subsequent marketing of the investment opportunity to potential investors. IDA will work with SFI and EI to match national development goals to potential high impact investment opportunities, the identification of which will also be embedded in IDA's horizon scanning and pipeline development process.

Metrics to 2024

- + Win **800** investments
- + Support client job creation of **50,000**
- + Drive market diversification
- + Win **2** high impact investments

TYPES OF INVESTMENT

EXPANSION

Job creating or capital-intensive projects from existing client companies in new areas of activity.

NEW NAME

Initial job creating investments from client companies that have not previously invested in Ireland.

RD&I

Investments by client companies in standalone or collaborative R&D activity in Ireland.

TRAINING & UPSKILLING

Investment by client companies in skills development to support transformation and to secure existing and support future growth.

SUSTAINABILITY

Investments by client companies that contribute towards addressing the climate crisis and supporting the green transition.



TRANSFORMATION

Partner with clients for future growth in Ireland

Objectives

Under the Transformation pillar of Driving Recovery and Sustainable Growth, IDA will:

- + support clients to increase their productivity, resilience and innovative capacity
- + support client investment focused on the training and upskilling their employees
- + embrace the future of work through collaboration with clients and key stakeholders
- + engage with clients on the addition or extension of RD&I to their mandates in Ireland

Initiatives

IDA will partner with clients on their mandates in Ireland to maintain their existing presence and to position them for future growth in a world of accelerating change and disruption as a result of Covid-19. The resilience and longevity of IDA clients reflects the ongoing need for MNCs to constantly transform their operations and renew their mandates in Ireland. The established employment base of IDA clients is a key national asset for Ireland's sustainable growth and, therefore, requires our continuing attention, particularly in light of the immediate challenge posed to the new name investment pipeline. Within IDA's diverse client base there are differing levels of future readiness. In the ten years to 2016 the range of productivity levels among clients was wide, with firms at the frontier found to be almost ten times as productive as those at the median.²³ Investment in training and upskilling of people, and in innovation in all its forms, can have potentially transformative impacts to drive productivity enhancements, which will be more important than ever as embracing new technologies and business models becomes a competitive necessity for the future viability of MNCs operations in Ireland.

To support clients in embracing the future of work, IDA has for the first-time set an organisational target of 130 investments in training and upskilling. Internal staff training is the top ranked way in which clients are fulfilling their skills needs.²⁴ These needs will intensify in the forthcoming period as technological advancement across all sectors changes the labour content of work, how people work, and the skills required by employees. IDA will therefore adopt a more strategic approach to supporting the upskilling needs of clients' employees. IDA will develop digital roadmaps for our sectors of focus and work with client companies to identify the investment and associated skills needed to enhance their digital and competitive capability. IDA has developed and will further refine our approach to training and upskilling investments and will put in place the necessary internal structures to support engagement with clients on this new area of focus. In recognition of the existing ecosystem already in place, IDA will endeavour to deepen our collaboration with education and training providers. We will continue to actively participate in the Regional Skills Fora, which provide a single point of contact in each region of the country for employers to connect and collaborate with the education and training providers as they seek to address emerging skills needs. IDA will engage with clients and the Regional Skills Fora to enhance this collaboration, particularly in the mapping of the existing skills base of clients with

²³ OECD, FDI Qualities and Impacts in Ireland, forthcoming

²⁴ IDA client engagement Q1 2019

the skills they will require to compete and succeed in the future. We also partner with clients on customised training programmes that support the continued success of their Irish operation within the wider global group, such as the ‘Leading with Strategic Intent’ programme for senior leadership teams in FDI subsidiaries developed in partnership with the Irish Management Institute. IDA will also examine potential new sources of EU funding to support clients in the enhancement of their digital capabilities.

To ensure FDI in Ireland remains a driver of innovation, IDA will engage with clients to support 170 investments in RD&I which is consistently the key area where clients are seeking to expand their Irish mandates.²⁵ The addition or enhancement of an RD&I mandate can help realise future growth opportunities, promote the creation of high paying jobs, and enhance the reputation of foreign firms’ Irish operations at corporate level. For example, clients in manufacturing who made the biggest productivity improvements from 2006-2016 invested intensively in RD&I.²⁶ IDA’s strategy implementation plans for each sector will identify RD&I opportunities across areas such as robotic process automation (RPA), AI and digitisation. IDA will review our value proposition for RD&I in light of intense international competition and identify areas for greater collaboration across the innovation ecosystem, for example with SFI. IDA will engage with colleagues across Government, including the new Department of Further & Higher Education, Research, Innovation and Science, on the development of the new national RD&I strategy to succeed Innovation 2020. These steps to partner with clients and key stakeholders will be essential to ensure that FDI in Ireland is positioned for future growth as technology adoption and digital transformation accelerate.

To enhance our ability to deliver on the ambition of the Transformation pillar, IDA will focus on the development of research and training organisations such as the Advanced Manufacturing Centre (AMC) and the National Institute for Bioprocessing Research and Training (NIBRT). The launch of the AMC over the course of the Driving Recovery and Sustainable Growth strategy will enhance Ireland’s capabilities as a location for advanced manufacturing and safeguard our existing discrete manufacturing base. The AMC will foster increased levels of collaboration on training, technology and testing across MNCs, Irish enterprises, and the interlinking of the research and education systems. It will provide a space for MNCs and SMEs to trial, adopt, deploy and scale new technologies at a time of accelerating digitisation. The scaling of NIBRT to build new capacity in research, training and technical process development aligns to the evolution of the sectors innovative product offering in ATMPs, supporting Ireland’s value proposition in CGVT. This will be essential to support the next generation of RD&I investment in Biopharmaceuticals, building on our success in winning biologics projects in the previous wave of innovation in the sector.

Metrics to 2024

- + Support **130** training and upskilling investments
- + Support **170** RD&I investments
- + Support cumulative client RD&I investments of **€3.8bn**
- + Grow client training and upskilling investments to **€100m**

²⁵ Ibid

²⁶ OECD, FDI Qualities and Impacts in Ireland, forthcoming

REGIONS

Win investment to advance regional development

Objectives

Under the Regions pillar of Driving Recovery and Sustainable Growth, IDA will:

- + Win investment to propel recovery and support development in each region
- + Partner with existing regional clients to transform through innovation and upskilling
- + Develop clusters to support transformation, spillovers and linkages.
- + Collaborate with clients and stakeholders to facilitate remote working opportunities
- + Continue to roll-out our essential regional property programme

Initiatives

Regional development is at the centre of IDA’s new strategy. IDA is committed to the pursuit of more balanced, compact regional development which can deliver complementary efficiency and equity gains, with the overall impact of helping to advance national development. We will target half of all investments (400) from 2021-2024 to regional locations and maintain the same high level of investment as targeted in IDA’s previous strategy for each region of the country. FDI cannot be the sole contributor in addressing the challenges facing Ireland’s regions – from Brexit to Covid-19, digital transformation to the climate transition – but it can have a significant impact in propelling economic recovery and realising more balanced growth. IDA client companies directly employed almost 145,000 people outside of Dublin in 2020.²⁷ Combined with indirect employment of 116,000, an estimated 260,000 jobs in the regions were supported by FDI in 2020.²⁸ Clients in regional locations had an annual spend of €7.9bn on payroll, €2.7bn on Irish services and €2.2bn on Irish materials in 2019. They contributed a further €1.3bn on in-house R&D. These linkages support diverse, innovative and vital local economies. Amid an uncertain economic outlook following declines in output not seen outside wartime, IDA’s first priority is to stay close to and partner with our existing client portfolio on transformation to preserve their immense contribution to regional development through increased innovation, productivity and resilience.

Table 1: Impact of FDI in Regions

REGION	PAYROLL (€M)	IRISH SERVICES (€M)	IRISH MATERIALS (€M)	IN-HOUSE R&D (€M)
BORDER	470	253	413	47
MID-EAST	1,056	374	261	137
MID-WEST	1,502	288	250	250
MIDLANDS	404	72	49	94
SOUTH-EAST	621	221	187	129
SOUTH-WEST	2,377	986	623	295
WEST	1,442	523	393	354
TOTAL REGIONS	7,872	2,718	2,176	1,306
DUBLIN	7,280	4,683	479	1,320
TOTAL	15,152	7,401	2,655	2,627

Source: DETE ABSEI 2019, survey of IDA clients with greater than 10 employees. Some companies have multiple operations in Ireland and in a small number of cases, respond for the entire group rather than at individual establishment level. This impacts the materials, services and in-house R&D spend, which are attributed to the region of the returning group entity. Due to rounding, some totals may not correspond with the sum of the separate figures.

27 DETE Employment Survey 2020

28 Employment multiplier of 1.8

Table 2: Impact of FDI on Employment by Region

	DIRECT	INDIRECT	COMBINED
BORDER	8,651	6,921	15,572
MID-EAST	18,396	14,717	33,113
MID-WEST	24,169	19,335	43,504
MIDLANDS	6,308	5,046	11,354
SOUTH-EAST	13,461	10,769	24,230
SOUTH-WEST	46,009	36,807	82,816
WEST	27,695	22,156	49,851
TOTAL REGIONS	144,689	115,751	260,440
DUBLIN	112,705	90,164	202,869
TOTAL	257,394	205,915	463,309

Source: DETE Employment Survey 2020; employment multiplier of 1.8

The global competition for FDI is intense and will be an increasingly key feature of the global environment during IDA's new strategy as countries compete for investment to support economic recovery. It is in this context – of greater competition for potentially fewer projects – that IDA wins investment for Ireland and engages with MNCs on the benefits of choosing regional locations for their investment projects. IDA's success in doing so has come despite the preference of MNCs to locate in large urban areas, including megacities and metro regions, and Ireland's lack of large urban centres outside of Dublin. Key to our success in the past and essential to our success in the future is strategic collaboration with national and local stakeholders on the enhancement of the regional value proposition for FDI. Together we must collaborate effectively to ensure that each region has the necessary conditions in place to foster enterprise and innovation and attract investment and talent.²⁹ The ambitious regional targets set by IDA under this strategy will not be achieved without the collective effort and collaboration of all stakeholders with responsibility for regional development to harness the strengths and address the weakness of Ireland's regions. The delivery of necessary infrastructure and property solutions, the availability of a skilled and future ready workforce, and an emphasis on quality of life and placemaking in each region are pre-requisites to winning continued investment from MNCs.

The national context for IDA's approach to winning investment for the regions is set by Project Ireland 2040 and the associated National Planning Framework (NPF), National Development Plan and Regional Spatial and Economic Strategies. Our Regions pillar also aligns with the objectives of the Programme for Government in relation to regional development. The overarching ambition of national policy on regions is to promote balanced, compact and sustainable growth outside of Dublin. The realisation of the strategic outcomes of the NPF, through the growth and development of regional cities and towns, would significantly enhance Ireland's value proposition to FDI and support emerging urban locations of scale to become future FDI growth drivers. The managed growth of Dublin, as Ireland's leading global city and a key attractor of investment and talent, will remain vitally important – the capital continues to win projects that otherwise would not locate in Ireland. Dublin is an engine of both national and regional growth, as evidenced by IDA's success in partnering with existing clients based in Dublin to expand into second sites in regional locations.

