National Reform Programme

Ireland

April 2016

Contents

1. Introduction

Preparation of our National Reform Programme (NRP) is an important part of the European Semester process.

Ireland held a General Election on 26 February 2016. The process of forming a new Government is underway, with a new Programme for Government to be developed in due course. Any update to this NRP, reflecting relevant elements of a new Programme for Government, will be forwarded to the Commission as soon as possible.

Ireland is experiencing strong and robust economic growth, with GDP estimated to have grown by 7.8% in 2015. Domestic demand once again made a strong contribution to overall growth, and high frequency indicators suggest the positive momentum has continued in 2016.

Notwithstanding the significant progress made to date, we recognise that the international economic situation remains fragile with risks to the outlook. There is also a need to address a number of emerging pressures associated with our strong economic recovery, as well as a continuing commitment to addressing remaining legacy issues.

Ireland's NRP reports on the progress made and policy measures in place to address our key policy challenges, including those identified in the European Commission's Country Report on Ireland published in February.

In this context the NRP reports on progress across the four Country Specific Recommendations (CSRs) received in 2015. CSRs are tailored, concrete recommendations for actions in areas where it is considered that individual Member States should focus their reform efforts.

Ireland's CSRs in 2015 covered the following areas:
1. Public Finances
2. Health Sector Reform
3. Work-intensity of households/risk of poverty
4. Private debt, including mortgage arrears

This NRP also reports on progress towards our Europe 2020 targets across the five headline targets:
1. Employment;
2. Research and Development;
3. Climate Change and Energy;
4. Education; and
5. Poverty reduction.

Finally, the NRP also reports on the use of structural funds and on stakeholder engagement, which is regarded as an important part of the European Semester process.

2. Macroeconomic Context and Scenario

First estimates of full year economic activity for 2015 were published by the Central Statistics Office (CSO) in mid-March. These show GDP growth of 7.8 per cent (GNP growth of 5.7 per cent) last year. Domestic demand once again made a strong contribution to overall growth.

High frequency indicators suggest the positive momentum has continued in 2016. Retail sales, particularly car sales, industrial production as well as purchasing managers' indices support an assessment of another year of strong growth.

Externally, the international economic situation remains fragile with risks firmly tilted to the downside. These risks are less pronounced in the advanced economies with which Ireland conducts the bulk of its trade, although international organisations (IMF, OECD, and European Commission) are generally revising downwards their forecasts for advanced economies also. Notwithstanding this, robust export growth of 8 per cent is projected for 2016 reflecting the sectoral composition of our exports and continued improvements in competitiveness.

However, domestic demand should be the main driver of economic activity again this year. Based on positive developments in the labour market, low inflation and increases in disposable income, personal consumption expenditure is forecast to grow by 3.9 per cent this year. Investment spending is again set to increase at a double-digit rate, with strong contributions from all the sub-components of investment.

Taking all of these factors into account, GDP growth of 4.9 per cent is forecast for this year. Over the medium term, GDP growth is set to slow to around 3 per cent, in line with potential.

The labour market has continued to strengthen. Latest available data show thirteen successive quarters of annual employment growth, with employment levels some 142,000 (or about 8 per cent) above the low-point seen in 2012. Employment increased by 2.6 per cent on average last year. As a result, the monthly unemployment rate has fallen to 8.6 per cent in March - its lowest level since 2008.

The outlook for employment remains strong, with growth of 2.6 per cent projected for this year. Over the medium term, annual average employment growth of just under 2 per cent is forecast. This will see unemployment fall to 8.0 per cent by the end of this year and 6.0 per cent by the end of the forecast horizon.

Table 1

% change unless otherwise stated	2015	2016	2017	2018	2019	2020	2021
Real GDP	7.8	4.9	3.9	3.9	3.3	3.1	2.9
Employment	2.6	2.6	2.3	2.3	1.7	1.6	1.4
Employment (000)	1,965	2,015	2,060	2,105	2,140	2,175	2,205
Unemployment rate (%)	9.5	8.4	7.8	7.0	6.6	6.3	6.0

Source: 2015 - CSO; 2016 to 2021 - Department of Finance

3. Key Policy Responses to Major Economic Challenges, including responses to 2015 CSRs

Public Finances

CSR 1
Ensure a durable correction of the excessive deficit in 2015. Achieve a fiscal adjustment of 0.6 % of GDP towards the medium-term budgetary objective in 2016. Use windfall gains from better-than-expected economic and financial conditions to accelerate the deficit reduction and debt reduction. Limit the existing discretionary powers to change expenditure ceilings beyond specific and predefined contingencies. Broaden the tax base and review the tax expenditures, including on value added taxes.

Budget 2016, which contained €1.5 billion of measures, split evenly between expenditure and revenue measures, was framed to ensure compliance with both pillars of the preventive arm of the SGP: 1) the annual improvement in the structural balance and 2) the expenditure benchmark.

It was estimated at Budget 2016, that the impact of these measures would result in a general government deficit of 1.2% of GDP in 2016. This has subsequently been revised downwards in the Maastricht return to a projected general government deficit of 1.1% for this year.

The structural balance is set to improve by 0.8% of GDP, above the 0.6% of GDP target set out in CSR 1.

The debt-to-GDP ratio continues to improve. While it was projected in Budget 2016 to reach 93% this year, it is now expected in the Maastricht return to be about 89% this year.

Based on the Department of Finance's data and forecasts, Ireland's Draft Budgetary Plan showed compliance with both the minimum annual improvement in the structural balance and the expenditure benchmark. On the basis of the Commission's assessment published last November, Ireland comfortably passes the structural balance but is at some risk of deviation from the expenditure benchmark requirement. Importantly, while Ireland shows a deviation of 0.4% of GDP with the expenditure benchmark, this does not represent a significant deviation (which is defined as greater than 0.5% of GDP).

Multi Annual Expenditure Ceilings are in place as per the Ministers and Secretaries (Amendment) Act 2011 and were introduced to ensure compliance with SGP rules. Accordingly, any changes to the ceilings are consistent with this primary objective. Changes will only be made to the extent that they are compliant with the SGP rules.

A review of tax expenditures was carried out and published on Budget Day. In addition, broader reviews were also undertaken and published on Budget Day, including a review on entrepreneurship and the tax system and a marine taxation review.

A new Capital Plan was published in September 2015, comprising a €42 billion framework for infrastructure investment in Ireland over the period 2016 to 2021. The Capital Plan combines direct investment by the Exchequer of €27 billion, a third phase of PPP investments of about €500 million and State-owned sector investment of around €14.5 billion. In total, this state-backed investment package represents over 3.5% of GNP each year between 2016 and 2021 (see further detail below on page 23).

Health Sector Reform

CSR 2

Take measures to increase the cost effectiveness of the healthcare system, including by reducing spending on patented medicines and gradually implementing adequate prescription practices. Roll out activity-based funding throughout the public hospital system.

Ireland has continued to take measures to improve the impact of expenditure in healthcare, notably through a focus on cost-effectiveness and improving health outcomes and quality of care.

Improvements in life expectancy in Ireland in recent decades have been amongst the best in the developed world. Since 2004, life expectancy has increased by 2.5 years and, at 81.4 years, remains above the EU28 average. Life expectancy can also be expressed as years lived in good health and data shows that for men and women over the age of 65, Ireland exceeds the EU average on the healthy life years measure.

Ireland has also achieved significant reductions in mortality rates for major diseases. Diseases of the circulatory system represent the largest cause of deaths in both Ireland and the EU. Ireland has achieved a 32% reduction in mortality rates from circulatory system diseases between 2005 and 2014. Mortality rates from all cancers are down by 8% since 2005.[1]

Regarding quality of care, progress is being made through our National Clinical Programmes. For example, between 2004 and 2013, there has been a 40% reduction in the in-hospital mortality rate following admission with a heart attack.[2] Immunisation rates have also improved in the last few years and national hospitalisation rates for asthma and diabetes are decreasing and are below the OECD average.

Cost-effective spending on patented medicines

In 2012, the State entered into a new pricing and supply agreement with the Irish Pharmaceutical Healthcare Association, which delivered over €400 million savings over the lifetime of the agreement. This agreement expired in October 2015, but both sides have continued to observe its terms.

The Department of Health, the Health Service Executive (HSE), the Department of Public Expenditure and Reform and the Office of Government Procurement commenced negotiations with the Irish Pharmaceutical Healthcare Association on a new pricing and supply agreement in March 2016. These negotiations are on-going.

Prescription practices

Ireland has set out a series of targets to address drug costs by increasing the use of generic medicines in the off-patent market. With regard to generic drug penetration, the appropriate metric is the penetration of generics as a proportion of the total off-patent market. Ireland has already met its 2016 target as generics now account for over 73% of the total off-patent market by volume and over 53% by value. The HSE continues to pursue further savings through internal reference pricing.

[1] Health in Ireland – Key Trends 2015

[2] 2015 Annual Report of the National Healthcare Quality Reporting System (NHQRS)

The HSE, in its 2016 National Service Plan, has identified a review of costs associated with prescribing as a key element of its savings target for 2016. The HSE intends to develop methods of improving the cost-effectiveness of hospital and community prescribing, for example through increased use of drugs formularies, in the public health system.

In addition, the HSE has already exercised powers under the Health (Pricing and Supply of Medical Goods) Act 2013, including generic substitution, reference pricing and conditional prescribing. The HSE has further pricing powers under the Act which may be exercised if deemed necessary.

Financial management systems

The HSE commenced the Finance Reform Programme in 2012. One of the early outputs of the programme was the development of a new operating model for finance in health. The HSE has submitted a business case for the new operating model which defines the case for change and scope as well as providing an estimate of the resources required to deliver the new operating model and supporting technology.

The change programme covers a number of different strands and involves business process re-engineering, with a recent focus on the technology aspect of the Reform Programme. An ICT business case for an Integrated Financial Management System (IFMS) was the subject of peer review and the Office of the Government Chief Information Officer (OGCIO) recently confirmed that the peer review team recommended that the project as presented should proceed to the next stage.

Work is progressing on the Finance Reform Programme in a number of important work streams. Key activities being worked on across the reform programme include developing a stabilisation approach for legacy finance systems and a business intelligence (BI) solution for identifying and agreeing one national reporting finance system for the HSE. Permission has recently been received from the OGCIO to proceed with the first phase of the stabilisation project and the Finance Reform Board has recently given the go ahead for a Finance BI solution. Significant progress has also been made in developing and finalising the approach for the procurement of the key components of an IFMS. The Office of Government Procurement has requested that the procurement of Lot 1 IFMS (Enterprise Resource Planning Platform) should commence as soon as possible subject to the appropriate approvals. A procurement plan has been developed with two stages to the procurement approach. The HSE are working on the tender documents for stage 1.

Activity-based funding

An Activity Based Funding (ABF) model has been introduced for the purpose of introducing greater levels of efficiency and transparency to the health system by creating an explicit link between expenditure and activity. This ABF model for budget allocation has been introduced in the 38 largest public hospitals in respect of inpatient and day case activity on a phased basis from 2014, but a full switch to activity-based funding is a multi-year project. In 2016, for the first time, hospital budgets have been separated into ABF and non-ABF budgets.

