Rialtas na hÉireann
Government of Ireland

National Reform Programme for the European Semester

April 2022

Contents

1. Introduction

Ireland's National Reform Programme (NRP) is produced annually as part of our engagement in the European Semester Process. In line with guidance provided by the European Commission on the phased reintroduction of the Semester, following the pandemic, the NRP this year has been streamlined, and focuses on providing context and information in relation to both reform and investment implementation, and policy initiatives currently underway. In doing so it draws extensively from the Programme for Government – Our Shared Future, along with key Government policies, including the Economic Recovery Plan, the National Development Plan, the Climate Action Plan, and Housing for All.

Following an introduction, in part 1, which will outline the national context, and Ireland's main reform and investment priorities, part 2 of the NRP will provide the macroeconomic context, in line with Ireland's Stability Programme Update 2022. This will be followed in part 3 by further details on the key policy responses to major economic, employment and societal developments. Part 4 will outline and update on Ireland's policy approach and response to the UN's Sustainable Development Goals (SDGs). Part 5 will provide an update on Ireland's use of EU Funds. Part 6 will provide details on the institutional processes and stakeholder involvement involved in the development of this year's NRP.

In line with guidance from the Commission, this year's NRP also provides an update on the steps taken by Ireland to address Country Specific Recommendations (CSRs), detailed in Annex 1, and updated information on implementation of Ireland's National Recovery and Resilience Plan (NRRP), fulfilling the biannual reporting requirement of the Recovery and Resilience Facility Regulation, detailed in Annex 2. Ireland's implementation of the European Pillar of Social Rights is addressed throughout the Programme.

1.1 Managing the Pandemic and Economic Outlook

Over the past two years, COVID-19 brought unprecedented disruption to the Irish economy and labour market. COVID-19 adjusted unemployment peaked at 31.5% in April 2020, while significant sections of the Irish economy, in particular the Hospitality, Retail, and Construction sectors were heavily affected by public health measures. During this time younger workers were disproportionately impacted as they accounted for a significant share of employment in these sectors. The COVID-19 adjusted youth unemployment rate peaked at 69.6% in May 2020.

In order to mitigate the impacts of public health measures on the economy, the Government deployed in excess of €20 billion in direct economic supports to workers and enterprises. These supports were deployed through a variety of different modalities including enhanced unemployment payments to workers who had lost their jobs (the Pandemic Unemployment Payment), job subsidy schemes to support employment (the Enterprise Wage Subsidy Scheme), and through a variety of grants, loan guarantees, reliefs, and tax warehousing arrangements.

During the second half of 2021, relaxation of COVID-19 related restrictions saw strong positive economic momentum take hold. The labour market situation improved significantly with the COVID-19 adjusted unemployment rate falling to 7% in February 2022. By Q4 2021, headline employment had surpassed pre-pandemic levels, rising to a new high of 2.5 million. The process of the phased withdrawal of labour market COVID-19 related supports has also been advanced. Modified Domestic Demand grew by 6.5% over the year to Q4 2021, reflecting a faster than anticipated rebound in consumption.

At the beginning of 2022, the economy was poised for a strong rebound through to 2023, though, concerns remained over further epidemiological developments along with cost of living developments arising from demand-supply imbalances.

The Russian invasion of Ukraine, which began in February 2022, constituted a further economic shock. The impact of the war is first and foremost humanitarian in nature. As well as the considerable loss of life, over 4 million people have fled Ukraine, with European Union Member States, including Ireland, absorbing the vast majority of these – as outlined in the Stability Programme Update, this will have significant fiscal implications for Ireland. In addition to the humanitarian fallout, the war, along with the economic, financial and other sanctions imposed in response, represents a large supply side shock to the economy. This shock has exacerbated existing demand-supply imbalances arising from the pandemic and re-introduced significant uncertainty over the short to medium term outlook. The primary economic risks facing Ireland arising from the war concern the supply and costs of energy, other key commodities and foodstuffs, and the associated implications for inflation.

Interruptions to global trade in key commodities, especially energy, have translated into a sharp price shock to international markets even if, to date, shortages have been avoided. These developments represent a significant deterioration in Ireland’s terms of trade, whereby a greater proportion of Irish income must be spent on imported fuel and other commodities and is a significant contributor to current inflationary trends. Supply chain disruptions, rising energy costs, and a faster than anticipated rebound in consumption were already impacting prices in 2021. This was particularly evident in the construction and transport sectors. In addition, there was emerging evidence of labour and skill shortages across the economy, in part arising from the dislocation of workers during the pandemic as well as the faster than anticipated rebound in economic activity. Increased labour market demand, coupled with higher costs of living, was also expected to drive upward wage pressures.

The economic challenges arising from Russia's war in Ukraine are expected to exacerbate the inflation challenge insofar as higher prices are expected to now last for longer, driven by persistent energy price inflation. This will put a significant cost burden on businesses and reduce investment, including FDI investment, and is especially concerning given the significant challenges many businesses have had to face arising from the pandemic and Brexit, which may have weakened their capacity to navigate further challenges. The impacts are likely to be felt across the economy in the coming months. This will weigh on consumer spending and confidence, compounding the difficulties facing businesses.

The war in Ukraine has already had an unprecedented and enduring impact on energy security and affordability across Europe and in Ireland. In 2020 Ireland imported approximately 3% of our energy needs direct from Russia. This included approximately 6% of oil use. Ireland's imports of natural gas come from the United Kingdom, which draws on diversified supplies. The European gas market is however interconnected from both a physical and wholesale price perspective. The physical supplies to, and the wholesale market price of natural gas in Ireland are therefore influenced by the supply of natural gas from Russia into the European market.

Increased demand as the world emerged from the pandemic, coupled with the Russian invasion of Ukraine and the associated sanctions on Russia, has brought about new challenges for the security of energy supplies. The European Union has also decided to phase out its dependency on Russian gas, oil, and coal imports as soon as possible. Combining all of these factors has resulted in significant increases in the price of gas, electricity and oil. In response, the Government has already taken a number of steps, building on supports provided in Budget 2022, including introducing an Electricity Costs Emergency Benefit Payment, additional payments to Fuel Allowance recipients, a reduction in public transport fees, and temporary reductions in both excise duty on fuels and on VAT for gas and electricity.

In April 2022, the Government published a National Energy Security Framework, to provide an overarching and comprehensive response to Ireland's energy security needs in the context of the war in Ukraine. The Framework outlines the structures which are in place within Government to monitor and manage energy supplies. It sets out the plans which are in place to deal with energy security emergencies should they arise, and outlines out how these plans will be tested in light of the war in Ukraine.

The Framework also sets out how Government can support households and businesses, with a particular focus on protecting those most at risk of fuel poverty, how it is already ensuring Ireland's energy security, how it will speed up the country's shift to increased energy efficiency and indigenous renewable energy systems. Additionally, it sets out how consumers and businesses can be supported to save energy and save money, including through a communications strategy associated with the Framework.

The Framework will be kept under continued review and will evolve and be updated to reflect changing circumstances and emerging developments.

The third macroeconomic shock Ireland has suffered in as many years, in addition to the war in Ukraine and COVID-19, was the departure of the United Kingdom from the European Union. As outlined in the Stability Programme Update, while the disruption which this brings will play out more slowly than the pandemic or geopolitical shock of the war in Ukraine, it is clear that the United Kingdom's exit will have a detrimental impact on the Irish economy, and there is evidence that structural change triggered by their departure is already underway.

In response, the Government has put in place extensive supports, by way of loans, grants, and training, for affected sectors, including agriculture, fisheries, retail and manufacturing. The postponement by the United Kingdom of changes in relation to import and customs controls on goods travelling from Ireland to Great Britain, due to be introduced on 1 January 2022, mean that there will be, in due course, changes requiring further adaptation by exporters. The Government continues to strongly advise businesses to continue to prepare and be ready for the full introduction by the United Kingdom of import and customs controls.

1.2 Key National Policies

The following section outlines the key, overarching, national framework policies in place to guide Ireland's recovery from the COVID-19 pandemic, address longstanding challenges and needs, while preparing the economy and labour market for the challenges and opportunities of the future.

1.2.1 Economic Recovery Plan

The Economic Recovery Plan, launched in June 2021, is the Government's overall plan to drive a sustainable recovery in economic activity and employment, while also investing in the transition towards a decarbonised and digital economy. The Plan was developed in line with the Programme for Government – Our Shared Future, and is based on four key pillars: helping people back into work; rebuilding sustainable enterprise; a balanced and inclusive recovery; and ensuring sustainable public finances. The investment and reforms committed to as part of Ireland's NRRP were also incorporated into, and closely aligned with, the Government's Economic Recovery Plan.

Significant milestones already achieved under the plan include; implementation of the Pathways to Work Strategy, which provides training, support and activation to help people back into work; setting out the Government's medium-term fiscal target in the Summer Economic Statement 2021; finalisation of the Housing For All Plan, with record levels of investment in social and affordable housing; the publication of the revised National Development Plan, allocating more than €165 billion for public investment over the decade; and the new Climate Action Plan 2021, which sets out ambitious targets and measures across all sectors of the economy.

Other significant developments include a new National Digital Strategy, Harnessing Digital – The Digital Ireland Framework, to support Ireland's ambition to be a digital leader; a new national AI Strategy; and publication of a new Trade and Investment Strategy. Work is also well-advanced on a new national strategy for Research and Innovation.

Another key deliverable under the Economic Recovery Plan is the development of a Well-being Framework for Ireland to help consider, understand and measure Ireland's progress across environmental, societal and economic factors, through the recovery and beyond.

In all of these deliverables, the focus is on a recovery that aligns with the Government's ambitious green and digital objectives. The development of the Economic Recovery Plan took into account inputs including the CSRs received by Ireland in recent years. A number of the elements of the Plan, in particular those related to labour market, training and skills, and an inclusive recovery, also contribute to the principles outlined in the European Pillar of Social Rights.

1.2.2 National Development Plan

The review of the National Development Plan (NDP) published in October 2021 provides a detailed and positive vision for Ireland over the next 10 years, delivering public investment of €165 billion over the period 2021-2030. The NDP will support economic, social, environmental and cultural development across all parts of the country under Project Ireland 2040, in parallel with the National Planning Framework (NPF) which sets the overarching spatial strategy for the next twenty years.

The alignment of the NDP and NPF under Project Ireland 2040 creates a unified and coherent plan for the country by ensuring our investment strategy supports spatial planning behind a shared set of strategic objectives for rural, regional and urban development, and will strengthen the link with the new Climate Action Plan 2021 and other sectoral policies. The renewed NDP has a particular focus on the Whole-of-Government priorities of housing and climate action ambition.

The NDP is the largest in the history of the State with Ireland's annual capital investment budget now among the largest per capita across EU countries. 2022 will be pivotal in consolidating the progress already made, and, most importantly, delivering the infrastructure to support our future climate, social and economic requirements. This year almost €12 billion is available to spend on vital infrastructure in areas such as housing, transport, education, enterprise, sport, and climate action.