29 National Strategic Outcomes, National Planning Framework

IDA's new strategy represents a major contribution to national policy goals on advancing regional development. Despite a more challenging environment, we will maintain the same high level of investment as targeted in IDA's previous strategy for each region of the country, guided by the focus in the NPF on building stronger regions and centres of scale.³⁰ In setting targets for each region, IDA considered key attractiveness factors including:

- + critical mass of population and urban centres, in line with national policy,
- + skill and talent availability,
- + attractiveness, quality of life and placemaking,
- + industry specific clusters and ecosystems,
- + local infrastructure provision & connectivity,
- + availability of property solutions (public and private sector), and
- + alignment with IDA's sector and territory targets.

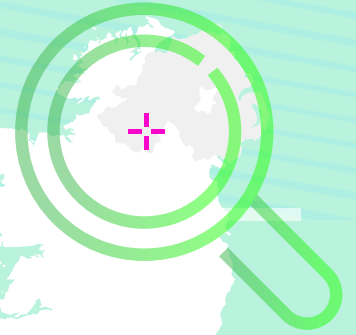
Despite a legitimate desire to ensure that all locations benefit from FDI equally, it is not a realistic proposition. Simplistic analysis which suggests population size or geographic area as means for calculating the proportion of FDI that a region is entitled to is flawed. All FDI has to be won against intense international competition and it is ultimately MNCs that will decide where FDI will locate. The criteria above are a summarised aggregation of the detailed criteria that MNCs use to make location decisions.

Local Authorities have a very specific role in placemaking, the provision of infrastructure and services and in ensuring that their regions are seen as attractive to FDI. IDA's ability to maintain existing levels of FDI and to attract new investment is dependent upon Local Authorities successfully and consistently taking actions in a planning and development context to improve the liveability of Ireland's towns and cities. This includes interrelated policies to ensure: critical population mass and density levels to support services and infrastructure; appropriate mix of housing solutions; access to multiple modes of transportation including public transport; walking and bike connectivity; and social and cultural amenities to support vibrant communities. Action in areas such as these is vital to ensure regions are attractive places to live, which is the fundamental bedrock to having the talent and skills base that can subsequently enable FDI attraction. Local authorities can act on placemaking to give Ireland's regions a competitive edge internationally, supporting smart-city technologies and ensuring Ireland is positioned as one of the best places in the world both to do business and to live. IDA will continue to work with Local Authorities in this regard. IDA Property Division will continue to seek and develop partnerships with key regional stakeholders including Local Authorities to ensure land, infrastructure and building permits are available in all regions. We will continue to work with Local Authorities where appropriate on advance planning permissions, which provide MNCs with greater certainty and predictability as they make investment decisions.

Based on the above criteria, we will win investment for the main regional cities and the regional growth centres identified in the NPF. Each region of the country includes either a city or a regional growth centre. We will also win investment for other locations that have the factors required to attract FDI, including areas of economic need. Combined with a continuing focus on delivering projects to Dublin that reflect its status as an international city of scale, these investments will propel recovery and advance balanced growth across the country.

³⁰ Refers to NUTS3 regions: Border, Mid-East, Midlands, Mid-West, South-East, South-West and West. Revised as per the 2014 Local Government Act with the movement of South Tipperary from the South-East to the Mid-West, and of Louth from the Border to the Mid-East.

BORDER



(DONEGAL, SLIGO, LEITRIM, CAVAN AND MONAGHAN)

There are 66 IDA client companies in the Border region, employing 8,651 people. The FDI performance in the region has been strong over the past five years with employment among IDA clients increasing by 18% as traditional strengths in sectors such as Engineering & Industrial Technologies and Medical Technologies were complemented by new investments from the Technology, International Financial Services and Life Sciences sectors. The Border region includes the regional growth centres of Letterkenny and Sligo. The region has fostered strong collaboration, for example through Sligo Institute of Technology's participation in NIBRT, the development of the Atlantic MedTech cluster, and Letterkenny Institute of Technology's engagement with client companies on the formation of a North West chapter of Cyber Ireland.

In our new strategy, IDA will build on the strengths and competencies of the region with a particular focus on opportunities arising in Life Sciences, Technology and services sectors. We will aim to take advantage of emerging technologies and business models, including home and hub working.

During the period of our last strategy, IDA delivered an Advanced Technology Building in Sligo and is on site at further developments in Sligo and Monaghan. IDA undertook upgrade work on our Business & Technology Parks in Letterkenny and Carrick on Shannon. IDA also partnered with Sligo County Council to develop the Western Distributor Road, opening up the 85-acre land bank at Oakfield.

IDA will deliver Advance Building Solutions in Letterkenny, Cavan and Sligo over 2021-2024, and an Advance Technology Building in Monaghan that is currently under construction. IDA has partnered with Leitrim County Council to secure planning permission for an Advanced Technology Building in Carrick on Shannon. Further upgrade works are designed and progressing on IDA Parks in Cavan, Donegal and Sligo. IDA plans to acquire additional strategic sites in the region for development.

IDA will target **25 investments** for the Border region in the period 2021 to 2024.

MID-EAST



(KILDARE, MEATH, WICKLOW AND LOUTH)

There are 97 IDA client companies in the Mid-East region, employing 18,396 people. The FDI performance in the region has been consistent over the past five years with employment among IDA clients increasing by 6%. Counties in the Mid-East also benefit hugely from the direct and indirect employment generated by IDA client companies located in Dublin. The Mid-East has a significant ecosystem of well-established companies across Technology, Life Sciences, International Financial Services and Engineering & Industrial Technologies. It has also won significant investment in the Food and the Film sub-sectors. The Mid-East includes the regional growth centre of Drogheda-Dundalk. The region is strongly supported by third level education providers, including Maynooth University, Dundalk Institute of Technology, IT Carlow's satellite campus in County Wicklow and Dunboyne College of Further Education.

In our new strategy, IDA will continue to market the Mid-East region drawing on existing assets, including property solutions and placemaking. We will focus on investment opportunities arising in services, high value manufacturing, and RD&I.

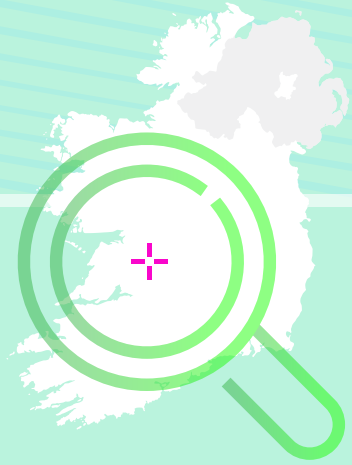
During the period of our last strategy, IDA delivered an Advanced Office Building in Dundalk and completed planning for an Advance Building Solution that will commence construction shortly. IDA undertook significant upgrade work on our Business & Technology Parks in Dundalk and at the Mullagharlin strategic site. IDA also acquired additional development land in Newbridge, County Kildare.

IDA will deliver Advanced Building Solutions in Drogheda and Dundalk over 2021-2024. IDA intends to partner with Meath County Council for the delivery of an advance planning permit for an Advanced Technology Building in Navan, Co. Meath to advance the location from an attractiveness perspective. Further upgrade works are designed and progressing on IDA Parks and IDA plans to acquire additional strategic sites in the region for development. IDA will work closely with the private sector in the Mid-East to secure the provision of appropriate and cost-effective building and property solutions for client companies

IDA will target **40 investments** for the Mid-East region in the period 2021 to 2024.

MID-WEST

(CLARE, LIMERICK AND TIPPERARY)



There are 143 IDA client companies in the Mid-West region, employing 24,169 people. The FDI performance in the region has been strong over the past five years with employment among IDA clients increasing by 29%. The Mid-West Region has an impressive base of existing FDI companies across key industry sectors, with recent investments of scale in Technology, Life Sciences and International Financial Services. The Mid-West includes Limerick, one of the four regional cities outside Dublin. The thriving, dynamic and innovative enterprise base in the region is supported by third level institutes of scale, the University of Limerick and Limerick Institute of Technology, and by SFI Research Centres. Other education providers include Shannon College of Hotel Management, and The Education Training Boards in Clare, Tipperary and Limerick. The Mid-West is home to Shannon Airport, which facilitates international, transatlantic connectivity and is an important infrastructure asset for FDI access across the western part of the country. Future Mobility Campus Ireland is also based out of the Shannon Free Zone and home to a number of existing IDA clients with activities linked to smart mobility.

In our new strategy, IDA will support the existing base of IDA clients and build on the strengths and competencies of the region with a focus on high value manufacturing, services and RD&I opportunities across a number of established clusters. Emerging technology trends have and will continue to create new opportunities across the region in areas such as mobility, green economy, sports technology, marine technology, data analytics, artificial intelligence and smart manufacturing.

During the period of our last strategy, IDA delivered an Advanced Building Solution in Limerick and commenced construction of the Advanced Manufacturing Centre in the IDA National Technology Park in Limerick. IDA undertook significant upgrade work at the National Technology Park and at Raheen in Limerick, and invested in strategic infrastructure in Limerick.

IDA will deliver an Advanced Building Solution in Limerick over 2021-2024, in addition to completing construction on the Advanced Manufacturing Centre in July 2021. Further upgrade works, and investment are planned for IDA Parks in the region to ensure a robust value proposition for clients, and IDA plans to acquire additional strategic sites for future development. IDA intends to seek out a partnership with Tipperary County Council for the delivery of an advance planning permit for an Advanced Technology Building in Clonmel to advance the location from an attractiveness perspective.

IDA will target **76 investments** for the Mid-West region in the period 2021 to 2024.

MIDLANDS

(WESTMEATH, LONGFORD, OFFALY AND LAOIS)



There are 44 IDA client companies in the Midlands region, employing 6,308 people. The FDI performance in the region has been strong over the past five years with employment among IDA clients increasing by 35%. The region has an impressive range of companies across all industry sectors, with particular strengths in Life Sciences, Technology, Global Business Services, International Financial Services, and Engineering & Industrial Technologies. The Midlands includes the regional growth centre of Athlone. The existing FDI base of client companies in the region continues to perform well in terms of their operational sustainability, job retention and ongoing transformation. The announcement in October 2019 that Athlone Institute of Technology is to form a consortium with Limerick Institute of Technology to develop a new technological university (TU) for the Midlands and Mid-West will further strengthen the potential of the region. The consortium formally submitted its application for the technological university to Government in November 2020.

In our new strategy, IDA will build on the strengths and competencies of the region with a particular focus on high value manufacturing, services and RD&I opportunities. Emerging technology trends have and will continue to create new opportunities across the region in areas such as data analytics, cybersecurity and smart manufacturing.

