

Evidence for Invest NI's Strategic Response

*A paper providing an evidential basis, rationale and explanation
for Invest NI's 2024/2027 Business Strategy*

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Section 1 Introduction

Policy Context

The Northern Ireland (NI) Executive's **Programme for Government** and the Economy Minister's **Economic Vision** outline a comprehensive strategy to enhance Northern Ireland's economic performance and ensure sustainable growth. The economic vision focuses on four key objectives, notably, **raising Productivity**, **creating Good Jobs**, **reducing Carbon Emissions**, and **promoting Regional Balance**. However, across these objectives, there are a number of key economic development areas that emerge that Invest NI needs to address within its Business Strategy:

Areas of Focus

Entrepreneurship & Enterprise Policy focuses on the need for a stronger pipeline of startups and high-growth innovative businesses with external growth potential across NI. These businesses will generate the higher, more productive, future growth needed to support a lifting of living standards across the board. We need to build on the region's high survival rates for registered businesses and early-stage entrepreneurial activity, with significant progress in female entrepreneurship, to support and unleash the full potential of our current and budding entrepreneurs.

Innovation and Digitalisation Investment in innovation, research and development (R&D) is crucial for productivity and growth. Whilst NI's businesses and higher education establishments are actively engaged in innovation and R&D, with a strong emphasis on collaboration between companies and universities, we need more businesses innovating at every level. Technology, automation, and robotics have a key role to play, with digitalization offering significant productivity benefits across all businesses. The region has the tools to excel in open innovation, particularly among our small and medium-sized enterprises (SMEs) base.

Leadership and Skills Development Training and improved leadership and management skills are key to giving our businesses the tools and capability to exploit innovation and drive improved productivity. NI has the potential to significantly enhance management skills, which are currently below OECD averages¹. Successful development in these areas can lead to significant productivity improvements and positive impacts on exporting.

Global Ambition and Exporting As a small open economy, NI's market is not sufficiently big to create the economic activity needed to support sufficient living standards for our population. We need to compete and win in global markets. To this end, Northern Ireland's businesses are making significant strides in external and export sales. The region has a strong global presence, with key international markets supported by experienced staff and advisors. External markets, particularly Great Britain (GB), the Republic of Ireland (RoI), the US, and wider EU Markets, are vital for the region's future economic growth and success.

Sustainability and Green Economy NI have committed to achieving net zero greenhouse gas emissions by 2050, with interim targets for 2030. This is a significant, whole economy and society challenge. The region's energy strategy focuses on energy efficiency,

¹ Engagement with, and Impact of, Management and Leadership Training in NI SMEs, University of Ulster Economic Policy Centre, 2022

renewable energy, and the growth of the low carbon and renewable energy economy. Significant progress has been made in reducing energy and resource demand, increasing renewable energy generation, particularly from wind power, and exploiting market opportunities in the Green Economy, but much more is needed.

City and Growth Deals The City and Growth Deals and Complementary Fund investment will drive innovation and growth across NI. These investments will create global centres of innovation excellence, provide opportunities for collaboration, and develop infrastructure for decades to come. The combined funding from the NI Executive and UK government, along with private sector contributions, will total £1.2 billion across NI.

Sector Focus NI's economic strategy prioritises seven key sectors: Agri-Tech, Life and Health Sciences, Advanced Manufacturing, Materials and Engineering, Fintech/Financial Services, Software (including Cyber), Screen Industries, and Low Carbon (including Green Hydrogen). These sectors are targeted for their innovation, productivity, and export potential, with specific action plans to drive growth and close the productivity gap with the UK.

Regional Balance and Partnership The NI economy faces several challenges with disparities across employment, productivity, disposable income, and economic inactivity at a sub-regional level. Many of our sub-regions suffer from economic disadvantage despite all having potential for growth, and in many cases, there are areas of inequality common across neighboring councils, which suggests that collaborating and working together to tackle the problems at scale could be more effective.

Our Strategic Response

To help deliver against these objectives and areas of focus, Invest NI developed a **new Vision and Mission**, which we would deliver through **6 new Strategic Priorities**, around which we will frame our strategic response.

Our Vision

'Invest NI is recognised as a leading economic development agency, instrumental in driving a globally competitive, regionally balanced, sustainable, and prosperous NI economy through unlocking the potential of businesses across the region'.

Our Mission

'To work with businesses to accelerate their growth by increasing external sales and innovation, creating good quality jobs, boosting productivity and skills, growing inward investment and reducing carbon emissions'.

Our Strategic Priorities



This paper aims to provide the rationale for why these priorities have been selected and the outputs and outcomes we wish to influence through delivering these priorities.

Section 2 Boosting Business Investment

2.1 Where we are now

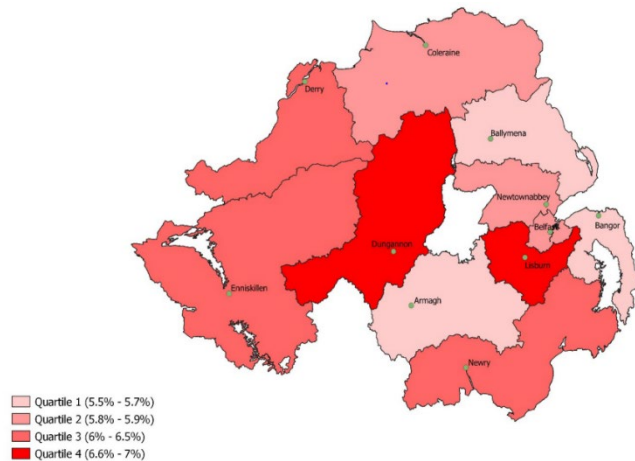
Our Economy

NI's economy and labour market has moved in an upward trajectory over the last 15 years (2009-2024), with Northern Ireland's Composite Economic Index² (NICEI) Increasing by c10% (annualised change) in that time to 103.9 for 2024, the working age (16-64) employment rate at 71.1% in May 2024, and unemployment at a low of 2%³. It should be noted that the NICEI only returned above pre-Great Recession levels of 2008 in 2022.

Proportion of firms with positive productivity growth in NI 2019-22

Source: Enterprise Research Centre & Queens University Belfast, Local Growth Dashboard 2024

In 2019-2022 examining job and turnover growth⁴, job creating enterprises in Northern Ireland achieved positive productivity gains (revenue per employee) on average of 6.1%, whilst turnover and employment are both increasing, turnover is growing at a faster rate, lifting productivity during this period.



Northern Ireland's labour productivity output per hour (current price (CP) Index (UK = 100) has increased comparatively against the UK average, from 86.2 in 2019 to 86.8 in 2022, but this comparative improvement has been minimal.

As is outlined in the graph below by the Office for National Statistics (ONS), regional labour productivity data relative to the UK 2022, shows the growth (dots) and the contribution (bars) of each region to the total output per hour growth.

In 2022, the Southeast and the Northwest contributed the most to UK output per hour growth compared with 2019. Northern Ireland, and Yorkshire and the Humber had stronger growth than the Southeast yet made a smaller contribution due to their relative sizes. Northern Ireland and Yorkshire and the Humber are smaller, and faster growth does not compensate sufficiently to overtake the impact of the larger regions on the UK total. Closing the gap with the UK average, therefore, will require much stronger productivity growth.

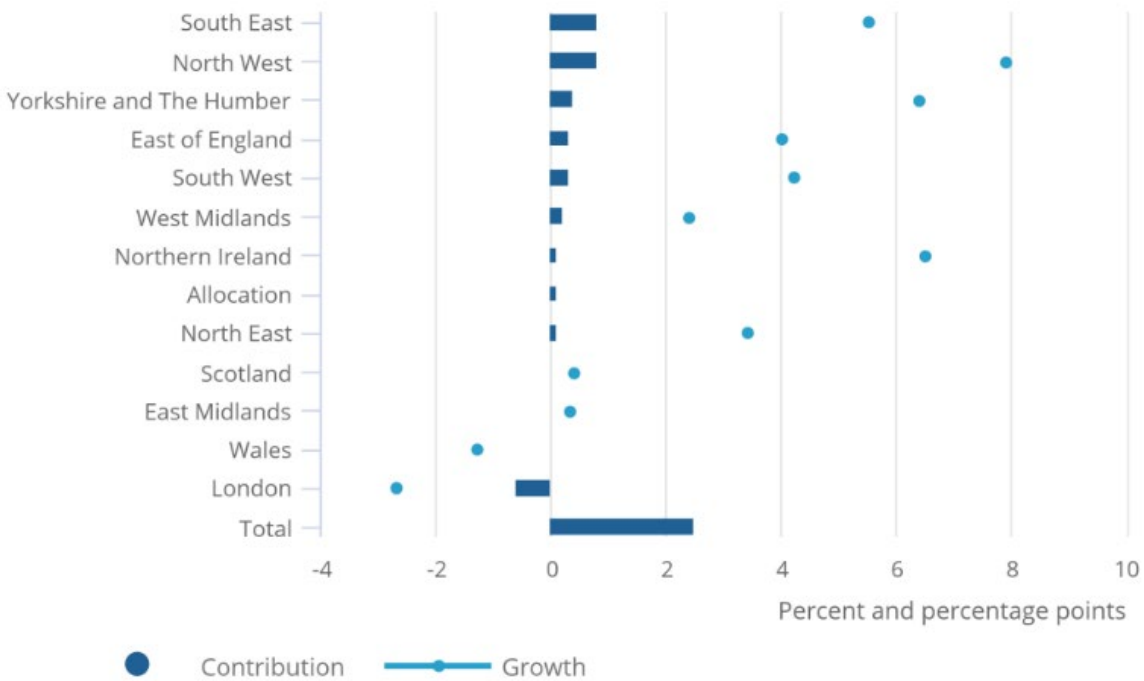
² <https://www.nisra.gov.uk/publications/nicei-publication-and-tables-q4-2024>

³ Northern Ireland Labour Market Report (nisra.gov.uk) July 2024

⁴ <https://www.investni.com/sites/default/files/2024-07/business-intelligence-economic-intelligence-local-growth-dashboard.pdf>

EVIDENCE FOR INVEST NI'S STRATEGIC RESPONSE

Contributions to UK growth in output per hour by International Territorial Level (ITL1) region, UK, 2022 compared with 2019



Source ONS Regional and Subregional Labour Productivity 2022

Public vs Private Sector

The Public Sector continues to provide a larger percentage of the NI economy and workforce in comparison to the UK average. In 1992, the NI public sector accounted for 37% of the workforce. This has reduced over the years to c31% in 2008 before reducing further to c27% in 2022. Whilst steady progress has been made, this remains significantly higher than the UK average of 18%. Allied to stuttering productivity, NI needs a larger, more innovative and productive Private Sector.

