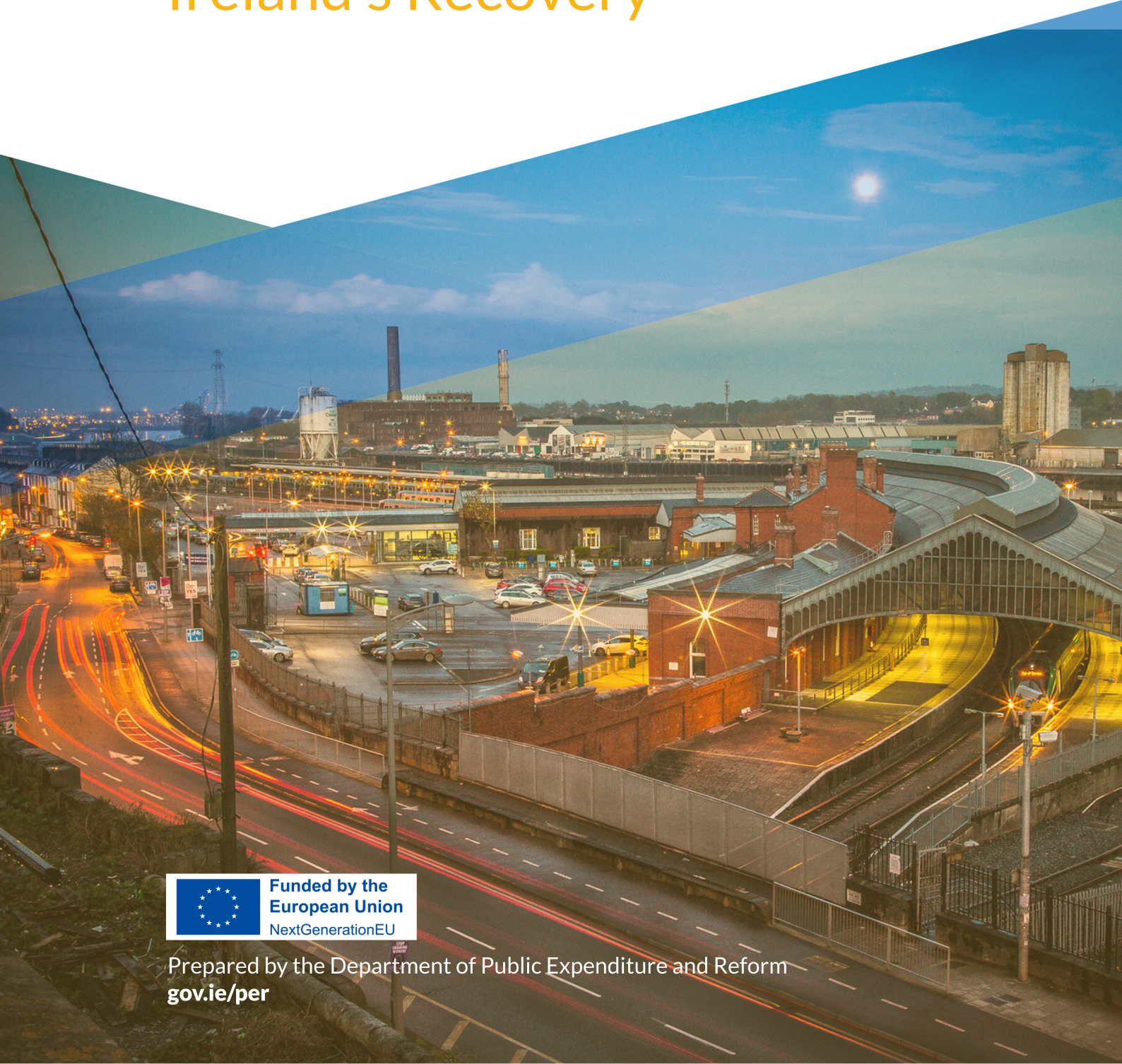




Rialtas na hÉireann
Government of Ireland

Ireland's National Recovery and Resilience Plan

Europe's Contribution to Ireland's Recovery



Prepared by the Department of Public Expenditure and Reform
gov.ie/per

Recovery and Resilience Facility

In July 2020 the European Council, made up of the Heads of State and Government of each of the EU Member States, adopted a historic €750 billion recovery package for Europe. This package, NextGenerationEU, is Europe's shared response to the public health and economic and social crisis caused by COVID-19. NextGenerationEU is an ambitious and common recovery package that will complement and support each Member State's own national response to the crisis.

At the heart of the NextGenerationEU lies the Recovery and Resilience Facility. The aim of the Facility is to address the economic and social impact of the pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

Ireland will receive approximately €915 million in grants from the Recovery and Resilience Facility. These grants will be used to support investments between now and mid-2026. A further set of grants will be allocated to each Member State in 2023, taking into account economic developments between now and then.

In order to avail of funding from the Recovery and Resilience Facility, each Member States must prepare a National Recovery and Resilience Plan.

Ireland's Plan has been developed by the Government over recent months, taking into account the requirements for the Recovery and Resilience Facility for a minimum of 37% of expenditure to be on climate and 20% on digital investments and reforms; the need to address investment and reform challenges identified in relevant Country Specific Recommendations made to Ireland by the EU in recent years; and the importance of alignment with national economic and investment plans, in particular the Economic Recovery Plan. The development of the Plan was also informed by a public consultation process.

On 28 May 2021 the Government submitted Ireland's draft National Recovery and Resilience Plan to the European Commission.

In line with EU regulatory requirements, the Commission has completed its evaluation of the Plan and made a positive recommendation to the Council of the European Union.

Between now and the autumn the Council of the European Union will consider the Plan and the Commission's assessment before making a decision allowing Ireland receive support from the Recovery and Resilience Facility.



Context

As a successful open and global economy, at the heart of the European Union, we entered 2020 with a record 2.36 million people at work, unemployment levels at an almost all-time low, and the public finances in surplus.

The onset of COVID-19 however had an extraordinary impact on our economy and society, including tragically the loss of many lives. At its peak more than one million people were on some form of income support from the State, either the Pandemic Unemployment Payment, Wage Subsidy Schemes, or through the Live Register. Public health restrictions have also had a very significant impact on business, though this has been uneven, with those in sectors requiring face to face interaction, such as hospitality, leisure and personal services, particularly affected. Other sectors, such as construction, have also been closed for periods when public health restrictions required.

Of particular concern has been the impact on the labour force, including the disproportionate impact on women, younger workers and on those with lower education attainment. Women are over-represented in the sectors most significantly affected by COVID-19, as demonstrated by their disproportionate reliance on the Pandemic Unemployment Payment compared to overall workforce numbers.

For young people, the COVID-19 adjusted unemployment rate for the 15-to-24 age cohort rose to 46% in the fourth quarter of 2020, compared with a total unemployment rate of just under 20%. The number of persons engaged in paid employment without a third level qualification fell by 10% over the year to Q4 2020. For comparison, the numbers with a third level qualification engaged in paid employment grew over the same period.

In recognition of the extraordinary impact of the pandemic, the full range of tools at the Government's disposal have been, and continue to be, used, including income supports, grants, reliefs, taxation measures, and loan guarantees, so as to protect workers and their incomes, and support businesses endure through the pandemic.

In 2020, the Irish Government provided nearly €16.8 billion in direct expenditure interventions in response to the impacts of the pandemic, through supports such as the Pandemic Unemployment Payment, the Employment Wage Subsidy Scheme and the Temporary Wage Subsidy Scheme, and the COVID Restrictions Support Scheme. This was in addition to various tax measures introduced such as the warehousing of tax liabilities. In Budget 2021

provision for a further €12 billion in expenditure was made in respect of COVID-19.

The onset of the pandemic has also coincided with Brexit, and the departure of the UK from the EU's Customs Union and Single Market at the end of the transition on 31 December 2020. While agreement on the Trade and Cooperation Agreement between the EU and UK has been welcome, ensuring tariff and quota free trade for qualifying goods would continue, Ireland will be the most impacted EU Member State by the departure of the UK, given the two countries deep historic economic engagement.

On 1 June 2021, the Government published its Economic Recovery Plan, outlining how it will help people return to work and support sectors which have been disproportionately affected by the pandemic.

While there are strong grounds for optimism regarding our recovery prospects, the scale of disruption as a result of the pandemic across our economy and society has been considerable and asymmetric.

The Government will support a jobs-led recovery through increasingly targeted supports for businesses and workers most severely impacted; by helping people get back into work, training or education; and by investing in job-rich infrastructure projects that support our long-term capacity. Policies to encourage employment and economic growth will complement those to reduce inequality, and promote sustainability, inclusivity and good living standards.

