



WDC Presentation:
9th Annual NERI Labour Market Conference.

The Regional Economic Impact of COVID 19: The Western Region and Atlantic Economic Corridor

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Western Development Commission

- State body – Department of Rural and Community Development (DRCD)

- WDC Act 1998

‘....foster and promote the economic and social development of the Western Region’

- 7 county Western Region
(Clare, Donegal, Galway, Leitrim
Mayo, Roscommon, Sligo)

Our work is built on 3 key pillars:

1. Regional promotion
2. Regional leadership
3. Sustainable enterprise

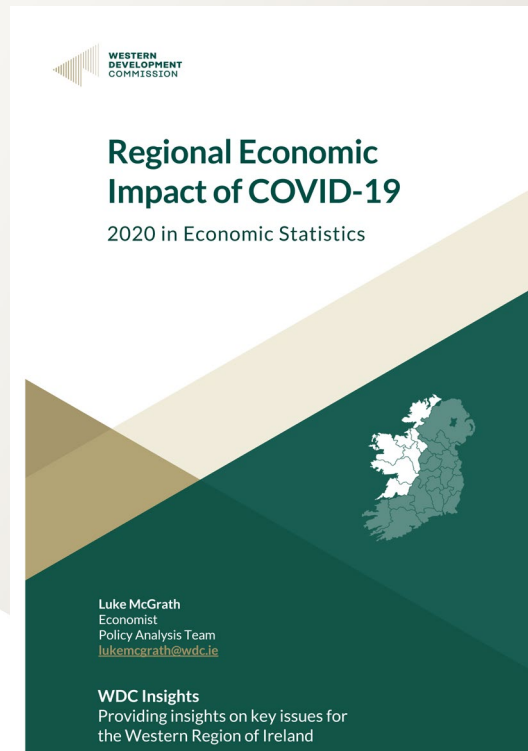
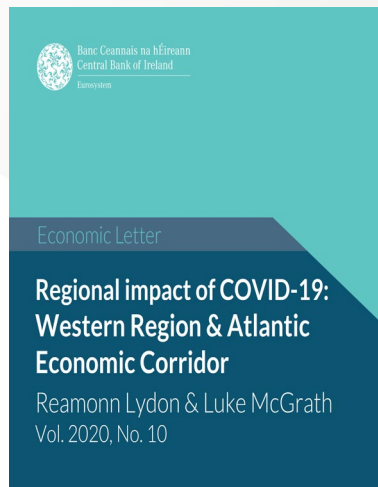
Download WDC Strategy [here](#)

- Co-ordinating agency for Atlantic Economic Corridor (Western Region + Limerick and Kerry)

Introduction

- Report published in March 2021 – looking back at 2020.
- Builds on Joint work with the Central Bank of Ireland ([Lydon and McGrath, 2020](#))

- 1) Pre-pandemic Economic Structures
- 2) Covid-19 Exposure Metrics – Output & Employment
- 3) Regional Labour Market Impacts
- 4) Economic Structures Linked w/Impacts
- 5) Concluding Remarks



Download the Report [Here](#)

Note on “Regional” Data

● Regional Data Constraints

- Considerable Lag for regional key economic data.
- Trade off between availability and granularity
 - NUTS vs County data
- WDC needs County data to construct “Western Region” data
- Often need to use “Northern and Western ” “Border” & “West” as proxy.