NI's Sectoral Structure

Northern Ireland has a range of [sectors](#) each with strong historic economic performance and many with world leading competitive advantage. Historically NI also has had a larger Agriculture sector than the UK average; sitting at c4% of NI's GVA in 2020, with this fluctuating between 0.5% and 0.6% approximately for the UK as a whole during the 2020's.

To drive future growth in a strategic way, NI must improve its sectoral balance, transitioning and increasing employment into high-value sectors. It means an enhanced focus on the region's [seven](#), most innovative, productive, and export-orientated priority economic sectors and clusters: Agri-Tech; Life and Health Sciences; Advanced Manufacturing, Materials and Engineering; Fintech / Financial Services; Software (including Cyber); Screen Industries; and Low Carbon (including Green Hydrogen). Implementing specific action plans for each [sector](#) will drive activity, investment, and support in the right way working to close the current

productivity gap between NI and UK, achieve an employment uplift with 'good jobs' (paying above the Real Living wage⁵) and developing an economy in line with the department's economic vision (economic vision outlined in opening section) and deliver economic benefit throughout Northern Ireland.

Entrepreneurship & Enterprise

Invest NI is committed to working in collaboration with Councils and wider economic development partners to boost start-ups, particularly Innovative Driven Starts-Ups (IDSUs) and established businesses with external growth potential. Latest business demography data released by NISRA (January 2024⁶), indicates that NI had the highest 5-year, 4-year and 3-year survival rates of the four UK regions for registered businesses with activated birth in 2017.



Source: NISRA, 2023

Latest data from the [Global Entrepreneurship Monitor \(GEM\) Northern Ireland report 2023/2024](#), shows Total early-stage Entrepreneurial Activity (TEA) in NI at its highest level at 9.7% (representing circa 1 in every 10 adults of working age 16-64) and is just slightly lower than the UK overall position at 10.7% and England at 10.8%. Female TEA in Northern Ireland is at an all-time high of 8.2%, continuing its increasing trend in the most recent years (it was 7.3% in 2022). The male rate in 2023 is 11.3%, also higher than that of 2022 (10.2%). More work is still needed to be done to close the differential of 3.1% between females and males rates in 2023.

2.2 What does the evidence say?

⁵ [What is the real Living Wage? | Living Wage Foundation](#)

⁶ [Inter Departmental Business Register | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#)

In summary, whilst the NI economy has shown steady progress and our unemployment rate is performing strongly, many issues remain within the NI economy that need addressed. We need to continue to support a more productive and larger private sector to help support the transformational investment change needed, lift living standards across our regions, and address long standing challenges, such as economic inactivity. Encouraging greater levels of enterprise and boosting investment in our local companies and entrepreneurship across our population. Whilst good work has been done in addressing our sectoral balance, we need more investment and support to transition employment into our priority sectors that offer the best opportunities for future, high-value growth.

2.3 How will we improve?

- Boost business investment across the Private Sector.
- Target this investment at the right areas – recognised **drivers of productivity** – tailored to NI's unique needs.
- Broaden and deepen our client base by actively seeking out businesses 'New to Invest NI'.
- Work with economic development partners and stakeholders to cultivate a more conducive entrepreneurial ecosystem.
- Develop Sectoral Plans to unleash those sectors with the greatest growth potential.
- Align sectoral and market opportunities with strategic assets, technology, cluster and business strengths to give NI the best chance of success.



2.4 Proposed Strategic Objectives

- Support a minimum of **5,000 productive investments** in businesses totaling **£1.75bn** across NI
(12% uplift on 2023/24 baseline)
- Increase **full time equivalent (FTE) employment** in Invest NI's **client portfolio** to **141,000**
(8% uplift on 2023 baseline)
- Increase **sales per employee** in Invest NI's **client portfolio** to **£245k**
(14% uplift on 2023 baseline – productivity proxy)

Section 3 Accelerating Innovation and Skills

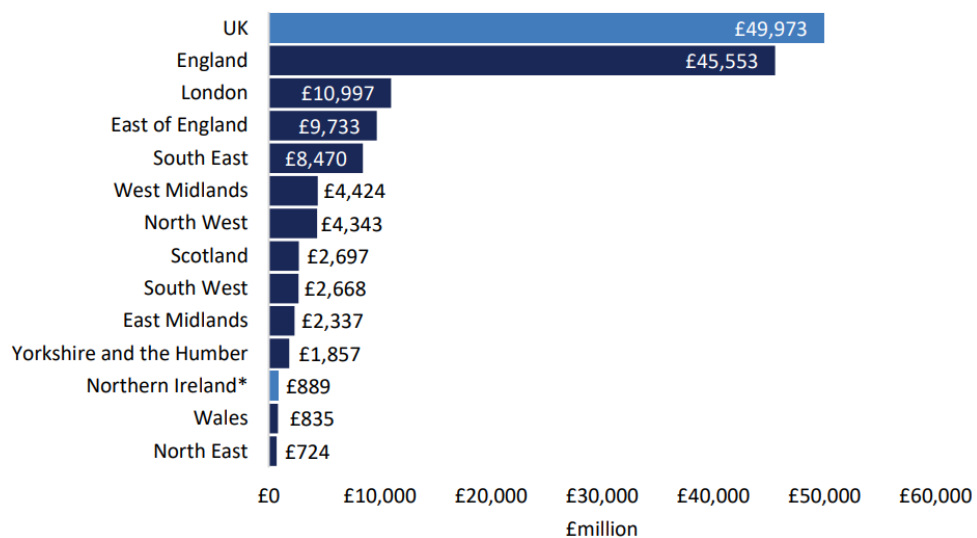
3.1 Where we are now

Innovation

Investment in R&D, and the innovation it induces, can positively contribute to productivity and growth. Development in technology such as AI and automation means that many firms will need to invest in innovative business models, as well as new goods and services in order to retain a competitive edge. R&D delivers the knowledge, insight, and experimentation used in developing innovations.

In 2023, the total expenditure on R&D in Northern Ireland (NI) in cash terms was £1,117.8 million (m). The majority of this, (75.2%) was carried out by Businesses (BERD), while 22.4% was undertaken by Higher Education Establishments (HERD) and 2.4% by Government Departments (GovERD). There was an increase of £104.6m in total R&D expenditure between 2022 and 2023. The increase of £96.3m in Business spend across the year accounted for the vast majority of the yearly change.⁷

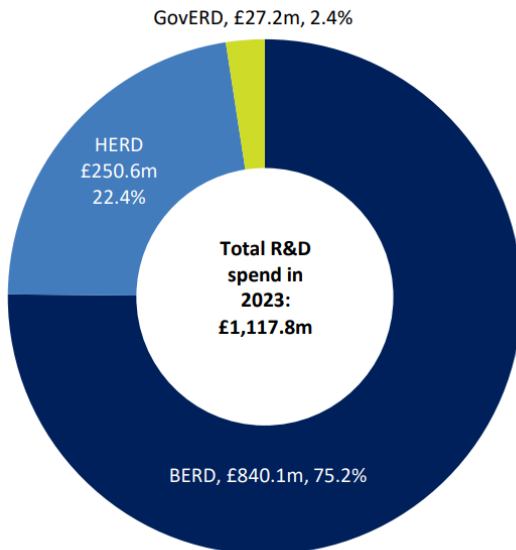
BERD Spend of UK businesses by Country or Region, 2023 (£millions)



Source: *Research and Development Activity in Northern Ireland Findings from the 2023 Northern Ireland Research and Development Survey*

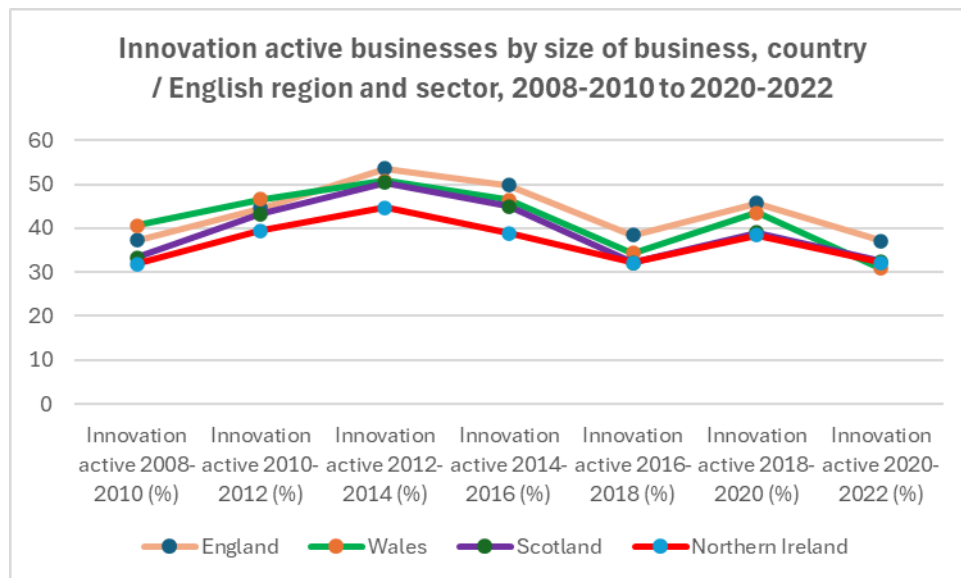
⁷ [Northern Ireland Research and Development Statistics 2021](#)

NI R&D spend in cash terms (£millions, % share), 2023



Source: Research and Development Activity in Northern Ireland Findings from the 2023 Northern Ireland Research and Development Survey

Over 2020-2022, 32.1% of NI businesses (with 10+ employees) were 'innovative active', compared to 36% of UK businesses were innovative active. 31% were either product or business process innovators. NI's innovation activity rate has remained fluctuating over the last 8 years.