In building a sustainable recovery in the face of continued uncertainty and disruption, the Government will also address pre-existing challenges, many of which have been exacerbated.

The scale and nature of the challenge to meet Ireland's ambitious greenhouse gas emissions targets and lay the foundations for achieving carbon neutral economy by 2050 is profound. However, the Government's climate policy approach and a more digital future also presents significant opportunities for sectors, jobs and local communities.

Supportive policies can ensure a just transition across the regions of Ireland as we reshape how we live and work, and balance economic growth with environmental sustainability. Innovation, research, and education and skills will be crucial in positioning Ireland in an increasing competitive global landscape through a time of significant change.

National Recovery and Resilience Plan

The overall objective of Ireland's National Recovery and Resilience Plan (NRRP) is to contribute to a sustainable, equitable, green and digital recovery effort, in a manner that complements and supports the Government's broader recovery effort.

As is the case across the world, Ireland faces urgent challenges that will impact on all areas of society. The most acute of these challenges is as a result of COVID-19 which has turned people's lives upside down and changes livelihoods utterly. Added to this is the ongoing climate and biodiversity emergency that requires immediate attention, and in particular for Ireland, Brexit will cause deep and lasting implications for the citizens of Ireland.

In meeting these urgent challenges, Ireland has set out in the Programme for Government the ambition and actions required to meet these challenges and repair the damage that has been inflicted by the COVID-19 pandemic. In many ways, the pandemic has acted as a catalyst for enabling future change and allowing Ireland to build back society and the economy in a manner that is sustainable.

Ireland's National Recovery and Resilience Plan is based on twenty five investment projects and reform measures spanning three priority areas addressing green and digital transition along with social and economic recovery and job creation.

The first objective is to ensure that in the recovery from the impacts of the pandemic, Ireland introduces innovative and radical ways to decarbonise society.

Allied to the requirements for climate action, this plan will set out key investments and reforms that will be actioned in the areas of digitisation, up-skilling and re-skilling and job creation. These reforms will be key in ensuring a successful transition to a sustainable society and economy and ensure the right physical and human capital are in place to deliver on these objectives.

The Recovery and Resilience Facility allows Ireland the opportunity to commence supporting these initiatives with funding provided by the European Union.

The National Recovery and Resilience Plan is aligned with domestic policies such as the Economic Recovery Plan (ERP) and the ongoing review of the National Development Plan (NDP) which will see Ireland investing €116 billion in capital spend over the period from 2018 to 2027. Consistent with the NRRP, the priorities for the NDP include reform, sustainability, regional development, innovation and skills, and climate action.

While the €915 million available under the NRRP will constitute less than 1% of total investment under the NDP, the funding will be directed into complementary investments that will make meaningful contributions to the process of recovery from the impacts of COVID-19. The requirement to meet future sustainability challenges in green transitioning and digitisation are centre to the EU Recovery and Resilience Facility. This has guided the development of Ireland's Plan, along with the economic and social need for recovery through upskilling and reskilling.

The reforms and investments to be supported by the Plan will comprise the following three priorities:

Priority 1: Advancing the Green Transition

Priority 2: Accelerating and Expanding Digital Reforms and Transformation

Priority 3: Social and Economic Recovery and Job Creation

Each priority contains a set of impactful and reinforcing investments and reforms that will be measurable and for which the Government will be accountable. The achievement of milestones and targets for these investments and reforms, in line with EU regulatory requirements, will enable Ireland to access its allocation under the Recovery and Resilience Facility.

Further details of the reforms and investments in each priority area are set out below, and a full list can be found as an Annex.

Priority 1 : Advancing the Green Transition

The next number of years are critical if Ireland is to address the climate and biodiversity crisis which threatens the safe future of this planet. Ireland's ambition is to more than halve carbon emissions over the course of this decade. This will be challenging and will require fundamental changes in so many aspects of Irish life, but the measures contained in this plan and other key domestic plans will help this country rise to the challenge.

Reflecting our strong national commitment to addressing the climate and biodiversity crisis, the National Recovery and Resilience Plan sees a significant allocation being made to supporting investments addressing the green transition.

As detailed in the 2020 Programme for Government, Ireland is committed to a 51% reduction in overall greenhouse gas emissions from 2021 to 2030 compared to 2018 levels, and carbon neutrality by 2050. Ireland recognises the importance of frontloading these required investments as many of the changes started in the 2021-2025 period will only lead to reductions later in the decade.

However, Ireland is lagging behind compared to other EU Member States in tackling decarbonisation. In fact, Ireland is expected to miss its target for cumulative emissions for the period 2013 to 2020 by approximately 5%. This means that proposals and funding are required

to substantially reverse recent trends and improve efforts to decarbonise. These plans will also be crucial for achieving progress towards environmental objectives in line with the EU Green Deal.

As part of Governmental commitment within the recent Programme for Government, Ireland will support the European Green Deal, which provides a roadmap for Europe to take advantage of the opportunities presented by moving to a low-carbon future.

The National Recovery and Resilience Plan represents a first step to significantly reform and direct relevant funding towards decarbonising projects such as retrofitting, ecosystem resilience and regeneration, climate mitigation and adaptation, and green data systems.

The two reform projects included under this priority strengthen the overall governance framework by enshrining key environmental policies in national legislation. This will help to ensure that our environmental policy efforts are on a sustainable footing and that momentum is maintained into the medium and long-term.

The measures contained in the National Recovery and Resilience Plan and in other key domestic plans will help this country rise to the challenge.



NRRP Priority 1 : Advancing the Green Transition

Seven investments will be undertaken to a total value of **€518 million** as follows:

- **1.1 - De-risking a Low Cost Residential Retrofit Loan Scheme** through the use of loan guarantees;
- **1.2 - Accelerate Decarbonisation of the Enterprise Sector**, through providing supports for Irish SMEs and exporters to address their emissions, and by investing in carbon measurement and abatement technologies for manufacturing companies;
- **1.3 - A Public Sector Retrofit Pathfinder Project** to undertake the deep retrofit of public office accommodation;
- **1.4 - Enable Future Electrification Through Targeted Investment in Cork Commuter Rail**, providing significant capacity increases on the Cork Area Commuter Rail network, including construction of a through platform at Kent Station, line doubling between Glounthaune and Midleton, and re-signalling, with a view to future electrification;
- **1.5 - A National Grand Challenges Programme** of mission-orientated funding to be rolled out by Science Foundation Ireland;
- **1.6 - The Enhanced Rehabilitation of Peatland**, encompassing the rehabilitation of 33,000 hectares of former industrial peatlands owned by Bord Na Móna;
- **1.7 - River Basin Management Plan - Enhanced Ambition Programme**, to upgrade a minimum of 10 waste water treatment plants not currently scheduled for upgrade whose discharges have been identified as being significant pressures on receiving water bodies.

In addition, under this Priority, Ireland is committing to implementing reforms by:

- **1.8 - Progressing the Climate Action and Low Carbon Development (Amendment) Bill**; and
- **1.9 - Implementation of Base Broadening Carbon Tax** measures as currently legislated for.

Priority 2 : Accelerating and Expanding Digital Reforms and Transformation

Reflecting the importance of the digital transition for Ireland and Europe in the coming decade, support for Irish businesses and our citizens to adapt to, and reap the benefits from, digitalisation will be central to our National Recovery and Resilience Plan.

Ireland's ambition is to provide a better experience for citizens and businesses interacting with Government and, as important, to continue and accelerate the reform agenda through improvements in the way Government systems operate.

Achieving this requires digital transformation of Government: redesigning and rebuilding Government process and services, if necessary across organisations, and using digitalisation and data to provide an integrated experience for our citizens, businesses and policy makers. Having a user-centred focus on the design and delivery of public services, underpinned by exemplary identity and data infrastructures, will be a key driver of reforms.

The benefits of the digital transformation of public services to both individuals and businesses are well established. These range from efficiency, transparency, trust, and accessibility through to funds being released for expenditure on improving existing and future services. Realising the potential of digital also requires promoting awareness of the possibilities of digital and strengthening digital skills within organisations and across sectors. Through this approach we will scale innovation to enable system-side transformation and reform.

Delivering modern digital public services requires greater openness and collaboration and the Government is looking at opportunities for greater engagement between citizens and Government as well as between Government, academia and industry, the latter in particular through GovTech.

Policies and interventions that advance the digital transformation can also be catalysts for wider recovery, growth and increased competitiveness. Having invested in underlying infrastructure, e.g. the National Broadband Plan, we need to drive adoption and maximise return on that investment, while driving the reform agenda.

For the past number of years, Ireland has striven to improve digital connectivity across urban and rural settings, to integrate digital services as part of the reform

and transformation of the Public Service, and to promote the benefits of digital transformation among Irish enterprise.