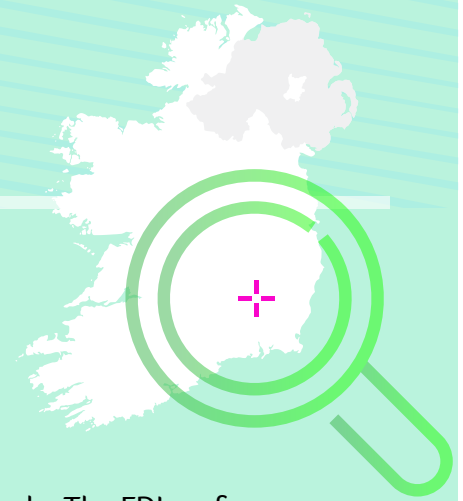
During the period of our last strategy, IDA delivered an Advanced Building Solution in Athlone, where IDA also undertook upgrade work on our Business & Technology Park and acquired additional development land.

IDA will deliver Advanced Building Solutions in Athlone, Longford and Mullingar over 2021-2024. In addition, IDA has partnered with Offaly County Council to secure planning permission for an Advanced Technology Building in Tullamore. IDA plans to acquire additional strategic sites in the region for development and will progress or commence upgrade works at IDA Parks in Athlone, Mullingar and Tullamore.

IDA will target **25 investments** for the Midlands region in the period 2021 to 2024.

SOUTH-EAST

(WATERFORD, WEXFORD, KILKENNY AND CARLOW)



There are 74 IDA client companies in the South-East region, employing 13,461 people. The FDI performance in the region has been strong over the past five years with employment among IDA clients increasing by 24%. The main clusters in the Region are in high value manufacturing with over 10,000 jobs within the Life Sciences cluster of companies spread right across the region. The region also has important clusters in Technology, Engineering & Industrial Technologies, and International Financial Services, which are complemented by research centres that help win new business and assist existing client companies with transformation. The South-East is home to the city of Waterford. The presence of Waterford Institute of Technology and Institute of Technology Carlow is a key asset to the region, and the proposed Technological University of the South-East will further enhance its educational profile, once established.

In our new strategy, IDA will work with stakeholders to enhance the strengths of the South-East region and to win investment that builds upon its existing clusters and innovative enterprise base.

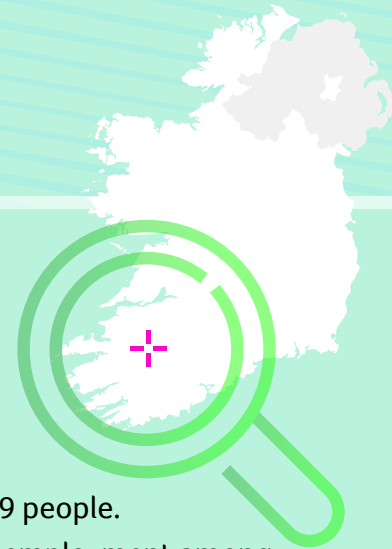
During the period of our last strategy, IDA delivered Advanced Building Solutions in Waterford and undertook significant upgrade work on our Business & Technology Parks in Kilkenny, Wexford and Waterford. IDA also invested in strategic infrastructure at Belview in Kilkenny.

IDA will deliver an Advanced Building Solution in Waterford over 2021-2024 and complete the construction of an Advanced Building Solution in Carlow that is currently at the procurement stage. Additional upgrade works, and investment are planned for IDA Parks in the region to ensure a robust value proposition for clients, and IDA plans to acquire additional strategic sites for future development. IDA will work with Wexford County Council with a view to seeking advance planning permission for an Advanced Technology Building in Wexford to advance the location from an attractiveness perspective.

IDA will target **40 investments** for the South-East region in the period 2021 to 2024.

SOUTH-WEST

(CORK AND KERRY)



There are 211 IDA client companies in the South-West region, employing 46,009 people. The FDI performance in the region has been strong over the past five years with employment among IDA clients increasing by 30%. The region has a strong Life Sciences sector supported by global business services, process engineering consultancies and a range of specialist service providers serving the industry. The region is also home to a large cluster of Technology companies and the largest number of International Financial Services companies outside of Dublin. A key driver of FDI in the South-West is the city of Cork, the development of which the NPF recognises as critical to enhancing Ireland's metropolitan profile. MNCs across the region are supported by industry focused third level institutions and internationally renowned research centres including University College Cork, Cork Institute of Technology (CIT), IT Tralee (ITT), the Tyndall Institute and a number of SFI Research Centres. The establishment of Munster Technological University (MTU) on January 1st 2021, through the merger of CIT and ITT, will further strengthen the South West's value proposition to FDI. The presence of Cork Airport in the South-West is a key asset to the region in attracting and maintaining FDI. Cork Airport provides an important route to market for IDA clients and a connectivity base from which to attract international talent and enable ease of access for clients' overseas corporate leadership.

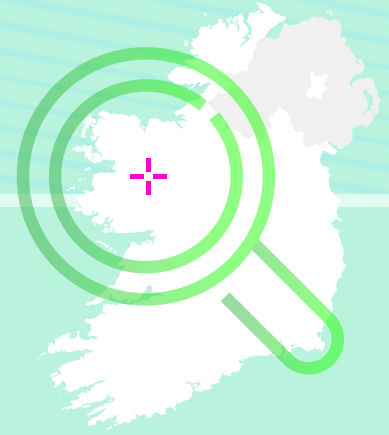
In our new strategy, IDA will focus on high value manufacturing, innovative technology solutions, and RD&I opportunities across a number of established clusters in Life Sciences, Technology, International Financial Services and Global Business Services, and Engineering & Industrial Technologies. Emerging technology trends will continue to create opportunities across the region in areas such as cybersecurity, data analytics, artificial intelligence, smart manufacturing, and new approaches to working such as home working and hub working.

During the period of our last strategy, IDA delivered an Advanced Building Solution in Tralee, and undertook significant upgrade work on our Business & Technology Parks in Cork, Killarney, Carrigtwohill and Mallow. IDA also invested in strategic infrastructure at Ringaskiddy in Cork.

IDA will deliver an Advanced Building Solution in Tralee over 2021-2024, while continuing to work closely with the private sector in the South-West to secure the provision of appropriate and cost-effective building and property solutions for client companies. Additional upgrade works, and investment are planned for IDA Parks in the region to ensure a robust value proposition for clients, and IDA plans to acquire additional strategic sites for future development.

IDA will target **118 investments** for the South-West region in the period 2021-2024.

WEST



(GALWAY, MAYO AND ROSCOMMON)

There are 120 IDA client companies in the West region, employing 27,695 people. The FDI performance in the region has been strong over the past five years with employment among IDA clients increasing by 35%. There is a significant ecosystem of well-established Life Sciences companies, which has helped drive strong cluster development. The number of people employed in software engineering, technical support, global business services and R&D in the Region has also grown considerably in recent years. The city of Galway is a crucial part of the West's attractiveness to FDI. The presence of third level institutes, the National University of Ireland Galway and the Galway Mayo Institute of Technology in Castlebar and Galway, are key to nurturing and producing the talented graduates required to help maintain and attract FDI.

In our new strategy, IDA will engage with existing clients on their growth and transformation agenda. We will also continue to market the region internationally, emphasising its unique strengths as a location in which to work and live.

During the period of our last strategy, IDA delivered Advanced Technology Buildings in Galway and Mayo. IDA also undertook upgrade work on our Business & Technology Parks in Mervue Galway, Loughrea Galway, and Parkmore Galway and on strategic sites at Oranmore and Athenry.

IDA will deliver Advance Building Solutions in Mayo and Galway over 2021-2024, while also working closely with the private sector in the West to secure the provision of appropriate and cost-effective building and property solutions for client companies. Additional upgrade works, and investment are planned for IDA Parks in the region to ensure a robust value proposition for clients, and IDA is currently engaged with Mayo County Council to progress a partnership to develop additional business park and strategic lands for future development. IDA Property Division plans to work in partnership with Mayo County Council to develop access infrastructure to lands in Ballina.

IDA will target **76 investments** for the West region in the period 2021 to 2024.

The 400 investments we will target under the Regions pillar will be a combination of expansion, new name, RD&I, and training & upskilling investments. Within these investment categories there will also be a number of sustainability investments. IDA will develop a regional strategy implementation plan in support of our regional targets, which will include a refresh of value propositions and marketing materials across each region to highlight their respective strengths and areas of opportunity.

The Regions and Transformation pillars of IDA's new strategy are closely interlinked. IDA will target transformative investments in RD&I and training and upskilling in regional locations. This reflects our priority to safeguard regional employment within the existing client base amid accelerating technological change, a challenging economic outlook, and the expectation that the number of new name projects will decline compared to the Winning 2015-2019 strategy. Manufacturing accounts for 67% of total IDA employment outside of Dublin, underlining the need for significant regional focus on transformation.³¹ Future employment growth in manufacturing will require the sector in Ireland to remain internationally competitive – with Industry 4.0 capability, both in terms of people and processes, a critical driver of that competitiveness.³² IDA will collaborate with clients and with national stakeholders such as the Regional Skills Fora to address challenges and act on opportunities associated with technological advancement in manufacturing and in the services sector, which accounts for a growing share of total and regional employment in the IDA client base and which is also being disrupted by digital transformation.

In support of the transformation agenda, IDA will collaborate with the Department of Enterprise, Trade and Employment (DETE), EI and other key stakeholders in the development of a roadmap for cluster development, building on the achievements to date of, for example, the cybersecurity cluster which has a national focus but a regional impact. The formation of clusters presents an opportunity to further strengthen linkages, collaborative innovation and productivity across MNCs, SMEs, the research system and the wider regional economy. This will complement enhancement of the Global Sourcing Programme to strengthen the already significant spillovers from FDI into regional economies as MNCs source local expertise, services and materials. Under the Sustainability pillar of our new strategy, IDA also intends to examine the opportunities associated with sustainable sourcing.

The Sustainability pillar of IDA's strategy includes a focus on supporting a Just Transition that promotes economic activity in regions and sectors most negatively affected by decarbonisation. In a regional context, IDA will continue to engage with and support the work of the Just Transition Commissioner in the Midlands, the Midlands Regional Transition Team and relevant stakeholders to identify employment generating investment opportunities, for example in manufacturing or renewable energy, that are aligned to the region's strengths. IDA will also actively engage with the new Shannon Estuary Taskforce on promoting economic activity in regions along the Shannon Estuary that were previously expecting development arising from fossil-fuel infrastructure.

The amount of people working from home increased significantly as a result of the Covid-19 crisis, having already been growing in prevalence in recent years amid technological advances and connectivity

31 DETE, Employment Survey 2020

32 Ireland's Industry 4.0 Strategy 2020-2025, December 2019

enhancements.³³ Nationally, a third of workers were working from home at the end of June.³⁴ 69% of IDA clients utilised remote working during the height of the Covid-19 lockdown in Q2 2020.³⁵ Remote working proved viable during the crisis and its usage is likely to accelerate as a result, supported by the accelerated roll-out of the National Broadband Plan. Although this new way of working will also introduce new locations as competitors for FDI internationally, it will present opportunities to advance regional development through the creation of jobs in regional locations that might previously have been more likely to be based in urban centres. IDA is actively participating in discussions with numerous stakeholders across Government including DETE and the Department of Rural and Community Development on the potential of remote working to create jobs across all regions. IDA's approach to remote working will be guided by and contribute to the inter-departmental development of the National Strategy on Remote Work, and the ongoing initiatives in this area by, among others, DETE in the delivery of Future Jobs Ireland and the Department of Rural and Community Development's new rural development policy for Ireland.