Reforms are ongoing in governance and broader capability to help ensure successful delivery. The NDP sets out the range of actions that are being taken to strengthen delivery, maximise value for money and ensure to the extent possible that projects are delivered on time, on budget and with the benefits targeted at the outset. The Public Spending Code sets the value for money requirements and guidance for evaluating, planning and managing capital projects. The Project Ireland 2040 Delivery Board which oversees the delivery of the NDP has recently been extended to include five external members bringing additional expert knowledge, independent and regional perspectives, and an enhanced challenge function to the deliberations of the Board. The following two elements have been introduced to strengthen the assurance process for major public investment projects to provide more structured scrutiny:

- An independent external review of projects over €100m at two major decision gates in the project lifecycle; and
- A Major Projects Advisory Group- as a prerequisite to seeking Government approval for projects at the relevant decision gates, project proposals and external reviews are now scrutinised by the Advisory Group in advance of the decision to proceed.

These reforms, alongside ongoing engagement with the construction sector regarding capacity and innovation, will support the timely and cost-efficient delivery of projects, though the emerging cost pressures are likely to pose an increased risk to delivery.

The NDP will contribute to addressing a number of Ireland's CSRs, most notably those related to investment, in particular in relation to energy, sustainable public transport, water supply and treatment, and digital infrastructure.

1.2.3 Climate Action Plan

Ireland is committed to a 51% reduction in overall greenhouse gas emissions from 2021 to 2030 compared to 2018 levels, and carbon neutrality by 2050. Ireland recognises the importance of frontloading these required investments as many of the changes started in the 2021- 2025 period will only lead to reductions later in the decade. The targets set are challenging in light of our growing population and our emissions profile.

Ireland published its Climate Action Plan 2021 in November 2021. The Plan, which marks a significant step up in our national ambitions, includes additional policies and measures in every sector to bring about significant changes needed to meet Ireland's climate ambition for 2030 and beyond. These policies and measures make a significant contribution to Ireland's progress with regard to CSRs received in relation to climate and energy.

The Plan sets out actions that must be taken in every Government Department and Body to ensure we deliver on the statutory commitments in the Climate Action and Low Carbon Development (Amendment) Act 2021, including the achievement of our 2030 targets, preparation for climate neutrality by 2050 at the latest, and making Ireland a leader in responding to climate change.

As with the previous Climate Action Plan in 2019, the new plan has a strong focus on implementation, including actions with specific timelines and steps needed to achieve each action, assigning clear lines of responsibility for delivery.

The annual revision to the Climate Action Plan acts as a further review mechanism and opportunity to re-adjust or refocus actions to ensure targets are achieved. Reporting and publication of progress under the Climate Action Plan will continue to be carried out on a quarterly basis by the Department of the Taoiseach.

Further detail on Ireland’s approach to climate and energy policy can be found in Part 3 of this document.

1.3 Ireland’s National Recovery and Resilience Plan

Following approval by the Council of Ministers in September 2021, implementation of Ireland’s NRRP is now underway. In both its development and implementation, the NRRP is closely aligned with key domestic policies such as the Economic Recovery Plan and the NDP. The NRRP also takes into account Ireland’s CSRs.

Ireland’s Plan is based on sixteen investment projects and nine reform measures covering the following priorities:

- Priority 1: Advancing the Green Transition
- Priority 2: Accelerating and Expanding Digital Reforms and Transformation
- Priority 3: Social and Economic Recovery and Job Creation

At the end of November 2021, Ireland submitted its first progress report on milestones and targets to the Commission on schedule. This report included a status report on projects with milestones and targets due for completion by Q3 2021, and an update on projects with milestones and targets falling due for completion between Q4 2021 and Q3 2022.

A further update is being submitted as part of the NRP, as outlined in Annex 2. Key milestones achieved since the November 2021 report include:

- The first update of the Climate Action Plan (the 2021 Climate Action Plan) was published 24 November 2021.
- The Framework contract for electric/battery-electric fleet was executed in Q4 2021 and the design contract for Kent station was completed in Q1 2022.
- The list of selected eligible waste water treatment sites was published on 31 March 2022.
- On eHealth investment, the contract for the ePharmacy systems was signed in Q1 2022.
- A programme of actions to implement the SME Test has been developed and published. A communication has issued to all Government Departments advising of the requirement to apply the SME Test. A project plan for a Single SME Portal has been developed and published.

- The Trust and Company Service Providers (TCSPs) Risk Assessment has been completed and published on the Department of Finance's website.
- The Land Development Agency was established as a commercial state body by way of Commencement Order on 29 March 2022.

The Department of Public Expenditure and Reform has been designated as the NRRP Implementing Body. The interdepartmental NRRP Delivery Committee, chaired by the Department of Public Expenditure and Reform and deputy co-chaired by the Department of the Taoiseach and the Department of Finance has been established, with membership from all Departments and Agencies involved in the delivery of Ireland's NRRP. The Committee has held two meetings to date and will continue to meet at least quarterly to oversee implementation of the Plan and address issues as they arise.

2. Macroeconomic context and impact of structural reforms

The following section provides a summary of the Stability Programme April 2022 Update, prepared by the Department of Finance, for submission to the European Commission as part of the Semester Process.

The economic and fiscal projections set out in the Stability Programme, April 2022 Update, were prepared against the backdrop of a fading pandemic whose positive impact is offset by war in Ukraine and the associated economic and financial sanctions. The main channel through which the war is impacting on the Irish economy is via higher energy and other commodity prices. Higher energy and commodity prices have resulted in higher-for-longer inflation, which is now expected to peak at 6.75% in the second quarter of this year. Higher input prices as well as global supply chain disruptions and a tight labour market are resulting in higher non-energy prices, or ‘core’ inflation.

Higher inflation is squeezing the purchasing power of household incomes. Households are assumed to respond by reducing their real spending relative to previous expectations – by the end of 2023, spending is expected to be 4.5% below what it would otherwise have been. Higher energy prices are also expected to reduce profitability (unless higher input prices are passed on). This, alongside heightened uncertainty, will prompt firms to hold back on large-scale outlays (investment).

Against this backdrop, modified domestic demand (MDD) is projected to grow by 4.25% this year, a downward revision of 2.25% compared with the Department’s autumn forecast. MDD growth of just under 4% is anticipated next year. One positive surprise since the autumn forecasts has been in the labour market, where employment growth has been very strong. The level of employment is now at its highest ever, and the numbers dependent on Government supports has fallen. Evidence suggests that it is increasingly the availability of labour supply (rather than labour demand) that is currently a constraint on employment growth.

Last year saw the continued deployment of the public sector balance sheet to counteract the impact of the pandemic. While this counter-cyclical approach was both appropriate and necessary, the cost was significant, with a general government deficit of €8.1 billion (3.6% of GNI*) recorded last year. In light of the economic shock associated with the invasion of Ukraine, the Department is projecting a deficit of €2.0 billion (0.8% of GNI*) for this year. A modest surplus of €1.2 billion (0.5% of GNI*) is projected for next year reflecting the unwinding of COVID-related expenditure, although this will be partially offset by significant expenditure to support Ukrainian refugees fleeing the war.

Public indebtedness amounted to €236 billion (106% of GNI*) last year. Public indebtedness this year is projected at €234 billion (the equivalent of 96% of GNI*) up by €30 billion relative to the pre-pandemic position. Borrowing costs are now rising, and have risen by 1% over the past two months. Ageing costs will become binding in the years ahead: to maintain existing levels of service with an older population will require an additional €7 billion public expenditure (in today's terms) by end-decade.

Risks to the central forecast are firmly tilted to the downside and, given the degree of uncertainty, the margin of error around these projections is sizeable, particularly the assumptions around the path for energy and other commodity prices. Under an alternative scenario where oil and gas prices increase by 50% and 75% respectively relative to the central scenario, inflation would increase by an additional 2% this year, peaking at 9.25% in the third quarter; this would weigh on real consumer spending and MDD growth.

3. Key Policy Responses to Major Economic Employment and Social Development Challenges

The following section provides a summary of the main socio-economic challenges which Ireland is facing, and the policy responses in place or being developed. The challenges outlined in this section reflect national priorities, taking into account CSRs received, the input of stakeholders, the principles of European Pillar of Social Rights, along with other international commitments.

3.1 Climate Action and the Environment

As outlined in Chapter 1, Ireland's Climate Action Plan 2021 was published in November 2021. The Plan marks a significant step up in our national climate action ambitions, and seeks to put Ireland on a more sustainable path; to cut emissions; to create a cleaner, greener economy and society; and to protect us from the devastating consequences of climate change. It also seeks to ensure Ireland can benefit from significant opportunities to create new jobs and grow businesses in areas like offshore wind; cutting-edge agriculture; and retrofitting, making our homes warmer and less expensive to heat.

Our climate targets are ambitious and challenging. Ireland's greenhouse gas (GHG) emissions have undergone considerable shift since 1990. According to the Environmental Protection Agency (EPA), the emissions reduction rate was modest until 2008, with efforts to decarbonise constrained by strong economic activity. Since 2011, emissions have trended upwards with an overall peak reported in 2018.

Agriculture is the largest source of emissions, representing 37.1% of total national emissions in 2020, followed by the transport (17.9%) and energy (15.0%) sectors. These three sectors consistently have the largest share of emissions with transport as the fastest growing source between 1990 and 2020 (+100.1%).

Despite the impact of COVID-19, GHG emissions in Ireland decreased by only 3.6% in 2020 - demonstrating the scale of the decarbonisation challenge over the coming decade and out to 2050. A decrease in emissions was evidenced in most sectors with the exception of residential, agriculture and public service. Drivers of recent emissions reductions include reduced use of peat and increased renewable power generation in the energy industries sector; reduced emissions from passenger car and public transport journeys; and decreases in combustion and process emissions due to reduced cement production as a result of COVID-19 restrictions. Increases in emissions in 2020 in the residential sector were driven by an increased number of heating days due to a colder winter, as well as low kerosene prices and increased working from home. Increased activity in the agriculture sector was evidenced through increase in nitrogen fertiliser use and liming, as well as higher dairy cow numbers and milk production.

The following sections outline key elements of Ireland's approach to addressing our climate ambitions and targets.

3.1.1 Carbon Budgets

Ireland's Climate Action Plan 2021 lists the actions needed to deliver on Ireland's climate targets and sets indicative ranges of emissions reductions for each sector of the economy. It will be updated annually, including in 2022, to ensure alignment with our legally binding economy-wide carbon budgets and sectoral emissions ceilings. This Plan makes Ireland one of the most ambitious countries in the world on climate.

The Climate Action Plan 2021 provides a detailed plan for taking action to achieve a 51% reduction in overall GHG emissions by 2030 (against 2018 levels) and setting us on a path to a climate resilient, biodiversity rich, environmentally sustainable and climate neutral economy by no later than 2050, as set out in the Climate Action and Low Carbon (Amendment) Act 2021, which sets a legally binding path to these targets. The Act establishes a significantly strengthened legislative framework for national climate action; setting out clear targets and commitments in law and establishing, on a statutory basis, the necessary structures and processes to ensure that Ireland achieves its national, EU and international climate commitments in the near and long-term. The Climate Action and Low Carbon Development (Amendment) Act 2021 establishes a system of carbon budgeting with a 'carbon budget programme' comprising three five-year budgets that set a limit, on an economy-wide basis, for the amount of GHGs that can be emitted in that period. The carbon budgets will be supplemented by sectoral emissions ceilings, setting the maximum amount of GHG emissions that are permitted in a given sector of the economy during each five-year carbon budget.