A first step for Ireland was ensuring that national connectivity could be greatly enhanced to ensure all regions and homes could benefit for the digital transformation of public and private services. For this reason, the National Broadband Plan was approved by Government to deliver high-quality broadband connectivity to parts of the country that had limited or no access through private providers. It is the Government's objective to utilise this increased connectivity and to simultaneously drive digital transformation in the Public Service, with greater integration of digital services.

The digitalisation of the Public Service is particularly key given the challenges presented by COVID-19, with the need for remote working, remote transferral of confidential information and a reduction in gatherings and face-to-face consultations.

Digital interactions are also less time consuming for people and reduce the administrative burden on both the public sector and companies, which can help support business as economies recover from the effects of COVID-19. Moreover, given the scale of case management that occurs across public facing parts of the Government sector, automating these components will significantly boost productivity, reducing backlogs and freeing up resources for other priorities.

The projects identified within this priority group address programmes to boost digitalisation in both the private and public sectors. The key objectives are to boost connectivity as well as drive efficiency improvements under the sectors supported. The drive for digitalisation will also support further objectives for Ireland which are to be world leaders in the appropriate application of frontier digital technologies, including cloud computing, data analytics, 5G, blockchain, Internet of Things and Artificial Intelligence.

Our digital transition will be one of the key enabler for our reform agenda, it will allow greater interoperability of public services within and between organisations nationally as well as across the EU as appropriate, improve quality of service, enable the sharing of information within the public sector and with citizens and business in an efficient manner thus enhancing our public administration.

The reform project included under this priority focuses on mainstreaming digital literacy and digital skills across all levels of the education system. This will support the implementation of the digital reform and transformation agenda into the future.

NRRP Priority 2 - Accelerating and Expanding Digital Reforms and Transformation

This Priority will see six investments undertaken to a total value of **€291 million** as follows:

- **2.1 - Development of a Shared Government Data Centre** to support digitalisation of Government services through delivery of high-quality Data Centre facilities;
- **2.2 - Programme to Drive Digital Transformation of Enterprise in Ireland** through the introduction of a new grants scheme for businesses to support digitalization and the establishment of European Digital Innovation Hubs in Ireland;
- **2.3 - A Programme to Provide Digital Infrastructure and Funding to Schools** will see high speed broadband connectivity provided to over 1,100 primary schools and grants provided for schools to purchase ICT infrastructure;
- **2.4 - Provision of an Online Response Option for the Census of Population** as part of Census 2026 which could also be used for other CSO and Government surveys;
- **2.5 - Using 5G technologies to Drive a Greener More Innovative Ireland** will see Government use 5G technology to enhance connectivity and service provision; and
- **2.6 - Roll out of a number of eHealth initiatives** including community eHealth solutions, investment in ePharmacy, and in an integrated financial management system as part of wider health system reform.

In addition, under this Priority, Ireland is committing to implementing reforms to:

- **2.7 - Address the Digital Divide and Enhance Digital Skills**, by developing a new 10 Year Adult Literacy, Numeracy and Digital Literacy Strategy and a new Digital Strategy for Schools.

Priority 3 : Social and Economic Recovery and Job Creation

Ireland's National Recovery and Resilience Plan has a strong focus on supporting people's return to work and preparing for the challenges of the future.

Further education and training (FET) in Ireland has long played a critical role in labour market activation and in upskilling and reskilling people. The requirements on the FET sector are particularly acute given the significant impact of COVID-19 on the social and economic fabric of Ireland. In particular, certain sectors and occupations have been impacted greatly, such as hospitality, services and retail. Additional skills challenges that relate to climate, Brexit and automation also still exist.

Recognising these challenges, Ireland has strengthened the mandate and governance of this sector through the establishment of the Department of Further and Higher Education, Research, Innovation and Science. This Department, under the direction of the Minister for Further and Higher Education, Research, Innovation and Science, will drive the reforms required to ensure Ireland equipped to upskill and reskill the workforce and to provide skills for growing sectors such as green and digital.

Ireland has introduced recent investments in FET aims to upskill, reskill, retrain and provide experience to individuals to enable them to avail of employment opportunities. Additional Government investment in vocational and further education was first announced in

the July 2020 stimulus package which will help people reskill and, if necessary, change career. This was further supported with additional further education and training places announced for 2020/21 in Budget 2021.

This priority area in Ireland's plan will focus on new work placements in response to the COVID-19 pandemic, in order to keep those who are unemployed close to the labour market. This area will also focus on equipping the Irish workforce with the necessary future skills that will be required to boost the innovation and productivity of the SME sector, and the provision of skills in support of climate action.

This commitment to reforming the focus of FET to meet the future employment Ireland strives to advance, in climate action and digitisation, will ensure there is alignment between the development of physical capital and human capital.

This priority area also includes a suite of six reform projects, to address a number of important social and economic policy needs identified in Ireland's Country Specific Recommendations. Implementing reforms in these key areas – health, housing, pensions, institutional frameworks, taxation, and business environment – will contribute to strengthening the overall social and economic policy framework in Ireland.



NRRP Priority 3 - Social and Economic Recovery and Job Creation

Three investments will be undertaken under this priority to a total value of **€181 million**:

- **3.1 - Work Placement Experience Programme** – EU funds will be used in support of our ambitious new Work Placement Experience Programme, targeted at reaching 10,000 participants;
- **3.2 - Solas Recovery Skills Response Programme** will see a range of additional educational and training programmes rolled out as part of the Skills to Compete and the establishment of the SOLAS Green Skills Action programme focusing on providing training to address climate and low carbon economy issues; and
- **3.3 - The Technological Universities Transformation Fund** will be supported by EU funds to aid the development and realisation of Technological Universities and promote regional economic development.

In addition, under this Priority, Ireland is committing to implementing reforms by:

- **3.4 - Reducing Regulatory Barriers to Entrepreneurship** through use of an SME Test in development of policy;
- **3.5 - Strengthening Ireland's capacity to address Anti-Money Laundering** with a particular focus on Trust and Company Service Providers;
- **3.6 - Continue to address Aggressive Tax Planning** through implementation of Ireland's Corporation Tax Roadmap;
- **3.7 - Advance Ireland's Pensions reforms** for the purposes of simplifying and harmonising supplementary pensions in Ireland;
- **3.8 - Increase the Provision of Social and Affordable Housing** through progressing the Affordable Housing Bill and the Land Development Agency Bill; and
- **3.9 - Progressing the strategic Healthcare reform agenda** set out under *Sláintecare*, by committing to the implementation of three initiatives which will improve access to care in the community and begin the process of removing private healthcare from public hospitals.

Overall Impact of the National Recovery and Resilience Plan

The National Recovery and Resilience Plan will form a key part of the Government's response to the COVID-19 pandemic, complimenting and aligning with our broader efforts to mitigate the economic and social impact of the pandemic, to making the economy and society more sustainable, more resilient and better prepared for the challenges of the future, including the opportunities of green and digital transition.

The COVID-19 pandemic had a significant impact on the Irish economy, particularly on the domestic economy, though the resilience in the multinational export sector meant that GDP grew by 3.4 per cent for the year as a whole. We must be cognisant however, that GDP does not provide an accurate representation of what is going on in the domestic economy, given the size of the

multinational sector. The 'dual-nature' of the Irish economy – characterised by highly productive and mainly foreign-owned MNCs on one side and domestic-SMEs on the other – has become even more pronounced during the pandemic. While exports grew by 6.2 per cent in 2020, by contrast, Modified Domestic Demand (MDD), which provides a better measure of domestic economic activity, decreased by 5.4 per cent.

The economic fall-out from COVID-19 is most evident in the labour market – having peaked at over 30 per cent in April 2020 (nearly twice the peak of the financial crisis), the unemployment rate remains elevated and stood at around 25 per cent in February 2021, when recipients of the Pandemic Unemployment Payment (PUP) are added to the official measure.

Economic Impact

Macroeconomic Impact

The forecasts set are based on the assumption that the ending of the third infection wave allows for a very gradual, phased and incremental easing of public health containment measures over the course of the second quarter. This, of course, cannot be taken for granted: while the infection rate has fallen from its peak earlier this year, it remains stubbornly high.

The short-term forecasts assume that the pace of vaccination ramps up over the second quarter, in line with the Government's projection that four-fifths of the adult population will be (partly – at least 'one dose') inoculated by end-June. Rising vaccine coverage will allow for a more significant easing of containment measures over the summer, with positive implications for economic activity. Lower levels of public health restrictions are assumed in the second half of the year, with minimal restrictions on economic activity in 2022, allowing for a substantive, and sustained, economic recovery.