IDA will engage with clients and identify opportunities to promote the uptake of remote working with a view to supporting regional job creation. We will develop our value proposition for remote working projects, which have the potential to stimulate regional growth, widen the available talent pool for client companies, lessen capacity pressures in cities, promote better work-life balance and support the green transition. As part of these efforts, IDA is engaging with the European Commission on our ability to incentivise remote job creation under State Aid rules. IDA will build on our collaboration with clients and training providers in this space to date, for example online training programmes launched in 2020 to develop remote workers' capability, which were created in collaboration with SOLAS, Grow Remote and Laois & Offaly ETB. IDA's regional and sectoral implementation plans will include a focus on the opportunities to leverage remote working as a way of creating jobs that provide flexible and inclusive opportunities for people who face challenges participating in the labour force, for example due to a disability, or due to parental and care responsibilities. This focus aligns with IDA's promotion of FDI in the context of the UN Sustainable Development Goals, and with our values as an organisation.

Remote working has significant benefits for employers and employees, however IDA also continues to recognise the importance of hubs and centres as places of work. Productive and engaged workforces depend on a judicious blend of approach, based on the nature of their work and team dynamics. A number of IDA clients have successfully utilised blended approaches to allow employees to continue to cluster in locations where they can convene with colleagues. Blended approaches of this type also have positive environmental impacts through reduced commuting levels. IDA will partner with client companies to enable them to realise the potential of remote, flexible and hub working practices, including through the mapping and active marketing of remote and flexible working hubs in regional locations across the country which can facilitate blended approaches in workplace practices. As remote working evolves, and new business models linked to it emerge, IDA will endeavour to ensure, in collaboration with the wide variety of stakeholders engaged with the remote working agenda, that Ireland becomes a global leader in this space.

33 DETE, Remote Work in Ireland, December 2019

34 CSO, Labour Force Survey Q2 2020

35 IDA client engagement Q2 2020

The timely provision of appropriate, innovative and cost-effective property and infrastructure solutions that meet the needs of MNCs at the forefront of the modern economy remain essential to winning FDI. In a challenging, competitive and uncertain global environment, IDA's regional property programme ensures the supply of land, buildings and infrastructure in regional locations as required by current and prospective clients of both IDA and EI. A robust property and infrastructure ecosystem can be the key differentiator in winning FDI projects, as evidenced by the record regional results achieved under IDA's Winning 2015-2019 strategy. Over this period the regional property programme enabled the winning of capital-intensive project of significant scale to regional locations. The programme enabled new FDI projects in regional locations, including Aerie Pharma in Athlone and Meissner in Castlebar, Central Pharma in Tralee and provided the scope for long-standing strategic clients to reinvest in regional locations, including Johnson & Johnson in Limerick, Abbott in Sligo and Eirgen Pharma in Waterford.

The regional property programme is a significant driver of investment in quality building solutions in regional locations. The overall dynamic of the domestic commercial property market remains extremely challenging. Ongoing risk aversion, financing challenges and the uncertainty associated with Covid-19 and Brexit are all likely to continue to result in a lack of commercial property solutions in regional locations. IDA therefore must continue to intervene where market failure exists to ensure that the necessary property and infrastructure solutions are in place to maintain and attract FDI to regions in line with our strategic objectives and regional targets. IDA will also work with commercial property developers to market private sector solutions where they exist, such as in the regional cities of Cork and Galway.

The locations in which IDA will provide property solutions from 2021-2024 were chosen based on IDA's market insights developed through our regions and overseas network, our operational and sector understanding, our understanding of regional property markets and extensive analysis, engagement, review and consultation as well as macroeconomic considerations, existing clusters and available resources. Potential locations for development were evaluated on the key FDI attractiveness factors outlined above, while significant consideration was also given to the particular economic challenges facing certain regions.

Based on these considerations, IDA will deliver 19 Advanced Building Solutions (ABS) to regional locations over the course of our new strategy. As illustrated in figure 3 below, the planned building solutions have a geographical spread in line with the NPF, and also a particular emphasis on the Border and Midlands regions reflecting our strategic focus on supporting the necessary conditions to attract FDI in regions of significant economic need (e.g. with high exposure to Brexit). IDA will also partner with the private sector and Local Authorities to deliver buildings in key locations where appropriate. IDA will invest in significant infrastructure projects across our portfolio of Business and Technology Parks to upgrade and maintain these key assets in line with the evolving requirements of IDA and EI clients. IDA will also maintain a focus on land banks and utility intensive strategic sites to future proof the ability of our property portfolio to support the project pipeline, most notably large-scale capital-intensive projects which can have significant regional and national economic impacts.

Figure 3: Regional Property Programme 2021-2024



Shared Island Dimension

Enterprises across the island of Ireland have shared linkages and interactions and also share many of the same challenges and opportunities. As part of this interdependent relationship, IDA clients contribute to and benefit from cross-border networks, linkages and spillovers, such as those between Letterkenny and Derry and those between Drogheda-Dundalk and Newry. In a highly competitive global FDI environment, the attractiveness of locations on either side of the border to FDI is enhanced by the existence of significant cross-border infrastructure and connectivity, the availability of talent, and education and research links. IDA client companies in border counties recruit from talent pools on both sides of the border and have relationships with third level institutions both north and south. IDA's value proposition for border regions includes a focus on cross-border talent pools, demographics and education institutes relevant to the needs of the client. Key all-island sectoral concentrations have developed, for example among financial services and fintech firms along the Dublin-Belfast economic corridor. IDA, along with other stakeholders including client companies, EI, Invest Northern Ireland and InterTrade Ireland, is an active member of the Dublin to Belfast Fintech Corridor, which seeks to connect the fintech ecosystems in both jurisdictions.

Under our new strategy, IDA is committed to supporting the Shared Island mission set out in the Programme for Government to enhance, develop and deepen north-south cooperation and the all-island economy. IDA's investment targets in the Border, Mid-East and Dublin regions will support all-island economic activity and the continued development of cross-border linkages. IDA will engage with Government and key stakeholders on crucial and mutually advantageous cross-border competitiveness factors that are of importance to our clients, including air, road and rail infrastructure that enables all-island and international connectivity. The Programme for Government highlights the role the all-island ecosystem can play in addressing the major strategic challenges we face together, including economic recovery from Covid-19, Brexit, technological change, and the green transition. As we seek to deliver upon the ambitions of the Transformation and Sustainability pillars of our new strategy, IDA will collaborate with relevant stakeholders, including the Shared Island Unit in the Department of the Taoiseach, on the opportunities associated with collaborative north-south initiatives in areas such as education, RD&I, advanced manufacturing, and the climate and biodiversity crises. For example, all-island initiatives on advanced manufacturing research and training could help enhance the ability of manufacturing companies, which have a major economic impact in Ireland's regions and in Northern Ireland, to compete internationally amid the rapid sectoral changes associated with Industry 4.0.

Metrics to 2024

- + Win **400** investments for regional locations
- + Maintain record investment targets for each region
- + Substantially increase remote working jobs³⁶

³⁶ Work is underway to establish a new baseline for existing levels of remote working in the client base using the Annual Employment Survey carried out in conjunction with DETE.

SUSTAINABILITY

Embrace an inclusive and green recovery

Objectives

Under the Sustainability pillar of Driving Recovery and Sustainable Growth, IDA will:

- + Promote a sustainable approach to all investment
- + Support de-carbonisation and responsible production across the IDA client base
- + Win sustainability investments to drive a green recovery
- + Collaborate across Government on environmental sustainability
- + Promote environmental sustainability in IDA's own activities and specifically across our office and property portfolio