Source: UK innovation survey 2023: report, Department for Business and Trade

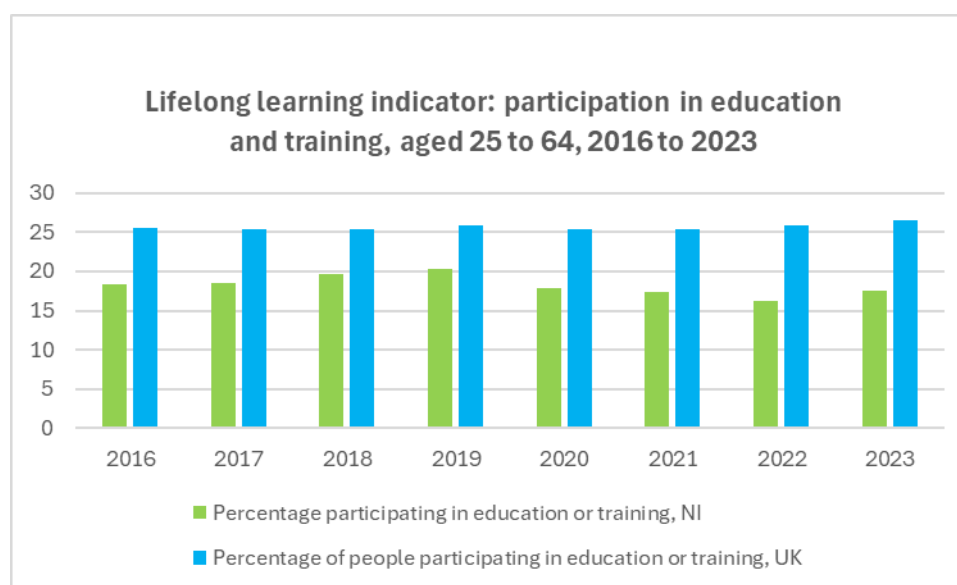
Digitalisation

The COVID-19 crisis has heightened the importance of SME digitalisation and served as an accelerator. Firms have moved operations online and implemented smart working solutions to remain in business during lockdowns and overcome disruptions in supply chains, with online platforms playing an instrumental role in connecting users to new markets, suppliers, or resources. Early evidence from business surveys worldwide points to up to 70% of SMEs having intensified their use of digital technologies due to COVID-19. Most of these changes are poised to last since some investments are irreversible, and the efficiency gains have now been demonstrated.⁸

SMEs recognise the opportunity for future growth that technology offers. 63% of SMEs believe that technology significantly improves their business performance (7-10 out of 10) with the top four benefits cited as reduced time spent on administration, increased productivity, increased revenue and a better customer experience.⁹

European Central Bank's Digitalisation and Productivity paper¹⁰ clearly provides a comprehensive analysis of how digitalisation influences productivity across firms and sectors, highlighting the positive influence that strategically implemented and well-ordinated digitalisation can exert on productivity.

Leadership, Training and Skills



Source: NISRA Lifelong learning indicator: % of people participating in education or training, NI and UK, aged 25 to 64

Training and improved management skills are key components for promoting and accelerating innovation and productivity. Management & Leadership (M&L) skills have been associated with

⁸ [The Digital Transformation of SMEs | OECD](#)

⁹ [Investing-for-Recovery-Supporting-SME-jobs-and-growth-through-digital-adoption.pdf](#)

¹⁰ [Digitalisation and productivity](#)

improved firm performance, including enhanced productivity, profitability and survival. Underperformance in these capabilities has been identified in NI. A lack of professional management within firms has been observed with managerial skill levels also noted to be lower than OECD averages, particularly in terms of numerical skills. The M&L skills of locally owned firms are particularly poor in comparison to multinationals based in NI, as well as domestic firms in other countries¹¹.

3.2 What does the evidence say?

In summary, Northern Ireland has seen an increase in R&D expenditure but still remain behind other UK regions with NI's innovation activity rate has remained fluctuating over the last 8 years. Innovation is central to a thriving economy. There is a clear link between those businesses that embrace innovation and the productivity of the company and our economy, and it is important that we continue to empower companies to become innovation-active and support and increase businesses to invest in research and development. By encouraging more companies to embed innovation in their business and take up more innovative processes and technologies, we can ultimately increase collective knowledge and deliver benefits for all of society.

Evidence underscores the significant impact that digitalisation can have on enhancing productivity. We intend to place greater emphasis on digitalisation as a means of supporting productivity growth across NI's business landscape. For the past seven years, the percentage of people participating in education or training in Northern Ireland continues to below UK's statistics. Successful Management & Learning development can result in a range of positive impacts on businesses. Evidence highlights productivity improvements, years following such training, along with efficiency gains, increased levels of process innovation and positive impacts on exporting.¹²

3.3 How will we improve?

- Empower companies to become innovation-active by supporting and increasing the number of new businesses investing in research and development.
- Establish streamlined innovation pathways through purposeful partnerships, enabling businesses to advance their projects and boost R&D intensity, commercialisation, collaboration, technology transfer, and knowledge spillovers.
- Expand resources and capabilities to accelerate digital transformation, with a focus on emerging technologies, automation, and artificial intelligence.
- Work collaboratively to align strategic talent pipelines, addressing current and future skills needs through initiatives such as Assured Skills Academies.
- Embed leadership, management, and skills development at the heart of business growth strategies.

3.4 Proposed Strategic Objectives

¹¹ [Engagement with, and Management of, Management and Leadership Training in NI SMEs \(ulster.ac.uk\)](https://www.ulster.ac.uk/engagement-with-and-management-of-management-and-leadership-training-in-ni-smes)

¹² [Engagement with, and Management of, Management and Leadership Training in NI SMEs \(ulster.ac.uk\)](https://www.ulster.ac.uk/engagement-with-and-management-of-management-and-leadership-training-in-ni-smes)

- Increase annual **R&D expenditure** within Invest NI's **client portfolio** to **£750m**
(21% uplift on 2023 baseline)
- Increase the percentage of Invest NI's **client portfolio** that are **innovation active** to **80%**
(6 pps increase on 2023 baseline)
- Develop, baseline and target **value added per FTE** in Invest NI's **client portfolio**
(new target tbd)

Section 4 Driving Global Ambition

4.1 Where we are now

External Sales and Trade

A strong trading performance was recorded by NI businesses in 2023 with total sales of £97.6bn in 2023^{13 14} representing an increase of 12.1% (£10.5bn) from £87.0bn in 2022.

External sales (sales to Great Britain (GB), Republic of Ireland (ROI), Rest of Europe (REU) & Rest of World (ROW)) for the same period was estimated to be £33.3bn, representing an increase of 15.7%/£4.5 billion from 2022 and unsurprisingly, medium and large firms (with 50+ employees) account for most external sales from NI.

Export sales (sales to markets outside the UK) are recorded at £16.2bn, representing an increase of 16%/£13.6bn from 2022.

Trading Partners

In 2023, NI home sales accounted for £64.2bn, followed by external sales to the GB market of £17.1bn (up 12.1% over the year).

Exports to ROI, NI's single largest export partner amounted to £8.6bn in 2023, an increase of 17.6% (£1.3 bn) over the year with sales to ROI higher than the combined total of sales to the REU.

Exports to REU (excluding ROI), were £2.6bn (+19.6%/£0.4bn over the year). Germany (excluding IE) was NI's top trading REU partner.

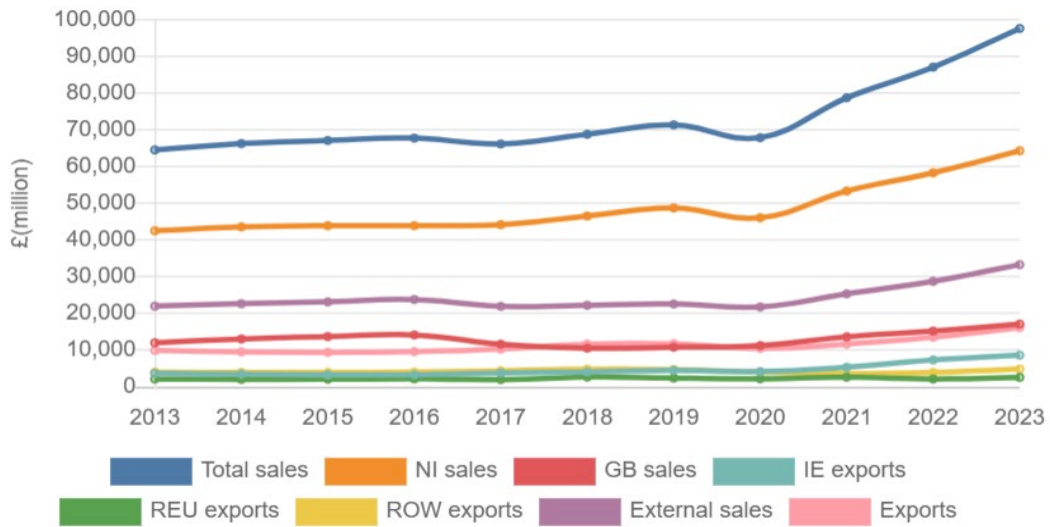
Rest of the World (ROW) export sales were £4.9bn (+22.9%/£0.9bn over the year) with the USA as NI's top export partner¹⁵.