● Pandemic has shown need for Timelier Economic Data

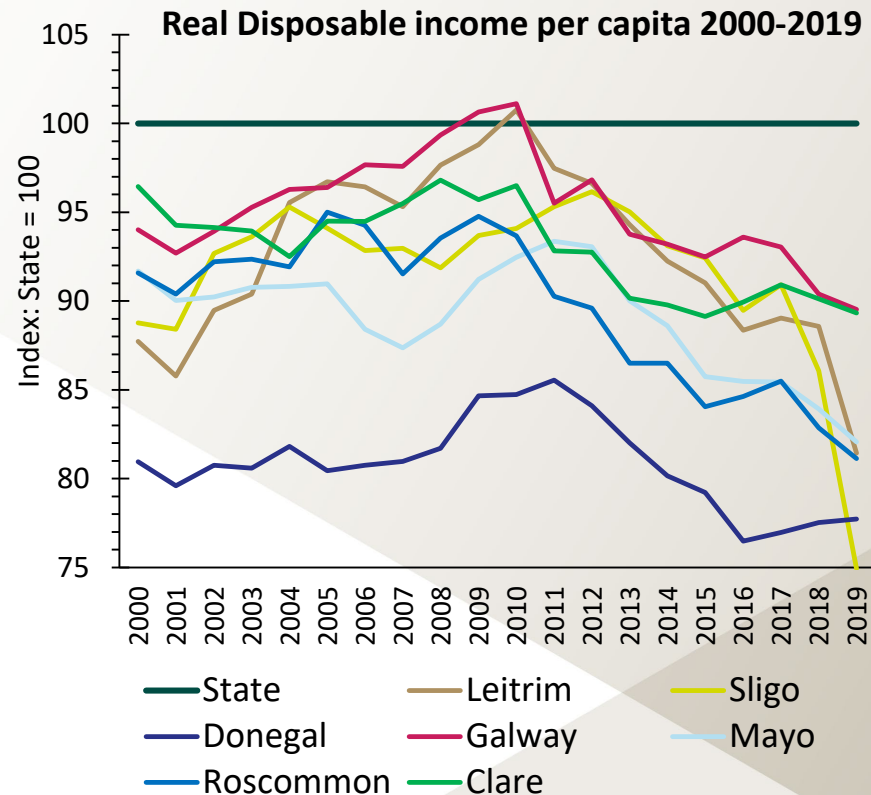
- WDC now provides a Timely Economic Indicators Series see here
<https://westerndevelopment.ie/policy/publications/?q=timely%20economic>

NUTS Regions		
Northern & Western	Border	Cavan, Donegal, Leitrim, Monaghan, Sligo
	West	Mayo, Roscommon, Galway
Southern	Mid-West	Clare, Tipperary, Limerick
	South-East	Carlow, Kilkenny, Wexford, Waterford
	South-West	Kerry, Cork
Eastern & Midland	Dublin	Dublin
	Mid-East	Kildare, Meath, Wicklow, Louth
	Midlands	Laois, Longford, Offaly, Westmeath