A 3 year ABF Implementation Plan (2015-2017) was published in May 2015. As per this plan, a major benchmarking exercise, encompassing all ABF hospitals, was carried out during 2015. This involved budgets being benchmarked on an ABF basis and transition adjustments being calculated. In 2015, there was a focus on elevating the priority of Hospital Inpatient Enquiry (HIPE) coding in the hospitals. By January 2016, 98% of cases were being coded within the 30 day target, compared to 44% in December 2013. The above progress has allowed 2016 to be identified as the ‘conversion year’ for inpatient and day case activity. This means that 2016 hospital budgets have been separated into ABF and non-ABF budgets for the first time.

Work has started on developing ABF for outpatient services and will continue during 2016. The ABF work programme for 2016 includes development of a classification system, capturing of the relevant data on Irish Out Patient Department (OPD) clinics, and the design of a price setting mechanism for outpatients. It is planned to commence a pilot OPD payment system in 2017.

ABF will support better productivity annually within the hospital system and ultimately within the health system. To further support clinical engagement, quality and patient safety in line with the aims of the ABF Programme, a new Clinical Advisory Group has been established in 2016. This will support the achievement of better health outcomes, which in turn supports growth, productivity and employment in the wider economy.

Universal Healthcare

A major programme of health reform is underway. The aim is to deliver universal healthcare, where access to health services is based on need and not on ability to pay.

In April 2014, the White Paper on Universal Health Insurance (UHI) was published. Following its publication, the Department of Health initiated a major costing project, involving the ESRI, the Health Insurance Authority and others, to examine the cost implications of a change to the particular UHI model proposed in the White Paper.

The reports detailing the estimated cost of this UHI model were published on 18 November 2015. Having considered the findings, the Minister concluded that the high costs associated with the White Paper model of UHI were not acceptable and decided that further research on the key issue of unmet need and cost modelling were needed in order to inform the best means to achieve universal healthcare.

This work is being carried out under the auspices of the joint Department of Health/ESRI Three-Year Research Programme on Health Reform. Both the research undertaken to date and that planned in the next phase of the costing exercise will assist in deciding on the best long-term approach to achieving the goal of universal healthcare.

Plans are in place to progress key building blocks, including Healthy Ireland and the public health agenda; building sufficient capacity to satisfy unmet demand; the expansion and development of primary and social care, and reforming structures, ICT and financial systems. Key initiatives underway include the phased extension of GP care without fees, the establishment of Hospital Groups and Community Healthcare Organisations, the implementation of activity-based funding and the improved management of chronic diseases.

Member State competence regarding access to healthcare

As outlined above, providing universal healthcare is a key priority in Ireland. But it must be underlined that health remains a national competence, including in the context of the European Semester. In line with Article 168 of the Treaty on the Functioning of the European Union (TFEU), the Union shall respect the responsibilities of Member States for the definition of health policy and for the organisation and delivery of health services and medical care. The responsibilities of Member States shall include the management of health services and medical care and the allocation of the resources assigned to them. European Health Ministers discussed this issue at an informal Council meeting in Luxembourg on 24 September 2015. Ireland has raised this issue bilaterally with the European Commission and in relevant EU forums.

Removing barriers to entry for medical professionals

The Department of Health and the HSE have taken a number of steps to remove barriers to entry to GP services that were identified by the then Competition Authority in its 2010 report. These include elimination of restrictions on GMS contracts, more flexible GP contracts, and expanding GP training capacity.

The Health (Provision of General Practitioner Services) Act 2012 came into operation in March 2012. The Act provides for the elimination of restrictions on GPs wishing to obtain contracts to treat public patients under the General Medical Services (GMS) Scheme by opening up access to all fully-qualified and vocationally trained GPs. Since then, over 360 GPs have obtained a full GMS contract under the provisions of the Act.

In 2015, flexible/shared contracts for GMS contract holders were introduced and the retirement age for contract holders was extended to 72 years on a voluntary basis.

Since 2010, the annual GP trainee intake has increased from 120 to 159. In 2015, the HSE completed its report "Future Demand for General Practitioners 2015-2025", which found that there is an undersupply of GPs. In this context, planning is being undertaken by the HSE, in conjunction with the Irish College of General Practitioners (ICGP), with a view to further increasing the number of training places on a phased basis.

Furthermore, in relation to paragraph 4.2 of the 2010 Competition Authority Report, an assessment process (the MICGP Alternative Route) was developed by the ICGP to provide an opportunity for a specific cohort of established GPs, in practice in Ireland, but who had not historically undertaken specialist training in general practice, to undertake assessment for both previously attained hospital training and experience in general practice. Successful candidates are deemed eligible for election to Membership of the ICGP. Since 2013, over 130 doctors have applied for the MICGP Alternative Route to GP training and, when qualified, these GPs are eligible to apply for entry onto the Specialist Division of the Register, thereby fulfilling the requirement for application for a General Medical Services (GMS) contract.

Labour Market, Work intensity, poverty risk of children

CSR 3

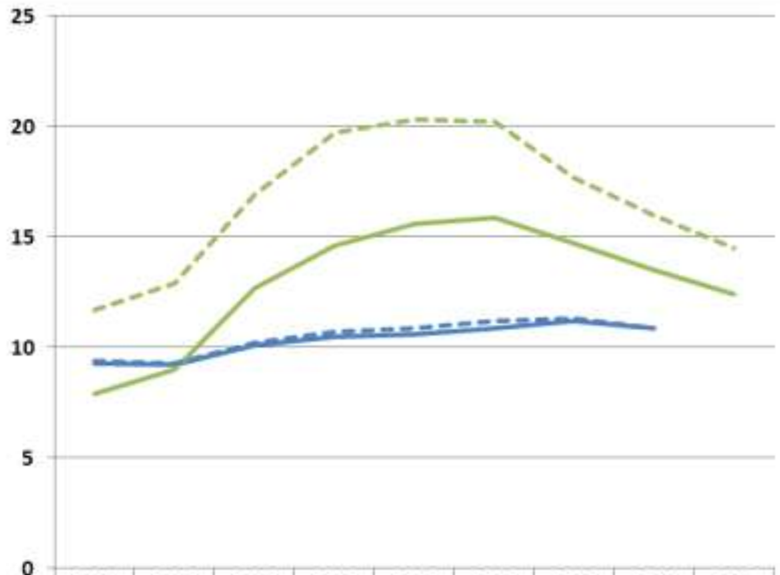
Take steps to increase the work-intensity of households and to address the poverty risk of children by tapering the withdrawal of benefits and supplementary payments upon return to employment and through better access to affordable full-time childcare.

Trends in household joblessness

The Country Report notes the issue in Ireland's case of using the very low work intensity indicator in the Survey on Income and Living Conditions (SILC) as compared to the jobless household indicator in the Labour Force Survey (LFS). The national statistical institute (CSO), after examination of the data divergence, has advised that the LFS is the definitive source of employment data, including household joblessness.

Figure 1 looks at trends in household joblessness in Ireland and the EU, from 2007 to 2015. The percentage of adults (aged 18-59 years) in jobless households in Ireland doubled to 15.9% in 2012, before falling to 12.4% in 2015. Since 2012, the gap between the EU and Irish rates has narrowed. The national data suggests the gap to the EU-28 average will close further in 2015.

Figure 1: Progress on household joblessness, 2007 to 2015



	2007	2008	2009	2010	2011	2012	2013	2014	2015
EU-28 Adults	9.3	9.2	10.1	10.5	10.6	10.9	11.2	10.9	
IE Adults	7.9	9.0	12.7	14.6	15.6	15.9	14.7	13.5	12.4
EU-28 Children	9.4	9.3	10.2	10.7	10.9	11.2	11.3	10.9	
IE Children	11.7	12.9	16.9	19.7	20.3	20.2	17.7	16.0	14.5

Source: EU-LFS, 2007-2014 and QNHS, 2015

The National Economic and Social Council (NESC) is undertaking a qualitative in-depth study of the experience of joblessness in households in a disadvantaged suburb of Dublin and of their interaction with services. It is envisaged that initial results will be available in the late autumn with publication by year-end or early spring 2017.

Implementation of Policy Responses to Tackle Household Joblessness

Ireland's twin strategies - *Action Plan for Jobs* and *Pathways to Work* – remain the basis of reforms to increase labour market participation and make work pay. In January 2016, the new ***Pathways to Work Strategy 2016-2020*** was published.[3] This Strategy continues to prioritise the activation of the long-term and young unemployed. It plans to extend services and supports to other cohorts currently not registered as unemployed but interested in playing a more active role in the labour force. The Pathways to Work Strategy sets out a comprehensive reform of the State's approach to helping unemployed jobseekers return to work.

Since its inception in 2012, employment and entitlement services have been brought together in 'one-stop shop' Intreo centres; new schemes and employment supports have been introduced, while some existing schemes have been expanded; and there has been a transformation of jobseeker services through Intreo. A 'social contract' of rights and responsibilities between jobseekers and the State has been implemented. The International Social Security Association's (ISSA) Good Practice Award has recently been attributed to the Department of Social Protection for the Intreo project, for its achievement in the integration of the national welfare and employment services. The competition, which is held every three years, received a total of 71 entries from 27 organizations in 19 countries.

Initiatives were developed under earlier Pathways to Work strategies for the long-term employed. The JobsPlus recruitment subsidy, launched in the second half of 2013 was designed specifically for the long-term unemployed. A range of public employment programmes are also available to people who have been out of work for long periods. Gateway, a local authority labour activation scheme launched in the second half of 2013, provides short-term work and training opportunities for long-term unemployed people who have been on the Live Register for over two years; participation stood at over 2,300 at December 2015.

More recently, engagement with the long-term unemployed has been put on a more structured basis. In particular, a new employment services model, JobPath, was rolled out in the second half of 2015. It is a payment-by-results contract model, with third party providers of employment services specifically targeted at long-term unemployed jobseekers. Referrals to JobPath providers commenced in late 2015, and the target for referrals to the service in 2016 is 60,000.

A number of specific performance targets have been set for 2016 in relation to the long-term unemployed:

- Move 20,000 long term unemployed at the start of 2016 into employment by the end of the year
- Increase the exit rate of people on the Live Register for two years or more to 44% in 2016

One impact of JobPath is to provide additional capacity to the Public Employment Service in order to enable it engage more systematically with other unemployed jobseekers; it is estimated that the additional resources provided will reduce the effective ratio of clients to case officers from 500:1 to approximately 200:1. Arising from this, a specific target has been set for 2016 to increase the engagement frequency for one-to-one meetings for people already

[3] https://www.welfare.ie/en/downloads/PathwaysToWork2016-2020.pdf

long-term unemployed, or assessed at being at high risk of becoming long-term unemployed, from six meetings per year to 12 meetings per year.

An aligned measure is the new ten-year **Comprehensive Employment Strategy** for people with disabilities published in October 2015.[4] This cross-government approach brings together various measures to increase the employment opportunities for people with a disability, with a view to increasing the numbers and proportion of people with a disability at work in the open labour market.

The **Social Inclusion and Community Activation Programme**[5] (SICAP) is proving successful in targeting the most vulnerable in society and delivering intensive work-readiness training programmes. In the first year of operation almost 37,000 individuals (15+ years) were engaged in SICAP on a one-to-one basis. A substantial proportion of these people were very far from the labour market, relatively low skilled and facing other barriers to employment.