In February 2022, the carbon budgets proposed by the Climate Change Advisory Council were approved by Government. Once the programme of carbon budgets has been legally adopted, the Government will determine, following consultation, how to apply the first economy-wide carbon budget across the relevant sectors, and what each sector will contribute over a given five-year period in the form of Sectoral Emissions Ceilings. As part of that process, a decision will be taken by Government on the allocation of sectoral responsibility for emissions across the relevant Ministers. Government Ministers will be responsible for achieving the legally binding targets for their own sectoral area, with each Minister accounting for their performance towards sectoral targets and actions before a parliamentary committee each year. The EPA's annual GHG inventory and projection reports and the Climate Change Advisory Council's annual report will inform monitoring of compliance with national and sectoral progress towards each carbon budget and sectoral emissions ceiling. The preparation of quarterly progress reports by the Department of the Taoiseach on the implementation of actions under the Climate Action Plan 2021 across Departments and Agencies will further inform this process of implementation and accountability.

The sectoral emissions ceilings and a roadmap to achieve them will be included in the next Climate Action Plan, to be published in Q4 2022.

As well as its implementation of the EU Emissions Trading Scheme, Ireland has put in place a robust system of carbon pricing through its national carbon tax. The tax is applied to transactions of fossil fuels not covered by Emissions Trading. The carbon tax is currently set at €43 per tonne of CO_2e and a schedule of annual increases has been legislated for until 2030 when the tax will be applied at €100 per tonne. Proceeds from the annual increases in carbon tax have been ring-fenced and will be used specifically to address the needs of those at risk of fuel poverty and to fund Ireland's transition to a decarbonised economy. Ireland's ambitious retrofit scheme for residential properties is one of many programmes that is being funded from carbon tax receipts. The tax provides certainty to citizens and businesses about the rising cost of carbon, and growing relative attractiveness of energy efficient and low-carbon alternatives to fossil fuel use. It also provides longer term certainty as to the revenue that will be available for decarbonisation programmes.

3.1.2 Energy

As part of the Climate Action Plan 2021, the Government set the ambitious target of achieving up to 80% renewable electricity by the end of the decade. The flagship policy to address this target is the Renewable Electricity Support Scheme (RESS). The first RESS auction for onshore wind and solar projects was held in 2020 and the first projects have now reached commercial operation with further projects reaching commercial operation throughout 2022. The second RESS auction process has begun with the qualification application window having closed in January 2022 and the auction scheduled to take place in May. Plans for a dedicated offshore RESS auction are also in place, with a view to commence this auction process by the end of 2022.

Government has also recently approved a Microgeneration Support Scheme (MSS) which supports deployment of an expected 380 MW of new micro (<50 kW) renewable generation by 2030. The

Department of the Environment, Climate and Communication is also developing a small-scale generator scheme for farmers, business, and communities to generate their own electricity and feed into the grid, further empowering citizens to benefit from the energy transition.

Ireland has considerable offshore renewable energy (ORE) potential with a target of 5 GW by 2030. Ireland's intention is to move to a plan-led approach to the development of the ORE sector. A National Marine Planning Framework was published in June 2021. The Department of the Environment, Climate and Communications initiated work on a revised Offshore Renewable Energy Development Plan (OREDP II) in 2021. This will provide an evidence base for the identification of the most suitable areas for the sustainable development of fixed and floating wind, wave, and tidal technologies, while also considering other maritime activities and marine biodiversity. The OREDP II is due for publication in Q1 2023.

A significant step towards achieving our offshore wind ambitions was reached, with the announcement of the Maritime Area Consent (MAC) regime on 21 March 2022. Applications for the MAC regime will be accepted for an 8-week period from 25 April 2022. The new MAC regime enables the Minister for the Environment, Climate and Communications, on an interim basis, to issue Maritime Area Consents to renewable energy developers who meet the relevant assessment criteria. Developers must have such consents to make an application for development permission, including environmental assessments, to An Bord Pleanála. The first MACs are expected to be issued in the second half of 2022.

The MAC regime is provided for under the recently-enacted Maritime Area Planning (MAP) Act 2021. This Act is the most significant legislative reform of maritime governance since the foundation of the State and provides a modern, efficient and Aarhus compliant regulatory and marine planning framework for ORE development. The Act also provides for the establishment of the Maritime Area Regulatory Authority (MARA) – a dedicated maritime area agency which is a priority for the Government. MARA is expected to be in place by Q1 2023 as set out in the Climate Action Plan 2021 and will take over the consenting process to grant and manage all future MACs beyond the initial batch one projects.

3.1.3 Circular Economy

The Whole of Government Circular Economy Strategy is Ireland's first national circular economy strategy. The Strategy is a key addition to Government's drive to achieve targets in GHG emissions reductions and implement more sustainable practices. The Strategy was a specific commitment in the Waste Action Plan for a Circular Economy (WAPCE). The purpose of this high-level, Whole-of-Government strategy is to set a course for Ireland to transition across all sectors and at all levels of Government toward circularity. The WAPCE shifted focus away from waste disposal and towards how we can preserve resources by creating a circular economy. This Strategy further explores the opportunity for circularity across Government and beyond, establishing a policy framework that can help turn a vision of circularity into tangible actions and results.

The overall objectives of the Strategy include, to promote public sector leadership in adopting circular policies and practices; to support and implement measures that significantly reduce Ireland's circularity gap, in both absolute terms and in comparison with other EU Member States, so that Ireland's rate is above the EU average by 2030; to raise awareness amongst households, business and individuals about the circular economy and how it can improve their lives; to support and promote increased investment in the circular economy in Ireland, with a view to delivering sustainable, regionally balanced economic growth and employment; and to identify and address the economic, regulatory and social barriers to Ireland's transition to a more circular economy.

A Circular Economy Waste Management (Amendment) and Minerals Development (Amendment) Bill is also being progressed by Government that, on enactment, will place the Circular Economy Strategy on a statutory footing, making the ongoing development of circular economy policy a legal requirement of Government. This first Strategy will proceed on a non-statutory basis.

Ireland will also fully engage with the Commission's package of European Green Deal proposals to make sustainable products the norm in the EU, boost circular business models and empower consumers for the green transition.

3.1.4 Addressing Biodiversity Loss

Ireland's domestic policy framework to tackle the biodiversity crisis will be set out in the next National Biodiversity Action Plan which is currently being drafted. This new Plan will build on the work already undertaken and the measures in place from previous plans, including the National Peatlands Strategy. Stakeholders across Government are working collaboratively to commit to actions to reverse the trends of biodiversity loss and align with the ambition of the EU Biodiversity Strategy.

The Prioritised Action Framework 2021- 2027 is an all of Government Framework which informs the design and targeting of measures to meet the most pressing needs in Natura 2000 and in the wider countryside. Measures are being implemented under this framework through National Parks and Wildlife Service farm plan schemes, the Raised Bog Restoration Programme, EU LIFE projects and other funding mechanisms. Wider measures are being implemented through the Native Woodland Scheme and agri-environmental schemes.

A Citizens' Assembly on Biodiversity has been initiated, this assembly will examine how the State can improve its response to the issue of biodiversity loss, and to bring forward proposals in that regard.

3.1.5 Retrofitting

Prioritising deep retrofitting of residential buildings puts Ireland at the forefront of efficiency action. The retrofitting of Ireland’s homes stands out as one of the areas which in recent months benefitted from a major reform encompassing enhanced supports and a special focus on delivery, all underpinned by the new National Retrofit Plan.

The catalyst for these significant steps to further reduce GHG emissions from residential buildings has been the revised National Development Plan 2021-2030. The NDP committed to an unprecedented level of investment in residential retrofit and provided clarity on the annual funding allocations for the coming years, giving the industry a major confidence boost to plan and expand.

The comprehensive suite of measures and enabling actions outlined in the National Retrofit Plan are being implemented to ensure a rapid scale up of retrofit activity nationwide. While the transition to a new One-Stop-Shop based retrofit delivery model is already in progress, important additional measures are already in the pipeline: a newly designed Energy Efficiency Obligation Scheme is expected to come into operation in the coming weeks and a new residential retrofit loan guarantee is being developed as part of Ireland’s NRRP.

3.1.6 Climate and Enterprise

Enterprise will play a pivotal role in reducing our emissions by 51% by 2030 (against 2018 levels), and in Ireland becoming a climate neutral and resilient economy. Furthermore, the green economy will create high quality employment opportunities that will be a source of significant employment growth over the coming decades. The IDA will seek to attract multinational corporations based overseas to invest in the green economy in Ireland, targeting those active in developing decarbonisation infrastructure and technologies. Both Enterprise Ireland and the IDA will also support clients to expand their sustainability capability through both dedicated funding and training opportunities, and create new roles in sustainable supply chain management, procurement, environmental and energy management, analytics, green finance, and circular economy enablement.

In December 2021, the Department of Enterprise, Trade and Employment, in partnership with the Department of the Environment, Climate and Communications, launched a new website, *climatetoolkit4business.gov.ie*, to assist all businesses, and small and microenterprises, in particular, to make a good start in understanding and adapting their activities to assist in climate mitigation. The Toolkit includes a simple carbon calculator and can generate a tailored company climate action plan for each business. Larger businesses and high emitters will continue to require energy audits, and under the proposed EU Corporate Sustainability Reporting Directive will be mandated to provide public reporting of their environmental impact. The recently launched Trade and Investment Strategy also reflects the ambitions for sustainable enterprise.

The Climate Action Plan 2021 contains further measures that will also assist the decarbonisation of the enterprise sector in Ireland. Actions focus on accelerating the uptake of carbon-neutral heating in industry combustion processes, phasing out harmful F-gases and decreasing the embodied carbon in construction materials.

3.1.7 Climate and Agriculture

In a world with increasing consumer demands for credible evidence that food and ingredients are produced sustainably, Irish agriculture will come under increasing scrutiny as to its environmental credentials, not least in regard to levels of GHG emissions. The challenges facing the sector are significant.

In August 2021, Government launched the Food Vision 2030 Strategy, which advocates a food systems approach to developing an agri-food sector that meets the highest standards of sustainability – economic, environmental, and social – while also providing the basis for the future competitive advantage of the sector. Phase 1 of a Land Use Evidence review was commenced in 2021 and will complete in Q3 2022. This will assemble the evidence base to determine the environmental, ecological and economic characteristics of land types across Ireland, as outlined in the 2021 Climate Action Plan. The implementation of measures to mitigate agricultural emissions (such as use of stabilised urea fertilisers, low emissions slurry spreading, increased organic farming and improved animal breeding, feeding and management) has also commenced.

Given our historic pattern of forestry and large areas of organic peat soils (c.20% of the land area), much of which has been drained for agricultural and other uses, Ireland faces particular challenges in regard to addressing its emissions from Land Use, Land Use Change and Forestry. Emissions from land use will unavoidably rise in the coming decade because of the age profile of Irish forestry but this can be reversed in the medium term through improved hydrological management of peatlands and peat soils and ambitious afforestation efforts shifting to mineral soils.

3.1.8 Climate and Transport

The Government will provide €35 billion in capital investment in transport over the decade as well as further annual supports for climate transition. There are over 70 actions related to the transport sector in the Climate Action Plan 2021, from delivering significant enhancements across public transport, active travel and Electric Vehicle uptake, to developing strategies that will help drive behavioural change away from traditional fossil fuelled private car journeys to healthier, more sustainable mobility options.