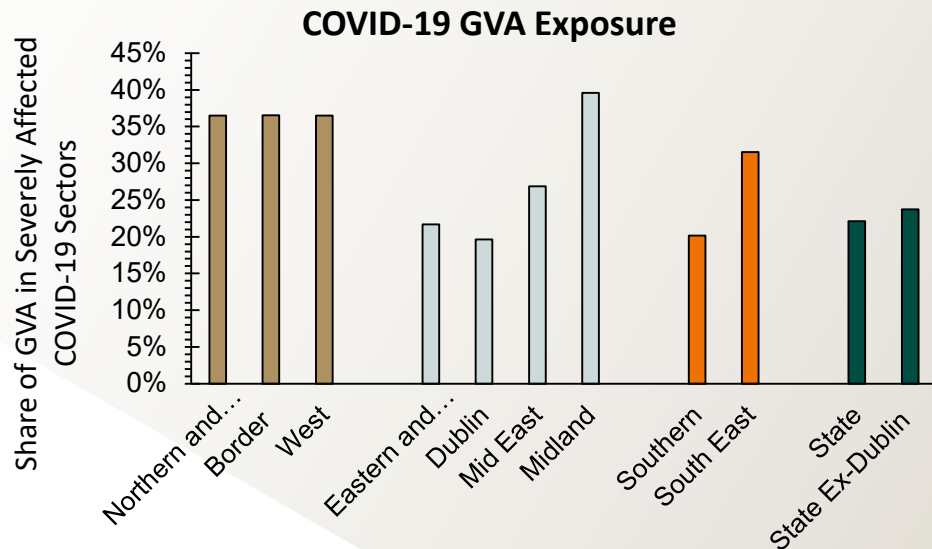
Pre-Pandemic Economic Structures

- **Historical pattern of concentrated employment towards tourism, agriculture, and public services.**
 - Low share of employment in Knowledge Intensive Services (KIS).
- **Enterprise structure reliant on very small firms (<10 employees).**
 - 34% of 'business economy' vs 16% in Dublin & 26% State.
- **High GVA shares in Public Services (25% vs 10% rest of State); Locally Traded Services (16% vs 13%); Construction (7% vs 2.5%) & Real Estate (12% vs 5.5%).**
- **Regional divergence from last recession.**
 - Sluggish recovery in income, output and employment growth.
 - Duality of public sector employment? Security yes, but growth prospects?



COVID-Exposure: Output and Employment

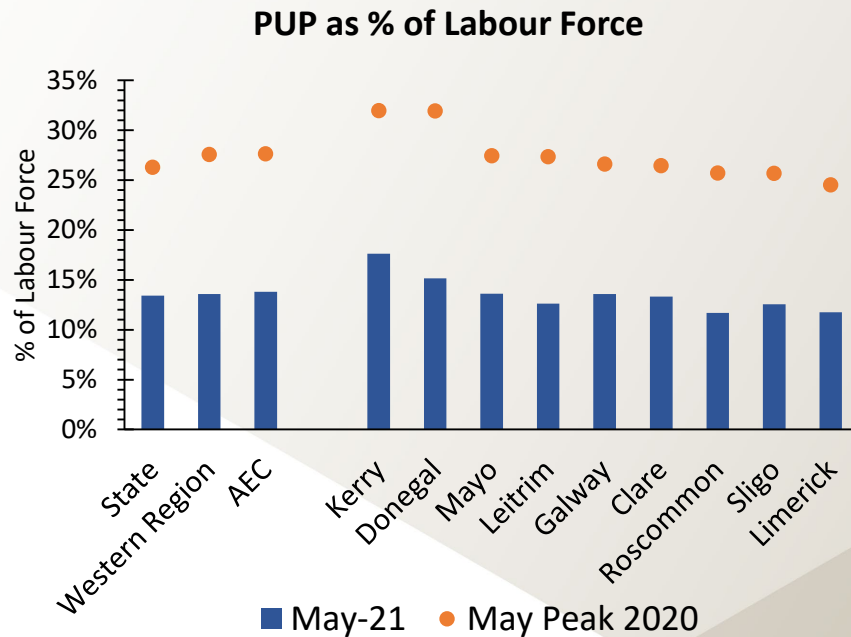
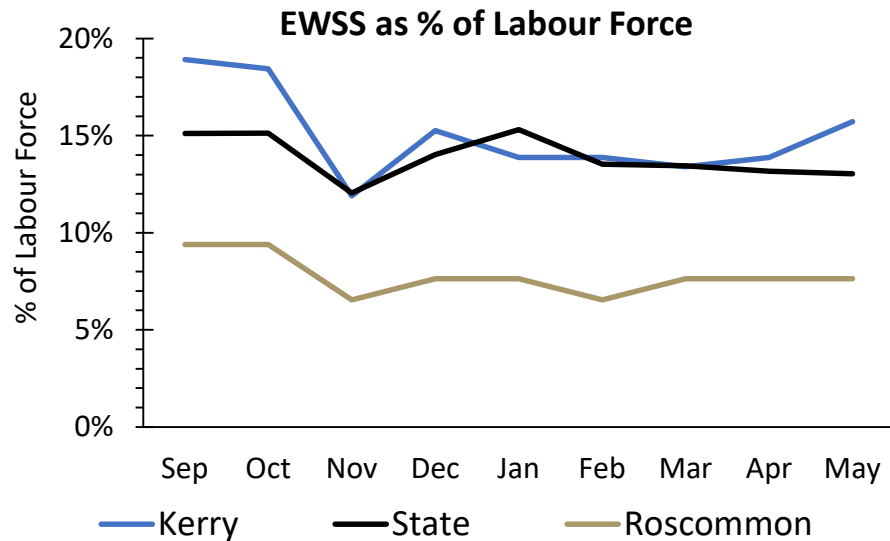
- **Daly and Lawless (2020) list sectors “severely affected” by COVID-19.**
- **N&W and Midland have higher GVA exposure**
 - Driven by LTS, Construction and Real Estate
- **AEC/WR Employment exposure close to national average but the aggregate hides within region variation**
 - Kerry, Donegal, Mayo comparatively high exposure + all 3 have high shares of accom. & food employment