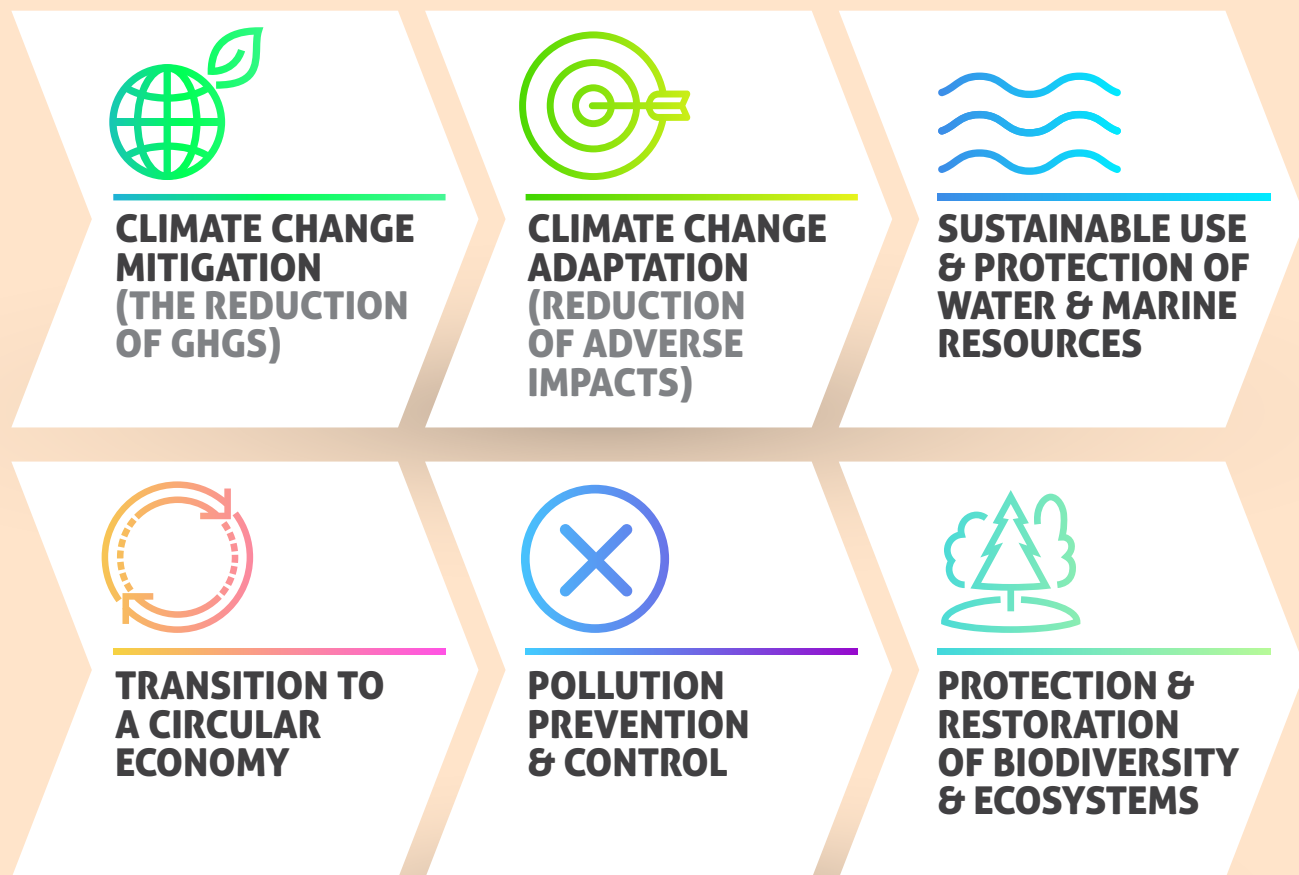
Initiatives

Growth that fosters an inclusive, sustainable, and resilient economy and society is a key demand and requirement for citizens in Ireland and around the world. For modern economies, and leading global companies, sustainability in all its forms is now a competitive necessity and, if embraced, a significant opportunity. Sustainability – across environmental, social and governance (ESG) factors – is therefore a common theme throughout Driving Recovery and Sustainable Growth and is threaded into each of strategy's five pillars. The UN SDGs, which provide a global framework and shared blueprint for sustainable growth, were a focal point in the development of IDA's new strategy. They will frame our approach to attracting and maintaining FDI in Ireland in a way that promotes and enhances sustainable growth across areas such as job creation, innovation, human capital, living standards, regional development and the environment. The strategy's five pillars will contribute to a number of inter-related SDGs, in particular SDG 8 on Decent Work and Economic Growth, SDG 9 on Industry, Innovation and Infrastructure and SDG 11 on Sustainable Cities and Communities. The Sustainability pillar has a major focus on environmental sustainability with objectives and initiatives designed to embrace the opportunities of a green recovery, which will contribute to SDG 12 on Responsible Consumption and Production and SDG 13 on Climate Action.

IDA will ensure the objectives of this strategy are aligned to, consistent with, and contribute towards national and international policies on environmental sustainability. Environmental sustainability is a key strategic imperative for IDA because, at a time of a climate and biodiversity crisis, companies and Governments alike are placing climate neutral and nature friendly actions at the centre of their growth agendas. Environmental sustainability, similar to digital technology, is becoming ubiquitous across all sectors of the modern economy. A sustainable, green recovery has the potential to improve quality of life and build economic resilience. The pursuit of climate resilience, nationally and at a sectoral level, is a critical part of the sustainable recovery envisaged under the National Economic Plan. IDA will ensure that FDI's contribution to economic recovery helps to support wider efforts to deliver a step-change in Ireland's climate action performance and a fair and equitable transition to a low carbon economy.

To support our clients in their sustainability efforts, IDA will for the first time set an organisational target for sustainability investments. We will focus on supporting investment that improves the sustainability of the established client base, and on winning investment in new sustainability related activities. IDA will engage with our existing client base to assess how best we can support them in pursuing investments that address environmental sustainability. We will identify clients who already demonstrate best practice and use them as examples to highlight the environmental and commercial benefits of engaging in sustainability right across the portfolio. In seeking investment in new sustainability related activities, IDA will engage with existing clients and target emerging companies as we seek to position Ireland as a home for MNCs at the forefront of the green transition. In line with the philosophy of a Just Transition, we will also examine the opportunities for sustainability investments within the sectors and regions most affected by the move to a green economy.

Figure 4: Sustainability Investment Framework



To ensure IDA can support MNCs in their environmental sustainability initiatives, regardless of whether their activities are manufacturing or services based, we will develop a strategic approach guided by the EU’s taxonomy for sustainable activities.³⁷ We will focus on investments that relate to: climate change mitigation (e.g. the reduction of greenhouse gases); climate change adaptation (the reduction of adverse impacts); sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems. IDA will use this

³⁷ Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment

framework as a guide in the development of our sector level strategy implementation plans and in the targeting of sustainability investments. Illustrative examples of such projects include:

- + decarbonisation infrastructure (e.g. renewable energy generation across wind, solar and biomass)
- + emerging decarbonisation technologies (e.g. carbon capture and storage; green hydrogen)
- + digital technology enabled sustainable production (e.g. advanced smart energy systems; ag-tech enabled sustainable agriculture)
- + disruptive activities linked to the circular economy (e.g. renting and sharing business models; product design focused on life cycle approach)
- + smart mobility activities (e.g. connected and autonomous electric vehicles; mobility as a service solutions)
- + green finance (e.g. financing focused on climate innovation, renewable energy and ecosystems)
- + strategic value chains underpinning the green transition (e.g. data solutions; essential components or raw materials)

To achieve our ambition under this pillar, IDA will place an emphasis on collaboration. We will work with Sustainable Energy Authority of Ireland (SEAI), the Environmental Protection Agency (EPA) and Enterprise Ireland (EI) to help clients to understand their environmental impact and reduce their carbon footprint. We will collaborate with EI and across sectoral teams in IDA to develop a sustainable sourcing programme that benefits MNCs, SMEs and the environment. Through this collaboration we will also seek to promote the spillover of best practice environmental sustainability initiatives and technologies between foreign and Irish enterprises. To complement our focus on collaboration, IDA's strategy implementation plan will ensure we have the necessary internal structures and resources to succeed in this new area of focus for the organisation. We will engage with colleagues in the DETE and subject matter experts across Government to review the environmental sustainability related incentives and supports available to enterprise. We will examine potential new sources of EU funding, for example under the European Green Deal, to support clients and IDA in advancing environmental sustainability.³⁸

To ensure the agency reflects the ambitions of national policy and of client companies, IDA will enhance our own actions on environmental sustainability across our buildings and infrastructure projects. We will renew our commitment to improving IDA's energy efficiency and target a 25% improvement by 2024. IDA will explore opportunities related to renewable energy use across our property portfolio as we engage with DETE on the ambitious public sector energy efficiency and decarbonisation targets for 2030 as set out in the Climate Action Plan and the Programme for Government. IDA has a strong track record in this area and our actions in the period to 2024 will build upon our progress to date, which includes a 53.6% improvement in energy efficiency recorded in 2018 relative to 2009 baseline levels.³⁹ This performance positions IDA well on track to meet the 2020 public sector energy efficiency improvement target of 33%. IDA will continue to monitor and report on our progress, in collaboration with SEAI.

³⁸ European Commission, Communication at the European Green Deal, December 2019;

³⁹ SEAI, Annual Report 2019 on Public Sector Energy Efficiency Performance, February 2020

IDA's regional property programme will continue to embed sustainability through Leadership in Energy and Environmental Design (LEED) accreditation to deliver reduced carbon emissions and increased energy efficiency. We will continue to assess the potential for sustainability enhancements across IDA's Business and Technology Parks and utility intensive strategic sites in 36 locations around the country, building on successful initiatives to date which include simple yet impactful steps such as the installation of more efficient public lighting and an enhanced focus on sustainable modes of transport such as public transport links to business parks. We will support clients with operations on IDA sites as they pursue opportunities and address challenges related to environmental sustainability, including through collaborative engagement with key stakeholders.

In addition to our focus on climate action, IDA is also committed to protecting biodiversity and to the national efforts in this area following the Dáil's declaration of a Biodiversity Emergency in 2019. In the implementation of our new strategy, IDA will consider how we can play our part in supporting biodiversity. As a first step, IDA will pilot biodiversity measures on selected business parks in line with the emphasis on biodiversity in the Programme for Government and in support of policies such as the National Biodiversity Action Plan 2017-2021 and the National Pollinator Plan. IDA will also continue to engage with colleagues across the public and private sector to enhance our knowledge and exchange best practice on environmental sustainability, for example through our parent Department's Corporate Social Responsibility Stakeholder Forum.

Metrics to 2024

- + Support **60** client sustainability investments
- + Reduce IDA organisational carbon emissions in line with Government targets
- + Improve IDA's energy efficiency by **25%**
- + Pilot biodiversity measures on a minimum of 5 IDA business parks

IMPACT

Maximise FDI's positive impact on local businesses and communities

Objectives

Under the Impact pillar of Driving Recovery and Sustainable Growth, IDA will:

- + Increase client employment and direct client expenditure in Ireland
- + Expand and strengthen linkages between IDA clients and SMEs including through clusters, Global Sourcing, R&D joint ventures, and innovation collaboration.
- + Support clients and their employees in each region to thrive in the Future of Work
- + Drive FDI's contribution to Ireland's sustainability ambitions

Initiatives

The objectives, initiatives and metrics outlined in the Growth, Transformation, Regions and Sustainability pillars above are together designed to support the indispensable contribution IDA clients make to Ireland's economy and society. They will propel recovery and ensure FDI remains central to Ireland's success in the years of change ahead. In partnership with clients and key stakeholders, we will maximise FDI's impact across employment, the public finances, regional development, global value chain integration, innovation, and indigenous enterprise. We will support job creation and realise the opportunities of a transformative recovery that embraces the future of work and the green transition. We will advance compact and balanced development in each region of the country to safeguard and enhance FDI's vital contribution to the success of people and businesses across the country. In support of an inclusive recovery, we will work with stakeholders such as Enterprise Ireland and Science Foundation Ireland to strengthen the linkages between MNCs, SMEs, the research ecosystem and the wider economy. Deepening these linkages – in areas such as trade, labour mobility and innovation collaboration – will drive productivity spillovers and build resilience across foreign and Irish enterprises.

The Growth pillar will support FDI's impact on national employment. As companies pursue operational efficiencies and automate more activities, there may be heightened levels of job losses among existing clients through 2021 and beyond. The number of job intensive projects – which drive jobs growth in the IDA client base – are expected to fall and new name projects are likely to be harder to win and less job intensive. Despite these significant headwinds, IDA has set an ambitious job creation target of 50,000 to offset higher levels of losses within IDA's client base and to contribute significantly to national job creation goals. The investment and job creation targeted under the Growth pillar will further support recovery through a 20% increase in direct expenditure by IDA clients in Ireland across payroll, Irish materials and Irish services. IDA client spend on Irish materials and services is a vital source of demand for Irish SMEs and will be even more important in the challenging period ahead. IDA will seek to maximise spillovers and linkages between MNCs, Irish enterprises, academia and the research system through collaboration with EI, SFI and other key stakeholders. In recognition of the importance of MNCs as a source of demand for Irish SMEs, we will collaborate with EI to explore ways to enhance the effectiveness of the Global Sourcing Programme, in line with the ambition in Future Jobs Ireland to

strengthen linkages between SMEs and MNCs. IDA will also continue to actively engage with the OECD's FDI Qualities Initiative, which aims to measure the impact of FDI on inclusive and sustainable growth and seeks to develop policy tools to improve understanding on how to maximise the impact of FDI, including through strengthened linkages and spillovers between MNCs and SMEs.