Conditioned upon these assumptions, modified domestic demand (MDD) is projected to increase by 2½ per cent in 2021 (GDP growth of 4½ per cent). MDD growth is expected to accelerate in 2022, reaching 7½ per cent (GDP by 5 per cent), as pent-up consumer and business

demand is released. Given very high levels of uncertainty, the margin of error around these projections is sizeable. Overall, MDD is projected to exceed its pre-pandemic level around the fourth quarter this year, though the recovery in employment will continue to lag. Over the medium-term, MDD growth is projected to average 3½ per cent per annum; the equivalent for GDP is an annual average growth of 3¼ per cent.

Labour market Impact

The labour market has borne the brunt of the pandemic, with public health containment measures primarily affecting labour-intensive sectors that are largely dependent on close contact. The total number of hours worked at the end of 2020 was 8½ per cent lower than its pre-pandemic peak, with hospitality and leisure, as well as construction, contributing most to the decline. The COVID-19 adjusted measure of unemployment rose to 28 per cent in the second quarter of 2020. While this subsequently declined, it remained above 24 per cent in the early months of 2021.

The jobs market should benefit from the removal of restrictions over the summer, with rising employment helping to reduce the pool of unemployed. A much stronger recovery is projected for 2022 – on the assumption that public health containment measures

have been almost eliminated – and this should help to bring the unemployment rate back into (still-high) single digits by end-year.

Medium-term Growth Prospects 2023 to 2025

Medium-term projections are typically anchored in estimates of the economy's supply capacity, this being determined by the availability of capital and labour, as well as the efficiency with which these are combined in the production process (i.e. productivity). Beyond the short-term, the difference between aggregate demand and the economy's supply capacity – the output gap – is assumed to close and the economy evolves in line with its trend thereafter.

After supply-side effects are taken into account, GDP growth over the medium-term is tentatively projected at 3¼ per cent per annum, with broadly similar contributions from modified domestic demand and modified net exports. This 'catch-up' phase will see growth in excess of estimates of potential output with the output gap expected to close from a negative position (aggregate supply greater than aggregate demand) at the end of the forecast period.

Budget balance

In terms of the fiscal outlook, the Government has put in place unprecedented levels of budgetary support since the initial outbreak of COVID-19 in 2020, to ensure that workers and firms alike are supported throughout this pandemic. With a value of almost €38 billion, or nearly a fifth of national income (GNI*), the level of budgetary support made available by Government to tackle the economic impact of the pandemic, has been extraordinary.

The total value of payments made to date under the Government's three main support schemes – the Pandemic Unemployment Payment, the Employment Wage Subsidy Scheme (and its predecessor, the Temporary Wage Subsidy Scheme) and the COVID-19 Restrictions Support Scheme is around €13½ billion, or nearly 6½ per cent of national income (GNI*).

As a result, a deficit of 5.0 per cent of GDP was recorded in 2020 and on a no-policy-change basis, a deficit of 4.7 per cent of GDP is expected in 2021. Furthermore, our public debt has increased from a pre-pandemic level of €204 billion to an estimated €239 billion in 2021, or 112 per cent of GNI*. However, as the economy continues to reopen and ultimately recover during 2022, an improvement in the public finances is projected from 2022 onwards. The deficit will therefore improve to just under 3 per cent of GDP on the basis that most of the budgetary supports will have been withdrawn, with the debt ratio also projected to fall to 107 per cent of GNI*.

Economic Impact

The total amount of confirmed RRF grants (€915 million – current prices), although important, are not large relative to the size of the Irish economy, amounting to around ¼ per cent of GDP. Given the large import content of Irish investment and the fact that spending under the plan will be spread over several years up to 2026, the Recovery and Resilience Facility is likely to have a small direct impact from a macroeconomic perspective.

The total amount of planned expenditure under the National Recovery and Resilience Plan is ca. €1.0 billion. This amounts to just over ¼ per cent of GDP. An investment package of this size is likely to have a small direct impact on key macroeconomic indicators. Overall, the level of GDP is expected to be 0.1 percentage points larger on average relative to the baseline scenario. The planned expenditure under the National Recovery and Resilience Plan is also estimated to boost the level of employment by 0.15 percentage points on average over the 2021-2026 period.

Of course, the indirect impact from the Recovery and Resilience Facility i.e. from the boost to the EU economy, is expected to have a much more significant impact, reflecting the small open nature of the Irish economy.

The sections below outline the collective impact of the investment and reform measures on the Irish economy from a more micro perspective, particularly in terms of growth potential and job creation.

Collective Impact of Investments and Reforms

Impact of Investment Projects

Priority 1: Advancing the Green Transition

The move to green transition and particularly initiatives to improve energy efficiency are considered a key strategy for rapid job creation due to heavy dependence on labour.

The investment in “Derisking a low cost residential retrofit loan scheme” (project 1.1) will contribute to developing a viable residential retrofit lending market in Ireland, further contributing to economic recovery.

The investments aimed at accelerating the decarbonisation of Irish enterprise (project 1.2) will support businesses in moving towards lower carbon technologies and processes. Businesses that move early to reduce their carbon footprint will be more resilient to climate change impacts, including the impact of rising costs (energy, carbon taxes, water, and waste).

The National Recovery and Resilience Plan also supports sustainable public transport infrastructure that will improve capacity on the public transport network in a key regional city (project 1.4). This will reduce travel times and as a result it is expected that labour market productivity will improve and labour market participation will increase.

There are direct employment benefits as a result of the proposal to rehabilitate peatlands. The project will, over time, engage 307 workers, some engaged on a seasonal basis, with 210 full time equivalents to deliver the project out to 2025. Further employment will be realised through the rehabilitation of the privately owned lands element of the project.

Finally, the delivery of waste water-related investment (project 1.7) results in the creation and maintenance of jobs in engineering service providers, construction companies, and suppliers. Upgrading waste water infrastructure in smaller communities also allows for population growth and attracts commercial and industrial activities to these areas.

Priority 2: Accelerating and Expanding Digital Reforms and Transformation

The investments in the digitalisation of the public service will significantly boost the efficiency of public services and speed up processes of engagement between the private and public sectors (projects 2.1; 2.4; 2.5). There will also be direct and indirect job creation arising from

the delivery of much required ICT investment. In addition, the investment to support digital delivery of education in schools (project 2.3) supports the development of digital competence throughout the school age population.

The investment to drive transformative digitalisation of enterprise in Ireland (project 2.2), will boost productivity, particularly amongst SMEs. The investment in key eHealth projects (project 2.6) will ensure appropriate financial management across the multiple organisations in the health sector.

Priority 3: Social and Economic Recovery and Job Creation

The purpose of the work experience and training projects included in this plan, is to encourage job growth in the Irish economy post- COVID (projects 3.1 and 3.2). The investments in this area aim to give employment-ready jobseekers the key skills they need to pivot into new arenas of economic activity.

In addition, the investment in technological universities (project 3.3) will strengthen collaboration between education and partners from civil society, the professions and industry.

Impact of Reform Measures

Priority 1: Advancing the Green Transition

The Climate Action and Low Carbon Development (Amendment) Bill 2021 (project 1.8) will contribute to the productive capacity of the economy, and promote job creation by requiring the prioritisation of public capital investment in measures to reduce Ireland's greenhouse gas emissions.

Reforms in the area of environmental taxation will help to broaden the tax base, providing a revenue source for future Government expenditure while also demonstrating Ireland's commitment to a modern, low carbon economy (project 1.9).

Priority 2: Accelerating and Expanding Digital Reforms and Transformation

Taken together, the suite of reform measures included in the plan to address the risk of digital divide in the education sector will support the skills acquisition of all learners (project 2.7). This will support the labour market participation of those learners, and help to address a key emerging skills need as the economy

transitions towards more digitalised modes of work and business.

Priority 3: Social and Economic Recovery and Job Creation

The implementation of the SME Test will contribute to the reduction of barriers to entrepreneurship (project 3.4). The expected increase in entrepreneurial activity will drive growth in output and jobs. Ultimately, this will help secure economic recovery and resilience.

Reforms in the area of corporate taxation (project 3.6) will copper fasten recent actions taken to modernise the corporate tax code to align with new international norms, effectively address the risk of aggressive tax planning.

Measures included in the plan as part of the wider reform of the Irish pension system, will advance the goal of simplifying and harmonising the supplementary pension landscape (project 3.7).

Legislative reform in the areas of social and affordable housing (project 3.8) will contribute to addressing the housing needs of the population into the medium term, which in turn will help to avoid housing acting as a constraint on the labour force.

Lastly, three measures included as part of the healthcare reform (project 3.9) will contribute to progressing the wider programme of strategic transformation which is planned under Sláintecare.