¹³ [Northern Ireland Economic Trade Statistics 2023](#)

¹⁴ [Northern Ireland Economic Trade Statistics 2023 & Northern Ireland Annual Business Inquiry | The Northern Ireland Executive](#)

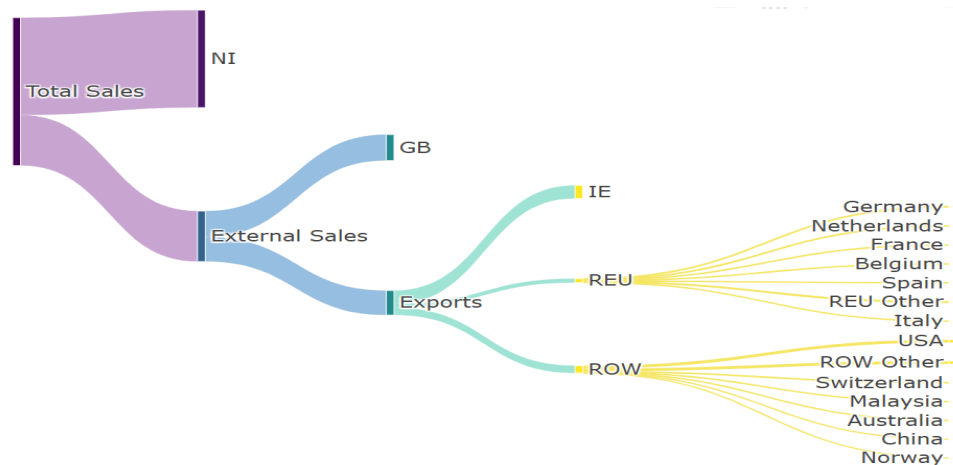
¹⁵ [NIETS|NISRA](#)

Value of Trade and Trade Partners 2013-2023



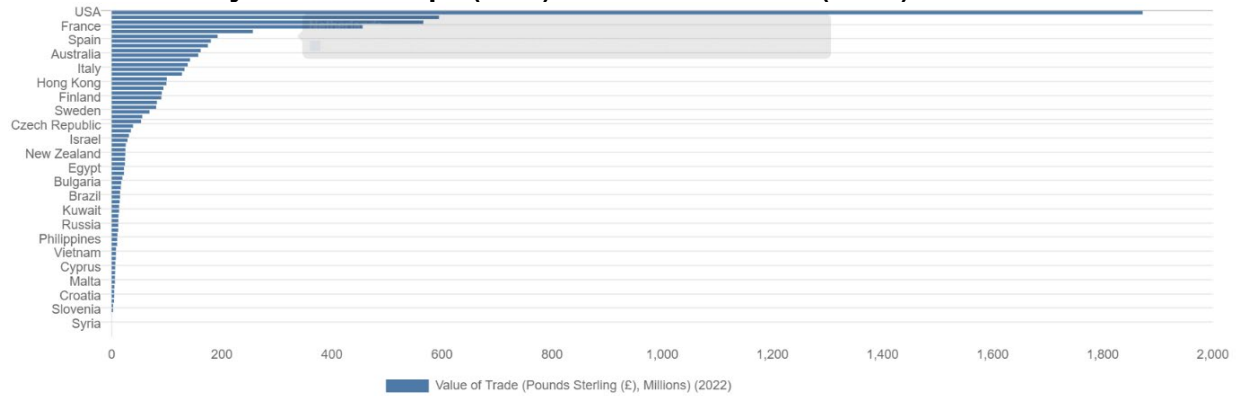
Source NISRA, Northern Ireland Economic Trade statistics 2023

External sales and Exports by Trade Partner 2023



Source NISRA, Northern Ireland Economic Trade statistics 2023

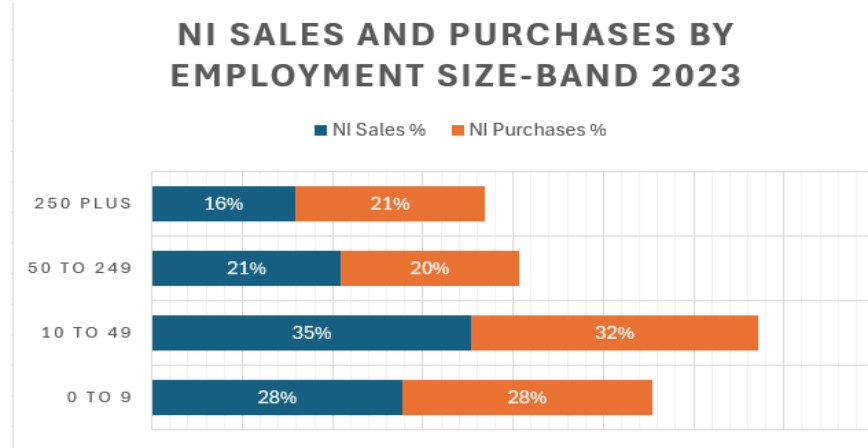
Value of Trade by Rest of Europe (REU) and Rest of World (ROW)



Source NISRA, NI Economic Trade statistics as of March 2024

Sales within the Northern Ireland market by Employment Sizeband

In 2023, NI's home market sales were recorded at £64.2bn, with large firms with 250+ employees generating 16% of these sales, with the combined employment sizebands of micro (0-9 employees) and small/medium (10-49 employees) generating 63% of home market sales.

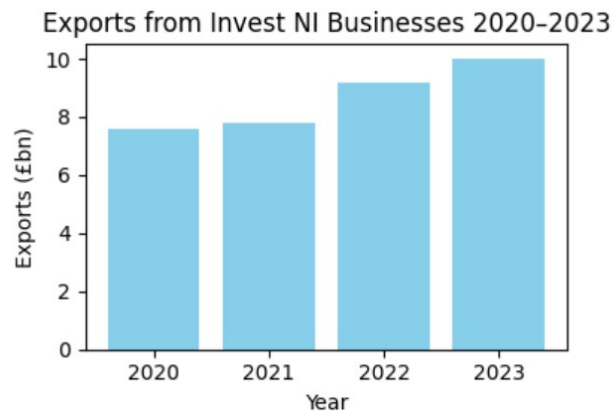


Source: NISRA 2023

Export intensity in 2023 continues to increase year on year with £16.2bn of total annual export sales in NI realised from around 12,492 businesses who export from NI¹⁶.

¹⁶ [Trade Intelligence - Invest Northern Ireland Trade Data Sources \(PDF\)](#)

Invest NI supported businesses delivered a strong export performance and in the 2023 period 1,365 of these businesses (11% of NI's total export active businesses) generated £9.2bn of all export sales¹⁷.



Source: Invest NI Trade Data 2024

Invest NI supported businesses key performance indicators 2023 shows a strong increase across Sales, External sales and Exports, with all three metrics increasing by at least 5% on 2022 figures.

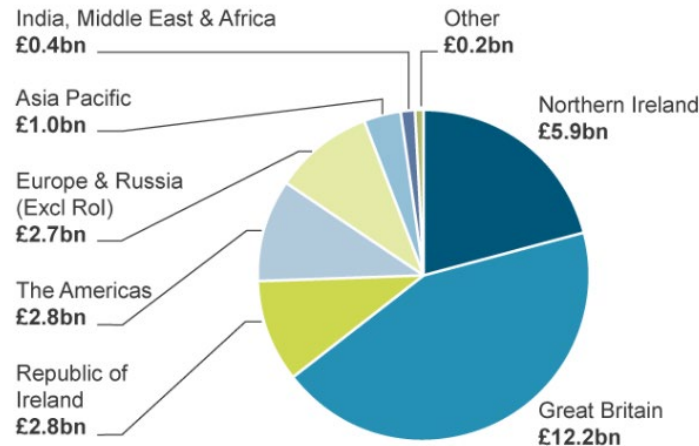
These supported businesses generated total sales in 2023 of £28.1bn of which 80% (£22.1bn) generated from external markets, with sales to GB accounting for 56% of total external sales. Just over a third of their total sales at £9.2bn was within export markets, with exports to the EU accounting for over 50% of all exports.

ROI remains an important export market for Invest NI supported businesses and during 2023 it was the largest export market for Invest NI supported businesses generating £2.8bn of export sales, followed by the export markets of United States at £2.4bn and Germany £0.6bn.

Invest NI supported businesses Sales by Market 2023

¹⁷ Invest NI Performance report 2019/20-2023/24 <https://www.investni.com/sites/default/files/2024-02/invest-ni-performance-report-2018-19-to-2022-23.pdf>

EVIDENCE FOR INVEST NI'S STRATEGIC RESPONSE



Source Invest NI 2023

Our Global Reach

Invest Northern Ireland has a strong global in market presence in key international markets supported by experienced staff and advisors with relevant market and sector experience. These are split across four primary territories, notably, [Americas](#), [Europe](#), Asia Pacific ([APAC](#)) and India, Middle East and Africa ([IMEA](#)).

Northern Ireland's established global identity and Invest NI's and NI's reputation as a trusted business partner, will help us realise the ambition to increase trade and inward investment within strategically important priority sectors in NI. Helping us to grow the industries of the future.



Demonstrating our Success – Inward Investment Secured by Invest NI

In the five-year period 2019-2024, as reported by Invest NI's Corporate Performance report 2024, total inward investment (DDI & FDI) secured by Invest NI was £823.49m (38% DDI & 62%

FDI) with 9,668 new jobs. First time (new) investment accounted for £352.97m and expansion investment accounted for £470.52m.

Investment flowed from the following countries / regions Great Britain 38.2%, followed by the USA 31.4%, the Republic of Ireland 13.5%, Canada 4.5%, and others at 12.3%.

In the 2023 period externally owned businesses supported by Invest NI realised sales of £12.4bn, employment of 63,840 people, external sales of £10.9bn and exports of £5.7bn.

Foreign Direct Investment

NI has attracted transformational foreign direct investment (FDI) and established investor growth since the Good Friday Agreement. In 2023 NI had 2,065 (2.6% of NIs total of 79,235 total registered businesses) foreign owned businesses (with FDI defined as non-UK). NI's FDI was secured due to the key strengths of proximity to major markets, a highly skilled workforce, well-established industry clusters, and strong technological innovation capability. Whilst FDI brings many benefits, the employment generated alone accounted for 23% of all NI employees in the 2023 period.

International companies setting up operations in NI increased by 15% over the five years to 2023 with over 67% of inward investors reinvesting. Of all foreign owned businesses in 2023, 20% (420 businesses) were from Ireland with other key countries of ownership including the United States (285), France (55), Luxembourg (50), and Germany (45), with the remaining spread across 30 countries.