Investment in 2022 will support:

- The delivery of 165 new fully electric buses for cities and towns, 24 hybrid-electric buses for urban bus fleets and 81 more buses for regional and local services.
- The transition to electric vehicles, including over €100m for EV grants and charging infrastructure.
- Maintaining Government’s commitment to invest €360 million per year to support walking and cycling projects nationwide including €60 million for greenways.

The Department of Transport has also recently published its National Investment Framework for Transport in Ireland (NIFTI) and a new National Sustainable Mobility Policy (SMP), which set out strategic frameworks to guide future transport investment, and for active travel and public transport in Ireland. The SMP is guided by three principles: Safe and Green Mobility; People Focused Mobility; and Better Integrated

Mobility and is accompanied by an action plan to 2025 which sets out over 90 measures that will help deliver our targets and transition from a 'vehicle-centred' to 'people-centred' transport system. Under NIFTI, decarbonisation is also listed as a key investment priority and future appraisal of transport projects will be guided by modal and intervention hierarchies that are intended to identify the most sustainable solutions to transport investment needs.

Implementation of the SMP will be overseen by a Leadership Group, which includes key stakeholders involved in project delivery and supporting implementation of the actions. A key priority for the Leadership Group will be to identify a programme of projects of scale that can be implemented over the next three years in order to accelerate delivery of our sustainable mobility goals and to act as exemplar projects that other local authorities can emulate.

In addition, a draft National Electric Vehicle Charging Infrastructure Strategy 2022-2025 has been published for public consultation which sets out a pathway for the provision of charging infrastructure to stay ahead of demand. The consultation will commence shortly, and it is expected that the final Strategy will be published Q3 2022.

3.1.9 Just Transition

The Climate Action and Low Carbon Development (Amendment) Act 2021 commits to delivering a just transition, recognising the significant level of change required from all sectors and society and that the burden and benefits of transition must be as fairly distributed as possible. Ireland will fully integrate its approach to the management of a just transition into the annual policy development and reporting cycle provided for under the Climate Action and Low Carbon Development (Amendment) Act 2021.

A Just Transition Commissioner was appointed by the Government in November 2019 with the mandate to engage with those affected by the accelerated exit from peat for electricity generation in the Midlands region, and to recommend to Government the essential elements of a just transition for those workers and communities. The Government has responded to the recommendations contained in the Commissioner's earlier reports through the Midlands Implementation Plan, published as part of the Government's Climate Action Plan 2021.

More recent developments of the Government's just transition measures implemented in the Midlands region include educational, retraining and reskilling developments (e.g. the establishment of the Technological University of the Shannon: Midlands Midwest, the Midland Border East Skillnet, and Skillnet Ireland Upskilling Initiative and updated Education and Training Boards in the region); as well as enterprise developments, such as the launch of the Midlands Regional Enterprise Plan.

The Government has committed, through the 2021 Climate Action Plan, to establishing a statutory Just Transition Commission, with the general scheme of legislation to establish the Commission to be completed by the end of 2022. The Climate Action Plan 2021 sets out that the purpose of this Commission will be to provide strategic advice to Government, integrating its role with existing governance and engagement structures, on how Government policy can further a just transition. Proposals on the mandate of the statutory Just Transition Commission will be developed during the course of 2022 in advance of preparing the general scheme of legislation.

3.1.10 Water and Waste Water

The Government's objective is to have robust water and waste water infrastructure that reliably meets quality and environmental standards and provides for the future development of Ireland. Under the NDP over the period 2021-2025 almost €6 billion in investment will be undertaken by Irish Water of which over €4.5 billion will be Exchequer funded. This investment includes the projects and programmes committed to in Irish Water's Capital Investment Plan 2020-2024.

This valuable investment in public water infrastructure will deliver critical outcomes for customers and communities across the strategic objective themes of the Water Services Policy Statement 2018-2025. Investment will continue to be prioritised to improve water and waste water quality through significant capital projects and delivery of national programmes. This investment is also needed to meet changing legislative and regulatory requirements such as the recast Drinking Water Directive.

The latest River Basin Management Plan for Ireland (2018 – 2021) also contained a number of measures to address both the requirements of the EU Water Framework Directive and SDG 6. These included, amongst other initiatives, increased waste water treatment in urban areas, an increased focus on addressing the impacts from agriculture on water quality, improved protection of public drinking water sources and increased public and stakeholder engagement with water issues. Building on this work, Ireland is currently finalising a new and strengthened River Basin Management Plan for the period 2022 – 2027, which will deliver a further suite of measures to improve our water resources.

Under Ireland's NRRP, investment will take place to deliver upgrades to at least ten waste water treatment plants not currently scheduled for upgrade whose discharges have been identified as being significant pressures on receiving water bodies through the River Basin Management Plan processes.

3.1.11 Ireland's NRRP and Climate

Reflecting Ireland's strong national commitment to addressing the climate and biodiversity crisis, the NRRP contains seven investment projects and reform measures relating to advancing the Green Transition. The total value of the seven investment projects committed to is €518 million, and encompass a wide range of interventions, aligned with and reinforcing, our national policy framework, including in relation to retrofitting, ecosystem resilience and regeneration, and addressing transport and enterprise emissions. The reforms committed to relate to the now commenced Climate Action and Low Carbon Development (Amendment) Act 2021 and the implementation of base broadening carbon tax measures.

Significant milestones met since programme implementation began include:

- Work on the first bogs has commenced, with work packages having commenced for all 19 bogs identified for commencement of rehabilitation in 2021.
- A comprehensive Peatlands Rehabilitation Preliminary Study was completed and submitted to the Commission.
- Entry into force of the Climate Action and Low Carbon Development (Amendment) Bill 2021, which sets emissions reduction targets for 2030 as well as the climate neutrality objective by 2050 in legislation.
- To achieve the carbon tax rate increase for 2021, administrative measures were implemented in October 2020 to apply the rate of €33.50 per tonne of $CO2$ emitted to petrol and auto-diesel, while administrative measures were implemented in May 2021 to apply the same rate to all other fuels.

- The carbon tax rate trajectory legislation was enacted in the form of the Finance Act legislating for a series of multiannual increases in the rate of carbon tax.

Further details can be found in Annex 2.

3.2 Addressing the Challenge of Housing

The Government's Housing for All Plan was launched in September 2021 targeting an increase in the supply of private, social and affordable homes to improve affordability for first-time buyers and renters, as well as expanding social housing provision. The Strategy sets out how 300,000 new homes will be built by the end of 2030, including a projected 90,000 social homes, 36,000 affordable purchase homes and 18,000 cost rental homes. The Plan is backed by investment with in excess of €20 billion through Government, the Land Development Agency, and the Housing Finance Agency over the next five years. Of the 213 actions in the Housing for All Plan, 135 of these have now been delivered or progressed.

The plan is underpinned by measures to support availability of the land, workforce, funding and capacity to enable both the public and private sectors to meet the targets. Recent developments arising from the situation in Ukraine, including meeting the additional housing demand of refugees and the impact of rising commodity costs, will be an additional challenge for implementation of the Plan.

The development of Summary of Social Housing Assessments (SSHA), Housing Needs and Demand Assessments, Housing Supply Target Methodology for Development Planning, and research conducted by the Economic and Social Research Institute on Regional Demographics and Structural Housing Demand at a County Level in December 2020, provide a robust evidence base for housing policy and to ensure long-term strategic housing needs are met.

The Housing Commission has also commenced its work, having held its first meeting on 12 January 2022. The Commission will examine long-term housing policy, beyond 2030, and report to Government on how to build on policy changes committed to under the Housing for All Plan.

3.2.1 Home Ownership and Affordability

The Government has put renewed focus on home ownership; the preferred tenure choice of most tenants. During 2021 the number of houses commenced stood at 30,724. In the 12 months to March 2022 commencement notices for 34,846 new homes were received. This is the highest rolling 12-month total since 2008. It is also a significant increase from the 8,747 commenced in 2015. Importantly commencements have also recovered from the COVID-19 related slowdown in activity; 2020 commencements were 21,656. With regards to planning permission 43,000 units were granted planning permission in 2021, representing a four-fold increase on 2011 and indicating a strong housing supply pipeline. There were 20,433 new home completions in 2021, despite the COVID-19 restrictions imposed on the sector in the early part of the year. Targets under the Plan for 2022 include the delivery of 24,600 homes.

Two important pieces of legislation that will enable the delivery of affordable housing - the Affordable Housing 2021 Act and the Land Development Agency 2021 Act - were enacted in July 2021.

The Affordable Housing 2021 Act provided for:

- the Local Authority Affordable Purchase Scheme - to implement a shared equity model to support affordability constrained first-time buyer households purchasing newly constructed houses on publicly owned lands.
- The Local Authority Home Loan is now open for applications nationwide with €250m available for 2022.
- The First Home shared equity scheme - a strategic partnership with participating retail banks funded on a 50:50 basis, to support 8,000 new homes purchased on the private market. The First Home scheme will be available for applications from June of this year with 1,750 homes targeted in 2022.
- A higher required contribution of the land value gain from residential zoning. Specifically, a minimum of 10% of the value gain from residential land zoning must be used to provide social housing with the remainder used to provide affordable homes, including cost rental.

The Land Development Agency was established as a Commercial State-owned Body for, among other things, the following housing affordability purposes:

- To enable urgent measures can be taken to increase the supply of housing in the State and in particular, affordable and social housing.
- To ensure that public land which is not being utilised or is under-utilised is made available for housing in the State.
- To combat the long-term housing shortage and to increase access to housing in the State.

Progress on the establishment of the Land Development Agency and the delivery of affordable purchase and cost rental homes is a commitment in Ireland's NRRP. The Land Development Agency recently submitted planning applications for approximately 2,300 homes.

The Government also continues to focus on enhancing tenancy protections. Six rental Bills have been introduced in the last two years and further reforms are planned for later this year.

The Residential Tenancies (No. 2) Act 2021 was signed into law in July 2021. The Act restricts any rent increase in a Rent Pressure Zone (RPZ) from exceeding general inflation, as recorded by the Harmonised Index of the Consumer Price (HICP). It remains the case that any rent amount set cannot exceed market rent. To address the rent affordability challenges, the Residential Tenancies (Amendment) Act 2021 provides, from 11 December 2021, a cap of 2% per annum pro rata on rent increases in RPZs, where the inflation rate is higher. The Act also addresses long-term security of tenure by introducing tenancies of unlimited duration. This means that after six months' duration, new tenancies will be established for an unlimited duration and not subject to expiry at the end of a six-year term, at the discretion of the landlord.

The Affordable Housing 2021 Act also provided for cost rental tenancies - providing lower-cost, more secure renting options to affordability-constrained households that earn too much to be eligible for social housing (max Net Income of €53,000).

3.2.2 Eradicating Homelessness, Increasing Social Housing Delivery and Supporting Social Inclusion

Housing for All enshrines the objective of the Lisbon Declaration into national policy and commits to work towards the ending of homelessness by 2030. Homelessness peaked in October 2019 with 10,514 homeless individuals. Since 2019 there has been a decrease in the number of homeless individuals, with 6,825 homeless individuals as of February 2022.

Housing for All outlines eighteen distinct actions tailored to deliver on this ambitious target, including increasing health supports and protections to those experiencing homelessness; enhancing early intervention strategies and supports for homeless families; providing enhanced tenancy sustainment supports for those who have exited homelessness; and strengthening integrated care pathways for those with chronic health needs. A new National Homeless Action Committee has been established to oversee the interagency elements of Housing for All.