Social Impact

Cognisant of the extraordinary social impact the COVID-19 pandemic has had on Ireland, the National Recovery and Resilience Plan has been prepared to contribute to the Government's overall ambitions for a sustainable, equitable, green and digital recovery effort, in a manner which compliments and supports the Government's broader recovery efforts. A significant number of the proposed actions, both investments and reforms, which Ireland will commit to are designed to have substantive positive social impacts. In addition, they will contribute to advancing the European Social Pillar. Reflecting the challenges facing Ireland, the Plan in particular seeks to achieve a social impact in the areas relating to employment, education, training and lifelong learning, healthcare, and access to essential services.

Reflecting the critical role that employment plays in advancing social inclusion, the National Recovery and Resilience Plan will also have a key role to play in supporting Ireland's economic recovery and the Government ambitious plans to restore employment.

Key initiatives in the Plan which will contribute to social impacts include initiatives to support the adoption of green technology. This will serve to enhance enterprise resilience and growth prospects in the period ahead, which will also serve to support employment. Ireland's plan also looks to equip the Irish workforce with necessary future skills boosting innovation and productivity of the SME Sector, supporting skills and training. It will address the risk of the digital divide including in the education sector, and support the development of digital infrastructure and the delivery of digital public services. It will also support the digital transformation of Irish education at all levels (schools, tertiary, lifelong learning), with the objectives of mainstreaming essential digital skills across all settings, addressing the risk of a digital divide and ensuring a sufficient supply of learners graduating with high-level ICT skills.

The pandemic has had a particularly damaging impact on employment among younger people, who tend to be overrepresented in the sectors that have been among the most severely impacted. It is essential that young people regain their footing in the labour market, particularly those who are entering the world of work for the first time and disadvantaged youths who were unemployed prior to the pandemic and face barriers in accessing work.

The Plan will focus on new work placements in response to the COVID-19 pandemic, in order to keep those who are unemployed close to the labour market. In the recent

Youth Employment Support Scheme (YESS), the current work placement programme is aimed at the under 25 age cohort who are facing significant obstacles to gaining employment.

Driving digital transformation is at the core of the inclusive and sustainable recovery. The Programme to Drive Digital Transformation of Enterprise in Ireland will accelerate the digital transformation of enterprises and will complement and be complemented by a co-ordinated national policy approach to maximise opportunities from digitalisation to effect lasting, positive impacts on the economy and society. This will entail investment and reforms throughout the entire ecosystem as digitalisation reshapes how goods and services are produced and delivered. Administration of the fund will incorporate a social sustainability proofing scoreboard to ensure consideration of gender equality and equal rights and opportunities for all in financing decisions. This will include gender disaggregated data where possible.

In 2019, the data for the European Pillar for Social Rights indicators found that 53% of the Irish population between the ages of 16 and 74 have basic or above basic digital skills, which is below the European average. The programme to provide digital infrastructure and funding to schools will target young people of school-going age through the provision of appropriate broadband in schools, and access to digital infrastructure will be a key enabler of improvement in that regard.

The National Recovery and Resilience Plan will also enhance the capacity of the health system to delivery efficient and effective care, the robustness and resilience of state services, and support the work of researchers in delivering tangible impacts for society. The eHealth project, Investment in Community eHealth solutions, epharmacy and Integrated Care, will help to achieve the European Pillar of Social Rights Healthcare objective that 'everyone has the right to timely access to affordable, preventive and curative health care of good quality.'

Ireland is strongly committed to the advancement of gender equality and equal opportunities for all, including in the context of the National Recovery and Resilience Plan. Equality is promoted through a range of cross-Governmental equality strategies which aim to address the particular needs of specific groups, including women and girls, those with disabilities, Traveller and Roma inclusion, LGBTI+ inclusion and migrant integration. Work on promoting equality has adapted to address the impact of COVID-19.

In its approach to supporting recovery the Government will ensure that policies to encourage employment and economic growth are complemented by those that reduce inequality, promote sustainability, inclusivity, and good living standards.

This approach is reflected in the overall balance of the National Recovery and Resilience Plan, including the development and implementation of a competitive fund to drive digital transformation of Irish Enterprise which will incorporate a social sustainability proofing scoreboard to ensure consideration of gender equality and equal rights and opportunities for all in financing decisions.

Furthermore, the Work Placement Experience Programme (WPEP) and the Solas Green Skills Action programme will provide workers impacted by the pandemic, of which women have been disproportionately affected, the opportunity to gain experience, reskill or upskill to new areas that are experiencing growth and skill shortages. The WPEP has also set One-Parent Family Payment (OFP) and the related Jobseeker Transition Payment (JST), Disability Allowance (DA) and Blind Person Pension (BPP) as eligible payments. These cohorts are known to be vulnerable to being at risk of poverty with lower than average rates of participation in the workforce. The development of additional options for these cohorts to access new opportunities for career development is an important element of this programme.

NRRP Development and Consultation

The National Recovery and Resilience Plan has been developed by the Department of Public Expenditure & Reform, working together with the Department of the Taoiseach and the Department of Finance, with input from other Departments as necessary.

The development of the National Recovery and Resilience Plan has been overseen by the Cabinet Committee on Economic Recovery and Investment, chaired by the Tánaiste and Minister for Enterprise, Trade & Employment.

An NRRP Implementing Body will be established within the Department of Public Expenditure & Reform to oversee implementation of the Plan. Reporting to the Minister for Public Expenditure & Reform, this Body will act as the lead authority for Ireland and as the single point of contact with the European Commission.

The Government recognises the importance of regular and open engagement with all sectors of society, and the particular the importance of this as we steer our way out of the pandemic, rebuild our economy and support communities that have been severely impacted by COVID-19. As committed to in the Programme for Government, a Social Dialogue Unit has been established within the Department of the Taoiseach. Its initial focus is on supporting engagement with the social partners including through existing mechanisms such as the Labour Employer Economic Forum and the annual National Economic Dialogue, while strengthening the overall approach to social dialogue being undertaken by Government.

Stakeholder engagement formed an important part of the development of Ireland's National Recovery and

Resilience Plan. In February 2021 the Department of the Taoiseach coordinated a Public Consultation receiving over a 110 written submissions from stakeholders, including regional representatives, political parties, representatives of employers, trade unions, the farming community, voluntary organisations, women's network, youth organisations, environmental organisations, academia, businesses, legal and other professional organisations including civil society stakeholders, and members of the public.

A number of stakeholders availed of the opportunity to discuss and have meetings with Government officials prior to and subsequent to submitting their proposals. These included stakeholders from the agriculture sector, environmental organisations and voluntary organisations.

The submissions received were summarised under the six pillars and seven flagships areas of the Recovery and Resilience Facility and with regard to their perspectives on Ireland's Country Specific Recommendations (CSRs). This was then shared with relevant Government Departments to be considered as part of the development of the National Recovery and Resilience Plan.

Across the submissions there were strong reoccurring themes. The Green transition and Digital transformation were dominant throughout the submissions as was the flagship on reskilling and upskilling, including green and digital skills to enable sectors and individuals to be fully enabled to contribute to the recovery.

Of Ireland's CSRs, those which stakeholders identified as being most relevant for the National Recovery and Resilience Plan were CSR 3 of 2019 (public investment, focussing on sustainable investment and regional development, and addressing barriers to entrepreneurship) and CSR 3 of 2020 (support SMEs, and investment on the green and digital transition), followed by CSR 2 of 2020 (skills, the digital divide and housing), and CSR 2 of 2019 (social inclusion and labour market activation policies). The approach taken in the National Recovery and Resilience Plan has been aligned with the outcome of this consultation exercise.

In addition to the public consultation, engagement with stakeholders took place in a number of different formats, including through the Labour Employer Economic Forum, chaired by the Taoiseach which brings together Trade Unions and employer representatives, at which the importance of public investment and support for sectors such as health as part of our national recovery were emphasised.

The Partnership Process Steering Group, which guides and advises on the programming of all European Structural Investment Funds (ESIF) programmes through the development process of the Partnership Agreement for the period 2021 – 2027, were also consulted.

The development of the National Recovery and Resilience Plan reflects a broad range of Government policy and its components also drew on the ongoing

engagement between Government Departments and stakeholders which takes place in a variety of formats, such as standing formal groups and through open public submissions and consultation processes, and through bilateral engagement. A number of the projects have been the subject of sector level stakeholder engagement, such as the Work Placement Experience Programme which has been subject to consideration by the Labour Market Advisory Council, or the substantive public engagement which took place in the development of the Cork Metropolitan Area Transport Strategy which underpins the proposed regional transport investment.