NI has a strong history of attracting both FDI projects and new jobs due to its overall FDI competitiveness. Supported by an attractive business ecosystem and environment, collaboration between industry and academia and a strong regional comparative advantage (RCA) for the Financial, Legal and Professional Services (FLPS) and software & IT services sectors. The number of jobs created in such competitive sectors account for almost two-thirds (63%) of FDI jobs created in Northern Ireland between 2019 and 2023.

For fintech, NI receives 2.77 times its fair share of FDI projects and four times (4.42) its expected share of European Fintech FDI jobs with what might be expected given its overall relative FDI job creation performance. NI also has RCA for both low carbon and agritech projects.

Northern Ireland - Demonstrating Success



Domestic Direct Investment

Domestic Direct Investment (DDI) from GB companies investing in NI as a whole, plays a vital role in its overall investment landscape, complementing FDI to drive economic growth and job creation. Between 2019 and 2023, NI-based companies accounted for 65.1% of all investment projects in NI. The remaining 34.9% of projects came from inward investment, comprising DDI from GB and FDI from outside the UK.

Inward investment consisted of 43.7% originating from GB-based companies, with FDI contributing 56.3%, highlighting the importance of a dual approach targeting both foreign and GB investors. Key sectors for DDI from GB (are aligned with FDI sectors) include software & IT services, business services, communications and financial services.

4.2 What does the evidence say?

Invest NI's historic economic development approach includes focusing on NI's strengths and areas of strategic importance to grow external and export sales and attract and grow value added and highly productive inward investment. Evidence suggests that these two key elements of our approach will remain vital moving forward.

Whilst NI has a relatively high proportion of businesses selling externally, Invest NI aims to increase this further and secure an uplift in external sales intensity (total sales as a percentage of GDP) with a focus on our sectors of strength and opportunity to drive the export agenda, increasing the value, scale and persistency of exports.

With our [tariff free market access to Great Britain and the European Union](#), NI is the only region in the world that can trade goods freely with two of the world's largest markets, the UK and EU. This puts NI in a highly advantageous position with businesses operating free from customs declarations. Dual Market Access should be leveraged more fully to benefit indigenous trade, supporting external and export sales growth, attracting FDI investment and job creation, creating further spillover benefits on local firms, and strengthening the local innovation ecosystems as business seeks to move up the value chain.

Invest NI will target FDI that complements the innovation and productivity-enhancing investments in areas like City and Growth Deals, Research Centres, our current sectoral clusters of strength, such as FLPS (including fintech), software & IT services, advanced manufacturing, life and health sciences, screen industries and AgriTech, and sectors of the future, such as low carbon sectors.

Given NI's value proposition opportunities exist to capture a greater share of the GB DDI market. Forecasts suggest a shift to DDI from GB becoming the majority contributor to inward investment, with increased activity seen in several key sectors including business services, forecast to remain the largest sector, professional services, Software and IT services remaining prominent, alongside the Communications and financial services sectors.

4.3 How will we improve?

- Prioritise external sales across Invest NI's activity and corporate performance framework.

- Working with stakeholders and partners to clarify and simplify export support particularly for those businesses selling outside NI for the first time and establish Invest NI's central role as a single portal for end-to-end business support.
- Promoting greater international investor awareness of and encourage indigenous business to take advantage of the opportunity of NI's unique tariff-free market access to GB and EU markets.
- A collaborative, mutually beneficial UK and all-island trade development approach including joint trade and sales missions to attract FDI & DDI that address long term structural economic challenges.
- A targeted FDI investment strategy supported with tailored outreach and engagement efforts to target high value innovative FDI particularly within contestable sectors.

4.4 Proposed Strategic Objectives

- Increase **external sales** in Invest NI's **client portfolio** to **£25.75bn**
(16% uplift on 2023 baseline)
- Secure at least **60 externally-owned expansion** investments for NI and **60 investments** from **companies 'new to NI'**
(25% and 33% respectively uplift on 2023/24 baseline)
- Baseline then target **expenditure in the local economy** through **externally-owned clients**
(new target TBD)

Section 5 Developing and Achieving Sustainability

5.1 Where we are now

Decarbonisation

The Climate Change Act (Northern Ireland) 2022 (Act) sets a target of an at least 100% reduction in net zero greenhouse gas (GHG) emissions by 2050 (i.e., net zero emissions by 2050) with an interim target of at least 48% reduction in net emissions by 2030. Energy Efficiency amongst industry and business has an important role to play in ensuring that Northern Ireland meets its net zero commitments.

The [draft Circular Economy Strategy for Northern Ireland](#) outlines the critical role that circularity and greater resource efficiency have in terms of supporting the decarbonisation agenda and tackling climate change.

NI's Energy Strategy Path to Net Zero Energy has established a long-term vision of net zero carbon and affordable energy for Northern Ireland. Accordingly, as part of the Strategy, the NI Government has established three key targets to drive these changes:

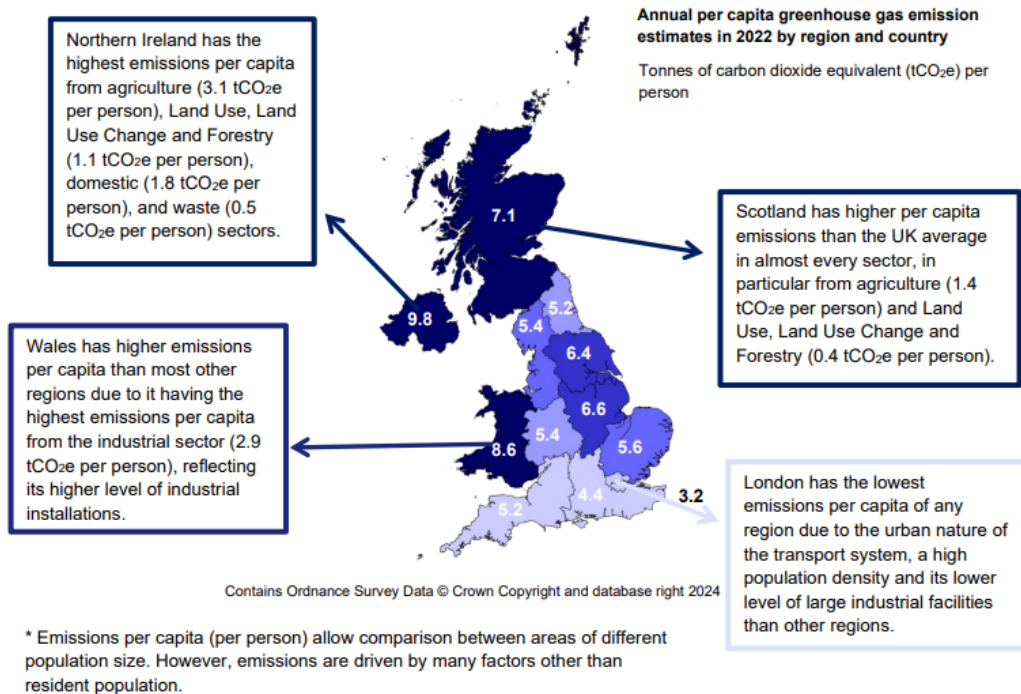
- **Energy Efficiency:** Deliver energy savings of 25% from buildings and industry by 2030.
- **Renewables:** Meet at least 70% of electricity consumption from a diverse mix of renewable sources by 2030; and
- **Green Economy:** Double the size of our low carbon and renewable energy economy to a turnover of more than £2billion by 2030.

According to NIRSA, [The Electricity Consumption and Renewable Generation in Northern Ireland report](#) shows 45.8% of Northern Ireland's electricity consumption was generated from renewable resources over the period July 2023 to June 2024, a 0.3% rise on the previous 12 months.

NI's net zero strategy is targeting at least 80% of electricity to be generated by renewable sources by the end of this decade. Overall, NI consumed a total of 7,244 gigawatt hours (GWh) of electricity in this period, of which 3,319 GWh came from renewable energy. Total electricity consumption has declined over the past decade in NI. In the 12-month period ending June 2024, people here consumed 8,162 GWh. This year's figure represents an 11.2% decline in overall power consumption.

The biggest renewable producer was wind power, which generated 82.3% of all renewably-sourced electricity in NI – 2,731 GWh of electricity. The next biggest suppliers were biogas and biomass, which produced 6.6% and 4.9%, respectively. Solar power accounts for 3.8% of all renewable energy in NI.

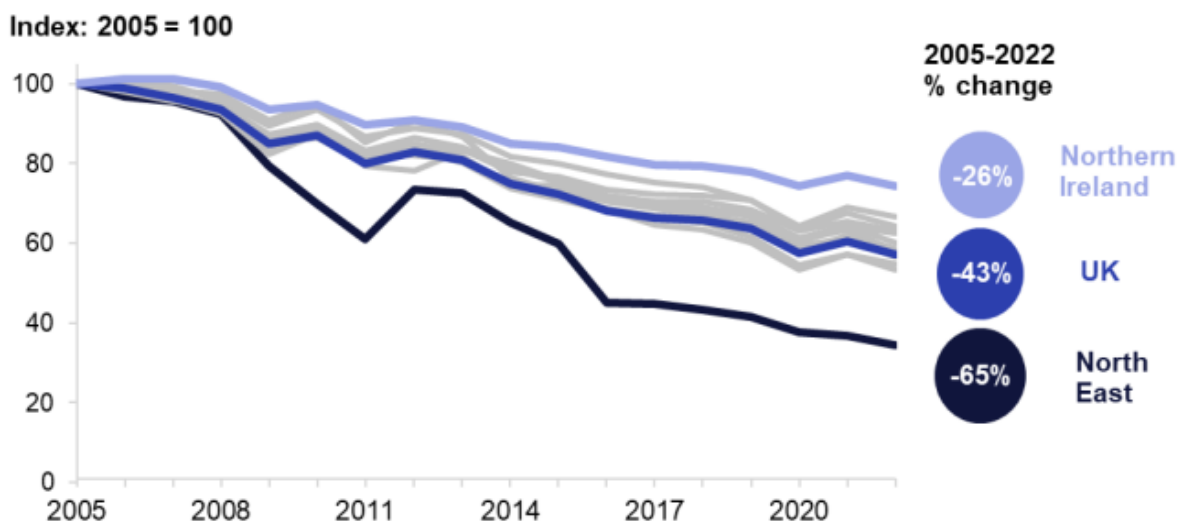
The below UK map outlines the annual per capita greenhouse gas emissions estimates in 2022 by region and country, with NI with the highest emission per capita of 9.8 compared to Scotland, Wales, and other UK regions.