Guidance was issued to local authorities on the integration of Housing for All actions into their Homelessness Action Plans in December 2021. This will bring local authority actions in step with national homelessness policy and direction. Housing Delivery Action Plans were submitted to the Department by local authorities in December 2021. Local authorities have included delivery plans specifically for one-bed units which are critical for exits for single homeless people. Provision is being made for the delivery of 4-bed units, which are key in supporting exits from homelessness for larger families.

Housing First enables people who may have been homeless and who have high levels of complex needs, to obtain permanent secure accommodation with the provision of intensive services to help them maintain their tenancies. As committed to under Housing for All, a new Housing First National Implementation Plan 2022-2026 was launched in December 2021. It includes targets for each local authority, with an overall national target of 1,319 further Housing First tenancies to be created over the course of five years. To the end of 2021, 756 Housing First tenancies had been created over the course of the first National Implementation Plan, exceeding its target of 663 tenancies. A new Housing First National Office has now been established which will help meet our 2026 target.

A new National Youth Homelessness Strategy, committed to under Housing for All, is currently being developed. A public consultation on the development of the Strategy was launched in February 2022 and a number of direct consultations with key stakeholders commenced in March. In addition, the Department of Children, Equality, Disability, Integration and Youth and Hub na nÓg will collaborate with the Department of Housing, Local Government and Heritage in consulting with young people, aged between 18 and 24, who are experiencing homelessness or who are at risk of homelessness. Feedback from the consultations, will inform and be incorporated into the finalised strategy which will be published in Q3 2022.

A new National Housing Strategy for Disabled People 2022 – 2027 has been published and places a greater emphasis on independent living and community inclusion. Implementation of the plan will be based on the principles of the United Nations Convention on the Rights of Persons with Disabilities. The Strategy seeks to facilitate disabled people to live independently with the appropriate choices and control over where, how and with whom they live. A key element is a focus on co-ordinating provision of housing for disabled people with the social supports provided through Health Service Executive-funded disability services.

With regard to social housing, Housing for All commits to the delivery 47,600 new build social homes from the period 2022-2026. Over 90,000 new social homes will be delivered in the period 2022-2030. Overall in 2021, a total of 9,183 new social homes were delivered, an increase of 17% on 2020 figures.

Each local authority has been provided with annual social housing targets for the period 2022-2026. In line with an action in the Housing for All strategy, each local authority has prepared a Housing Delivery Action Plan, setting out details of social and affordable housing delivery over the five-year period 2022-2026. The Plan includes details of the locations where social housing will be delivered and the planned numbers of homes to be delivered in each area and in each year. The Plans also includes details of land holdings and land acquisition required to deliver the targets in addition to an outline of planned delivery streams. Housing for All also recognises the need to build institutional capacity, including building the capacity of local authorities to initiate, design, plan, develop and manage housing projects. In this regard, additional posts have been approved to local authority housing delivery teams to enhance their capacity to deliver the social housing targets.

The 2021 Summary of Social Housing Assessments shows 59,247 households were assessed as being qualified for, and in need of, social housing support as of 17 November 2021, down 2,633 (-4.3%) from 61,880 households on 2 November 2020. This figure also represents a total decrease of 32,353 (-35.3%) since 2016.

3.2.3 Increasing New Housing Supply

The Government's focus on increasing housing supply involves both the mobilisation of State land, support for private supply through activation measures and new active land management powers. In tandem, broad reforms of planning and regulatory frameworks, as well as strengthening the capacity of delivery partners, will enable supply to reach the levels required.

Reform of the planning processes for Large-scale Residential Developments (LRDs) will support continued expedition of large-scale housing delivery, provide certainty and stability to the construction sector, whilst increasing transparency, clarity and improved public participation in the planning process. The new LRD arrangements involve three stages and retain some of the positive elements of the Strategic Housing Development (SHD) arrangements such as mandatory pre-application consultation, quality of applications submitted and decision timelines.

A new system of Land Value Sharing (LVS) will be legislated for in 2022, which, along with the introduction of Urban Development Zones, will underpin the delivery of land and infrastructure. These measures will play a key role in the delivery of social and affordable housing, in particular, decisions around the zoning or designation of land and the uplift in value of that land as a result.

Viability is a particular challenge. It is estimated that there are approximately 70,000 - 80,000 residential units nationwide with planning permission, that have not yet commenced, largely due to this issue. There are a number of measures in Housing for All designed to address this issue in the longer term, for example, improved innovation and use of modern methods of construction, including an expansion of Enterprise Ireland innovation and productivity programmes to include domestic construction, and an analysis of the cost of construction is underway in order to inform future policies.

A key measure in Housing for All to address viability in the short to medium term is the establishment of the Croí Cónaithe (Cities) Fund, work on which is underway. The fund is designed to promote development of un-activated planning permissions for apartments in our urban areas, in alignment with our long-term NPF. The aim of the scheme is to provide direct but targeted supports, while benefiting the end consumer in terms of additional apartments for purchase in areas of high demand.

3.2.4 Addressing Vacancy and Efficient Use of Existing Stock

Among the first steps to addressing vacancy will be ensuring that robust, up-to-date data is available to understand the quantity, locations and characteristics of long-term vacant dwellings, and the reasons why they are vacant. The introduction of the Residential Zoned Land Tax was included in the Finance Act 2021, and will come into effect in 2024 for lands zoned and serviced for residential development. This tax is intended to encourage the activation of sites for housing development rather than being a revenue generating measure.

The Fair Deal Scheme has been reformed to remove disincentives for sale of vacant properties. Under the changes introduced by the Nursing Homes Support Scheme Amendment Act 2021 (operational since October 2021), the 3-year cap on contributions will be applied to the proceeds of a sale of a home within the Scheme, as well as to the home itself.

The new Town Centre First Policy, promotes residential occupancy in rural towns and villages and will be key to addressing vacancy and dereliction. It is underpinned by significant investment spread across major Government schemes such as the Rural Regeneration and Development Fund (RRDF), the Urban Regeneration and Development Fund (URDF), and the Town and the Village Renewal Scheme. As an initial step, €2.6 million has been made available to 26 towns, to ensure they have the right plan and governance structures in place to tackle the issues of dereliction and vacant properties. It is also envisaged that the tackling of vacancy and dereliction in towns will be a particular emphasis for future funding under the European Regional Development Fund (ERDF) in Ireland.

The Croí Cónaithe (Towns) Fund, is designed to facilitate the provision of serviced sites for housing, to attract people to build their own homes and to support the refurbishment of vacant properties. The overall commitment is the delivery and activation of 2,000 sites for homes by 2025 in a pathfinder programme.

3.2.5 Sustainability

The delivery of housing is a long-term issue that requires a sustainable approach. Construction costs have risen considerably over recent years through a combination of the increased cost of regulatory compliance and general increases in labour and materials costs.

The Government has taken steps to increase funding for residential construction related innovation and productivity and is working with industry to strengthen the residential construction supply chain and to introduce modern methods of construction. Enterprise Ireland, with the support of the Department of Enterprise, Trade and Employment will establish a new Construction Technology Centre, which will prioritise research in the residential sector to drive increased productivity and innovation and reduce the cost of construction.

Legislation aimed at embedding compliance in the construction sector has been published, and once enacted will require providers of building services to register with the Construction Industry Register Ireland (CIRI). This will provide assurance to those who engage a registered builder that they are dealing with a competent and compliant operator. All of the new homes built during the lifetime of this Plan will be built to Nearly Zero Energy Building standards.

The Government is also investing in critical infrastructure, including transport, communication services and utility connections, to facilitate new home building. This includes an investment of €1.6 billion in water services this year.

The Labour Demand Estimates for Ireland's National Housing Targets 2021-2030 Report estimates that total labour demand from housing construction will need to rise from approximately 40,000 fulltime equivalent workers at present, to 67,500 workers by the middle of the decade, to achieve an annual average of 33,000 homes over the decade. As the backlog of housing output has built up, a further increase may be necessary.

In order to meet the supply targets, it will be necessary to increase skills and capacity in the construction sector. As part of the strategy to attract new entrants to careers in the construction sector, the Central Applications Office (CAO) portal was opened in Q4 2021 and, for the first time, provides information on further education and apprenticeships. Apprenticeship registrations are also increasing, up nearly 40% in 2021 when compared to 2019 (pre-pandemic), with notable increases in construction related and electrical apprenticeships. There were 2,115 new construction apprenticeship registrations in 2021 (up from 1,477 in 2019), whilst electrical related registrations grew by over 34% in the same period (to 3,066 in 2021).

Comprehensive changes have also been made to the employment permit system, ensuring that almost all occupations in the construction sector are now eligible for a General Employment Permit.

3.3 Supporting the Digital Transition

Ireland’s new National Digital Strategy, Harnessing Digital - The Digital Ireland Framework, was published in February 2022. The Strategy is a high-level framework which aims to position Ireland as a digital leader, at the heart of European and global digital developments.

It sets out a pathway to drive and enable the digital transition across Ireland's economy and society, to maximise the well-being of citizens, the efficiency of public services, the productivity and innovation of enterprise, as well as our overall competitiveness and sustainability. The Strategy places a strong emphasis on balance, inclusiveness, security and safety, underpinned by a coherent governance structure and a modern, cohesive, well-resourced regulatory framework.

The Strategy was developed in line with both national priorities under the Economic Recovery Plan and Ireland's NRRP, and European Union priorities under the Digital Decade 2030 and associated Digital Compass, which set the goal of the successful digital transformation of Europe by 2030. The Strategy sets out targets, high-level workstreams and associated deliverables, across four core dimensions: Digital Transformation of Business; Digital Infrastructure; Skills; and the Digitalisation of Public Services, in line with the four cardinal points of the EU's Digital Compass.

The ambition of this Strategy is rooted in leveraging Ireland's distinct ecosystem, empowerment, and ensuring an inclusive approach. This means helping businesses to significantly advance their digital transformation (particularly SMEs); showing leadership by advancing digital Government services provision and through strong regulation; providing enablers across digital infrastructure, namely universal connectivity and robust cyber security capacity and expertise; and supporting talent and skills at all levels from high-level digital skills, to the wider labour market, and across the general population.

Targets set out across the four dimensions include:

- 75% enterprise take-up in Cloud, Big Data, AI by 2030.
- 90% of SMEs at basic digital intensity by 2030.
- At least 800 businesses supported by 2026 under the €85 million Digital Transition Fund.

- At least 35% of State funding for start-up & early stage businesses invested in innovative digital businesses from 2022.
- All households and businesses covered by Gigabit network by 2028.
- All populated areas covered by 5G by 2030.
- Digital connectivity to all Connected Hubs and Schools by 2023.
- All operators of essential services, Government Departments and key agencies verified to have implemented robust cyber security mitigation measures by 2024.
- Increase the share of adults with at least basic digital skills to 80% by 2030.
- Increase graduates with higher-level digital skills to over 12,400 by end-2022, with ambition to further increase digital skills provision in following years.
- 90% of applicable services consumed online by 2030.
- 80% of eligible citizens using MyGovID by 2030.
- 20% of employees in the public sector remote working (post-pandemic).

Harnessing Digital - The Digital Ireland Framework, reflects the interlinkages with the decarbonisation transition, with digital technologies playing a key role in enabling the achievement of Ireland's climate targets, and green and digital ambitions reinforcing each other. Such an approach was also central to both the Economic Recovery Plan, and Ireland's NRRP.