The development of the National Recovery and Resilience Plan is strongly aligned with our national policy framework. This includes the Economic Recovery Plan, the review of the National Development Plan, the revised Climate Action Plan, each of which involve significant consultation elements, such as the Stakeholder Engagement Event held on 21 October 2020 for the Economic Recovery Plan, and a high profile public engagement and consultation process held for the review of the National Development Plan.

Engagement on the plan has taken place with the Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach, which has been briefed by the Minister for Public Expenditure and Reform. Communication has also taken place with the Oireachtas Committee on European Affairs.

Sustainability

As detailed in the 2020 Programme for Government, Ireland is committed to an average 7% per annum reduction in overall greenhouse gas emissions from 2021 to 2030 (a 51% reduction over the decade) and to achieving net zero emissions by 2050.

The National Recovery and Resilience Plan represents a first step to significantly reform and direct relevant funding towards decarbonising projects such as retrofitting, ecosystem resilience and regeneration, climate mitigation and adaptation, and green data systems. As part of the Irish submission, a total of 7 investments and 2 reforms have been included in this plan to meet the need for a green transition in the coming number of years.

The next largest component focuses on digital transition, which has a key role in making Ireland more sustainable.

Measures focus on developing Irish industries into more competitive, resilient, green, innovative and secure than before COVID. This will help promote inclusion and create good, well-paying jobs in sectors that have a viable future.

Finally, in looking at how the Irish society and economy recovers from the impacts of COVID, this plan ensures that those currently experiencing unemployment can access training to develop skills to get a good job and participate in an increasingly digital and green society.

The National Recovery and Resilience Plan is also fully aligned with, and has been integrated into, the Government's forthcoming Economic Recovery Plan. This Plan will also set out a roadmap for a resilient Irish economy aligned with the Government's green and digital ambitions.

Use of EU Funds

Ireland will receive a total of €1,139 million (in 2018 prices) in Cohesion Policy Funds for the 2021 – 2027 programming period, comprised of:

- €351 million for the European Regional Development Fund (ERDF);
- €451 million for the European Social Fund + (ESF+);
- €260 million for European Territorial Cooperation (including PEACE PLUS); and
- €77 million under the Just Transition Fund (JTF).

In addition, Ireland will receive €84 million for the current programmes in 2021 under REACT-EU (additional funding to help with Ireland's recovery), to be supplemented by a further allocation in 2022. When the requirement for (predominately Exchequer) match funding is included the full value of the programmes supported by the 2021 – 2027 allocations amounts to approximately €3.1 billion.

ERDF 2021-2027

For the 2021-2027 programming period, Ireland expects to receive €351 million for the European Regional Development Fund (ERDF). The EU Structural Funds Unit in the Department of Public Expenditure & Reform is currently coordinating the preparation of the ERDF Operational Programmes.

ESF+ 2021-2027

For the 2021-2027 period, the ESF will be merged with the Youth Employment Initiative (YEI), the Fund for European Aid to the most Deprived (FEAD) and the directly managed Employment and Social Innovation (EaSI) Programme, to become the ESF+. Ireland's ESF+ allocation for 2021-27 is €451 million in 2018 prices.

Discussions are ongoing with various Government Departments regarding potential schemes for inclusion and with the European Commission in relation to the detailed drafting of the Programme. A mature draft of the Programme is expected to be ready by end-Summer with a view to Government Approval and formal submission to the Commission later in 2021.

Just Transition Fund 2021-2027

Ireland's allocation under the JTF will be €77 million (in 2018 prices) for the period 2021-2027. The JTF must be co-funded with national resources. Investments that may be supported include those that support local economies through stimulating their endogenous growth potential in accordance with the respective smart specialisation strategies for research and innovation.

European Maritime Fisheries & Aquaculture Fund 2021-2027

The Council and European Parliament agreed the draft Regulation in December 2020 with a view to formal adoption in summer 2021.

Asylum and Migration Fund 2021-2027

The European Commission has agreed a follow-on programme, called the Asylum and Migration Fund 2021-2027, with a total EU-wide budget of €10.4 billion. Ireland is currently preparing the requirements to opt-in to this new programme.

Internal Security Fund 2021-2027

Ireland is in the process of drafting a National Programme for submission to the European Commission. EU approval for the National Programme is expected by September 2021 and plans are in place for implementation shortly thereafter.

Annex : Overview of Ireland's National Recovery and Resilience Plan

Priority Component 1: Advancing the Green Transition

Project	Department	Category (Investment /Reform)	Indicative Allocation	Summary of Project
1.1—De-risking a Low Cost Residential Retrofit Loan Scheme	Department of the Environment, Climate and Communications	Investment	€40m	<p>The investment project consists of setting up a low cost residential retrofit loan scheme based on a loan guarantee. The loan guarantee will provide risk protection thanks to which the participating banks will offer loans with reduced interest rates to private homeowners and non-corporate landlords, who wish to borrow to finance energy efficiency upgrades of their homes. As a result, households will be able to enjoy more comfortable and healthier homes with a lower carbon footprint. The loan guarantee is expected to help to increase the volume of retrofit activity within the State and improve the recovery and resilience of the supply chain within the retrofit sector. The scheme will also signal to the banking sector new viable business opportunities associated with the transition to a low carbon economy.</p> <p>The investment of approx. €40 million sought from the EU Recovery and Resilience Facility will be combined with Exchequer's own investment of approx. €20 million to provide an upfront payment for losses expected during the lifetime of the guarantee scheme (i.e. funding the so-called 'First Loss Piece' of the guarantee [FLP]).</p>
1.2 - Accelerate Decarbonisation of the Enterprise Sector	Department of Enterprise, Trade and Employment	Investment	€55m	<p>The objective of this fund is to support the decarbonisation of enterprises, foreign and indigenous owned, by incentivising the installation of Energy Metering and Monitoring Control Systems, and increasing the uptake of carbon neutral low/medium temperature heating in the manufacturing industry.</p> <p>This investment consists in financing calls for projects through two existing funds. First, the investment shall provide funding to the Carbon Reduction Fund, targeting enterprises in the manufacturing sector, with a focus on carbon reducing technologies at a plant level, monitoring and tracking systems to begin accounting for the carbon footprint, and research, development and innovation that will facilitate emissions reductions.</p>

				<p>Second, it shall support the Climate Enterprise Action Fund, targeting Enterprise Ireland and Local Enterprise Office clients (large, medium, small and micro enterprises). This fund targets identification of CO2 abatement opportunities for companies, projects for lower-carbon products, and research and development of new low carbon products.</p>
1.3 - Public Sector Retrofit Pathfinder Project and Public Sector Buildings' Energy Retrofit Programme	Office of Public Works	Investment	€60m	<p>The Government's Climate Action Plan requires that all public buildings meet carbon reduction targets by 2030 and accord with all prevailing EU regulatory provisions. The existing office accommodation portfolio has a disproportionate amount of buildings (half of the portfolio) dating from the early 1950's to the early 1990's. Those aging assets are at or near the end of their useful lives. The buildings to be retained in the portfolio, to meet existing and future public service workforce needs, are therefore in need of major investment by way of retrofitting to significantly reduce their carbon footprint in line with Government and EU climate action requirements. The proposed investment Programme will involve the undertaking of projects to deliver improved building condition and performance that will generate a minimum of a 50% increase in energy efficiency resulting in a commensurate reduction in greenhouse gas emissions.</p> <p>The Public Sector Retrofit Pathfinder project involves the deep retrofit, refurbishment and redevelopment of a public service premises in Beggar's Bush, currently near to end of useful economic life with systems and building fabric no longer fit for purpose, into a major complex including the new headquarters of the Department of the Environment, Climate & Communications. The occupancy of the complex will rise from 195 to over 500 staff; the building will improve from BER C3 to A2 energy rating and achieve compliance with NZEB [Near Zero Energy Building] criteria. As such this is a 'pathfinder' project which will influence OPW's public buildings upgrade programme into the future.</p>