The Transformation pillar will support FDI's impact on the future readiness of employers and employees in a world of accelerating change. IDA's targets for training and upskilling investments will support resilience among the 257,000 people employed by IDA client companies and contribute to national objectives on lifelong learning within the workforce. It will support growth in client training and upskilling investment to €100m, safeguarding employment and positioning client companies for future growth in their Irish mandates. The future growth of client companies will be bolstered by IDA's target of €3.8bn in cumulative RD&I investments. This will ensure that MNCs continue to drive business expenditure on RD&I in Ireland. The delivery of the AMC and the further development of NIBRT will support the future skills needs of employees and the innovative capabilities of their employers, while also contributing to enhanced spillovers between MNCs, SMEs and the research ecosystem. IDA will work with partners including SFI and continue to engage with clients on Government initiatives such as the Disruptive Technologies Innovation Fund (DTIF), to strengthen further MNCs impact on cutting edge research that act as a driver of competitiveness.

We will consider in partnership with DETE and relevant Government Departments how to enhance existing processes to better enable knowledge exchanges and collaborative learning, for example mentoring programmes between IDA clients and SMEs, IDA client led initiatives to help local enterprises transition to digital, and IDA client programmes with local schools. MNCs particularly during 2020, have become more important to SMEs in the context of providing digital technologies, platforms and other tools for trading online. The demand for technology skills also continues to grow across all sectors – companies are demanding increased levels of digital and technology training within workforces, and among graduates and applicants retraining for work. Ireland is well placed to leverage the presence of many leading MNCs, particularly technology companies, in these key areas. Effectively enabling these knowledge exchanges will require close collaboration with stakeholders including DETE, the Local Enterprise Office network through Enterprise Ireland, and the Department of Further & Higher Education.

The Regions pillar will support FDI's impact on each region of the county at a time severe economic difficulty. Our focus on transformative investments in training, upskilling and R&D in regional locations will support the maintenance of the existing FDI base in regional locations, which is a vital source of employment and economic activity. In partnership with clients and key stakeholders we will maximise the potential of transformation to enhance linkages and spillovers between MNCs and the regions in which they are based. The *Programme for Government* includes a focus on clustering to strengthen links between MNCs, SMEs, Educational Training Boards and third-level institutions to drive competitiveness, productivity and innovation in the regions. Cluster initiatives are among the most successful instruments for developing and supporting innovation in SMEs, allowing SMEs to collaborate more easily and to improve their absorptive capacity through the sharing of knowledge and best practice. The development and implementation of IDA's roadmap for technology clusters will strengthen links between MNCs and SMEs, providing an enabling environment for knowledge and technology spillovers that increase productivity among foreign and Irish enterprises alike. IDA will work

with EI and SFI to support the development of clusters that align with national priorities, enterprise strengths and transformative areas of opportunity including initial areas of focus such as cybersecurity, Connected Autonomous Vehicles and Medical Technologies.

The Sustainability pillar will support FDI's impact on the green recovery and Ireland's climate transition. Our targeted sustainability investments across a range of activities by existing and new clients will contribute to environmentally sustainable growth. These investments will support resilient and future-focused job creation, economic activity and innovation with tangible impacts on people and businesses across the country. In the implementation of our new strategy, IDA will be particularly mindful of the opportunity to leverage the Sustainability pillar in support of our wider efforts to deepen MNC-SME linkages, for example in relation to sustainable sourcing, and innovation collaboration focused on the green economy.

IDA's alignment to the SDGs will ensure that the investment we win over the next four years is associated with high quality jobs that provide decent pay, good conditions, a work-life balance, and inclusive opportunities for all. FDI performs relatively strongly in a number of these areas. The average salary in investments approved by IDA in 2019 was 21% above the national average annual earnings for full-time employees.⁴⁰ CSO research in 2019 found that there was slightly higher representation of women at senior levels in foreign owned enterprises than Irish owned firms.⁴¹ Although representation and pay disparities continue to exist, at foreign owned firms in sectors dominated by IDA clients, the average wages of women are growing faster than those of men.⁴² Foreign owned firms also have a higher a share of international employees, further promoting diversity in the workforce and society more broadly.⁴³ Diversity and inclusion, workforce development and community engagement are among the focus areas for the almost 9 in 10 IDA clients that engage with the CSR.⁴⁴ As part of their CSR activities, IDA clients are involved in collaborative initiatives such as the 30% Club on improving gender balance, and in sector specific programmes such as those promoting diversity in STEM.

Despite these positive indicators and actions, further improvement is vitally important to maximise business performance and to promote sustainable growth that is equitable and fair. In our new strategy, IDA will promote responsible business practices among our client base, in line with the SDGs and the OECD's Guidelines for Multinational Enterprises, to drive improvements. We will partner with and support MNCs in addressing issues highlighted in the Programme for Government and Future Jobs Ireland such as the need to close the gender representation and pay gap and to improve employment outcomes for people with disabilities. We will collaborate across Government and with key stakeholders to achieve further progress. IDA will continue to work with the Balance for Better Business Review Group to build on and accelerate progress towards gender balance. The Balance for Better Business Third Report published in December 2020 extended the group's focus to large MNCs in Ireland, setting targets for women in senior leadership positions to encourage progress towards 40% representation by end-2023 from a 2020 baseline level of 30%.⁴⁵ IDA participated in the

40 IDA Annual Report 2019; CSO Earnings and Labour Costs Annual 2019

41 CSO, Gender Balance in Business Survey, May 2019

42 CSO Foreign Direct Investment in Ireland 2018

43 Ibid

44 IDA client engagement Q1 2019

45 Balance for Better Business, Third Report, November 2020

business sub-group of the Department of Education's STEM Implementation Advisory Group and continues to input into implementation of the Phase 2 Action Plan of the Department of Justice and Equality's Comprehensive Employment Strategy (CES) for People with Disabilities 2015-2024. We will engage with DETE on the current National Plan on CSR and its forthcoming successor in emphasising the importance of sustainable, diverse and inclusive workplaces. We will track progress through our biennial client survey. IDA will also engage with DETE on the proposal in the Programme for Government to develop a set of well-being indices to complement existing economic metrics. We will also build upon research by the OECD on the qualities and impacts of FDI in Ireland to broaden our understanding of how FDI affects progress and well-being.

Outcome in 2024

- + Increase Irish economy expenditure by **20%**⁴⁶
- + Support cumulative client RD&I investments of **€3.8bn**
- + Grow client training and upskilling investments to **€100m**
- + Partner on the development of **5 clusters** to support spillovers and linkages

Linkages with Irish SMEs

Strengthening FDI-SME linkages

Impact of FDI

Embedded throughout IDA's Driving Recovery and Sustainable Growth strategy is a focus on maximising the impact of FDI across Ireland's economy and society. IDA clients annual spend in the Irish economy includes €15.1bn on payroll, €7.4bn on services, €2.7bn on materials and €7.4bn on capital investment. This expenditure, spanning construction and property development to restaurants and bars to business services such as recruitment companies and law firms is vital, particularly in regional locations where IDA clients are often at the heart of local economies. Under the Impact pillar, as set out above, IDA intends to intensify our efforts to further strengthen linkages and spillovers between the MNCs we support and Irish enterprises, particularly technology driven, export orientated SMEs, many of which have been adversely affected by the Covid-19 crisis and also face exposure to Brexit.

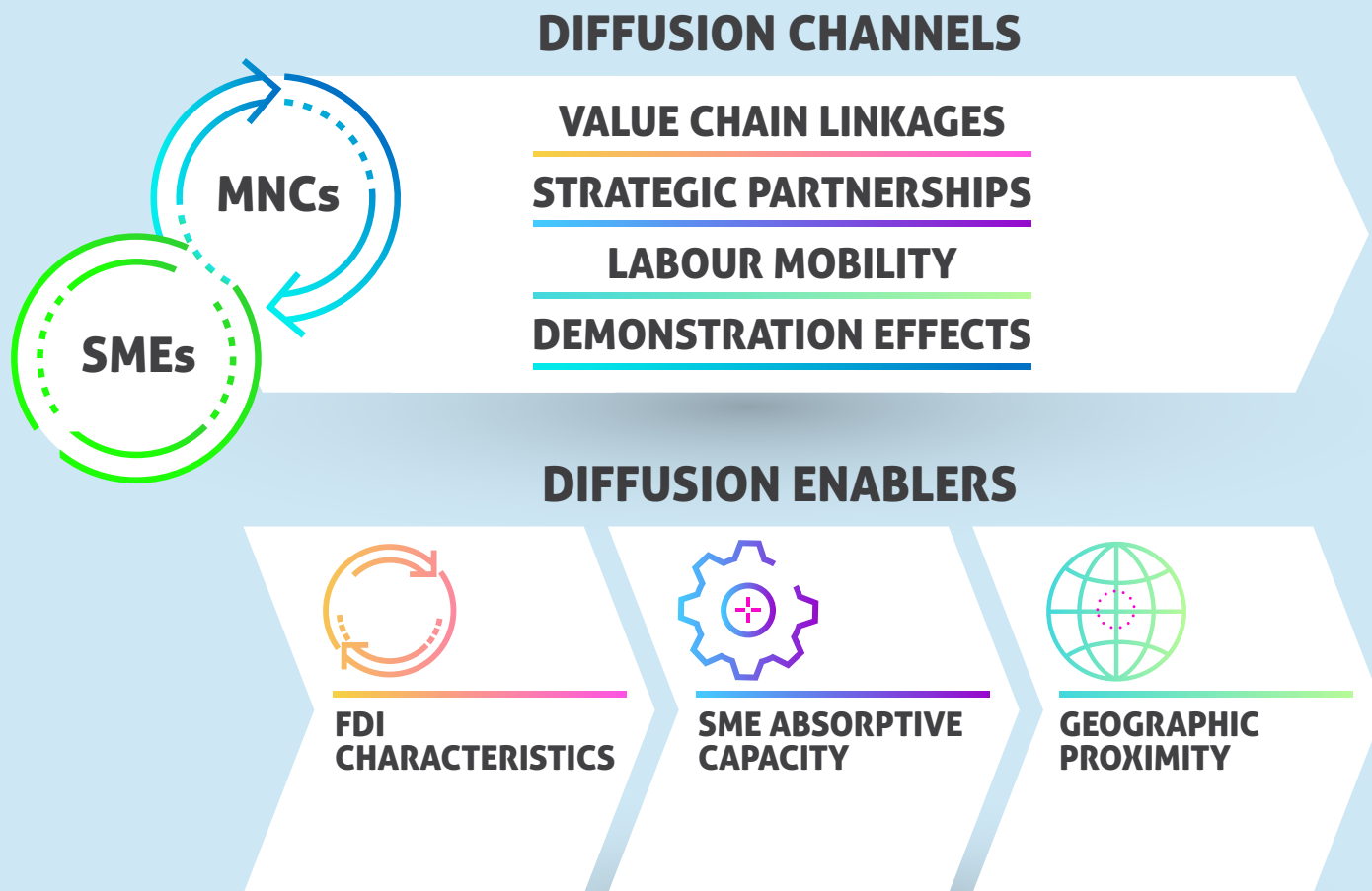
Diffusion Channels & Absorptive Capacity

There are a number of diffusion channels through which knowledge and technology spillovers from FDI can have positive impacts on SMEs. These include value chain linkages between MNCs and local suppliers, strategic partnerships in areas such as RD&I collaboration, labour mobility as characterised by the movement of employees between MNCs and SMEs, and competition and demonstration effects arising from the high international standards required of MNCs to compete globally.⁴⁷ Crucially, the magnitude and impact of these diffusion channels depends on a number of factors including the absorptive capacity of SMEs to benefit from the knowledge and technology spillovers generated by MNCs.