Strong political leadership on digital issues across Government, and active consultation with stakeholders and broader international engagement, in particular with the European Union, will ensure delivery on our ambitions.

The publication of the National Digital Strategy will also facilitate progress under a number of Ireland’s CSRs including those related to addressing the risk of digital divide, and investment in digital infrastructure, and on research and innovation, and the green and digital transition. Addressing the risk of digital divides, in particular, includes key enablers such as providing digital skills for the general population, and the provision of connectivity and supporting infrastructure.

3.3.1 Digital Skills

For Ireland to be an international leader in the digital economy, our skills policy must be focused on meeting digital skills needs at all levels. This includes:

- High-Level Digital Skills: Ensuring a strong pipeline of talent and expertise for the economy through the development of high-level digital skills.
- Digital Skills for the Labour Market: Supporting appropriate levels of digital skills for the labour force as a whole.
- Digital Skills for Society: Ensuring digital skills for the general population, to enable all cohorts to fully engage in society, and benefit from digital transformation.

An appropriate digital skills level for the general population, to enable all cohorts regardless of age or background to engage with and benefit from digitalisation, is crucial in ensuring the digital transition is inclusive and positive for wider society.

Government will drive the development of digital skills provision across the skills spectrum to enable all cohorts across the labour market and wider society to participate positively in and benefit from the digital transition, including optimising the contribution of the Early Years and Schools System to prepare young people, supporting widespread digital literacy skills in adults and promoting media literacy. Key targets include:

- Increasing the numbers of learners graduating with higher-level digital skills to over 12,400 graduates, apprentices and trainees by end-2022, with ambition to further increase digital skills provision in following years.
- Increasing the share of adults in Ireland with at least basic digital skills to 80% by 2030 (as measured by DESI).

3.3.2 Digital Connectivity

Under Harnessing Digital - The Digital Ireland Framework, a Digital Connectivity Strategy, primarily focused on enabling the physical telecommunication infrastructure and services delivering digital connectivity, will be developed.

Through the commercial investment of the telecommunications industry, digital connectivity will be delivered across the vast majority of the State; this will be complemented by the State through the National Broadband Plan (NBP). The NBP will deliver high-speed broadband services to over 1.1 million people in areas where there is no existing or planned commercial network. The intervention area includes 560,000 premises, including 56,000 farms, 44,000 businesses, and 679 schools. The Government remains committed to roll out the National Broadband Plan, and is ensuring an agile and responsive approach to the delivery of this key largescale project with €2.7 billion committed to the Plan in what is a constantly evolving environment.

3.3.3 Ireland's NRRP and Digital

Reflecting the importance of the digital transition for Ireland and Europe in the coming decade, support for Irish businesses and citizens to adapt to, and reap the benefits from, digitalisation is central to Ireland's NRRP.

The Plan contains six investment projects, to a total value of €291 million, along with a reform commitment to address the digital divide and digital skills. The investment projects being progressed include support for the digitalisation of enterprise, the provision of digital infrastructure for schools, and the roll out of a number of eHealth initiatives.

Significant milestones met to date include:

- Publication of a 10-year strategy on adult skills, related to addressing the digital divide and enhancing digital skills.
- On eHealth investment, the contract for the ePharmacy systems was signed.
- The publication of the Digital Strategy for Schools to 2027 in April 2022, which will advance the embedding of digital technologies across teaching, learning and assessment. It aims to further support the school system so that all students have the opportunity to gain and knowledge and skills they need to navigate an ever-evolving digital world successfully, outlining the policy to

support the embedding of digital technology in teaching, learning and assessments. It is closely aligned to the EU Digital Education Action Plan 2021-2027.

- Some €50 million issued to schools in Q4 2021 to enable them to implement interventions to support learners at risk of educational disadvantage through the digital divide. A circular outlining the terms and criteria for the funding issued to guide schools on expenditure.
- The implementation of a project to provide upgrades in connectivity to primary and special schools outside of the NBP Intervention Area and where commercial provision is not in place or planned, commenced in 2021. By 2023 through this NRRP funded project, this will see at least 990 primary schools connected to high speed broadband under the Schools Broadband Programme. Some €16 million has been committed to implement this project. At least 500 of the 990 schools will be connected by the end of Q2 2022. A tender for services for a further 300 will issue in Q2 for connectivity in Q3 and Q4. A final tender will issue in Q3 for connectivity in Q4 for the balance of the 990 schools.

Further details can be found in Annex 2.

3.4 Supporting Participation in the Labour Market

The Government is working to address the labour market challenges which have arisen in the context of the COVID-19 pandemic, tackle long term impediments for those seeking to work, and to support workers to prepare for the green and digital transitions. To do this the Government is providing ongoing support for people and businesses in making a full return to work, creating the right environment for employment creation, boosting enterprise competitiveness and innovation, minimising skills mismatches and providing significant upskilling and reskilling and labour market activation interventions.

The Government is aware that it is essential that Irish enterprise has access to an adequate pool of high quality, adaptable and flexible talent. Building and retaining a highly skilled workforce is particularly important in the wake of the COVID-19 pandemic, which has accelerated structural shifts that were already in train across the economy, such as the twin transitions - digital and green.

Ireland operates a sophisticated skills architecture, which includes the National Skills Council, the Expert Group on Future Skills Needs, and the Regional Skills Fora. In working closely with enterprise, this architecture is key in identifying skills gaps across the economy, and by collaboration with education and training providers, ensuring that these skills needs are quickly addressed through the education and training system.

Some of the key actions and policy initiatives in relation to the labour market are outlined in the following sections.

3.4.1 Pathways to Work

The Government's Pathways to Work Strategy is a key delivery mechanism for the Economic Recovery Plan and has the twin aims of supporting those adversely impacted by the pandemic, and those who faced challenges accessing the labour market prior to the COVID-19 pandemic.

In the context of scarring and long-term employment, Pathways to Work has the objective to reduce the proportion of long-term unemployed jobseekers, from 3% of the labour force in 2019, to 2.8% in 2023 and 2.5% in 2025. The annual average proportion of long-term jobseekers was 4.8% in 2021. In line with the reopening of the economy, this is showing a downward trend.

A key goal in Pathways to Work is to reduce the rate at which newly unemployed people become long-term unemployed back to or under its pre-pandemic level of 16% by 2023. Among other things, the Pathways to Work Strategy provides for an additional 3,000 places on employment programmes, further education and training places, and 10,000 places on the new Workplace Experience Programme, supported by Ireland's NRRP.

Another key target is to reduce the youth unemployment rate to below the 2019 average of 12.5% by 2023. As of March 2022, youth unemployment was 12.3%. As the remaining pandemic supports are unwound, this will continue to be monitored closely.

The Strategy also has a very strong focus on those groups facing challenges entering the workforce including people with disabilities, lone parents and minority groups, including travellers. In July 2021, the Government launched the Workplace Experience Programme, a 6-month, 30 hour per week voluntary work experience programme for jobseekers that are currently getting a qualifying social welfare payment and who have been unemployed for six months or more.

Pathways to Work will contribute to delivering the goal, set out in the Roadmap for Social Inclusion, of increasing the employment rate of people with disabilities from 22.3% in 2016 to 33% by 2026.

A faster than expected recovery in the labour market has resulted in less people needing to avail of employment supports than was envisaged during 2021. This is to be welcomed. Ultimately, the main goal of the strategy is to help as many people into employment as possible.

The Strategy is overseen by the Labour Markey Advisory Council, made up of policy experts, academics, representatives of business, and trade unions. The Council meets quarterly to monitor progress on delivery of the strategy and will produce annual reports starting in 2022 and a mid-term review in 2023 when a revised, updated strategy will be published. This robust oversight will ensure that Pathways to Work adapts as necessary to future labour market challenges.

3.4.2 Skills and Training

Ireland's overall approach to skills and training is outlined in the National Skills Strategy 2025 which is designed to benefit all people living in Ireland, companies operating here or planning to establish here, those working here, and those hoping to work here. It recognises that Skills policy is an area of enormous importance, informing how people in Ireland live, work, learn and thrive, and forms an integral part of the Government's long-term economic plan to restore full employment and build a sustainable and inclusive economy.

Through the National Training Fund, the Government is supporting participation in upskilling and reskilling in areas of identified skills needs for enterprise. This is being advanced through a range of education and training programmes informed by the skills architecture's labour market and skills intelligence - this includes programmes such as Springboard+, the Human Capital Initiative, Skillnet Ireland, SOLAS' Skills to Advance and Skills to Compete, and the Apprenticeship system.

As part of the Economic Recovery Plan, additional education and training places, as well as supports for apprenticeship recruitment, are being rolled out to support the transition to the digital and green economies, and in the context of unemployment generated by the pandemic, the plan's objectives of helping people reintegrate into the workforce, minimising long term unemployment and supporting individuals in securing sustainable and quality employment.

The Action Plan for Apprenticeship 2021-2025 sets out new ways of structuring, funding, and promoting apprenticeships to make apprenticeship more accessible to employers and learners, to achieve a target of 10,000 annual registrations across a wide range of programmes by 2025. Expansion to date has widened the impact of apprenticeship to areas of skills shortage such as engineering, technology skills, logistics and fintech.

It builds on this existing progress to advance towards the overall goal, as set out in the Action Plan of creating a single unified apprenticeship system which presents a valued proposition for apprentices and employers alike.

The new National Apprenticeship Office will deliver practical supports and information for employers and apprentices seeking to engage with apprenticeship. As part of the transition, the new National Apprenticeship Alliance (NAA) has been established and will take on and build from the previous role of the Apprenticeship Council and will play an important role in the delivery of the Government's commitment to develop a single unified apprenticeship system, which is fully valued by both employers and prospective apprentices, with apprenticeships which are relevant and linked with skills demands.

There are currently 64 apprenticeship programmes on offer, with a further 14 additional programmes being developed. A total of €34 million was provided in Budget 2022 to expand apprenticeship, including the development of new programmes, steps to address COVID-related backlogs, and funding to introduce a new employer grant. This grant of €2,000 per eligible apprentice is designed to encourage more employers to engage with a wider range of apprenticeships and to help encourage the development of new programmes. It also means that, for the first time, all employers will receive a level of support towards the cost of apprentice training.

In 2021 there were a record 8,607 registrations - up from 6,177 for 2019, the last pre-COVID full year, and the highest annual registrations since the 2006 figure of 8,306, showing the high degree of interest in this career option amongst both employers and potential apprentices. At the end of 2021, the overall apprentice population was 24,212.

The Government has delivered a national network of five regionally based Technological Universities (TUs) culminating in the establishment in May 2022 of the South East Technological University, the first university presence ever in that region. TUs significantly assist the delivery of national strategic policies on access to expanded higher education provision, skills retention and job creation that supports local enterprise and enhances regional development. As catalysts for innovation and knowledge transfer, the TU's research-informed teaching and learning approach from apprenticeships to doctoral degrees embedded regionally facilitates the attraction of increased FDI, capital investment, research funding, national and international reach and recognition, reversing talent migration and enabling students, staff, and wider stakeholder communities to avail of increased opportunities in their own areas which benefit from advanced socio-economic progression.