Source: Department for Energy, Security & Net Zero-Local Authority and Regional Greenhouse Gas Emissions 2022

NI has reduced its greenhouse gas emissions by 26% from 2005 to 2022. Overall, the UK has reduced its emissions by 43% during the same time period.

% Reduction in Greenhouse gas emissions from 2005 to 2022



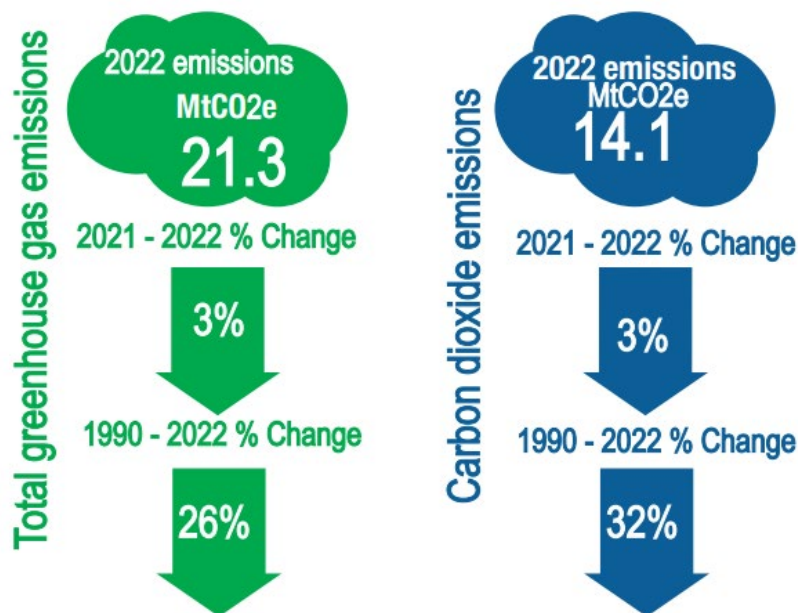
Source: Department for Energy, Security & Net Zero - 2022 Local Authority and Regional Greenhouse Gas Emissions

In 2022, NIs net greenhouse gas emissions were estimated to be 21.3 million tonnes of carbon dioxide equivalent (MtCO₂e). This net figure is a result of an estimated 23.2 MtCO₂e total emissions, offset by 1.9 MtCO₂e of emissions removed through sequestration. The net figure of 21.3 MtCO₂e, in 2022, represents a decrease of 3.0% compared with 2021. The longer-term trend showed a decrease of 26.4% compared with emissions in 1990.

In 2022, Agriculture was the largest emitting sector, responsible for 29.1% of emissions. Domestic transport contributed 18.1% to overall emissions, whilst the buildings and product use, and Electricity supply sectors contributed 15.3% and 14.0% respectively.

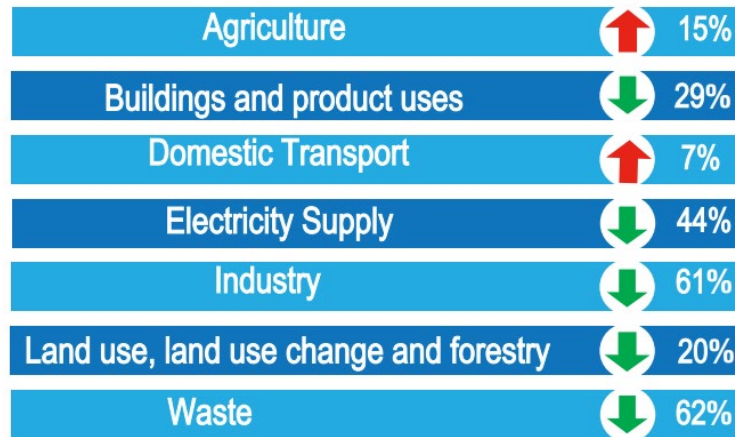
Between 2021 and 2022, all sectors, except Domestic transport, showed a decrease in emissions. The largest decreases in terms of tonnes of carbon dioxide equivalent were in the buildings and product uses (0.4 MtCO₂e), Agriculture (0.1 MtCO₂e) and Electricity Supply (0.1 MtCO₂e) sectors.

In 2022, NI contributed 5.3% of all UK greenhouse gas emissions, which stood at 406.2 MtCO₂e. In the UK there has been a 50.2% reduction in emissions between 1990 and 2022. During the same period, the reduction in emissions in NI was 26.4%, compared to 52.6% in England, 51.2% in Scotland and 36.4% in Wales

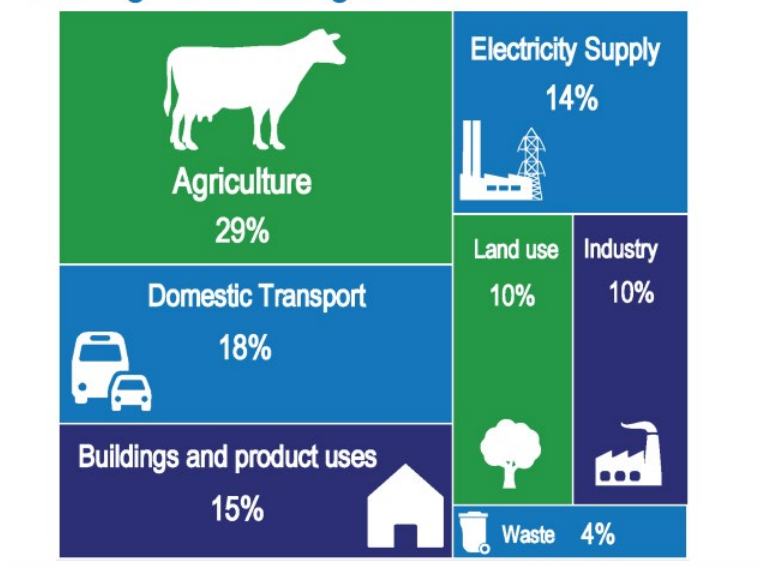


Source: NISRA NI Green Gas Statistics 1990-2022

Industry delivered the largest reduction in emissions from 1990 to 2022 (-3.2 MtCO_{2e})



Agriculture was the largest emitting sector of NI greenhouse gas emissions in 2022



The Green Economy

NI is leveraging its recognised expertise in engineering, technology, and construction to deliver into the low carbon and net zero sector with a number of areas of expertise, including: offshore wind, green gases, green buildings, sustainable water management, and green mobility. It is an ideal partner for international markets seeking comprehensive collaborations to capitalise on global net zero opportunities and drive impactful economic growth.

With an abundance of natural resources and a commitment to innovative sustainable solutions supported by government policies, NI has fostered an ecosystem that enables the development, production, and export of cutting-edge green technologies.

NI not only harnesses efficient resource management and conservation but also focuses on tackling key issues to deliver against global net zero targets. 60% of NI's manufacturing companies are selling into the green economy and generating £1.5bn turnover and £230m exports. NI is home to a vibrant ecosystem and a collaborative supply chain dedicated to building world leading net zero solutions.

5.2 What does the evidence say?

In summary, NI has made progress in reducing emissions but continues to trail behind other UK regions such as Scotland and Wales. To avoid missing key targets and potential areas for growth, we must work collectively to help businesses identify and act on emerging green and innovation-led initiatives. With our excellent advanced manufacturing and engineering capabilities, world leading academia and strong innovation, research, and development ethos, NI is well positioned to take advantage of the emerging green opportunities. We will collaborate, innovate, and build strategic partnerships to harness the global momentum of the green economy to unlock real sustainable growth and prosperity for our local economy.

5.3 How will we improve?

- Strengthen our Net Zero and Green Economy capabilities by expanding resources, building expertise, and establishing a robust long-term strategy to guide our efforts over the next decade.
- Accelerate the rollout of our new Energy Efficiency Scheme to drive significant reductions in business carbon emissions.
- Unlock Green Economy potential by aligning support services, increasing awareness, enabling market access, and leveraging additional green funding opportunities.
- Promote circular economy practices to help businesses boost efficiency, enhance profitability, and minimize waste.
- Enhance programme evaluation and appraisal frameworks to better measure and deliver on the Net Zero objectives.

5.4 Proposed Strategic Objectives

- Support **575** Investments in **Net Zero, Energy and Resource Efficiency Technologies (ERET)**
(Sub-set of overall investments target - 12% uplift on 2023/24 baseline)
- Establish a process to capture, baseline and then target the reduction of **client carbon emissions** in our **client portfolio**
(new target TBD)
- Establish a process to capture, baseline and then target the **energy intensity in our client portfolio**
(new target TBD)

Section 6 Maximising City and Growth Deals Impact

6.1 Where we are now

City & Growth Deals and Complementary Funds

A City and Growth Deal is a bespoke package of UK Government and matched funding aimed at helping to harness additional investment, create new jobs and speed up inclusive and sustainable economic growth. Over the next ten years, Northern Ireland will benefit from a transformational package of investment from **four City and Growth Deals**. The combined funding, from the Northern Ireland Executive and UK government will total **£1.2bn**, which will be complemented by private sector and other sources of funding such as the **£100m Complementary Fund** from the Northern Ireland Executive.

City & Growth Deals will be a driver of innovation and growth across NI with the investments multi-faceted as they link industrial, societal and regional challenges in a comprehensive and inclusive way helping to raise productivity and driving competitiveness. The Deals will establish the necessary infrastructure to connect businesses at all levels to new ideas and technologies.