Quality prevention and early intervention services to address children at risk of poverty
Child poverty is a priority issue under the national policy framework Better Outcomes, Brighter Futures 2014-2020. Work is underway to implement a whole-of-government approach to tackling child poverty, involving government departments and stakeholders. Progress on the child poverty target and supporting indicators are monitored and reported in a specific section of the annual Social Inclusion Monitor.[6]

The forthcoming Monitor shows that there were 134,000 children in consistent poverty in 2014, a decrease of 4,000 children on 2013. This is the first reduction in child poverty since the economic crisis and suggests that the recovery in the economy is leading to improved living conditions for households with children.

Access to affordable quality services for children and their families is a key driver in the process of lifting children out of poverty, as highlighted by the European Commission.[7] Building on previous prevention and early intervention initiatives, the Department of Children and Youth Affairs in partnership with a private funder, Atlantic Philanthropies, has put in place **The Area Based Childhood (ABC) Programme (2013-2017)**, an innovative prevention and early intervention initiative that has targeted significant investment in evidence-informed interventions to break the cycle of child poverty in 13 disadvantaged areas through integrated and effective services and interventions since 2013.

The programme uses internationally acclaimed programmes in the areas of child development, child well-being, parenting and educational disadvantage such as Triple P Parenting Programme, Incredible Years, Hanen, PAX Good Behaviour Game, as well as Irish ones such as Community Mothers and Preparing for Life. The evaluation of the ABC Programme adopts a shared measurement framework and its focus is systemic as opposed to programmatic. Major efforts are now underway to develop a co-ordinated set of activities to

---

[4] www.justice.ie/en/JELR/Pages/Comprehensive_Employment_Strategy_for_People_with_Disabilities_(2015_2024)

[5] https://www.pobal.ie/FundingProgrammes/Social%20Inclusion%20and%20Community%20Activation%20Programme%20(SICAP)/Pages/default.aspx

[6] http://www.welfare.ie/en/Pages/Social-Inclusion-Publications.aspx

[7] European Commission (2013). Investing in children: breaking the cycle of disadvantage. Commission Recommendation. C (2013) 778 final.

transfer learning from the ABC Programme and related initiatives into *mainstream policy and provision* as part of a strategic cross-sectoral approach to prevention and early intervention.

The Department of Children and Youth Affairs is continuing to roll out the **childcare reforms** announced in Budget 2016, on foot of the report of the Interdepartmental Group on Investment in Childcare. Additional funding of €85 million has been allocated in 2016 for early years care and education, an increase of 30% on 2015 spending. Of this additional funding:

- €47m is allocated to the extension of the free preschool year. The budget also restored capitation rates for ECCE to pre-2012 levels from September 2016;
- €16m is added to the Community Childcare Subvention programme to enable an additional 8,000 children access subsidised full time or part time care.
- €15m is provided to enable maximum access and participation of children with disabilities in mainstream pre-school;
- Capital provision of €4m is allocated to support childcare providers to expand the number of free preschool places in their service.
- A number of quality-raising measures are also funded, including a regular audit of quality, a further fund to up-skill the early years workforce, a fund to assist in the roll out of the early years curriculum and quality framework, and increased funding for the inspection and registration system.
- Finally, Budget 2016 also funded a project team to develop a Single Affordable Childcare Programme to replace a number of existing targeted programmes and will be in place in 2017.

The Department of Children and Youth Affairs is actively working on implementation of all the budgetary announcements in association with key stakeholders.

Private debt, including Mortgage Arrears

CSR 4
Finalise durable restructuring solutions for a vast majority of mortgages in arrears by end-2015 and strengthen the monitoring arrangements by the Central Bank of Ireland. Ensure that restructuring solutions for loans to distressed SMEs and residual commercial real-estate loans are sustainable by further assessing banks' performance against own targets. Take the necessary steps to ensure that a central credit registry is operational by 2016.

The strategy to deal with **Mortgage Arrears** has developed and been enhanced over recent years, and additional measures have been introduced as the nature and circumstances of those in arrears has evolved.

Data released by the Central Bank in March 2016 shows that PDH arrears have declined for the last ten quarters.[8] However, a significant number of borrowers remain in arrears of more than two years and in May 2015 the Government announced a package of further measures to assist distressed borrowers.

Current interventions to support borrowers include:

- Central Bank oversight of lenders' performance in addressing mortgage arrears and providing protections for borrowers such as the Code of Conduct on Mortgage Arrears (CCMA) and the Consumer Protection Code.
- Personal Insolvency Reform – the insolvency regime has been radically reformed in recent years. Legislation to facilitate independent Court review of lenders' decisions to reject personal insolvency arrangements in certain circumstances was commenced in 2015.
- Comprehensive Advice and Guidance - The Money Advice and Budgeting Service (MABs) has established a new dedicated mortgage specialist advisory service across the country to help borrowers.

Significant progress has been achieved on implementation of CSR 4 on Mortgage Arrears Targets and SME Debt for 2015. Some 120,739 private dwelling home (PDH) mortgage accounts were classified as restructured at end 2015.

There was a decline in the number of PDH mortgage accounts of greater than 90 days from 78,699 in 2014 to 61,931 in 2015 (21 per cent).

The Central Bank has determined that relying on common quarterly solution targets across all banks is no longer appropriate and accordingly has written to each bank setting out new requirements, *inter alia:*

- Banks to have clear and time bound plans to sustainably conclude solutions for the vast majority of its distressed mortgage borrowers by end Q1 2016.
- Banks to submit on a quarterly basis a Sustainable Mortgage Resolution Template.

The Central Bank and the SSM Joint Supervisory Team continue to monitor banks' progress in addressing mortgage accounts in arrears, most notably through intensive ongoing supervisory engagement and audits.

[8] http://www.centralbank.ie/press-area/press-releases/Pages/ResidentialMortgageArrearsandRepossessionsStatisticsQ42015.aspx

The outcome of a review on compliance with the Code of Conduct on Mortgage Arrears was published on 23 June 2015[9].

In addition to addressing mortgage arrears, a key focus for the banks continues to be the **resolution of non-retail distressed loans**.

AIB and BOI's full-year results for 2015 show a year-on-year reduction in non-retail NPLs, including SME and CRE, of ca. 39% (€9bn). Cumulatively since June 2013, when reported NPLs for these portfolios peaked, loans categorised as non-performing have reduced by ca. 57% (€18bn).

The Central Bank of Ireland has continued with the design and development of the **Central Credit Register** (CCR). As part of the implementation process, it has undertaken a number of initiatives:

- a series of workshops with credit information providers (CIPs) and their representative bodies have been held;
- a public consultation process commenced in 2015 was completed in February 2016 with publication of a feedback statement;
- a Privacy Impact Assessment to assess data that will be collected for the CCR undertaken; and
- Regulations (i.e. Secondary legislation) have been drafted which, when made, will give final legal effect to the CCR. [10]

The current plans and indicative timelines[11] for the implementation are as follows:

- From Quarter 4 2016 onwards, the first set of lenders (including banks, credit unions and finance houses) will begin submitting data to the CCR.
- Enquiries by lenders against the CCR data are planned to commence in the course of 2017, once data quality has been assured, and it is anticipated that borrowers will also be able to request copies of their own credit reports from that time.
- Lenders will be expected to enquire on the CCR before advancing credit from end-December 2017 in respect of consumer lending.

A second implementation phase will focus on business credit information and is tentatively scheduled to become operational in late 2017.

[9] http://www.centralbank.ie/press-area/press-releases/Pages/CentralBanksthemedinspectionidentifiesweaknessesinlenderscompliancewiththeCodeofConductonMortgageArrears.aspx

[10] Consultations are currently taking place on these draft regulations

[11] The quality of data submitted, and the impact this could have on the accuracy of reports, will be taken into account when deciding whether the CCR is ready for data enquiry. The Bank reserves the right to review the indicative timelines set out above if the quality of data submitted by lenders does not meet the required standard or if the process of finalising the regulations extends.

Supporting the Development and Financing of SMEs

SMEs are central to the Irish economy as they make up 99.7% of active enterprises and 70% of employment in the private sector (CSO Business in Ireland, 2012).

The policy context for SMEs is primarily focused on the implementation of the EU Small Business Act, the National Entrepreneurship Policy Statement, Enterprise 2025 (Ireland's new National Enterprise Policy that sets out our longer term ambition for enterprise growth and job creation over the coming decade), the Action Plan for Jobs and the Regional Action Plans for Jobs.

This policy context sees a strong focus on growing SMEs in the regions and increasing the number of start-ups by 25%, increasing the survival rate in the first five years by 25% and improving the capacity of start-ups to grow to scale by 25%. The supports for SMEs are primarily driven by the Department of Jobs, Enterprise and Innovation through its Agencies: Enterprise Ireland and the Local Enterprise Offices.

In 2015 a number of key policy initiatives were developed, or built upon, which are contributing to the evolution of a more robust and effective institutional architecture for the financing of SMEs.

These include:

- The Strategic Banking Corporation of Ireland (SBCI) began lending in March 2015 with the goal of ensuring access to flexible and lower cost funding for Irish SMEs by channelling lower cost financing through on lending partners (AIB, Bank of Ireland, Ulster Bank, Finance Ireland and Merrion Fleet);

- The Credit Review Office provides an independent review process for SMEs, sole traders and farm enterprises that have had requests for credit of up to €3 million refused or had existing credit facilities reduced or withdrawn;

- The SME State Bodies Group continues to co-ordinate a campaign to increase the awareness amongst Irish small businesses about the range of Government supports available to them. We are continuing to develop and update an innovative SME State Support Online Guide (www.supportingsmes.ie) to provide business owners with a list of over 80 State business supports from over 30 different Government Departments, Agencies and Initiatives, totalling over €2 billion, potentially available for small business;

- The establishment of the network of Local Enterprise Offices (LEOs) to provide support to SMEs;

- The continual monitoring of SME Lending in the Bank Sector with both AIB and Bank of Ireland providing monthly reports to ensure a more informed understanding of the SME bank lending environment. Quarterly meetings with both banks continue to take place;

- The Ireland Strategic Investment Fund (ISIF) was legally established in December 2014 with the mandate to invest on a commercial basis to support economic activity in Ireland. ISIF's investment strategy was launched in July 2015 and includes the possibility to provide both debt and equity investment in the SME sector;

- The introduction of a new, more flexible, Credit Guarantee Scheme in April 2015 which allows for, inter alia, the refinancing of loans where an SME's bank is exiting the Irish SME Credit Market and the extension of the maximum length of the guarantee from three to seven years. The Credit Guarantee Act 2012 committed the Government to sharing the risk of bank loans to SMEs. The Review of the 2012 Act identified the need for reform and expansions to boost the uptake by SMEs to obtain finance and create more jobs. Part 2 of the recently enacted Credit Guarantee (Amendment) Act 2016 (No 1 of 2016) extends the legislation's remit to cover more forms of lending to SMEs (not just banks, as before but also lessors, factors etc), the coverage of more forms of non-credit finance (leasing etc), and the taking by the State of a greater share of the risk than previously. Part 3 introduces new possibilities for the Minister to counter-guarantee part of loans to SMEs by the Strategic Banking Corporation of Ireland (SBCI), thus enabling the SBCI to unlock matching guarantee facilities from EU sources and thus better share the risk across the banks, the SBCI, the Minister and the EU sources;

- The Department of Finance and the Department of Jobs, Enterprises and Innovation are continuing to develop an export finance strategy to help export - orientated SMEs with their financing needs, based on identified market gaps. This work is being carried out in conjunction with the SBCI, Enterprise Ireland and ISIF with a focus on delivering a pilot product to the market by the end of 2016;

- The continued implementation of the Enterprise Ireland Development Capital Scheme Strategy;

- The commitment by Enterprise Ireland (EI) of €175 million to a number of funds under its Seed and Venture Capital Scheme (2013-2018); and

- The delivery of the Government's Microenterprise Loan Fund through Microfinance Fund Ireland (MFI) offering unsecured loans from €2,000 up to €25,000 over a term of three to five years. €5.4m in loans to 357 small businesses were approved in 2015, supporting 930 jobs. The Review of its operations pointed to the need for reform and expansion of the Scheme, primarily the removal of the previous prerequisite for the microenterprise to have previously been refused a bank loan before making an application to Microfinance Ireland.