In order to ensure Ireland's Skills and Training system continues to evolve and remain agile, the Economic Recovery Plan included a commitment to review Ireland's skills strategies, architectures and approaches, including the National Skills Strategy 2016-2025. The review of the skills strategy and architecture will be in the shape of an OECD Skills Strategy Project, which commenced in November 2021. The project, which will roll out through 2022 is rooted in stakeholder engagement and will examine four priority areas:

- Securing balance in skills through a responsive and diversified supply of skills.
- Fostering greater participation in lifelong learning in and outside of the workplace.
- Strengthening the governance across a joined-up skills ecosystem.

- Leveraging skills to drive innovation and strengthen the performance of firms.

3.4.3 Early Learning and Childcare

Ireland recognises that availability and access to high-quality early-learning and childcare can be a significant barrier to some parents, particularly mothers, participating in the labour force. The importance of the quality and affordability of early learning and childcare has been highlighted in Ireland's CSRs, and progress on these objectives has also been acknowledged. Investment in early learning and childcare has increased substantially in recent years, including through the introduction of the National Childcare Scheme (NCS), which provides universal and income assessed subsidies to families to help offset the costs of early learning and childcare and enable labour market participation.

Budget 2022, announced significant additional investment and further major reforms to the funding model for the early learning and childcare sector. The changes will see services increasingly publicly funded and publicly managed, delivering a service for the public good through a partnership between the State and providers. The new funding model is intended, over time, to deliver transformational change including improved affordability for parents, quality improvements to services, better pay and conditions for staff, tackling disadvantage, better management of supply to meet demand, and support for provider sustainability.

€716 million (an increase of €78 million from €638 million in 2021) has been allocated for early learning and childcare for 2022. This investment includes a new core funding stream for providers from September 2022 which is designed to improve affordability for parents by ensuring that fees do not increase. The package also included an extension of the age eligibility for the universal NCS payment to children up to the age of 15 years from September 2022.

3.5 Re-building and Supporting Sustainable Enterprise

Building on the substantial supports provided over the course of the pandemic, the Government is committed to creating the right environment for a jobs-led recovery by helping business become more sustainable, resilient and agile; by preserving Ireland's competitiveness; and by ensuring the green and digital transitions of enterprise are supported.

Some of the key actions and policy initiatives in relation to the supporting enterprise are outlined in the following sections.

3.5.1 Supporting the SME Sector

The Government's SME and Entrepreneurship Growth Plan, setting out a wide range of recommendations from the business community to create a better business and regulatory environment for SMEs and entrepreneurs, was published in January 2021. An implementation Group was established in February 2021 to take forward the recommendations set out in the Growth Plan.

Ten priorities arising from the Growth Plan, are now being addressed including: access to finance; digital transformation; reducing the regulatory burden on SMEs; ensuring comprehensive enterprise supports coverage; and enhancing SME access to public procurement opportunities. A report on specific actions taken to drive progress in these priority areas will be brought to Government in Q4 2022. This work also encompasses the reform under the NRRP to implement the SME Test across Government.

In 2022, the Government, through the Department of Enterprise, Trade and Employment, will continue its investment to support a number of key schemes aimed to provide SMEs with appropriate options for accessing lending. These include:

- The COVID-19 Credit Guarantee Scheme, which allows for up to €2 billion in lending to Irish businesses. Its function is to add certainty to businesses that funding is available for working capital and investment purposes at reduced interest rates to COVID-19 impacted businesses. The Scheme is currently set to run until 30 June 2022 in accordance with the latest extension of the European Commission's State Aid Temporary Framework.
- The Brexit Impact Loan Scheme, which was launched in October 2021, will run to the end of 2022. It will make up to €330 million available to SMEs, including fishers and farmers and small mid-caps

and was introduced to help businesses that have been impacted by the dual impacts of Brexit and COVID-19.

- The Microenterprise Loan Fund Scheme, operated by Microfinance Ireland (MFI) provides loans of up to €25,000 to help start-ups and established microenterprises to get the finance they need for their business. MFI provides vital support to microenterprises by filling the lending gap in the market by lending to business that cannot obtain loans from other commercial lenders. Mentoring can be provided from an experienced business mentor on the Local Enterprise Office (LEO).

In 2022, Ireland will explore whether the further introduction of access to finance measures would be an appropriate intervention for helping SMEs to invest in growth and transformation, in particular in line with Ireland's green and digital ambitions. Stakeholder engagements with industry bodies, SMEs and finance providers are currently ongoing to inform this consideration

As part of the Government's medium-term stabilisation response to the economic challenges of the pandemic, the Companies (Small Company Administrative Rescue Process) Act 2021 (SCARP) process, now in place, provides a dedicated rescue process for small and micro companies to assist viable companies to remain in business as the economy recovers and supports are phased out. The Act provides an alternative to examinership, for the benefit of such companies, which is more cost efficient and capable of conclusion within a shorter period of time. SCARP is available to 98% of companies in Ireland.

Substantial work has also taken place to support high potential start-ups, and innovative Irish companies. This has included additional Government investment in the Seed and Venture Capital Scheme, and the launch, in February 2022, of the Irish Innovation Seed Fund, designed to provide seed venture capital to Irish companies and assist the development of the Irish venture capital market.

3.5.2 Support for Research and Innovation

The development of a new National Strategy for Research and Innovation (R&I) to 2030, a key commitment in the Economic Recovery Plan 2021, is well advanced.

In order to advance the Irish R&I system's strategic development between now and end 2030, the strategy will leverage our national performance to date and the establishment of the new Department for Further and Higher Education, Research, Innovation and Science. The overarching objective of the new strategy is to maximise the impact of R&I on our economy, society and environment. The strategy aims to drive cohesion across stakeholders and to progress shared objectives such as developing and attracting talent, and ensuring that research expertise is more accessible to policymakers and the public.

The strategy will set a vision and ambition for Ireland's R&I system that all relevant actors will identify with and contribute to, with ambitious national strategic goals and objectives out to 2030. Action-led work programmes will map out specific deliverables over shorter timescales. This will enable agility and responsiveness over the full period of the strategy and a strong focus on delivery and reform.

Key priority issues that have emerged include:

- The value of R&I to the delivery of public policy objectives.
- Its continuing importance to enterprise and economic development.
- The centrality of people and talent.
- The R&I environment.
- The international perspective.

Following formal Government approval, publication is expected in Q2 2022.

Under this Strategy, we will build on our strong ecosystem to place R&I at the centre of Ireland's response to the issues that matter to citizens such as climate action and digital transformation, starting with the National Grand Challenges Programme.

3.5.3 Trade and Investment

As committed to in the Economic Recovery Plan, the new Trade and Investment Council, chaired by the Tánaiste and Minister for Enterprise, Trade and Employment, has been established to oversee Ireland's new Trade and Investment Strategy, focused on advancing Ireland's trade and investment goals.

A new Government trade strategy, Value for Ireland, Values for the World, which will run to 2026, was formally launched in April 2022. It sets out to support Ireland to grow sustainably, diversify our export markets, and support continued prosperity and higher living standards for all the people of Ireland. International trade and investment currently support 1.3 million jobs in Ireland and in 2021, Ireland's total trade with the world exceeded €840 billion, a record level.

Priority actions identified in the Strategy include: reaping the benefits of the EU single market; maximising Ireland's return from EU Free Trade Agreements; supporting Ireland's economic and trade ecosystem; and positioning Ireland within global value chains and supply chains.

3.5.4 Productivity and Clustering

Across all advanced economies, there has been a growing focus on productivity in the past decade, as the pace of productivity growth has slowed considerably despite technological advancements. Despite this global slowdown, aggregate labour productivity figures for Ireland continue to show a strong performance relative to other advanced economies. On a GNI basis, Irish labour productivity remains above the OECD average and above the UK, but below the USA, France, and Germany.

In June 2021, the Central Statistics Office (CSO) published its latest productivity report, Productivity in Ireland 2019, which confirms that Ireland's strong productivity performance can, for the most part, be attributed to the operations of a small number of large enterprises in specific sectors.

The Department of Enterprise, Trade and Employment is working jointly with the Economic and Social Research Institute (ESRI) on new research that hopes to shed light on the underlying factors driving productivity growth differentials amongst Irish enterprises.

Work is also underway on the development of a National Clustering Policy and Framework, a commitment under the Economic Recovery Plan. Through the development of a National Clustering Policy the Government will establish a cohesive and strategic national approach to enabling cluster development to maximise the potential of clustering to deliver enterprise policy objectives including supporting the green and digital transition.

Clustering is also strategic focus for both Enterprise Ireland and IDA Ireland, as a mechanism to promote balanced regional growth and to strengthen enterprise linkages and spillovers. Recent supports for clustering include the Regional Technology Clustering Fund linking enterprise and regionally based Institutes of Technology/Technological Universities, and the incentivisation of regional industry-led clusters through the Regional Enterprise Development Fund.

Under the Disruptive Technologies Innovation Fund (DTIF), a €500m fund established under Project Ireland 2040, Ireland continues to support collaborative enterprise-driven partnerships to develop, deploy and commercialise disruptive technologies to transform business. Partnerships supported by the fund must be focused on industrial research. SME participation is an essential requirement in every consortium. DTIF is a competitive funding mechanism. The fourth funding call closed in February 2022, the outcome of which will be announced shortly. Under the three funding rounds to date, €235 million was allocated to 72 successful projects in areas such as life sciences, medical devices, ICT, AI, manufacturing and environmental sustainability. A further, thematic call, the fifth under the fund, for Advanced and Smart Manufacturing was opened on the 22nd April 2022.

3.5.5 Regional Enterprise Policy

The Government, through the Department of Enterprise, Trade and Employment, has supported the development of Regional Enterprise Plans (REPs). These Plans have been developed by regional stakeholders with a focus on undertaking collaborative initiatives that can help realise enterprise growth and job creation in each of the nine regions across Ireland.

The nine REPs, which set out actions to 2024, each contain agreed Strategic Objectives for enterprise development, accompanied by time-bound actions that deliver the objectives. The plans also complement Our Rural Future, the Whole-of-Government framework to develop rural Ireland in the coming years, and Ireland's forthcoming National Smart Specialisation Strategy, which will enable regions to focus on their innovation and economic strengths by boosting regional innovation. Up to €180m has been secured to drive implementation of the REPs.

3.5.6 Review of Enterprise Policy

The pandemic has accelerated pre-existing trends and shifts which have the potential to significantly reshape business models, sectors, lifestyles and economies. It has given cause for re-evaluation of priorities and induced a risk of further shift towards de-globalisation and protectionism; disrupted trade flows and given rise to fragmentation of global value chains. Many of these changes could be permanent with the potential to fundamentally alter Ireland's economic outlook and raise questions for our economic model. These shifts, along with the challenge of digital transition, the increasing urgency to decarbonise industry and deliver carbon neutrality as well as international tax developments and the longer-term impacts of Brexit, present a complex landscape for enterprise policy.

In this context, the Government, through the Department of Enterprise, Trade and Employment, is developing a White Paper on Irish Enterprise Policy to set out a vision for Ireland's enterprise policy out to 2030 and beyond, and the role of enterprise policy in enabling Ireland to achieve this vision. The timeline for delivery of the White Paper is late 2022.

3.5.7 Ireland's NRRP and Social and Economic Recovery and Job Creation

The third priority area of Ireland's NRRP relates to social and economic recovery and job creation. This will see investment of €181 million in three programmes which seek to support workers in their recovery from the pandemic and prepare workers and regions for the opportunities of the future, with investment in workplace placement programmes, TUs, and skills and training initiatives.