1.4 – Enable Future Electrification Through Targeted Investment in Cork Commuter Rail	Department of Transport	Investment	€164m	<p>This investment measure proposes an acceleration of investment in Cork to support the longer-term objective to provide electrified rail services in the Cork metropolitan area, as set out in the Cork Metropolitan Area Transport Strategy. This investment will expand sustainable mobility capacity on its metropolitan area commuter rail network and enable sustainable urban development in line with relevant regional and metropolitan planning strategies.</p>
1.5 - National Grand Challenge Programme	Department of Further and Higher Education, Research, Innovation and Science	Investment	€72m	<p>The National Grand Challenges Programme will use a challenge-based approach to coordinate national research and innovation capacity to address a range of issues. The funding will support research and innovation projects to develop solutions in the areas of Climate and Digital, including Agriculture and Health. Complex problems call for novel approaches that embrace trans-disciplinarily, agility and acceptance of risk. The programme will be managed by Science Foundation Ireland (SFI).</p> <p>Challenges will be carefully curated by SFI teams working with Government Departments and agencies. Approaches will be outcome-focused, maximising the opportunity for research translation. This resource should be considered as a necessary enabler of national reform objectives. .</p>
1.6 - Enhanced Rehabilitation of Peatlands	Department of the Environment, Climate and Communications	Investment	€108m (supported in its first year by the Climate Action Fund)	<p>This investment relates to the enhanced rehabilitation of approximately 33,000 hectares of Bord na Móna peatlands previously used for energy production over a number of decades. They are some of the more degraded peatlands in the State. Degraded peatlands are a source of carbon emissions rather than a sink as they would be in their natural state.</p> <p>The investment will deliver benefits, such as, reducing carbon emissions; transition the lands towards carbon sequestration and enhancing their carbon storage potential. In addition it will provide natural capital opportunities, increasing biodiversity, supporting peatland amenity and eco-system services, as well as improving water quality and attenuation. Furthermore, the project will add to our knowledge and evidence base for peat and wetland rehabilitation in Ireland.</p>

1.7 - Irish Water – River Basin Management Plan - Enhanced Ambition Programme.	Department of Housing, Local Government and Heritage	Investment	€20m	This project aims to deliver 10 priority waste water treatment plant projects whose discharges have been identified as being significant pressures on receiving water bodies. Feasibility studies for a further 20 waste water treatment plant projects will be completed to expedite their subsequent delivery by Irish Water. Projects to be selected are not scheduled for delivery within the current Irish Water Investment Plan period.
1.8 - Climate Action and Low Carbon Development (Amendment) Bill 2021 – Reform Measure	Department of the Environment, Climate and Communications	Reform	N/A	<p>The Irish Government is committed to a 51% reduction in overall greenhouse gas emissions from 2021 to 2030 compared to 2018 levels, and carbon neutrality by 2050.</p> <p>The purpose of this reform measure is to provide for primary legislation to strengthen the statutory framework for more effective governance of the State's climate objectives.</p> <p>Specific measures in the Bill include:</p> <ul style="list-style-type: none"> • A legal requirement to achieve a climate neutral economy no later than 2050; • A legal requirement for Government to adopt a series of economy wide 5-year carbon budgets, on a rolling 15-year basis; • A legal requirement for Government to adopt sectoral emission ceilings for each relevant sector within the limits of each carbon budget; • strengthening the role and membership of the Climate Change Advisory Council, tasking it with proposing carbon budgets to the Minister; and; • Setting a target for 2030 of a 51% reduction in emissions.
1.9 - Base Broadening Carbon Tax - Reform Measure	Department of Finance (Revenue)	Reform	N/A	<p>This project entails a trajectory of rate increases to the carbon tax, which will provide an additional revenue source and support Government expenditure in the areas of climate action and just transition.</p> <p>The long term carbon tax trajectory encourages a move away from heavily pollutant fossil fuels to greener fuels and is a key policy lever in support of Ireland's transition to a carbon neutral economy as set out in the 2020 Programme for Government.</p>
Green Subtotal			€518m	

Priority Component 2: Accelerating and Expanding Digital Reforms and Transformation

Project	Department	Category (Investment /Reform)	Indicative Allocation	Summary of Project
2.1 - Development of a Shared Government Data Centre.	Department of Public Expenditure and Reform (OGCIO)	Investment	€39m	This aim of this initiative is to build a new fit for purpose Government Data Centre, the objective which is to deliver high-quality Data Centre facilities which are fit for purpose and are capable of meeting the Government's requirements now and in the future. The project is to initially replace four of the State's most essential data centres operated by Department of Agriculture, Revenue Commissioners, DEASP and An Garda Síochána with one purpose-built data centre facility owned and operated by Government and then make the facility available to all organisations across the Public Service. In doing so it will address operational risks and support greater integration, power efficiency, standardisation, reduction in duplication and cost control across the wider public service.
2.2 - Programme to Drive Digital Transformation of Enterprise in Ireland.	Department of Enterprise, Trade and Employment	Investment	€85m	<p>This programme will seek to drive digitalisation across all enterprises and across all sectors, within a supportive ecosystem. The investment will be used to implement priorities set out in Ireland's SME and Entrepreneurship Growth Plan, the EU Commission's SME Strategy for a Sustainable and Digital Europe, and Ireland's Remote Working Strategy, by supporting the digital transformation of companies, driving increased adoption and diffusion of digital technology, including innovation and clustering, through European Digital Innovation Hubs (EDIHs). The transition will be underpinned by a strong regulatory environment.</p> <p>This programme to accelerate the digital transformation of enterprises will complement and be complemented by a co-ordinated national policy approach to maximise opportunities from digitalisation to effect lasting, positive impacts on the economy and society. This will entail investment and reforms throughout the entire ecosystem as digitalisation reshapes how goods and services are produced and delivered.</p>

2.3 - Programme to Provide Digital Infrastructure and Funding to Schools.	Department of Education	Investment	€64m	<p>Project A: Provision of High Speed Broadband Connectivity to up to 1,100 Primary Schools through the Schools Broadband Programme. This will ensure that all 3,240 primary schools in the country have parity of services with high speed connectivity provided through the National Broadband Plan implementation, commercial provision, and this NRRP project, within the Schools Broadband Programme.</p> <p>Project B: ICT Grant Funding to issue to schools to enable them to support learners through the provision of connectivity, devices and software, addressing the digital divide. The aim of this project is to ensure that those learners already at risk of educational disadvantage are not further impacted through lack of access to appropriate digital infrastructure. Funding will issue to schools based on socio-economic data, to enable schools to support their most vulnerable learners.</p> <p>The proposal overall will provide for equal access to all the necessary tools required for digital access and upskilling, internet connection and digital literacy online education. Long term this investment will contribute to strengthening the sustainable growth potential, employment opportunities and resilience of these young people and by developing their digital skills will have a lasting impact on the overall economic and social resilience and employment.</p>
2.4 - Provision of an Online Response Option for the Census of Population	Central Statistics Office	Investment	€10m	<p>The main objective of this project is to develop a platform by 2026 that will be used for the first online Census of Population in the State. A Census of Population is the only operation that gives a comprehensive picture of the social and living conditions of our people. It provides policy makers with invaluable information down to a small area level.</p> <p>The platform will be developed by the Central Statistics Office and will enable citizens to complete their census returns online. The platform will have reuse potential across other areas of data collection, and the wider public sector, and will facilitate an increase in digital data collection enabling the provision of more timely, relevant and better-quality data to inform policy making.</p>

2.5 - Using 5G Technologies to Drive a Greener more Innovative Ireland	Department of Public Expenditure and Reform (OGCIO)	Investment	€19m	<p>Ensuring that public administrations maximise the benefit from 5G technologies.</p> <p>This consists of the building of a low latency platform with a high speed backbone using edge compute nodes to enable a faster response.</p> <p>This Platform will interconnect with the local access technologies of the carriers, including Stand-alone 5G as it becomes available nationwide, and will connect to Government and Commercial Datacentres as well as Cloud providers. This will allow for processing of data at the appropriate location, be that at an edge compute node, a regional compute node, or in the Cloud.</p> <p>A variety of public services shall be subsequently developed, tested and deployed using the platform, notably for Public Protection and Disaster Relief (PPDR) and “Test Before Invest” for SMEs and start-ups.</p> <p>The analysis and processing of information at the appropriate point will enable faster, more informed responses to incidents than human-reliant monitoring could provide.</p> <p>The Public Sectors and staff that will benefit from the proposal are public health, veterinary/ agriculture inspectors, social workers, policing and local authorities etc. as the platform enables the provision of country-wide edge compute, enabling an effective and responsive public services.</p>
2.6 – Suite of eHealth Projects	Department of Health	Investment	€75m	<p>Investment in ePharmacy will include the deployment of new pharmacy systems within hospitals which will not only provide better visibility of medications usage and costs but also enable the possible extension of these systems for use as ePrescribing tools across many of our hospitals. Investment in ePharmacy may also include development of national drug files and delivery of ePrescribing solutions for the community. It is seen as a key enabler for integrated care as it makes it possible to manage the client pathway between different sectors and organisations within the health and social care space. Community eHealth solutions will include delivery of ICT communications and technical infrastructure to support the work of a mobile clinical workforce.</p>