In relation to **legal services**, the Legal Services Regulation Act was signed by the President on 30 December 2015. The implementation of the Act, which enjoys broad political support, involves the establishment of the new Legal Services Regulatory Authority; a single disciplinary tribunal for solicitors and barristers; an independent public complaints regime and the new office for the Legal Cost Adjudicator supported by a more consumer-friendly legal costs transparency regime. The intention is that these measures will be put into place by the end of this year under the stewardship of the new and independent Legal Services Regulatory Authority, which will continue to be given practical support in that endeavour.

As a first step, nominations for membership of the new Legal Services Regulatory Authority have already been sought from the 11 nominating bodies set out in the 2015 Act. The appointment of the relevant nominees will then be approved by an early resolution of both Houses of the Oireachtas. Arrangements are also being made in support of the early recruitment of a Chief Executive (draft terms of office are being prepared for consideration by the new Authority) by way of providing the means of shaping and organising the new regulatory body. An advance team of staff is also being put in place to support these initial measures and the search for an appropriate business premises is already underway.

The plan is that, in tandem with these initial steps, there will be a phased roll-out of the various Parts of the Act beginning with those more amenable to early commencement (e.g. legal costs provisions; pre-action protocols; advertising). The introduction of these elements will lead up to the coming into operation of the public complaints functions of the new Regulatory Authority and the appointment of the new Legal Practitioners Disciplinary Tribunal. These are planned for the autumn and will be supported by further staff at the appropriate time. Detailed preparation for the public complaints function is considered critical to ensure public confidence and to ensure the functionality of the disciplinary regime which will now deal with both solicitors and barristers. Establishment of the new Regulatory Authority will also trigger a series of public consultations (e.g. on the introduction within one year of Legal Partnerships and on the issue of Multi-Disciplinary Practices) for which preparation will also have to be made.

An allocation of €1 million has been made under the Justice Vote 2016 - this can be used initially to support the new regulatory regime on a recoupable basis. Thereafter, the new Regulatory Authority will be self-funding by means of a levy on the regulated legal professions as set out in the 2015 Act.

Housing Supply

The overarching objective for the Irish Government, in terms of housing, is that to the greatest extent possible, every household in Ireland will have access to secure, good quality housing suited to their needs at an affordable price in a sustainable community and that the right development takes place in the right location at the right time.

The construction, and particularly residential construction, industry in Ireland is taking time to recover from the economic downturn and, consequently, supply from that sector is lagging significantly behind demand. Private market housing is delivering circa 50% (ca. 12,500 dwellings in 2015) of the estimated annual requirement of 25,000 dwellings.

Given the overarching supply issues, unmet demand is displacing into the private rented sector, leading to upward pressure on rents. There are also significant numbers seeking social housing support from the State and, in the most acute cases, households presenting as homeless and requiring emergency accommodation.

The Government has put in place two major strategies to deal with issues in construction and housing - **Construction 2020** - and social housing - the **Social Housing Strategy 2020**. The Government has put in place a suite of measures, including:

- the introduction of a vacant site levy to incentivise land usage;
- reductions in development contributions as well as a targeted development contribution rebate scheme in major cities such as Dublin and Cork, to encourage large scale residential developments at affordable prices;
- revised Part V provisions to ensure a social housing dividend from private housing development;
- initiatives to improve financing arrangements for house builders and developers;
- implementation of new apartment guidelines aimed at increasing supply at affordable prices, and,
- legislative amendments to introduce greater flexibility and streamlining to the Strategic Development Zone provisions of the Planning and Development Acts.

It is estimated that the measures taken to reduce input costs have decreased the cost of building new residential units by between €20,000 and €40,000, depending on whether apartments or houses are being constructed, making more housing developments viable at more affordable prices.

In addition, the **National Asset Management Agency (NAMA),** in line with its independent mandate, expects to be in a position to fund, subject to commercial viability, the delivery of 20,000 homes by end 2020. Through this initiative, NAMA intends to provide funding to facilitate development by NAMA debtors, receivers, and, where appropriate, via joint ventures with qualified third parties on lands securing NAMA's loans. Funding will be provided at market rates and only where the projected return resulting from the provision of additional funding is the value maximising strategy for NAMA. Reflecting both demand and economic viability, over 90% of the units which NAMA expects to fund will be in Dublin and the neighbouring counties of Wicklow, Kildare and Meath. NAMA's funding is focused, in particular, on the starter home market.

NAMA has achieved its YE2016 target of redeeming 80% of its senior debt nine months ahead of target and has, to date, redeemed €24.6 billion (81%) of the original €30.2 billion issued. NAMA intends to redeem 100 per cent of its senior debt by end 2018 and its subordinated debt of €1.6 billion by March 2020. It is expected that NAMA's Residential Funding Programme will contribute to an expected surplus to return to the State when NAMA completes its work. This surplus is currently projected by NAMA to be in the region of €2 billion.

The State owned **Irish Strategic Investment Fund (ISIF)** has also taken a number of initiatives to increase housing output by providing working capital finance and equity finance for residential units. Already in 2016, support has been provided for the delivery of 800 homes.

The **Social Housing Strategy 2020** includes targets and actions to increase the supply of social housing by 110,000 additional units to meet the social housing list in full, with 35,000 new units to be delivered by local authorities and approved housing bodies and 75,000 households to be supported mainly through the Housing Assistance Payment Scheme.

The Social Housing Strategy is being supported through the sanctioning of more than 450 new housing staff for local authorities and the provision of €4 billion in funding. The funding of €1.7 billion already provided for under Budgets 2015 and 2016 supported the delivery of 13,000 social housing units in 2015 and is supporting the achievement of an ambitious target of 17,000 in 2016. The 2015 output represents an increase of 86 per cent on the circa 7,000 units delivered in 2014. Social housing has been prioritised by making significant funding available in the Capital Plan.

The Government has significantly strengthened the **rights of tenants** through the changes introduced under the Residential Tenancies (Amendment) Act 2015, enacted last December.

As part of a comprehensive plan to deal with **homelessness**, a Rapid Build Housing Programme has been put in place to provide solutions, in the shortest possible time-frame, to support families who find themselves in emergency accommodation. The houses in question are high quality, A-rated homes. The first 22 units are completed with occupancy expected shortly. Another 131 will be delivered in Dublin City by the end of the year and a further 350 will commence across the entire Dublin Region later this year.

While the Government is satisfied that a solid foundation has been laid to ensure that the issues in housing will be dealt with, it will take some further time for the measures to have full effect. The Government will continue to monitor the impact of the measures taken and will take further action as required.

Towards a National Planning Framework

A roadmap document entitled *Towards a National Planning Framework - A Roadmap for the delivery of the National Planning Framework 2016* was published in December 2015. This followed Government approval to the commencement of the preparation of a new National Planning Framework (NPF) to act as a new long-term national planning and regional development framework.

The publication of this important document (i) signals that the preparation of the NPF is commencing, (ii) provides information as to the approach and timetable proposed, (iii) outlines matters to be considered and (iv) indicates how persons and organisations can become involved in the process.

It is proposed that the new National Planning Framework will be a high-level nationally focused document, developed to ensure the optimal development of the country as a whole while maximising Ireland’s economic recovery and on-going growth at national, regional and local level. The National Planning Framework will act as the strategic context for:

1. planning in Ireland at national level, in relation to relevant Government policies and investment concerning national and regional development with particular emphasis on economic development and investment in housing, water services, transport, communications, energy, health and education infrastructure;
2. development, by the three new regional assemblies, of their new regional spatial and economic strategies, and
3. planning authorities and An Bord Pleanála discharging their statutory planning functions.

The roadmap document sets out general arrangements for the preparation of the NPF, supported by appropriate public consultation and stakeholder engagement arrangements in 2016. The roadmap anticipates the publication of a draft framework towards the end of the third quarter of 2016 and its finalisation at the earliest available opportunity thereafter, taking account of all relevant inputs and statutory requirements.

Concurrent within the NPF drafting process, new Regional Spatial and Economic Strategies (RSES) will be prepared by the three new Regional Assemblies to replace the current set of seven Regional Planning Guideline documents which expire in 2016. These new RSES’s will have a 12 year lifespan to 2028. The combined purpose of the NPF and RSESs is to set long-term national and regional development frameworks to ensure proper planning and sustainable development in an optimal manner.

Public investment in infrastructure

A complete review of public capital investment needs was completed in 2015, following extensive consultation with Departments, bodies and a wide-range of relevant stakeholders and representative bodies. The review informed a revised Capital plan covering the six years 2016-2021 which, following Government deliberations, was published in September 2015 entitled 'Building on Recovery: Infrastructure and Capital Investment 2016-2021'.

The plan outlined Exchequer investment of €27 billion over the six year period. The scale and profile of the Exchequer component of the Capital Plan was developed with reference to medium-term economic growth forecasts and consistency with the Government's fiscal targets. It will see gross Exchequer Capital expenditure rise from €3.7 billion in 2015 to €5.4 billion in 2021.

The Exchequer component of the Plan was supplemented by investment from the wider semi-state sector (ca. €14.5 billion) and privately financed PPPs (ca. €2.2 billion). When that is also taken into account, it brings the aggregate level of planned state-backed investment under the plan to approximately 3⅓ per cent of GNP on average over the relevant period.

Over the period 2016-2021, the planned investments will cement economic recovery and help to lay the foundations for continued growth and broad-based prosperity for the next decade and beyond.

The prioritised projects are those that will maximise the economic and social return for the taxpayer by having the greatest impact on people's qualify of life, support for business development and employment, protecting competitiveness and enhancing health and education outcomes.

Over the six years 2016 to 2021 we are investing €3.8 billion in Education, nearly €4 billion in Environment, over €3 billion in Health, €3 billion in Enterprise and €1¼ billion in Agriculture etc.

Social housing units will be delivered through a combination of new builds, acquisitions and refurbishment of vacant dwellings. Local Authorities, Approved Housing Bodies, and PPP investments will supply these homes. Under PPP, €300 million will be invested in social housing which is expected to deliver 1,500 social housing units. Further options are being developed for the use of the €400 million proceeds of the sale of Bord Gáis Energy.

For the seven years 2016 to 2022, we will invest €10 billion in Transport. The Exchequer transport capital allocation is largely framed by the recommendations and priorities set out in the Strategic Investment Framework for Land Transport. These priorities are threefold:

- to maintain and renew the strategically important elements of the existing land transport system;
- to address urban congestion; and
- to improve the efficiency and safety of existing transport networks.