% of Employment in COVID-19 “severely affected” sectors	
State	30%
AEC	30%
Kerry	35%
Roscommon	29%

Labour Market Impacts: COVID Payments

- In general, AEC/WR aggregate for PUP % of LF above national average and EWSS below national average but considerable within-region variation.





Labour Market Impacts: COVID-Adjusted Unemployment Rates

- **CSO provide National Covid Adjusted Unemployment rates**
 - Assume all PUP recipients are “unemployed”
 - CSO notes these are not “official” and represent upper bound.
- **I follow CSO approach to get regional estimates.**
 - Avg. No of PUP recipients (weekly LR series) added to LFS “unemployed” then divided by Labour Force for each quarter from LFS
- **Border Region typically held highest Rates**
 - peak at 34.6% q2 2020

Regional Covid Adjusted Unemployment Rate					
	2020Q1	Q2	Q3	Q4	2021Q1
State	17.5	29.8	18.3	18.6	19.2
Border	19.9	34.6	18.4	18.1	20.2
West	16.6	30.7	16.7	16.1	18.6
Mid-West	17.3	29.3	17.1	18.8	18.0
South-East	19.7	31.8	17.9	18.0	19.4
South-West	16.7	28.3	15.6	18.6	19.0
Dublin	17.1	28.7	21.0	20.7	19.8
Mid-East	17.1	29.5	17.9	17.4	19.0
Midlands	17.1	29.3	17.0	16.3	16.5