These significant investments will help create global centres of innovation excellence in key growth sectors. They will provide opportunities for businesses, located both in and outside Northern Ireland, to collaborate and tap into the world-leading expertise of our universities to create breakthrough technologies, products, and services. Additionally, they will develop the infrastructure and facilities that will allow the next generation of products to be trialed and tested.



6.2 What does the evidence say?

In summary, this is an outstanding opportunity to deliver on the Minister's Regional Balance Agenda. These investments have massive potential to create good jobs, raise productivity, reduce carbon emissions, and accelerate economic growth all over NI. To maximise benefits we must ensure that they are aligned with industry needs to maximise spill-overs and long-term outcomes.

6.3 How will we improve?

- Drive innovation and growth through creating global centres of research and sectoral excellence.
- Foster collaboration and partnership by linking industry, academia and society, to address regional, technology, product, process and services challenges.
- Deliver investment in a comprehensive and inclusive way to boost regional productivity and outcomes.
- Integrate investment into the local business ecosystem, to maximise opportunities to accelerate regional development.
- Ensure that investments remain commercially-focused, industry relevant and future proofed.

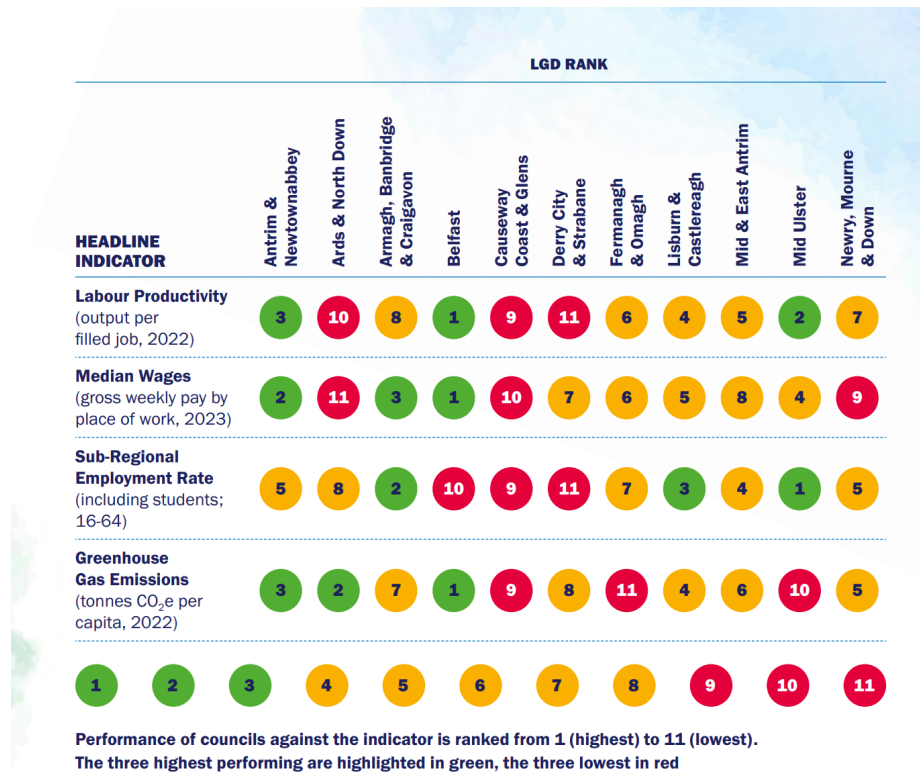
6.4 Proposed Strategic Objectives

- Oversee and support the successful delivery of the **City & Growth Deal (C&GD) and Complementary Fund (CF) Innovation & Digital projects**, representing around **£700m** of additional government-supported investment for priority clusters across all four Deals in NI
- As **Investment Decision Maker (IDM)**, we will help ensure these investments remain **commercially-focused, industry relevant, and future-proofed** throughout their lifetime, **maximizing wider benefits, spillovers and long-term outcomes**

Section 7 Promoting Places and Partnerships

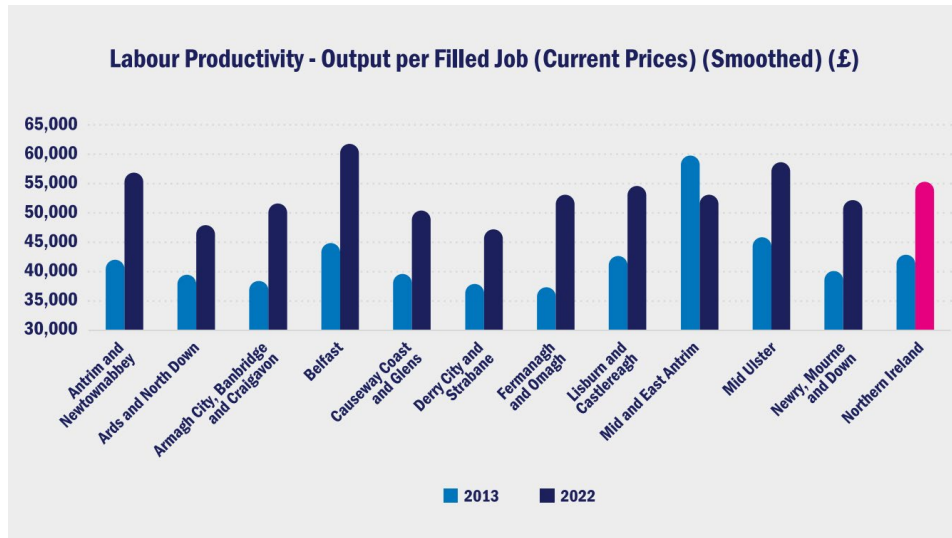
7.1 Where we are now

Regional Balance



Sub-regional disparities remain persistent in NI. The employment rate (including students) in 2022 in Derry City & Strabane is 10 percentage points lower than in Mid Ulster. Mid & East Antrim lags almost 16 percentage points behind Lisburn & Castlereagh for Level 4+ tertiary education attainment rates. Fermanagh & Omagh emits the largest share of greenhouse gas emissions, yet generates not only the most renewable energy but is almost 50% ahead of the next best performing Local Government Districts (LGD¹⁸).

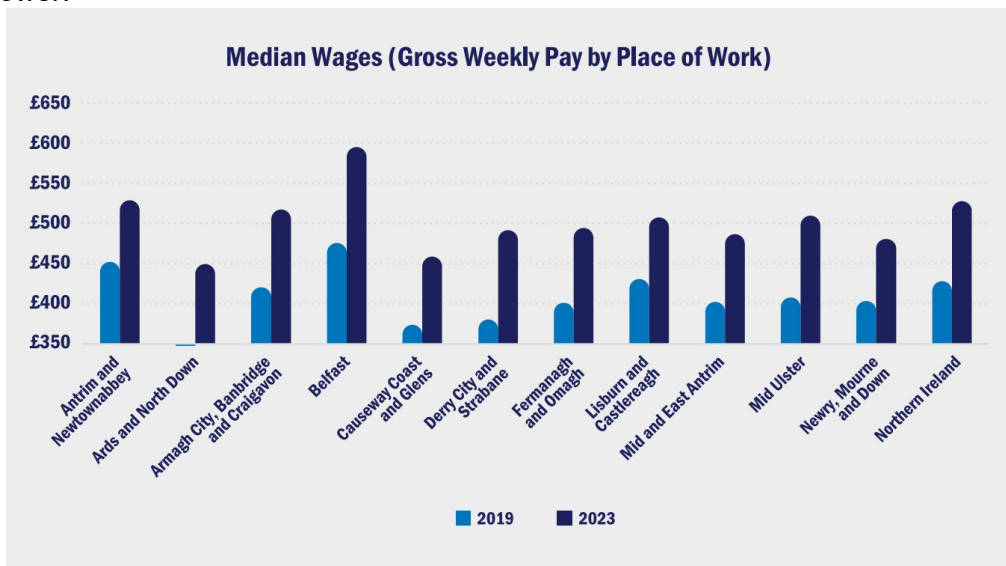
¹⁸ [Sub-Regional Economic Plan | Department for the Economy](#)



Source: Sub-Regional Labour Productivity, ONS

Average output per filled job increased from £42,936 in 2013 to £55,364 in 2022. As of 2022 only three LGDs exceed NI average productivity – Belfast, Mid Ulster, and Antrim and Newtownabbey. All areas have seen a nominal increase in productivity over the ten years to 2022, with the exception of Mid & East Antrim. Output per job in this area declined by 9.4% over the 10-year period, primarily as the result of significant manufacturing closures in the district. Fermanagh and Omagh saw the largest increase (46.1%) followed by Antrim and Newtownabbey (36.6%).