In addition, getting people out of cars and onto public transport has a key role to play in reducing Ireland's carbon emissions, by providing a viable, less polluting alternative to car and road transport for many journeys.

This investment will include €6 billion for investment in the national, regional and local road network and €3.6 billion in Public Transport. The largest single project will be a new metro link in Dublin. Based on the outcome of the recent Fingal/North Dublin Transport Study, the National Transport Authority has recommended that a revised metro project be selected as the appropriate public transport project to address the transport needs of the Swords/Airport/City-Centre Corridor. It is planned that Metro North will be in operation by 2026/2027. Along the corridor travel demand is forecast to grow by up to 40 percent by 2033, with current and potential future levels of car dependency unsustainable.

The Capital Plan is a national programme that will invest across each region. It will provide:

- A commitment to rollout Broadband across rural areas.
- A connectivity fund to underpin Exchequer investment, funded from the proceeds of the sale of the Government's shareholding in Aer Lingus
- Investment via the Rural Development Programme, and a new Village Renewal Scheme, which will help to strengthen regional competitiveness and sustainability in rural areas.

The plan will provide modern, fit for purpose facilities to meet social needs including schools, housing, and healthcare facilities. We will continue to meet the needs of a growing school population. Peak demand in primary schools will be met by 2018 and peak demand in post primary schools will be met by 2022. This will free up money for investment in 3rd level, especially in Institutes of Technology.

It is planned to invest €4 billion over the period 2016-2021 on water services. This very significant level of investment is targeted at addressing the major deficits in drinking water quality and capacity, wastewater quality and capacity, and repairing much of the infrastructure that is in most need of investment, including removing lead piping from the public network. Projects to support industrial development and address bottlenecks to facilitate new housing will also be prioritised.

In addition to the investment plans outlined above, in particular in respect of transport infrastructure, our response to climate change will also include:

- Investing more resources in energy efficiency.
- Investing in Forestry Programmes.
- Significantly increasing flood mitigation works.
- Providing modern facilities, and making use of the best materials and building techniques to promote efficient service delivery and better energy efficiency.

Investment in necessary ICT infrastructure will be made to support Garda reform and deliver an effective and modern policing service.

The Plan also announced the development of a new €500 million, 3rd Phase of the Government's PPP programme. Over the period of the Plan an estimated €1½ billion of construction will take place on PPP projects. Phase 3 of the PPP Programme will include new projects in the Education, Health and Justice sectors.

Public Service Reform

Since the first Public Service Reform Plan was published in 2011, comprehensive reforms have been implemented which have enabled the Public Service to continue to provide essential services, while resources were constrained and while demand for services increased.

The first Public Service Reform Plan was published in November 2011. Given the need for fiscal adjustment at the time the focus was, to a great extent, on cost containment and efficiency improvements. Two published progress reports outline strong progress made.

The second Public Service Reform Plan, published in 2014, maintained an emphasis on reducing costs and increasing efficiency. Alongside this, its overarching goal is to deliver better outcomes for all stakeholders, with a strong emphasis on service improvement. The first progress report was published in March 2015, and the second is due to be published in the near future. These set out the significant progress to date, including:

- The Public Service ICT Strategy, 'Delivering better outcomes and efficiency through innovation and excellence in ICT', was launched;
- Over 1.9 million Public Services Cards have been issued, including over 630,000 Free Travel variants;
- The results of the Civil Service Customer Satisfaction Survey 2015 were published in May, with many positive findings;
- A public consultation on Commissioning Human, Social and Community Services was undertaken, following an Open Policy Debate and a review of international evidence;
- Benefacts.ie was launched with the aim of delivering greater public transparency on the work and funding of the non-profit sector in Ireland;
- The National Shared Services Office has been established within the Department of Public Expenditure and Reform;
- In the three years to the end of 2015, the Office of Government Procurement and its partner sector sourcing organisations in Health, Education, Local Government and Defence enabled procurement savings estimated at in excess of €160 million;
- The first progress report on the Government's Property Asset Management Delivery Plan, *'Accommodating Change – Measuring* Success', was published in July;
- A new Value for Money Review Programme for 2015-2017, covering over 40 areas of expenditure across all sectors, is now underway;
- The Open Data Governance Board was established in October 2015;
- Government approved the General Scheme of a Bill on Data-Sharing and Governance;
- The Freedom of Information Model Publication Scheme was published in October following public consultation;
- The Public Sector Standards Bill, 2015 was published in December.

Progress is well underway in implementing the Civil Service Renewal Plan, including

- Establishment of the Civil Service Accountability Board with external membership to oversee Civil Service performance;
- Publication of the new common governance standard which has been implemented across all departments and office;
- The inaugural Civil Service Excellence and Innovation Awards, held in December 2015, recognising staff excellence;
- The first ever Civil Service wide Staff Engagement Survey was undertaken and completed by over 15,000 staff and the results have been published.

4. Progress Towards our Europe 2020 Targets

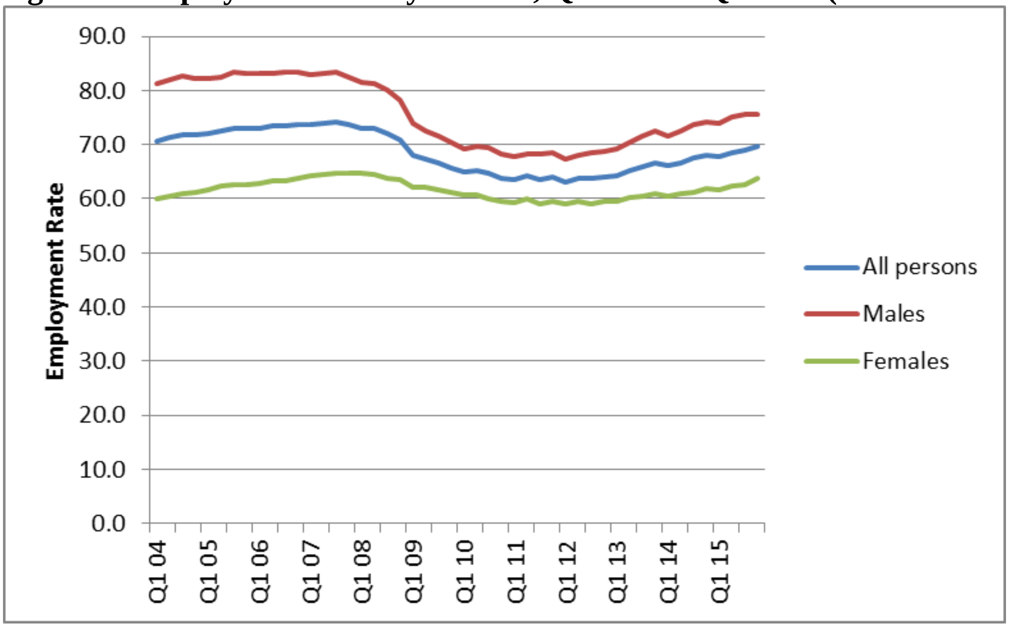
Target 1- Employment

To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy.

The **employment rate** for women and men aged 20-64 was 68.8% in 2015, up by more than 5 percentage points since 2012, showing a continuing improvement in the labour market after a fall from 74% in 2007 to 71% in 2008 and less than 64% in 2012.

The employment rate for men in 2015 was 75.1%, up from 68.1% in 2012. The female employment rate has shown a more modest but still significant increase, from 59.4% in 2012 to 62.6% in 2015. The gender gap in employment rates had almost halved from 16 percentage points in 2008 to 9 percentage points in 2012, but has widened slightly since then to 12.5 percentage points in 2015 as male employment continued to recover relatively rapidly from the particularly sharp fall it had experience in the recession. The employment rate for young people aged 20-24 rose from 46.1% in 2012 to 50.5% in 2015.

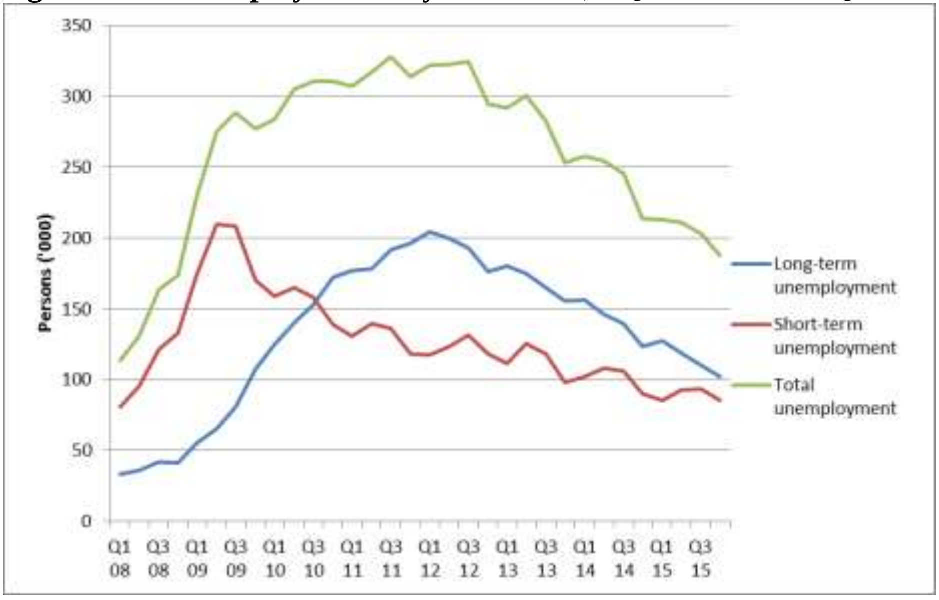
Figure 2: Employment Rate by Gender, Q1 2004 to Q4 2015 (Source: CSO)



The seasonally adjusted **unemployment rate** is currently 8.6% (March 2016); while it has fallen from a peak of over 15% in early 2012, the rate will need to fall further to reach pre-recession levels. The male seasonally adjusted unemployment rate of 10.2% compares with a female unemployment rate of 6.7%.

The main constraints on an even more rapid decline in unemployment continue to be the level of aggregate demand in Ireland and weak growth among key trading partners.

Figure 3: Unemployment by duration, Q1 2008 to Q4 2015 (Source: CSO)



The number who are **long-term unemployed** (defined as being unemployed for a year or more) has fallen by 102,000 or 50% over the last four years. Long-term unemployment accounted for almost 55% of total unemployment at the end of 2015. Although the long-term unemployment rate has fallen from a peak of 9.5% to 4.7%, (and continues to fall) it remains above pre-crisis levels.

In relation to **youth unemployment**, the under-25 age group had an overall unemployment rate of 20.9% in 2015 (28.0% for 15-19 year-olds and 18.8% for 20-24 year-olds). The overall rate was down from 30.4% in 2012. This compares to an unemployment rate of 8.7% for prime age workers (ages 25–54). About 37%, on average, of the young unemployed in 2015 were out of work for more than one year.

Despite the high rate of youth unemployment, the absolute number of young unemployed people has fallen substantially – from close to 80,000 on average in 2009 to 39,000 on average in 2015. The most recent figures show youth unemployment down by 4,000 year-on-year to 35,000 in Q4 2015.

The Government's primary strategy to tackle youth unemployment, as with unemployment overall, is through policies to create the environment for a continued strong economic recovery by promoting competitiveness and productivity. In addition, the Youth Guarantee Implementation Plan identifies measures to build on services and initiatives already in place and to increase their impact by tailoring them to address the particular challenges of youth unemployment.