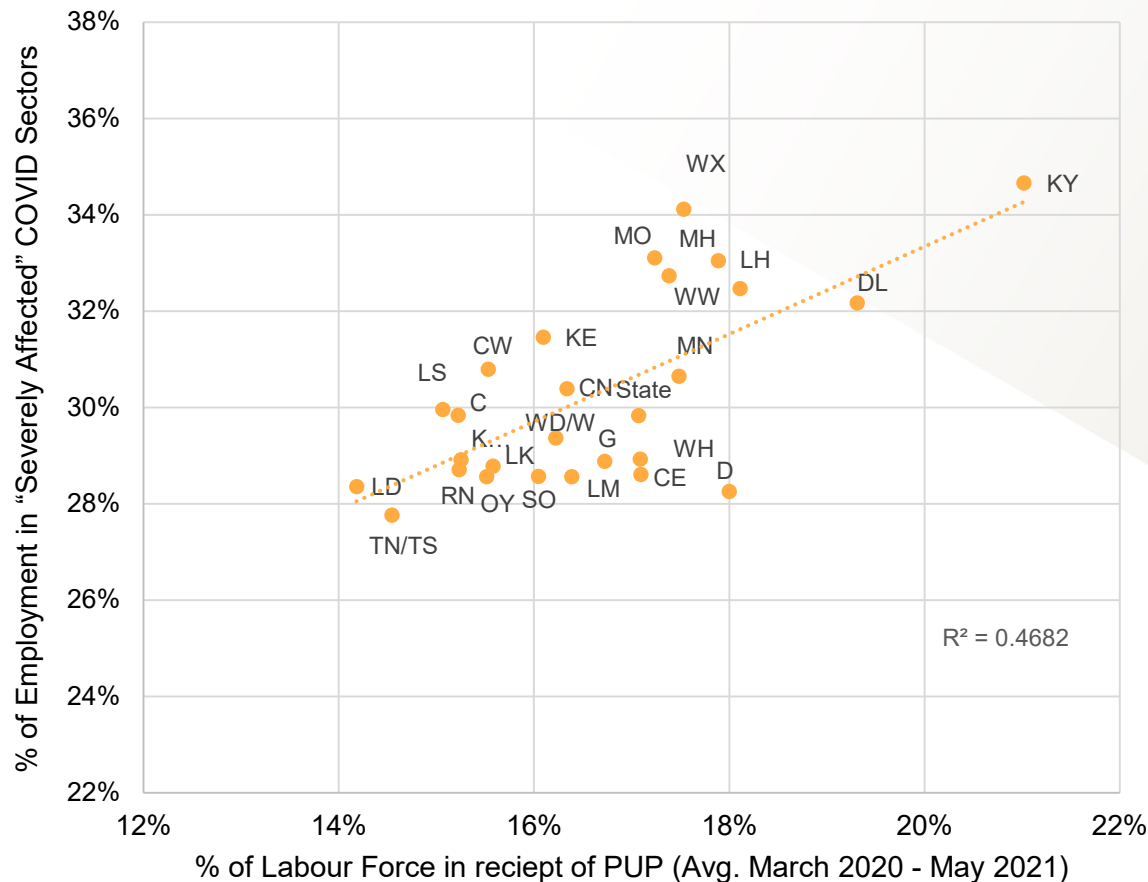
Labour Market Impacts: Job Loss Rates

- Job loss rates provides an indication of re-employment possibilities.
 - Methods from McGuinness and Kelly (2020)
- No. “employed” from LFS divided by Avg No. in receipt of PUP.
- Border Region typically held highest Rates
 - peak at 30.9% q2 2020

Regional Job Loss Rates					
	2020Q1	Q2	Q3	Q4	2021Q1
State	13.5	25.8	11.8	13.6	20.6
Border	15.2	30.9	12.1	14.3	21.4
West	14.0	26.2	10.8	12.9	19.7
Mid-West	13.0	25.1	11.0	12.4	19.2
South-East	13.8	27.2	10.5	12.8	21.2
South-West	13.2	25.0	10.3	12.9	20.6
Dublin	13.1	24.6	13.6	15.2	21.4
Mid-East	13.4	26.1	11.7	12.9	20.3
Midlands	12.6	24.9	10.6	11.0	17.8



Economic Structures linked w/impacts



- Strong positive correlation b/t Covid - 19 employment exposure and PUP % of LF.
 - Pearson Coeff. = 0.7 (0.6 ex. Kerry and Donegal)
 - Helps explain some within region variation E.g. Roscommon v Kerry
- Potential for Regional (& within region) Medium Term Unemployment Variation
- Longer term impacts relate to broader recovery - no plain sailing
 - E.g. Roscommon % of public service employment may act as cushion but might constrain recovery phase?

Policy Insights – Concluding Remarks

- **Regional dynamics of the COVID-19 shock are influenced by pre-pandemic economic structures**
- **It seems COVID-19 has exacerbated pre-pandemic structural issues**
 - Reiterates the need for further diversification of the regional employment base – potential opportunities w/ remote working
- **Need to avoid repeat of sluggish recovery**
 - Recent WDC Submissions on NDP Review to Renew + NIFTI.
 - 2 I's (Infrastructure + Innovation) & 3 E's (education, enterprise & employment) to drive regional growth

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20/10/2020

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Additional Slide

- **Daly and Lawless COVID Sectors “severely affected” NACE 2 digit**
 - Mining, quarrying & extraction, construction & construction works, wholesale & retail trade & repair of vehicles, wholesale trade, retail trade, water transport services, air transport services, accommodation services, food & beverage services, publishing, film & broadcasting services, real estate activities, travel agency & tourism service activities, cultural, arts & gambling activities, recreation and sports activities, repair of consumer goods, other personal service activities.