				<p>An integrated financial management system will provide financial and procurement efficiencies within the health system as part of a wider financial reform programme of work. Unifying the existing financial management systems in the HSE to one national system. It is anticipated that this would have significant efficiency savings as well as significantly improving the transparency of financial returns across the system.</p> <p>Investment provided by the recovery & resilience programme for these two initiatives will complement ICT funding for related projects and programmes as part of the wider eHealth agenda in Ireland.</p>
2.7 - Addressing the Digital Divide and Enhancing Digital Skills	Department of Education. Department of Further and Higher Education, Research, Innovation and Science	Reform	N/A	<p>This project comprises a number of reforms to support the digital transformation of Irish education at all levels (schools, tertiary, lifelong learning), with the objectives of mainstreaming essential digital skills across all settings, addressing the risk of a digital divide and ensuring a sufficient supply of learners graduating with high-level ICT skills.</p> <p>They comprise a number of separate but complementary measures including:</p> <ul style="list-style-type: none"> • Reform Measure 1: Digital Strategy for Schools; • Reform Measure 2: Ireland's Third ICT Skills Action Plan; • Reform measure 3: 10 Year Adult Literacy, Numeracy and Digital Literacy Strategy; • Reform Measure 4: Laptops for Disadvantaged Students in Further and Higher Education. <p>Technology Skills 2022: Ireland's Third ICT Skills Action Plan aims to increase the numbers of learners graduating with high-level ICT skills by over 65%, or an additional 5,000 graduates, apprentices and trainees by the end of 2022.</p> <p>Digital Literacy will, in the context of the 10 Year Adult Literacy, Numeracy and Digital Literacy Strategy, be centred around basic digital skills, very similar to the definition of basic digital skills used in the DESI scoreboard. Targets will be set to improve the share of the population with basic digital skills, thereby tackling the digital divide and enabling greater access to digital services.</p>

				The distribution of laptops to disadvantaged students in further and higher education tackles the digital divide in the context of the shift to online and blended models of learning during the COVID-19 pandemic. It is expected that 20,000 students will receive a laptop under the initiative which will ensure they can keep up to date with their studies.
Digital Subtotal			€291m	

Priority Component 3: Social and Economic Recovery and Job Creation

Project	Department	Category (Investment /Reform)	Indicative Allocation	Summary of Project
3.1 - Work Placement Experience Programme (WPEP)	Department of Social Protection	Investment	€27m	WPEP is being developed as a response to the COVID-19 pandemic and aims to keep people who have been unemployed for six months or more close to the labour market and provide them with quality work experience to increase their employability and increase the likelihood of return to full employment once the placement concludes.
3.2 - SOLAS Green Skills Action Programme	Department of Further and Higher Education, Research, Innovation and Science	Investment	€114m	A range of additional educational and training programmes will be developed to formalise the Skills to Compete Initiative and formally establish the SOLAS Green Skills Action Programme. Skills to Compete is the Further Education and Training activation and skills response for those who have been impacted by the COVID-19 Pandemic. It aims to improve participants' employability skills as well as while supporting and advancing the progression of all relevant learners through three core components - digital skills, transversal skills and sector specific skills provision. The Green Skills Action Programme aims to progress the green transition and support climate action. It will include a focus on provision in Near Zero Energy Building and Retrofitting as well as the development of new modules in green skills. There will be a focus on using technology in pedagogical approaches to teaching and learning, and using tech-led approaches to the provision of education and training across both Skills to Compete and the Green Skills Action Programme.

3.3 - Technological Universities Transformation Fund	Department of Further and Higher Education, Research, Innovation and Science	Investment	€40m	<p>This project will build TU capacity in education and training reforms, including the strengthening of effective active labour market policies by accelerating TU plans in the area of co-creation of research-informed teaching and learning through dynamic collaboration and open engagement between students, TUs and partners from industry, the professions, and civic society as part of a coherent response to existing and new challenges aggravated by and/or resulting from the COVID-19 crisis.</p> <p>The project includes provision for the renewal and reform of academic programme provision including defining student pathways and graduate outcomes. It will develop appropriate upskilling course provision or innovative approaches to addressing regional skills needs, including at Levels 6 and 7 on the National Framework of Qualifications and in the apprenticeship space, and to ensure learner access in the context of required digital connectivity and meeting the needs of vulnerable persons including those in under-represented or socially or economically disadvantaged groups or areas in these contexts.</p> <p>Particular emphasis will be placed on higher education flexible course provision, or course content creation or adaptation, in the areas of distance learning, part-time, online or blended learning, lifelong learning and higher education access for vulnerable or marginalised groups. Emphasis will also be placed on the potentiality for the mainstreaming of relevant courses, content or approaches to addressing the digital divide. Across all 5 established or prospective TUs and enrolment it is estimated at least 4,000 staff members will participate in and benefit from upskilling and development activities and at least 9,600 students will benefit from a new or reformed curriculum or participate in new or reformed training or learning activities financed under projects of the TU Education & Training Reforms programme.</p>
3.4 - Reducing Regulatory Barriers to Entrepreneurship	Department of Enterprise, Trade and Employment	Reform	N/A	<p>The European Commission's Small Business Act requires each Member State to create and implement its own SME Test. The purpose of the SME Test is to remove any unnecessary regulatory obstacles for SMEs when it comes to starting, establishing and growing their business. This project will implement the "SME test" to remove any unnecessary regulatory obstacles for SMEs when it comes to starting, establishing and growing their business.</p>

				<p>The reform consists in the design, implementation, and verification of application of the SME test. The SME test will contain four steps for policymakers to consider:</p> <ul style="list-style-type: none"> • SME stakeholder consultation; • identification of affected businesses; • measurement of the impact on SME's; and • assessment of alternative mechanisms and mitigating measures.
3.5 - Anti Money Laundering	Department of Justice	Reform	N/A	<p>This project includes a suite of interlinked measures to enhance the supervision and enforcement of the anti-money-laundering framework as regards professionals providing trust and company services.</p> <p>The reform consists of the publication of a sectoral anti-money laundering/ counter financing of terrorism risk assessment of Trust or Company Service Providers (TCSPs).</p> <p>The Anti-Money Laundering Compliance Unit (AMLCU) in the Department of Justice will conduct a greater number of inspections of TCSPs.</p> <p>In addition, a working group will be established by the AMLCU, which will submit a review report to Government, on the feasibility of amending the primary legislation to expand the regulatory toolkit to include an administrative financial sanctions regime, including recommendations towards such an expansion of the regulatory toolkit where considered feasible. New legislation will be enacted aiming at operationalising any recommendations from the working group report.</p>
3.6 - Aggressive Tax Planning	Department of Finance	Reform	N/A	<p>This project includes a number of measures including enhanced Controlled Foreign Company rules, amendment of capital allowances on intangible assets, completion of corporate tax residency reform, and a public consultation on the introduction of measures regarding outbound payments to listed and no-tax jurisdictions. The final milestone will be the introduction of legislation to apply to outbound payments, to take effect from 1 January 2024 at the latest. The legislation will apply to both zero or no-tax jurisdictions and jurisdictions included on the EU list of harmful jurisdictions for tax purposes.</p>

3.7 - Pensions	Department of Finance	Reform	N/A	<p>This reform will address the expected increase in age-related expenditure by implementing pension reform plans. The project relates to the work of the Interdepartmental Pension Reform and Taxation Group (IDPRTG). This group is tasked with a number of actions under the Government's Roadmap for Pensions Reform 2018 – 2023, for the purposes of simplifying and harmonising supplementary pensions in Ireland.</p> <p>The reform consists of legislative measures which will</p> <ul style="list-style-type: none"> • facilitate individuals in moving from a pension scheme to a private pension; • support the harmonisation of the tax treatment of employer contributions to an employee's pension; and • help simplify the drawdown process.
3.8 - Increasing the Provision of Social and Affordable Housing	Department of Housing, Local Government and Heritage	Reform	N/A	<p>This project includes the development and enactment of two significant pieces of legislation that will transform the framework for the provision of social and affordable housing in Ireland:</p> <ul style="list-style-type: none"> • The Affordable Housing Bill 2021, which will enable the Affordable Purchase Scheme for homes on public land scheme and the new Cost Rental Scheme; and • The Land Development Agency Bill 2021, which will establish the Land Development Agency as a commercial State agency whose remit shall include increasing the supply of housing in the State and in particular social and affordable housing.
3.9 - Health	Department of Health	Reform	N/A	<p>This project comprises three separate measures to address aspects of the healthcare Country Specific Recommendations received by Ireland, particularly in relation to improving access to healthcare and increasing the cost-efficiency of the healthcare system.</p> <p>The measures comprise three initiatives:</p> <ul style="list-style-type: none"> • Implementation of the Sláintecare consultant contract (public practice only) • Implementation of the 2019 GP agreement to develop and expand community care through the modified Chronic Disease Management programme (CDM)

				<ul style="list-style-type: none">Implementation of the Enhanced Community Care Programme, specifically the operationalisation of community healthcare networks (CNHs).
Social and Economic			€181m	
Overall Total			€990m	



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