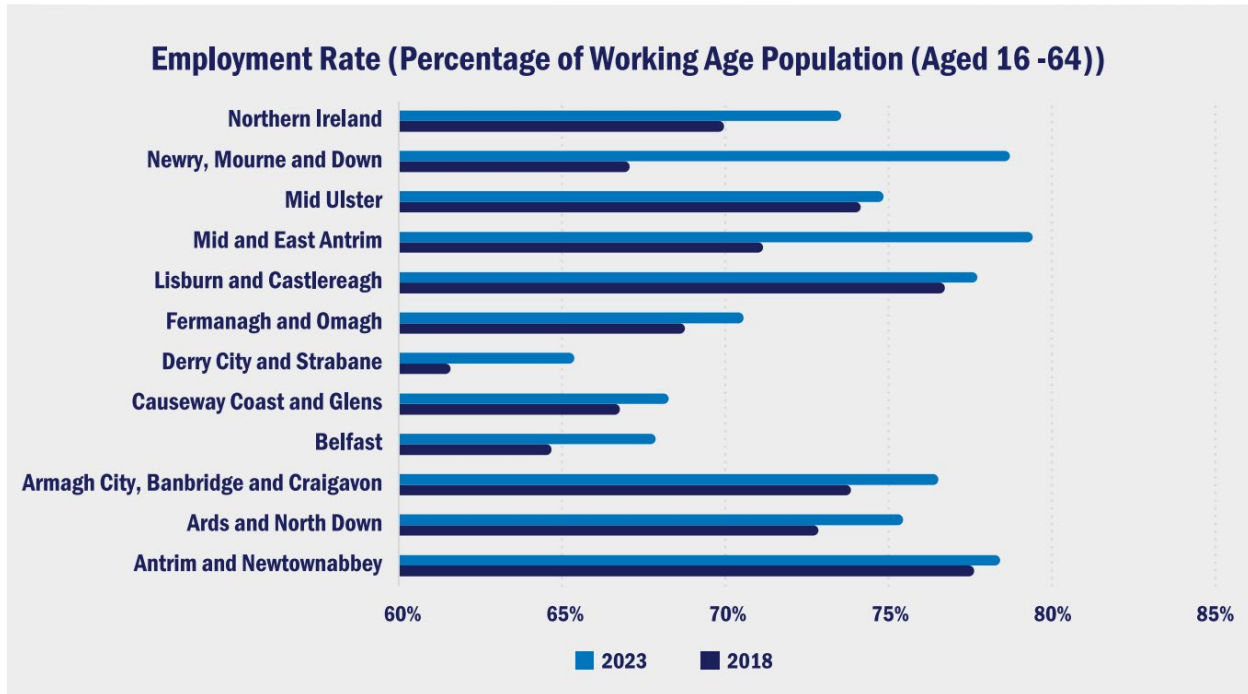
Belfast and Mid Ulster have consistently been above the NI Average and are the only LGDs where productivity is comparable to the UK average. The position of most other LGDs relative to the NI average has remained broadly unchanged with the exception of Mid and East Antrim where productivity was significantly higher than average prior to 2017 and as of 2022 is now notably lower.¹⁹



Source: Annual Survey of Hours and Earnings, NISRA

¹⁹ [Sub-Regional Economic Plan | Department for the Economy](#)

Gross Weekly Median Pay for all NI employees stood at £528.90 in 2023 compared to £428.60 in 2019. On an LGD of work basis, only two regions exceed the median for all employees in 2023 – Belfast (£596.80) and Antrim & Newtownabbey (£529.70). The region with the lowest Gross Median Weekly Pay was Ards & North Down (£450.10). From 2019 to 2023, median pay growth was largest in Ards & North Down (29.5%) and Derry City Strabane (29.3%), albeit from low baseline earnings levels. The rate growth over this period was comparable in Belfast (25.2%) although its median pay in 2019 was significantly higher than any other LGD. Antrim and Newtownabbey recorded the lowest growth in median pay in the five years to 2023 (17.0%).²⁰

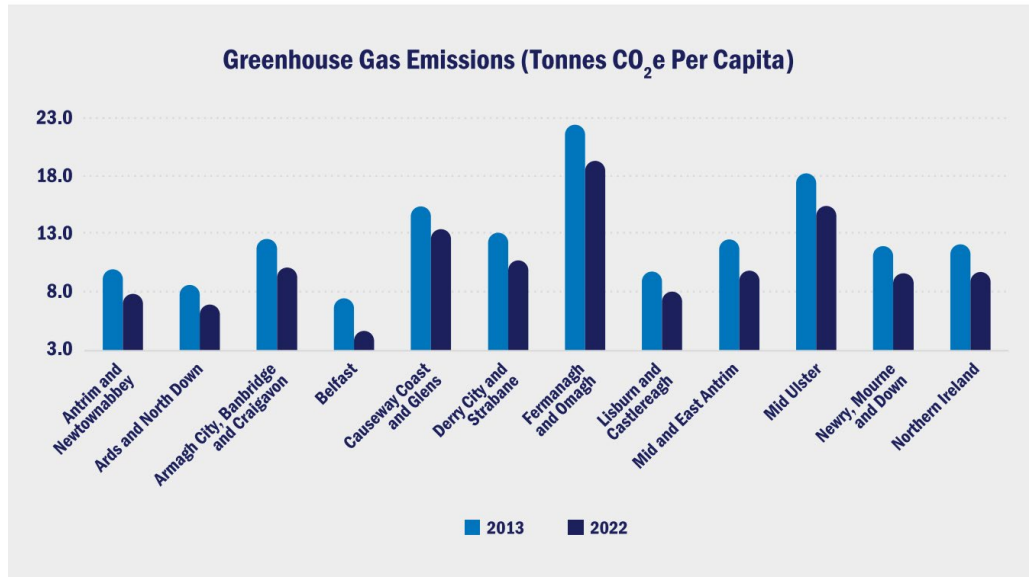


Source: Labour Force Survey, NISRA

In 2023, 7 out of 11 LGDs exceeded the regional average employment rate (73.6%) with Mid & East Antrim ranked the highest with 79.5%. Derry City & Strabane had the lowest rate at 64.4%. Over a five-year period, most regions experienced a modest increase in employment except for Derry City & Strabane (-2.6%), Mid Ulster (-0.4%) and Lisburn & Castlereagh (-3.3%)²¹

²⁰ [Sub-Regional Economic Plan | Department for the Economy](#)

²¹ [Sub-Regional Economic Plan | Department for the Economy](#)



Source: UK Local Authority and Regional Greenhouse Gas Emissions Statistics, Dept of Energy Security and Net Zero

All regions have seen a decrease in total Greenhouse Gas Emissions between 2013 and 2022.²²

Partnerships

As a key focus in the Minister's Economic Vision and Sub-Regional Economic Plan, we will work more intensely with local stakeholders and partners to identify the main barriers to economic development and co-design interventions that will help unlock the area's full potential. To ensure the total engagement and involvement of local stakeholders, DfE will be inviting councils to establish Local Economic Partnerships (LEPs) supported with dedicated funding of £45m. DfE and Invest NI will support the Local Economic Partnership in the identification of suitable projects and in developing proposals that could access dedicated funding. By focusing on places and partnerships in collaboration with regional stakeholders, we will co-design solutions tailored to regional needs and accelerate the process of addressing deep seated economic challenges.

A new Invest NI regional approach

Our priority is to foster a more regionally balanced, sustainable, productive, and prosperous economy in Northern Ireland. This commitment will be reflected in a dedicated Regional Strategy. We will be restructured to ensure regional development delivery in line with the Minister's Economic Vision. We will strengthen our regional footprint by expanding from four to five offices, increasing staffing and leadership capacity in each location, and taking on a more active advocacy role to ensure Local Economic Partnerships are effectively represented across government.

²² [Sub-Regional Economic Plan | Department for the Economy](#)

The launch of a new Regional Property Programme will drive increased business investment across the regions. By aligning City & Growth Deals with tailored regional value propositions, this initiative will reinforce the Regional Strategic Agenda and enhance the attractiveness of each region for both local and foreign direct investment. Through enhanced targeting and improved client service and supports, we will drive greater economic activity across Northern Ireland, achieve higher levels of entrepreneurship, new firm formation, R&D and innovation, export growth and productivity.

7.2 What does the evidence say?

In summary NI continues to face significant challenges in areas such as employment, productivity, disposable income, and economic inactivity, all of which lags behind those of our closest neighbours. The evidence indicates that these disparities are even more pronounced when examined at a sub-regional level.

We will make regional balance a key priority in our forthcoming business strategy and contribute to the implementation of the Minister's Sub-Regional Economic Plan to improve economic performance NI-wide. We will introduce a new Regional Approach that will include an expansion of our regional footprint and increase our capacity and capability in the regions. We will do more to collaborate with partners and stakeholders in the regions to promote and support local economic development by playing a greater leadership and advocacy role, both in, and for, our regions.

7.3 How will we improve?

- Embed **regional balance** into all investment decisions.
- Work in **partnership** with Business, DfE, and other stakeholders to deliver the Minister's Sub-Regional Economic Plan.
- Develop a dedicated regional strategy to strengthen capacity, capability, and operational effectiveness across NI.
- Promote targeted incentives to support balanced regional growth, reinforced by stronger conditionality measures.
- Introduce a new Regional Property Programme to provide essential physical infrastructure that supports inclusive economic development across all regions.

7.4 Proposed Strategic Objectives

- By **2026/27**, **65%** of Invest NI's **Investments** will be to businesses located **outside of the Belfast Metropolitan Area** (BMA)
(2019/20 to 2023/24 5 Year average = 56%)
- Develop and implement a new **Invest NI regional approach**
- Baseline and then target **expenditure in the local economy** through **locally-owned clients**
(new target TBD)

Section 8 Conclusion

NIs economic performance has shown significant progress over the past decade, driven by strategic initiatives and targeted investments. The region's commitment to enhancing productivity, fostering innovation, and promoting sustainability has laid a strong foundation for future growth and core pillars of our business strategy's mission to support business growth and global competitiveness.

Key areas of focus include entrepreneurship and enterprise, where efforts to support startups and high-growth businesses are crucial for raising living standards and driving inclusive economic growth. Innovation and digitalisation are also pivotal, with investments in R&D, emerging technologies, and digital transformation to drive productivity gains and create new market opportunities. Leadership and skills development remain essential for equipping businesses with the capabilities to innovate and compete globally.

Global ambition and exporting are vital for NI's economic success, with a strong emphasis on external markets and international trade. The region's sustainability goals, particularly the commitment to achieving net zero greenhouse gas emissions by 2050, highlight the importance of the green economy and renewable energy.

City and Growth Deals represent a transformative investment package, fostering innovation and collaboration across key sectors. These deals will drive regional balance, creating opportunities for economic development and addressing disparities across sub-regions. By developing a regional approach, we will increase our resources and capabilities. This will improve support available to all our local businesses across NI.

Purposeful partnerships are central to the development and implementation of our strategy for driving regional balance and economic growth across NI. It will recognise that focusing on key growth areas will require close collaboration with businesses, local councils, government departments, and other stakeholders. By embedding a culture of meaningful and mutually beneficial partnerships, we aim to align efforts across sectors and regions, ensuring that resources are effectively targeted and impact is maximised.

In conclusion, our business strategy will incorporate these priorities and areas of focus that are comprehensive and forward-looking, addressing key challenges and leveraging opportunities for sustainable growth. This approach will help ensure NI is better positioned to realise its full economic potential and improve the quality of living for all its citizens.