46 +€4.3bn on 2018 base

47 OECD, FDI Qualities Project, June 2020, concept paper on Enabling FDI diffusion channels to boost SME productivity and innovation in EU countries and regions: Towards a Policy Toolkit

Figure 5: FDI Linkages: Diffusion Channels & Enablers



Research conducted by the OECD highlights the significant productivity gaps that exist between domestic and foreign firms in Ireland, which impacts upon the ability of Irish SMEs to benefit from positive FDI spillovers. Although there is also a productivity gap among MNCs in IDA’s portfolio, Ireland is home to some of the world’s leading global companies who are deeply embedded in global value chains and are positioned at the global productivity frontier. The open nature of Ireland’s economy is one of its core strengths, and one which enables companies in Ireland – be they foreign or domestic firms – to source services, materials and technology from around the world. This further underlines the need for Irish SMEs to have the requisite absorptive capacity and capabilities to fully benefit from FDI spillovers.

IDA Action on Linkages

As recommended in the OECD report on FDI qualities in Ireland, IDA intends to work collaboratively with DETE, EI and across Government to support the development of domestic firms’ capabilities, which is essential to ensure we fully maximise the impact of FDI in Ireland. To improve our understanding of the nature of FDI-SME relationships in Ireland and to identify additional ways to strengthen the impact of FDI on productivity and innovation among SMEs, IDA is engaging with the OECD in their collaboration with the European Commission on the development of a Policy Toolkit to maximise FDI-SME diffusion channels.

It is important to emphasise that significant linkages and spillovers between MNCs and SMEs do exist today and are immensely beneficial to IDA clients, Irish enterprises and to communities across the country. As outlined in the Impact pillar, and in recognition of the different diffusion channels and enablers considered above, IDA will develop a number of initiatives to further strengthen these linkages and spillovers:

Sourcing: IDA will partner with client companies to identify opportunities for local sourcing to contribute towards efforts to enhance the resilience of their supply chains. Each of IDA's sectoral implementation plans will consider how to strengthen value chain linkages between our clients and SMEs, reflecting FDI characteristics and the variation in types of linkages and spillovers that exist between MNCs and SMEs across IDA's core sectors of focus. IDA will work closely with DETE and EI in the review of Global Sourcing, identify the potential for sustainable sourcing, and continue to involve EI supported companies in site visits and facilitate introductions between EI and IDA client companies.

Innovation: IDA clients consistently cite RD&I as the key area where they are trying to expand their mandate, while clients also cite RD&I collaboration among the types of interaction they have with the enterprise base in Ireland.⁴⁸ Within SMEs in Ireland there is a growing capacity to undertake RD&I and to gainfully participate in collaborative initiatives with MNCs. IDA's strategy will accelerate these joint collaborations. IDA's sectoral implementation plans will consider the potential for enhanced research collaboration between our clients, SMEs and relevant stakeholders in the innovation ecosystem including through initiatives such as the Disruptive Technologies Innovation Fund (DTIF). The launch of the Advanced Manufacturing Centre will enable increased collaboration between MNCs and SMEs as they trial, adopt, deploy and scale new technologies. Similarly, the scaling of the National Institute for Bioprocessing Research and Training (NIBRT) will provide a platform for increased linkages between MNCs and SMEs in emerging areas of opportunity in the Life Sciences sector. IDA will work with SFI to promote collaboration between our clients, SMEs and the research ecosystem and on identifying potential high impact investments with significant potential for spillovers and MNC-SME linkages.

Clusters: The identification and support of cluster development will contribute to each of the five pillars of IDA's strategy. Clusters can help create investment opportunities, enable transformation, advance regional development, promote sustainability and maximise the impact of FDI. Clusters provide a space for companies to discuss shared challenges and opportunities facing their industry, from innovative developments to evolving regulatory issues. IDA will develop a roadmap to establish formal clusters that bring together our clients and SMEs in a collaborative setting characterised by, and conducive to, knowledge and technology spillovers. The spatial and agglomeration effects arising from geographical proximity between MNCs and SMEs, particularly those with complementary capabilities, can enhance linkages and spillovers. SMEs in clusters can develop a competitive edge in a rapidly changing global environment, benefiting from the knowledge and technology spillovers that can arise through the concentrated presence of interconnected companies, specialised suppliers, high skilled workers, service providers and firms in related industries.⁴⁹ The enhanced spillovers and linkages enabled by clusters will move in both directions – IDA clients will also benefit from the sourcing of local knowledge and technology through cluster development.

48 IDA client engagement Q1 2019

49 OECD, FDI Qualities Project, June 2020; concept paper on Enabling FDI diffusion channels to boost SME productivity and innovation in EU countries and regions: Towards a Policy Toolkit

06

DELIVERING THE STRATEGY



Organisational Excellence

The delivery of the ambitions set out in IDA's Driving Recovery and Sustainable Growth strategy will require a repeat of the extraordinary achievements by IDA colleagues in exceeding our 2015-2019 targets. IDA teams across the globe will once again be tasked with supporting existing clients to grow and with winning new investment to drive recovery. The addition of new targets for training and sustainable investments will require the development of new competencies. IDA will aim to develop its internal capability to ensure the relevant IDA teams can effectively influence client digitalisation and sustainability related decision making and investment both at a local and at an international corporate level.

As we ask our clients to embrace the transformative potential of accelerating technological change, IDA will also transform the way we operate as an organisation. While technology is the engine of digital transformation, the transformation of organisational structures, business processes, procedures, and culture are required to fully leverage the potential of digital technologies. Digital transformation is business transformation. We will implement a Digital Transformation Programme to make IDA the most digitally enabled IPA in the world. IDA will aim to be at the forefront of digitisation, in line with the Government's National Digital Strategy. This will make IDA a more robust and effective organisation. Crucially the programme will enhance the client experience in their engagement with IDA, contributing to Ireland's global reputation as a digital leader.

IDA will enhance the management of our client portfolio, in recognition of the need to stay closer than ever to clients in a challenging environment. IDA's client base has grown considerably in recent years, from just under 1,300 clients in 2014 to over 1,600 in 2020, further underlining the need to prioritise portfolio management. We will develop our Client Development Programme, through which IDA partners with clients to develop a framework to research and identify opportunities to grow their mandate in Ireland. An improved customer relationship management (CRM) system and better utilisation of data collected by IDA into intelligent information, as envisaged under the Digital Transformation Programme, will enable IDA to be a more effective and efficient partner for client companies. New data analytics capabilities will also enable IDA to enhance our client targeting and pipeline building processes.

IDA will resource new areas of focus including the Transformation and Sustainability pillars. While both pillars will require stakeholder collaboration, enhancing IDA's competencies and capabilities to facilitate engagement with clients on training and sustainability investments will be critical. IDA teams will need to be in a position to support clients in identifying the skills needs of their employees and the most productive course of action. Similarly, IDA will need to build organisational knowledge and expertise in the winning of sustainability investments from existing and target client companies. Under the strategy implementation plan, we will put in place the necessary internal structures (e.g. dedicated teams, personnel, training) and identify the human and financial resources required for IDA to make a meaningful contribution to these new areas of focus.

We expect that the competition for FDI will be more intense than ever over the life of our new strategy. The strategy will also coincide with the expiry of the existing State Aid rules and the introduction of a new EU Multiannual Financial Framework (MFF). As a result, we will review our enabling powers, incentive programmes and value propositions to ensure that they are fit for purpose for the environment ahead.

Success will not be possible without the continued financial support of the Exchequer for IDA's activities. IDA is acutely aware of the fiscal challenge facing the country in light of the Covid-19 crisis, however we believe our resource requirements represent value for money and a productive investment in economic recovery. IDA appreciates the continued support of successive Governments in funding our critical activities.

IDA Ireland is funded annually by Government through the Department of Enterprise, Trade and Employment. IDA will continue to work with DETE and Government on its annual funding requirements for key aspects of our strategy. Specifically,

- + A key plank of delivering regional investments and jobs is IDA's regional property programme, which provides property and strategic site solutions to address market failures in regional locations. IDA estimates that a budget of €344m would be required over 5-years in order to deliver on the regional property strategy set out in this document. €52m was allocated to IDA Ireland towards our property function in Budget 2021.
- + IDA plans to develop an Advanced Manufacturing Centre, a national facility for MNCs and SMEs to trial, adopt, deploy and scale digital technologies. The estimated cost of the facility would be €29.6 million over five years to cover operational expenses and equipment. IDA has already committed €12.4m to deliver the building and cover the first year of its operating expenses from our existing budget. Government allocated €6.6m to IDA Ireland in Budget 2021.
- + IDA competes in a very challenging international market. The marketing and promotion of Ireland's value proposition, through world class media campaigns targeted at a C-suite audience is critical to Ireland's success in winning investment. IDA estimates that a budget of c.€10m per annum would be necessary to fund this activity. €10m of this was allocated to IDA in the Government's July Jobs Stimulus package and further funding was allocated in Budget 2021.
- + The estimated cost to put in place, through NIBRT, the infrastructure necessary to support Cell, Gene and Vaccine Therapies research and training would be €20.9m over the next six years.
- + €25m was allocated to the time limited Covid-19 Product Scheme in 2020, which is focused on medicinal products for Covid-19. A further €17m was allocated to IDA in Budget 2021.
- + IDA has set out an ambitious Digital Transformation Programme to enhance its capability as a world class Investment Promotion Agency. IDA estimates a potential cost of €8.6m across various interlinked initiatives.

In line with the normal budgetary process, IDA will review with DETE its budgetary requirements annually.

We will continue to ensure we meet our equality and human rights obligations, in line with the Public Sector Equality and Human Rights Duty.⁵⁰ We will remain engaged with colleagues across IDA to ensure they have the necessary supports to develop, succeed and realise their potential. We will continue to take proactive steps to enhance inclusivity at all levels of the organisation, following our progress in developing policies and initiatives across key pillars of diversity and inclusion: ability, gender, multicultural, LGBT+, and socio-economic. We will build on the work we have already undertaken and implement a new Diversity & Inclusion Strategy, currently under development in partnership with the Irish Centre for Diversity (ICD), to run alongside and in support of our 2021-2024 organisational strategy. IDA will report on our progress across these areas in our annual report, in which we will also continue to report on our contribution towards the UN SDGs.