The Youth Guarantee sets a medium-term objective of ensuring that young people 18-25 receive an offer of employment within four months of becoming unemployed. Due to the universal nature of the unemployment benefits available to young people in Ireland (subject to meeting eligibility criteria on the basis of means), most of those classified as not in education, employment or training are registered with the public employment service.

The **Action Plan for Jobs 2016 (APJ)** was published on 18th January 2016. The 2016 Action Plan complements the labour activation measures of the Pathways to Work strategy and builds on the previous plans in the areas of competitiveness, innovation and entrepreneurship and in fostering new sources of growth for the economy. It aims to create 50,000 extra jobs in 2016 through the implementation of 304 individual actions. As part of this new phase of the Action Plan for Jobs process, 200,000 net additional jobs are targeted by 2020, which would bring the total numbers of people at work to 2.18million.

This increased emphasis on regional employment growth is demonstrated through the roll-out of eight new **Regional Action Plans for Jobs** launched between June 2015 and January 2016. Each plan was devised after extensive consultation with regional stakeholders and reflects the specific dynamics of the respective region focusing on its strengths and future jobs-growth potential. These regional plans, covering the period until 2017, are accompanied by their own specifically designed actions and monitoring process to support job creation.

The Action Plan for Jobs 2016 marks the transition to the implementation of key Government policies that plan for medium term growth. **Enterprise 2025** is our 10 year jobs and enterprise strategy, which sets out the roadmap to build a sustainable economy and have 2.18 million people at work by 2020. **Innovation 2020** focuses on Ireland's strategy on research and development, science and technology over the next five years. This roadmap will continue to develop our talent base through exceptional educational programmes and facilities, complemented by and integrated with world-class research programmes

As in previous years the Action Plan for Jobs contains a number of Disruptive Reforms – ambitious cross-Government initiatives that will have a significant measurable impact on job creation. The **step-up in skills** disruptive reform includes developing 25 new apprenticeship programmes led by industry groupings, launching a First-Stop-Shop portal, with a budget of €1.5 million, for those overseas looking to find ICT jobs and help them move to Ireland; and we will establish Regional Skills Fora as a mechanism for enterprise and education and training providers to work together in building the supply of skills for their regions.

The **National Skills Strategy 2025** has recently been launched to provide a framework for skills development that will help drive Ireland's growth, both economically and societally over the next decade. The Strategy sets out a wide range of actions under six key objectives aimed at improving the development, supply and use of skills over the next decade. The Strategy consolidates a number of actions already underway under the six key objectives and also proposes new actions in each area. Key new actions include:

- The production of employability statements by further education and higher education institutions
- The development of a new Entrepreneurship Education Policy Statement and guidelines for schools to support the delivery of Entrepreneurial Education and experiential learning opportunities
- A full review of guidance services, tools and resources to ensure they are fit-for-purpose

Implementation of the **Further Education and Training Strategy 2014-2019** is continuing, providing for widespread reform of the sector to ensure the provision of a broad range of high quality FET provision to assist individuals to gain and refresh economically-valuable skills to access and sustain all types of employment, tackle skills shortages and boost the future growth and competitiveness of the Irish economy.

Target 2: Research and Development

To raise combined public and private investment levels in this sector to 2.5% of GNP (approximately equivalent to 2.0% of GDP).

Ireland's R&D intensity rate was 1.74% of GNP in 2014 and is estimated to have reached 1.8% in 2015. Within this:

- **HERD (Higher Education R&D)** increased from €378 million in 2002 to an estimated €709 million in 2015 (+87%)
- **BERD** increased significantly from €1,045 million in 2002 and is estimated to reach €2,296 million in 2015 (+119%)
- **GovERD (Government Expenditure on R&D)** decreased from €145.8 million in 2002 to an estimated €138 million in 2015 - due to the fact that the majority of Government funded R&D is performed in the Higher Education Sector

A new Innovation Strategy for Research and Development, Science and Technology - **Innovation 2020** - was launched in December 2015. Innovation 2020 recommits Ireland to the 2.5% R&D intensity target and sets a roadmap for reaching this target through measures to increase public research investment and to maximise leverage of greater private investment.

The overall ambition in the Strategy is for Ireland to become a Global Innovation Leader and key initiatives are identified over several pillars including:

- continuing to support excellent research across the full continuum and all disciplines;
- continuing to focus on relevance and impact of research - targeting investment at strategically important areas where we are most likely to get greatest economic and societal return;
- introducing challenge centric funding to address national challenges collaboratively through enterprise, the public sector and academia;
- ensuring a comprehensive and accessible suite of innovation supports for enterprise (including taxation measures) which can leverage greatest private investment in R&D;
- improving the framework condition for Intellectual Property, enhancing support for commercialisation of research and transfer of knowledge from the public system to enterprise and increasing IP activity in enterprise;
- ensuring a sufficient quantity and quality of trained people by increasing enrolments in research masters, PhDs and post-docs to meet industry demand;
- supporting, maintaining and ensuring access to research infrastructures;
- building further international cooperation in research to maintain and enhance our scientific excellence through engagement with EU and 3rd countries; and
- improving coherence of the public research system and using innovation to support modernisation of public services.

Ireland's commitment to deepening its engagement within the European Research Area (ERA) is articulated in Innovation 2020 as follows:

- enhancing coordination and coherence across the full range of policy instruments so that public resources are deployed to maximum effect, making our research system more effective;
- deepening and optimising engagement at transnational level through, inter alia, Horizon 2020, bilateral relationships with 3rd countries, active engagement with joint

programming and ESFRI processes and membership of international research organisations;

- continuing to promote and facilitate an open labour market for researchers through advice and support services;
- a comprehensive employment equality legislation framework to complement addressing gender related issues in regard to career progression in research and innovation;
- actively engaged in developing Open Access to publicly funded research data based on the national policy set out in the National Principles for Open Access Policy Statement in 2012, closely following EU best practice in this regard.

Target 3: Climate Change and Energy

To reduce greenhouse gas emissions in the non-traded sector by 20% compared to 2005 levels; increase the share of renewables in final energy consumption to 16% by 2020; to move towards a 20% increase in energy efficiency.

Under the 2009 EU Effort Sharing Decision, which applies to **greenhouse gas emissions** (GHG) outside the scope of the EU Emissions Trading System, Ireland has a headline target of reducing GHG emissions to 20 per cent below 2005 by 2020. More specifically, the Decision entails a series of declining annual targets and compliance must be demonstrated with each annual target in turn. The average incidence of these targets over the eight years is a 12% reduction in emissions relative to 2005. The emission reduction target for Ireland is especially ambitious and challenging, particularly given the relative size of our agriculture sector and the limited mitigation potential of that sector, as well as the extremely limited capacity for State investment in low-carbon policies and initiatives due to the economic and financial crisis of recent years.

The Environmental Protection Agency publishes annual inventories of, and projections for, greenhouse gas emissions. The most recent set of projections[12] was published in March 2016 and includes two scenarios. The *With Measures* scenario illustrates the anticipated impact of policies and measures in place by the end of 2014. It is to be noted, however, that the *With Additional Measures* assumes implementation of the *With Measures* scenario in addition to full achievement of Government renewable and energy efficiency targets for 2020 as set out in the National Renewable Energy Action Plan and the National Energy Efficiency Action Plan.

According to the projections, Ireland's non-ETS emissions are projected to be 6% and 11% below 2005 levels in 2020 under the *With Measures* and *With Additional Measures* scenarios respectively. Ireland did not exceed its annual targets in the years 2013 to 2015, but is projected to exceed its annual binding limits in 2016 and 2017 under both the *With Measures* and *With Additional Measures* scenarios. To determine compliance under the Effort Sharing Decision, any overachievement of the binding emission limit in a particular year between 2013 and 2019 can be banked and used towards compliance in a future year. However, even using this mechanism Ireland will still have a gap to the cumulative 2013-2020 target according to the latest projections.

The extent of this challenge to reduce greenhouse gas emissions, in line with our EU and international commitments, is well understood by Government. Notwithstanding the constrained investment capacity, through a range of policy measures, integrated structures and expanding investment, the Irish Government is taking significant steps to address climate change, and put us on a sustainable pathway to a low-carbon economic future. These steps are taken in conjunction with numerous supports provided by Ireland for international efforts to assist developing countries adapting to climate change.

We have committed to significant future investment in the transport sector in our Capital Plan to support our climate change objectives (see further details on page 23 above).

[12] http://www.epa.ie/pubs/reports/air/airemissions/2020_GHG_Projections_2016_Bulletin.pdf

Building on the 2014 National Policy Position on Climate Change which sets out our vision and considerations in transitioning to a competitive, low-carbon, climate-resilient and environmentally sustainable economy by 2050, the Climate Action and Low Carbon Development Act 2015 provides the framework for the preparation of five-yearly National Low Carbon Transition and Mitigation Plans. Work on these plans is underway and will set out how Ireland's greenhouse gas emissions are to be further reduced. The Act also mandates five-yearly National Adaptation Frameworks and sectoral plans to address the impacts of climate change in Ireland. A Climate Change Advisory Council has been established under the Act to advise and make recommendations to Government and Ministers on the actions required to significantly decarbonise the Irish economy.

Notwithstanding the acknowledged low mitigation potential in the agri-food sector, Ireland is investing in research to advance sustainable agriculture under the Food Wise 2025 strategy which seeks to reduce emissions by employing best practice in farming methods, energy generation and consumption, and afforestation. Other initiatives like Origin Green and the Beef Data and Genomics Programme are helping to maximise the benefits from our natural advantages, while reducing emissions and encouraging sustainability. In addition, Ireland is sequestering significant quantities of carbon though our forestry programme under which we will invest €3 billion over the next 15 years, including planting 44,000 hectares over the next five years.

Ireland’s 2020 **renewable energy target** is to increase the share of final energy consumption that is made up by renewable energy sources (RES) to 16%. This target is broken into three key sectors with individual targets for each sector as in Table 2 below.

Table 2

Target	2020 (Target)	2014 (Actual)	Distance to Target
Renewable Energy (overall)	16%	8.6%	7.4%
Renewable Electricity (RES-E)	40%	22.7%	17.3%
Renewable Heat (RES-H)	12%	6.6%	5.4%
Renewable Transport (RES-T)	10%	5.2%	4.8%

At the end of 2014, Ireland was over halfway to reaching each of its sectoral targets and the overall 2020 target. While good progress has been made, meeting the 16% target remains challenging.

The principal supports in place to incentivise renewable generation of electricity are the three Renewable Energy Feed-in Tariff schemes. DCENR is currently considering the appropriateness of a new support scheme for electricity to be available from 2016 onwards.

Another key component in efforts to reduce emissions, is the Energy White Paper[13] *'Ireland's Transition to a Low Carbon Energy Future'* published in December 2015. It sets out the strategic principles and steps towards a secure, low-carbon energy future through to 2030. One of its key commitments is to reduce GHG emissions from the energy sector by between 80% and 95% (compared to 1990 levels) by 2050 and to zero by 2100.