As part of IDA's focus on the SDGs, we will collaborate with the United Nations Industrial Development Organisation (UNIDO) and the OECD on capacity building among IPAs in developing countries. IDA will share advice, assist in training and exchange best practice in FDI attraction, retention, impact and evaluation. This peer-to-peer learning will seek to support the development of robust and coherent investment strategies. As well as serving as a tangible demonstration of our commitment to the SDGs, this initiative contributes to national policy on international development cooperation and provides reflective learning for IDA as an organisation.⁵¹

Collaboration

Successful delivery of the strategy will require collaboration between IDA and key stakeholders across Government and the wider public and private ecosystem, all of whom are part of a team effort in the attraction of FDI to Ireland and the development of our value proposition. This includes Government Departments, State Agencies, Regional Assemblies, Local Government, companies, chambers of commerce, industry associations, employer and employee representative bodies, regulatory bodies, educational institutions, financial institutions, developers and professional advisors.

These partnerships were crucial in the successful achievement of all the targets under the Winning 2015-2019 strategy and in Ireland's response to the Covid-19 crisis throughout 2020. Our combined efforts will be more important than ever in delivering upon the ambition of this strategy in a challenging global environment for FDI. Collaboration is embedded within the Driving Recovery and Sustainable Growth strategy.

50 The Public Sector Equality and Human Rights Duty is a legal obligation, originating in Section 42 of the Irish Human Rights and Equality Act 2014. Further information on the Duty is available from the Irish Human Rights and Equality Commissioner

51 Government of Ireland, A Better World: Ireland's Policy for International Development, February 2019

For example, IDA will collaborate with:

- + The Department of Business, Enterprise and Innovation (DBEI) – our parent Department – on the delivery of this strategy and the wider National Economic Plan.
- + The Department of Foreign Affairs (DFA) at home and overseas, including the Embassy network to facilitate relationship building with key target clients.
- + The Department of Finance and the Department of Public Expenditure and Reform on priority issues that impact IDA client companies.
- + Enterprise Ireland (EI) – our sister agency – on maximising linkages between MNCs and Irish enterprises, under the Impact pillar.
- + Science Foundation Ireland (SFI) on transformative RD&I projects, and linkages between MNCs and the innovation ecosystem, under the Transformation pillar.
- + The Department of Education and Skills; the Department of Further & Higher Education, Research, Innovation and Science; and other key stakeholders including Higher and Further Education Institutions, the National Skills Council, Regional Skills Fora, the Expert Group on Future Skills Needs, the Higher Education Authority (HEA), SOLAS, Skillnet Ireland, and Springboard on the skills agenda and our ambitions under the Transformation pillar.
- + A wide array of stakeholders with responsibility for regional development, including the Regional Assemblies and City and County Councils, whose support will be vital to achieve our regional targets and to strengthen the regional value proposition, for example in placemaking, under the Regions pillar.
- + Subject matter experts including the Department of Communications, Climate Action & Environment, SEAI, the EPA, Eirgrid, Irish Water, SFI and EI on the green recovery and our ambitions under the Sustainability pillar.
- + The Department of Transport, Tourism and Sport; the Department of Housing, Planning and Local Government, the National Transport Authority, Transport Infrastructure Ireland, the Land Development Agency and other Departments, State Agencies and public bodies responsible for the delivery of key infrastructure requirements under the National Development Plan.
- + Stakeholders across the public and private sector on Ireland’s competitiveness, which remains the key determinant of our attractiveness to foreign investment.
- + The United Nations Industrial Development Organisation (UNIDO) and the OECD on capacity building among IPAs in developing countries.

The development of Delivering Sustainable Growth and Recovery was informed by the Programme for Government policy document and by several Government strategies including the forthcoming National Economic Plan, the July Jobs Stimulus, Future Jobs Ireland, Enterprise 2025, Project Ireland 2040, Innovation 2020, the Climate Action Plan, and Global Ireland 2025. Regional Spatial and Economic Strategies developed by the Regional Assemblies under the National Planning Framework also informed the development of IDA’s strategy, as did the numerous submissions we received from national and regional stakeholders during our strategy consultation period.

Competitiveness

A focus on Ireland’s competitiveness will be essential in providing the conditions in which IDA can deliver on the ambition of this strategy. As countries around the globe seek to win investments to ignite their recoveries,

Ireland will need to enhance its value proposition for FDI through an ongoing focus on cost competitiveness and investment in productive assets. IDA will engage with DETE, the National Competitiveness Council and other relevant stakeholders on Ireland's competitive position to maintain and attract FDI, across areas including:

- + **Cost competitiveness:** Ireland's cost competitiveness relative to competitor countries remains the key determinant of our ability to win FDI projects. Labour costs need to rise in tandem with productivity and cost pressures in areas such as housing and childcare need to be addressed.
- + **Public infrastructure:** sustainable long-term growth relies upon high quality and productive investment in infrastructure.⁵² The increase in public investment under the National Development Plan was a welcome development, as is the planned acceleration of the NDP.⁵³ The on-time delivery of key projects under the NDP and capital investment in areas such as housing, health and public transport remains crucial.
- + **Planning:** In a highly uncertain global environment, MNCs require as much certainty and clarity as possible in making investment decisions. IDA respects the independence of Planning Authorities in the granting of planning permission. However, as highlighted by the NCC, it is important that the planning process, including the appeal and courts systems, is not a source of additional uncertainty, but rather is as consistent and efficient as possible.⁵⁴
- + **Openness:** as an island nation with an open, globally focused economy, Ireland should continue to advocate for a rules-based international trading environment without unnecessary constraints on the movement of people, capital and ideas.
- + **Connectivity:** To credibly position Ireland as a location of choice for resilient supply chains, our transport infrastructure, and aviation and maritime routes need to be cost efficient, effective and reliable. The maintenance of international connections at Ireland's airports is essential to support our existing base of FDI and to enable future growth. Ireland's competitive position as a destination for manufacturing requires both the continued provision of cost competitive aviation routes, and road and maritime links to continental Europe – either through the UK land bridge or via direct sea crossings.
- + **Education and skills:** investment in Ireland's higher education and training ecosystem is of paramount importance. The appropriate funding of Higher Education is key to Ireland's continued success in attracting FDI. Ireland also needs to remain open to the international talent which complements highly skilled graduates from the Irish education system and forms a key part of our attractiveness to FDI.
- + **Digital capabilities:** the Covid-19 pandemic underlined the importance of digital capabilities among firms, Governments and citizens globally. Ireland can improve its competitiveness in this area through increased investment in digital connectivity, most notably through the accelerated roll-out of the National Broadband Plan, digital skills, and through ongoing investment in the provision of digital public services.
- + **Climate action and sustainability:** the improvement in Ireland's climate performance as envisaged under the Climate Action Plan and in the Programme for Government is essential if Ireland is to attract sustainable investment and realise the potential for a green recovery. Delaying action on climate change may be costlier in the long-run, although measures to achieve ambitious climate targets must be constructed in a way that enhances rather than hinders Ireland's competitive position.
- + **Tax:** the commitment by Government to Ireland's transparent and consistent 12.5% corporate tax rate is critical for continued success in attracting and maintaining FDI.

52 National Competitiveness Council, Ireland's Competitiveness Scorecard 2020

53 Programme for Government: Our Share Future, June 2020

54 National Competitiveness Council, Ireland's Competitiveness Scorecard 2020

07 CONCLUSIONS



At a time of economic and political uncertainty, following the unprecedented economic shock triggered by Covid-19, and in an extremely challenging global environment for FDI, IDA's Driving Recovery and Sustainable Growth strategy sets ambitious objectives to:

- + Win **800** total investments to support job creation of **50,000** and economic activity
- + Partner with clients for future growth through **170** RD&I and **130** training investments
- + Win **400** investments to advance regional development
- + Embrace the opportunities of a green recovery with **60** sustainability investments
- + Target a **20% increase** in client expenditure in Ireland to maximise the impact of FDI

The ambition of this strategy reflects IDA's assessment of the opportunities ahead and our recognition of the centrality of FDI to a resilient and sustainable economic recovery. Success will not be easy, nor is it guaranteed in such an uncertain landscape. It will depend upon the skill and knowledge proven tenacity of IDA teams around the world, on the support of Government, the provision of the required resources set out above, and on collaborative engagement with key stakeholders to maximise the impact of FDI on communities across the country.

The most important factor will be the continued success of our client companies. The commitment of IDA clients to Ireland has transformed our economy and society. IDA clients were key contributors to Ireland's recovery from the Global Financial Crisis and the subsequent period of rapid employment growth. Throughout the Covid-19 pandemic they provided resiliency to the Irish economy and critical goods and services to the world. In the period to 2024, IDA looks forward to building upon our relationship with existing clients and welcoming new clients to Ireland for the first time. As they identify and pursue growth agendas for the years ahead, IDA stands ready as a trusted partner on their journey.

Our focus in Driving Recovery and Sustainable Growth reflects the long-term goals of the National Economic Plan and of key national policies on enterprise, innovation and the environment. Most of all, it reflects and acts upon the mission of IDA as an agency: to win and develop foreign direct investment, providing jobs, economic impact and opportunity for the people of Ireland. As we respond to the challenges of Covid-19, the climate crisis and technology acceleration, this mission is as important as ever.

APPENDIX 1

Underlying Economic Assumptions

In the development of Driving Recovery and Sustainable Growth, IDA considered stylistic scenarios for the shape of the global economic recovery. These scenarios provided a framework to capture the potential impact of different recovery shapes on the global FDI environment and the resulting implications for Ireland. IDA's strategy assumes a slow, uneven 'U-shaped' global recovery. This assessment is based on analysis of economic data and guided by national and international experts.

The easing of public health restrictions in Q3 2020 led to improvements in economic activity in a number of countries, however the reintroduction of regional or localised public health restrictions in a number of countries this autumn illustrates the continuing risk Covid-19 poses to economic activity. A rapid recovery is unlikely due to a variety of factors including the current lack of treatments and/or a vaccine, persistent social distancing, the unprecedented scale of the economic shock in Q2 2020, and the resulting scarring effects on businesses and consumers.

Under the 'U-shaped' scenario, unemployment remains above pre-crisis levels through 2021 with precarious employment situations for many. Travel and labour flows recover slowly and any tentative return to pre-crisis behaviour is dependent on an improved public health situation. Output and production recover slowly and to different degrees across sectors. Greenfield FDI remains challenged through 2021 following substantial declines in 2020. In this scenario, a recovery to pre-crisis levels of greenfield FDI may take 2-3 years.

There are extraordinarily high levels of uncertainty around the shape of the economic recovery at a global, country and sector level. In this context, while a slow 'U-shaped' recovery is our baseline assumption, there is a significant degree of flexibility built within the strategy. Each of the five pillars address challenges, opportunities and emerging trends that will remain relevant in all recovery scenarios. IDA will continue to monitor the situation in our sectors of focus and our key source markets for investment. The formal review of the strategy at its mid-point in 2022 will allow IDA to make any necessary adjustments as the economic outlook and associated risks become clearer.

Figure 5: Illustrative U-shaped recovery (World GDP, Q4 2019 = 100)