The recent report *Ireland's Energy Targets – Progress, Ambition and Impact*[14] (April 2016) shows good progress has been made in delivering on the **National Energy Efficiency Action Plan** targets. Savings achieved to date equate to about half of the energy efficiency target with 300,000 homes and 3,500 businesses and public sector bodies having implemented measures. Meeting the target would, however, require a significant scale up of the number of dwellings and businesses undertaking energy efficiency measures. Ireland's medium term capital plan has committed over €440m 2016-2021 to efficiency and renewable investment. Further analysis will be needed to identify cost optimal policy options and to provide a clearer assessment of resource implications to achieve the target.

Consistent progress is being made by Ireland's public sector to meet its ambitious 33% energy efficiency targets. The most recent report[15] published in Q1 2016 shows that as of 2015 about half of the targeted savings had been achieved with 1,840GWH primary energy savings amounting to €121 million annual energy savings for Irish public sector bodies and a reduction of 418Kt of CO2.

A new Strategy to Combat Energy Poverty 2016-201916 was launched in Q1 2016. Under this Strategy a new pilot scheme to demonstrate the multiple benefits of energy efficiency will begin in Q2 2016. This scheme will see deep retrofits being carried out on the residences of people with a medical condition and referred by healthcare professionals. In addition the Strategy commits to a consultation process on the implementation of minimum energy efficiency standards in the rental sector. By addressing energy poverty through energy efficiency, we will contribute to the achievement of Ireland's climate targets, while also providing social and health benefits to some of the country's most vulnerable people.

---

[13] http://www.dcenr.gov.ie/energy/SiteCollectionDocuments/Energy-Initiatives/Energy%20White%20Paper%20-%20Dec%202015.pdf
[14] http://www.seai.ie/Publications/Statistics_Publications/Energy_Modelling_Group_Publications/Ireland%E2%80%99s-Energy-Targets-Progress-Ambition-and-Impacts.pdf
[15] https://www.seai.ie/Publications/Your_Business_Publications/Public_Sector/Annual-Report-2015-on-Public-Sector-Energy-Efficiency-Performance.pdf
[16] http://www.dcenr.gov.ie/energy/SiteCollectionDocuments/Energy-Efficiency/A%20Strategy%20to%20Combat%20Energy%20Poverty.pdf

Target 4: Early School Leaving; Tertiary Education

To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; and to increase the share of 30-34 years olds having completed tertiary or equivalent education to at least 60%.

Ireland's current **share of early school leavers** (i.e. 18-24 year olds with at most lower secondary education and not in further education and training) fell from 10.8% in 2011 to 9.7% in 2012, 8.4% in 2013 and 6.9% in 2014 and 2015 representing very positive progress in excess of our target.

A number of measures have been put in place to support achievement of the target, including Delivering Equality of Opportunity in Schools (DEIS) which is Ireland's main policy initiative to address educational disadvantage, including early school leaving. DEIS targets those schools serving the most disadvantaged communities in the country. There are 836 participating schools in 2015/16.

The Social Inclusion and Community Activation Programme (SICAP) 2015-2017 is underpinned by three high level goals. Goal 2 of SICAP focuses on life-long learning supports and includes a focus on disadvantaged children and young people who are still in education, and Not in Employment, Education or Training (NEET) youth. It contains a preventative focus by requiring Programme Implementers to work with children under 18 who are at risk of early school leaving. Concurrently, there are also initiatives and interventions aimed at those young people who have already disengaged from the school system, led by the education and youth specialists.

SICAP is funded by the Irish Government and co-funded by the European Social Fund (ESF) Programme for Employability, Inclusion and Learning (PEIL) 2014-2020 and included a special allocation under the Youth Employment Initiative during 2015. In 2015, almost 5,000 young people received an education-related support in SICAP, with 885 of these having progressed along the education continuum.

Tertiary attainment levels of the 30 to 34-year-old population have now risen to 52.3% in 2015 from 39.2% in 2005. This is the third highest attainment levels in Europe for this cohort of the population according to the latest Eurostat information. This is due to the high participation rates for school leavers - rates that have been growing steadily over the last decade and the growing participation of adults in higher education.

The *National Strategy for Higher Education to 2030,* published in early January 2011, provides a framework for the development of the higher education sector for the next twenty years. A system performance framework covering the period 2014 – 2016 has been put in place, aligned to performance funding. The first Higher Education System Performance Report was published in June 2014.

In 2015/16, Student Universal Support Ireland (SUSI) continued to make significant improvements to its systems and procedures to streamline the grant application, processing and payment processes. These and other SUSI changes have led to speedier processing of grant applications and earlier payment of awarded grants. SUSI met its targets for processing and payment of student grants to end-December 2015 in line with its agreed performance metrics. By end December 2015, 56,900 (87%) of new applications and 41,200 (98%) of renewal applications had been processed to completion.

In 2015 a new pilot support scheme was introduced for applicants who are in the protection process or at ‘leave to remain’ stage (not deportation stage). The scheme is targeted at students in the asylum seeking process who have been in the Irish school system for five years of more. The new scheme is being operated on a pilot basis for one year and will be reviewed in 2016.

The new National Access Plan for 2015-19 was launched in December 2015. It contains five key goals and more than 30 actions that will contribute to making the student body in higher education more reflective of the diversity of Ireland’s population. A number of specific actions will be progressed in 2016.

This includes:

- evaluation of existing access measures such as the Student Access Fund and the Fund for Students with Disabilities;
- the development of a working group to examine the issue of student retention at third level;
- direct engagement with communities, parents and students in disadvantaged areas to promote the benefits of higher education, and
- measures to facilitate more students from under-represented groups to train as teachers.

The above measures will be informed by the development of a new data plan for equity of access. This will facilitate monitoring and reporting on progress.

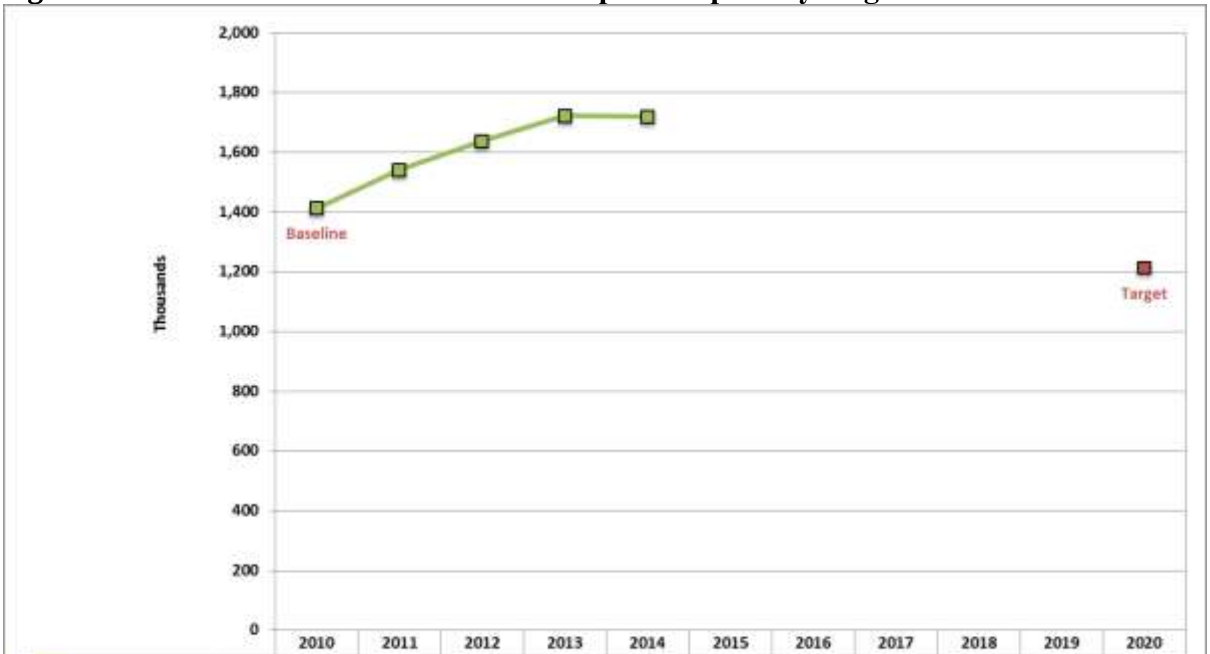
Target 5: Poverty Reduction

To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3%. The Irish contribution to the Europe 2020 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation).

Since 1997 Ireland has developed national anti-poverty strategies to provide a strategic framework in which to tackle poverty and social exclusion. The **National Action Plan for Social Inclusion 2007-2016** (NAPinclusion) was recently updated and extended to 2017[17]. The updated plan has 14 high level goals that better reflect the current issues and interventions to tackle poverty and social exclusion. The reformulated goals include a focus on early childhood development, youth exclusion, access to the labour market including measures for people with disabilities, migrant integration, social housing and affordable energy.

The fifth biennial Social Inclusion Report 2013 and 2014 was published in September 2015 as part of the monitoring mechanisms under NAPinclusion.[18] These reports outline progress from relevant government departments on implementation of national policy commitments to tackle poverty and social exclusion.

Figure 4: Ireland's contribution to the Europe 2020 poverty target



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
IE combined poverty ('000s)	1,412	1,542	1,637	1,722	1,719						1,212
IE combined poverty %	31.0%	33.6%	35.7%	37.5%	37.3%						

Source: SILC, various years

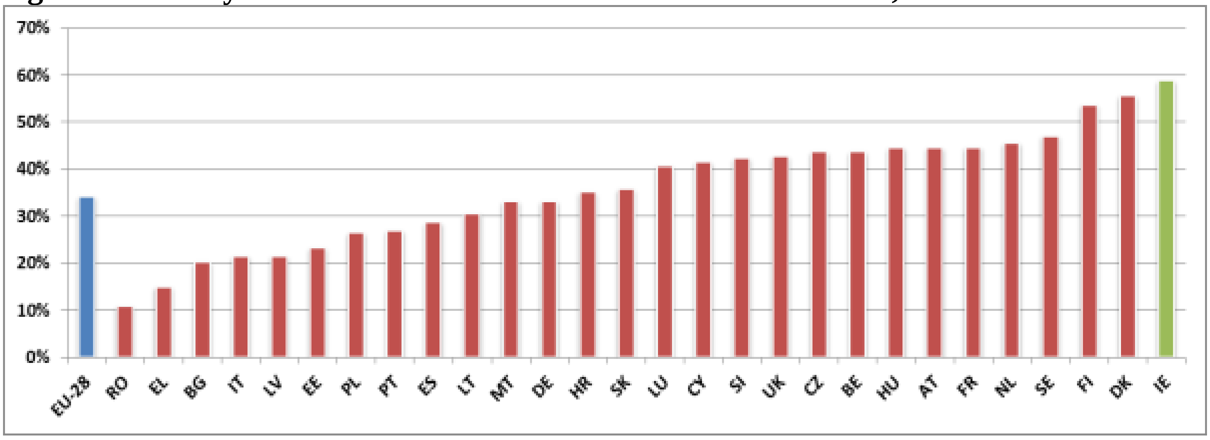
Looking at the supporting indicators, basic deprivation fell by 1.5 percentage points to 29%, the first reduction since 2007. The at-risk-of-poverty rate increased by 1.1 percentage points to 16.3%. This was mainly due to a rise in real median disposable income of 3.5%, driven by higher direct income from employment.

[17] http://www.socialinclusion.ie/documents/2016-02-12_UpdatedNAP_English_Final.pdf
[18] http://www.socialinclusion.ie/publications/documents/SocialInclusionReport20132014.html

Turning to poverty rates across the life-cycle, the consistent poverty rate for older people is 2.1%. Among people of working-age the unemployed and lone parents face the highest poverty risk at almost three times the average. The ESRI is completing a SILC study on poverty and quality of life among social risk groups for the Department of Social Protection in 2016.

The social welfare system continued to play an important role in alleviating poverty and income inequality. Ireland continued to be among the best performing EU countries in reducing poverty through social transfers (excluding pensions). Using comparable data from Eurostat from 2014, Ireland's performance in reducing poverty at 58.9% was far in excess of the EU-28 norm of 34.1% and above the 42.7% reduction achieved in the UK.[19] In 2014, social transfers also reduced the Gini coefficient from 45.6 to 30.7, an income inequality reduction effect of 32.7.

Figure 5: Poverty reduction effect of social transfers in the EU-28, 2014



Source: Eurostat EU-SILC, 2014

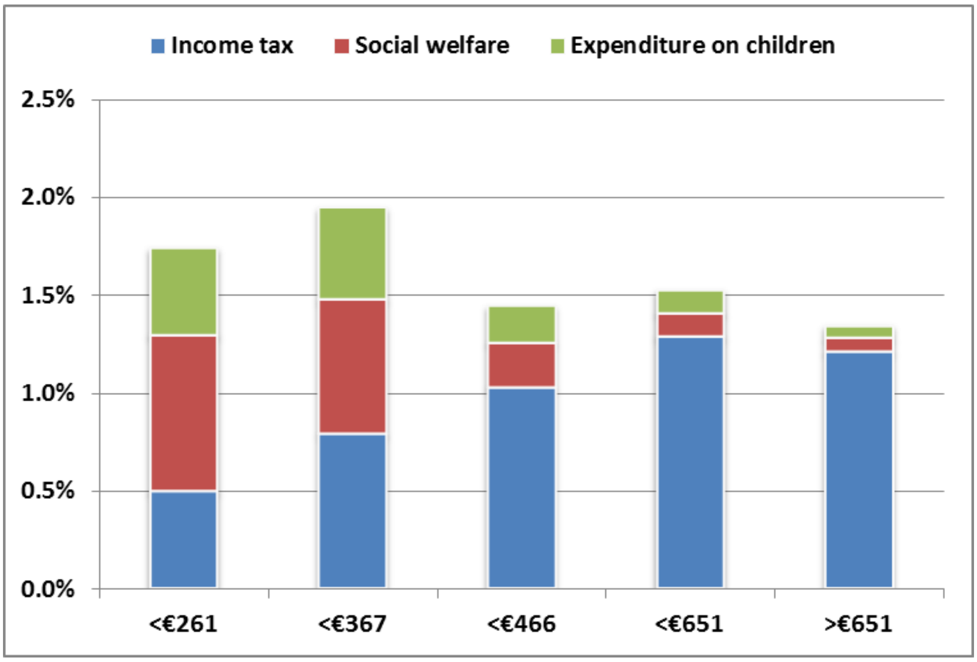
Distributive Impact of Budget 2016

The Department of Social Protection recently published the social impact assessment[20] (SIA 2016) of the welfare and income tax measures in Budget 2016. The assessment also took account of the additional investment in childcare provision and the increase in the national minimum wage. The principal finding is that average household incomes increased by 1.6% (€14.30 per week). There are higher than average percentage gains for the poorest households (up to 2%). Social welfare measures strongly favour lower income households. Similarly, the additional child expenditure, though universal, has a progressive impact. As reported earlier, SIA 2016 finds that households with children are the biggest beneficiaries and that the Budget provides greater rewards for working.

[19] The data from Eurostat for Ireland vary slightly from the national indicators due to the different income concept used.

[20] Social impact assessment is an evidence-based methodology which uses a tax/welfare simulation model developed by the Economic and Social Research Institute (ESRI) to estimate the likely distributive effects of budgetary measures on income and social inequalities.

Figure 6: Distributive impact of the component 2016 measures
(Percentage gain in household income by equivalised income quintile)



5. EU Funds

Ireland's Allocation of European Structural and Investment Funds (ESIF)
Ireland has been allocated approximately €2.19 billion for European Agricultural Fund for Rural Development (EAFRD), €147 million for the European Maritime and Fisheries Fund and just over €1.2 billion in relation to the other funds (European Regional Development Fund (ERDF), European Social Fund (ESF) and European Territorial Co-operation (ETC) programmes over the period 2014–2020.

Of the €1.2 billion (in current prices) for Structural Funds (ERDF and ESF), €409 million is for the two ERDF co-funded Regional Programmes and €542 million is for ESF co-funded programmes. There is also an additional €68 million provided for the Youth Employment Initiative which is programmed through the ESF programme. The balance (€169 million) is for European Territorial Co-operation programmes; the PEACE Programme, the Ireland/Northern-Ireland/Scotland Programme, the Ireland/Wales Programme; and the Northern Periphery, North West Europe and Atlantic Area trans-national programmes.

In accordance with the regulations governing the ESIF, Ireland has prepared a **Partnership Agreement** which assesses its development needs and defines national priorities to support its National Reform Programme and the achievement of national targets for delivering the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth. The Partnership Agreement constitutes the formal agreement between the European Commission and Ireland regarding the use of funds. On 18 November 2014 the Government and the European Commission both approved Ireland's Partnership Agreement for the European Structural & Investment Funds for the period 2014-2020. This now constitutes a set of binding commitments from Ireland for the programming period.

The development of Ireland's Partnership Agreement and operational programmes has been informed by needs analyses, ex-ante evaluations, strategic environmental assessments and public consultations involving a wide range of stakeholders as well as with Government Departments and State Agencies. It is fully consistent with Ireland's National Reform Programme.

Funding Priorities
The funding priorities identified for Ireland's ESIF programmes take account of the Europe 2020 Strategy, the National Reform Programme and our national consultation processes. In line with these, Ireland has decided that the funding priorities for the 2014-2020 period, are:

- Promoting jobs and growth;
- Combating unemployment and social exclusion;
- Promoting R&D and ICT investment and the competitiveness of the business sector;
- Promoting an environmentally-friendly and resource efficient economy.

Ireland's ERDF and ESF programmes also respect the requirement for thematic concentration, a feature of the new regulations that requires that minimum allocations must be fixed for a number of priority areas in line with the Europe 2020 Strategy.

For the **ERDF** at least 80% of resources at national level have been allocated to:

- research and innovation;
- information and communication technologies (ICT);
- the improvement of the competitiveness of Small and Medium-sized Enterprises (SMEs); and Ireland - National Reform Programme 2015 73
- the shift towards a low-carbon economy (energy efficiency).

At least 20% of ERDF resources had to be allocated to the low carbon economy priority. In addition, at least 5% of ERDF resources had to be allocated for integrated programmes relating to sustainable urban development. In fact Ireland chose to devote 20.6% of its ERDF resources to the low carbon economy, and almost 10% for Sustainable Urban Development.

For the **ESF** at least 80% of resources at national level have been allocated to:

- promoting sustainable and quality employment and labour mobility;
- education, training and life-long learning; and
- promoting social inclusion and combating poverty and discrimination.

In excess of 35% of the total ESF allocation has been directed to the latter category - promoting social inclusion and combating poverty and discrimination.

Under Ireland's **Rural Development Programme (RDP)** for the period 2014-2020, a fund of over €4 billion (including €2.19 billion of EAFRD funding) will be spent on a range of measures designed to support the competitiveness of agriculture and the sustainable development of the rural economy. The ranges of measures in the RDP include:

- significant investment in addressing in an integrated manner a range of environmental, biodiversity and climate change challenges
- targeted investment in developing the knowledge base in the sector and supporting innovative approaches and techniques
- broad based support for a range of capital investments designed to underpin the efficiency and competitiveness of the sector, and
- continued support for delivery via the LEADER model of a range of supports to address wider rural development issues.

6. Institutional Issues and Stakeholder Involvement

This National Reform Programme was coordinated by the Department of the Taoiseach using a whole-of-government approach in relation to its preparation and delivery.

Stakeholder engagement is regarded as an important part of the process. Engagement at sectoral and departmental level is encouraged with regard to the range of specific issues that arise in the context of this NRP.

The following highlights some of the means by which stakeholders can engage with issues relevant to issues covered in this NRP:

- The Department of Finance and Department of Public Expenditure and Reform hosted the National Economic Dialogue (NED) in Dublin Castle on 16-17 July 2015. The objective of the dialogue was to facilitate an open and inclusive exchange on the competing economic and social priorities facing the Government as it prepared for Budget 2016. The dialogue, both in plenary and in the eight breakout sessions, considered the main structural challenges faced by the economy and society and the options for the allocation of public resources over the coming period. It was informed by the macro-economic and fiscal parameters, including the EU budgetary framework. Participants included the Taoiseach, Tánaiste, seven Ministers, one Junior Minister, Eight Rapporteurs and 130 delegates representing a wide range of stakeholders.

- The Department of Social Protection engages with a wide range of stakeholders on social protection and inclusion policies and practice. The national and local stakeholders include people experiencing poverty, civil society groups, government/public officials, social partners and experts. Examples of the Department's stakeholder engagement activities include annual events like the Pre-Budget Forum, the Social Inclusion Forum (SIF) and support for local level projects across Ireland by community groups to raise awareness of the UN Day for the Eradication of Poverty.

- In relation to supports for SMEs, formal reviews of the Credit Guarantee Act 2012 and on the operations of Microfinance Ireland in 2014-2015 involved input from all stakeholders. In the case of the export credit policy and product project outlined above, stakeholder feedback is incorporated into the process through Enterprise Ireland, which deals directly with exporting firms in the marketplace.

- An in-depth public consultation process to inform the development of Innovation 2020 was undertaken. The process involved the circulation to key stakeholders from industry, academia, the public sector and civil society of a detailed consultation paper setting out key issues and questions that needed to be addressed. This process elicited responses from a wide range of stakeholders and eighty detailed submissions were received and analysed. In addition, a Consultative Forum was held involving key stakeholders and chaired by the Minister for Research, Innovation and Skills to address key issues emerging from the written consultation process - some 120 participants from industry, the public sector and academia attended.

- Ireland has put in place a National Energy Forum to provide further opportunities to take account of stakeholder views. The forum will allow citizen, environmental, industry and other representative groups the opportunity to contribute on policy development as we progress towards a low carbon energy system. Its first meeting will take place in July.

As preparatory work at official level progressed, the Department of the Taoiseach coordinated central engagement with a wide range of stakeholders following publication by the European Commission of the Country Report on Ireland in February.

Stakeholders consulted included regional representatives, representatives of employers, trade unions, the farming community, community and voluntary organisations, and environmental organisations.

Nine Submissions were received in total from following groups, and the submissions have been published on the website of the Department of the Taoiseach:

- IBEC
- ICTU
- Irish Delegation to the EU Committee of the Regions
- Better Europe Alliance
- Community and Voluntary Pillar
- Environmental Pillar
- European Anti-Poverty Network (EAPN)
- Social Justice Ireland
- St. Vincent de Paul.

Each of the submissions was circulated to relevant Government Departments and stakeholder views were considered in the preparation of this NRP. Stakeholder submissions will be further considered as valuable inputs to future policy development.