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

Significant milestones met to date include:

- Publication of all skill provision opportunities under the Skills to Compete programme: 500+ courses published on the FET National Course system, www.fetchcourses.ie in the areas required across all 16 education and training boards.
- Completion of IT tools for the Work Placement Experience Programme (WPEP), with the Business Objects Statistics Tool completed, WPEP Object operational, and the financial system working.
- Legislation in law and in effect for the corporate tax residency reform and enhanced controlled foreign companies' rules applying to the list of non-cooperative jurisdictions.
- Publication of report on supplementary pension landscape completed and signed off by the Minister for Finance. The Report has been published at www.gov.ie.
- A measure to amend capital allowances on intangible assets was announced as part of the 2020 Budget and was delivered through the Finance Act 2020.

Further details can be found in Annex 2.

3.6 A Balanced and Inclusive Recovery

As outlined in the Government's Economic Recovery Plan, Ireland is committed to recovering differently from the pandemic, through a balanced, sustainable and inclusive approach for our people and our regions. This approach will learn lessons from the pandemic, while also seeking to address underlying challenges which predate the pandemic or which the pandemic has accentuated.

A number of initiatives are underway in this regard and are set out in the following sections.

3.6.1 Regional Balance

Ireland's approach to balanced regional development is outlined in Project Ireland 2040. Project Ireland 2040, launched in February 2018, is the overarching policy and planning framework for the social, economic and cultural development of Ireland and comprises the NPF a spatial planning and development strategy, and the NDP, the Government's capital investment plan.

The NPF projects that there will be approximately 1 million additional people in Ireland between 2016 and 2040 from c. 4.75m people in 2016. The growth strategy outlined in the NPF seeks to facilitate more balanced regional development, focused on the five cities and five smaller regional growth centres, in order to support economic prosperity, environmental sustainability and climate action across all regions. This would shift the spatial pattern of development in Ireland over time from a 'business as usual' pattern which has seen majority growth in population, housing and jobs in Dublin and the adjoining Eastern and Midland area.

Both the NPF and NDP provide for a strong North/South dimension to planning and investment cooperation, to support regional development in border regions and economic, social and environmental gains for the island as a whole. As part of the Government's Shared Island initiative, the revised NDP sets out a significantly enhanced ambition for collaborative cross-border investment out to 2030, backed by a total all-island investment commitment of €3.5 billion in the decade ahead. Shared Island investment priorities across virtually all sectors have been set, to be delivered through all-island partnerships, with the goal of creating a more connected, sustainable and prosperous island.

Further to the publication of the NPF, three Regional Spatial and Economic Strategies (RSES) have been prepared by the three Regional Assemblies, one for each of Ireland's three EU NUTS II level Regions. They cover the period to 2031. All three RSES deal with matters raised in CSRs, at a regional scale, arranged around the central themes of economic development, incorporating smart specialisation, climate action, healthy place making, and also include metropolitan functional area spatial plans for each of the five cities.

Following on from the publication of the RSESs city and county development plan are in a cycle of review over the 2021-2023 period and will align with the objectives of both the NPF and RSES. The city and county development plans deal with matters relating to SDGs such as health and wellbeing, education, water and sanitation, energy, infrastructure and sustainable communities. Each Local Authority is also in the process of reviewing its existing Local Economic and Community Plan (LECP) and commencing the development process for a new LECP for its area. These plans set out, for a six-year period, the objectives and actions needed to promote and support the economic development and the local and community development of the relevant Local Authority area. These plans form the local element of the national development framework. Sectoral and investment plans in critical areas such as transportation and enterprise have also been reviewed to align with the Project Ireland 2040 Strategy.

With a clear hierarchy of plans in place at national, regional and local level it will be necessary to actively support the Project Ireland 2040 growth strategy. Early indications suggest that Dublin and surrounding counties have continued to dominate housing output in the early period and that growth in the regional cities is lagging behind NPF targets. This is unsurprising, as much of the housing activity in the 2019-2021 period was based on plans and development consents that predated the publication of the NPF and the NDP 2021-2030.

Key strategic actions in the coming years to reinforce the NPF Strategy will include: continued focus on regional economic development and infrastructural investment through the NDP and Project Ireland 2040, with particular emphasis on the regional cities and regional growth drivers; enhanced institutional and governance arrangements for city-scale development that will enable delivery of strategic priorities; continued implementation and roll-out of Housing for All actions on housing delivery, especially those addressing housing affordability and viability, land activation in urban areas, planning reform and the enhanced role of the Land Development Agency; the identification of medium to long term sustainable development options for the cities and regional growth centres; and robust monitoring and reporting on trends in housing delivery and economic activity to underpin a strategic review of the NPF before the end of 2024.

Regional development is also guided by Our Rural Future, Ireland's Rural Development Policy 2021-2025, launched in March 2021. This Strategy offers a new approach to rural development policy and adopts a more strategic, ambitious and holistic approach to investing in and maximising opportunities for rural areas. The Policy was developed following very extensive consultation with stakeholders across rural Ireland to ensure it meets the real needs of people on the ground in rural Ireland. A Rural Youth Assembly was established by the Department of Children, Equality, Disability, Integration and Youth in collaboration with the Department of Rural and Community Development as a policy measure under this Strategy, to enable young people living in rural Ireland to identify and influence policy issues that impact on them and their futures. The Rural Youth Assembly, under the National Youth Assembly of Ireland umbrella, convenes annually to feed youth voices into the annual work programme of Our Rural Futures. Under the NDP, a total of €962 million has been committed to investing in rural and community development projects to 2025.

The Government has also published a Town Centre First (TCF) Policy, in February 2022, representing a new approach to the development of our towns. TCF provides a co-ordinated, Whole-of-Government policy framework to address the decline in the health of towns across Ireland and support measures to regenerate and revitalise them. A key feature of the policy is the preparation of a TCF Plan for a town to be developed by the local community supported by the local authority that will identify and analyse the challenges facing the town and propose initiatives/projects to address them.

Substantial regeneration and development supports are also being made available to Government to address a broad spectrum of needs. This includes the Urban Regeneration and Development Fund, the Rural Regeneration and Development Fund, the LEADER programme, the CLÁR programme, and the Town and Village Renewal Scheme.

3.6.2 Addressing Equality, Inclusion and Poverty Reduction

The Government is committed to the promotion of equal opportunities, inclusion, poverty reduction and the combating of discrimination. These ambitions are pursued on a Whole-of-Government basis and are set out in a series of national strategies.

These strategies include, the Roadmap for Social Inclusion 2020–2025: Ambition, Goals, Commitments, which was published in January 2020. The primary ambition of the Roadmap is to reduce consistent poverty to 2% or less and with an associated goal to reduce child poverty in Ireland. The Government continues to focus on measures aimed at reducing the number of children experiencing poverty. Recent Budgets have consistently targeted supports on reducing the number of children in poverty and deprivation. Budget 2022 included an increase to social welfare payments such as the weekly qualified child payment, the Working Family Payment, and the Back to School Clothing and Footwear Allowance. This has occurred alongside other measures to support children and families, such as the extension of the Parent's Benefit; the provision of the School Meals Programme; the development and rollout of the Hot School Meals Programme; prevention and early intervention initiatives and supports for parents; the rollout of free GP care to children and the provision of medical cards to families on low incomes; and the continuing delivery of the Delivering Equality of Opportunity in Schools (DEIS) programme.

The Roadmap was informed by European and international policy, including the Europe 2020 Strategy, the European Pillar of Social Rights, the European Social Charter and the UN SDGs.

A number of key strategies have been published under the Roadmap, including the Further Education and Training Strategy 2020-2024 Transforming Learning; Pathways to Work 2021-2025; the Action Plan for Apprenticeship 2021 -2025; and the 10-year Adult Literacy, Numeracy and Digital Literacy Strategy - Adult Literacy for Life.

The inclusion in Budgets 2021 and 2022 of specific measures to support working families on low incomes, lone-parents and people with disabilities; the establishment of a Disability Participation and Consultation Network; and the publication of the Cost of Disability Report in December 2021 have also been progressed under the Roadmap.

A mid-term review of the Strategy is planned for 2022 to facilitate an evaluation of the impact of the Roadmap commitments. The Roadmap complements other national strategies, which are crucial to ensuring that social inclusion is at the core of public policy and delivery across all departments and Government services.

Other strategies in place include the National Disability Inclusion Strategy and Comprehensive Employment Strategy for People with Disabilities; the National LGBTI+ Inclusion Strategy and National LGBTI+ Youth Strategy; Sustainable, Inclusive and Empowered Communities, the five-year strategy to support the community and voluntary sector; and the National Strategy on Domestic, Sexual and Gender Based Violence, the 3rd iteration of which will be launched shortly.

Work commenced under the outgoing Migrant Integration Strategy, the National Strategy for Women and Girls, and National Traveller and Roma Inclusion Strategy is ongoing pending the development of successor strategies. A combined evaluation of the Migrant Integration Strategy, the National Strategy for Women and Girls, and the National Traveller and Roma Inclusion Strategy has been commissioned with this exercise due to conclude by Q3 2022.

A review of Ireland's major pieces of legislation related to the promotion and protection of the principles of equality and freedom from discrimination, namely the Equality Acts (Equal Status Acts 2000-2018 and the Employment Equality Acts 1998-2015) is underway in the Department of Children, Equality, Disability, Integration and Youth. The review will examine the functioning of the Acts and their effectiveness in combatting discrimination and promoting equality. A public consultation process is concluding at present and legislative proposals are anticipated by the end of 2022.

A Citizens' Assembly on Gender Equality was established in 2019 by the Oireachtas to examine and make recommendations to advance gender equality in Ireland. Among the matters considered was seeking to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making - in the workplace, politics and public life. The Government has committed to responding to each of the recommendations of the Citizens' Assembly.

The Assembly formally reported in June 2021 to the Houses of the Oireachtas which, has referred it for consideration to a Committee of both Houses. A special Joint Oireachtas Committee on Gender Equality has been established and held its first meeting in December 2021. It will consider the recommendations contained in the Report of the Citizens' Assembly on Gender Equality, together with the response of the Government to each such recommendation, having regard to the open letter to the Oireachtas contained in that report. The Committee is to report to both Houses within 9 months of its first public meeting.

3.6.3 Improving Living Standards

Building on the lessons learned through the pandemic, and in particular the positive direct and indirect societal impacts of the unprecedented emergency supports, the Government is placing a renewed emphasis on reforms and modernisations in the labour market and more broadly, to increase inclusiveness and support improved living standards. These reforms are being progressed in consultation with social partners and other representative groups.

Reforms being advance at present include the introduction of Statutory Sick Leave, by way of the Sick Leave Bill 2022. The Bill provides that, for the first time in Ireland, all employees will be entitled to paid sick leave in the event that they are unable to work due to certified illness or injury.

The Government has requested that the independent Low Pay Commission report on how best the Government can progress to a living wage. The Low Pay Commission submitted its report and recommendations on the progression to a living wage to the Tánaiste on 31 March, 2022, and the recommendation will be considered by Government. The report provides an overview of the different calculation methods for determining an appropriate rate for the living wage and sets out the policy implications of moving to a living wage in Ireland.

The Low Pay Commission has also been asked to examine universal basic income. To inform its considerations the Low Pay Commission asked the ESRI to conduct background technical research. The study will examine the universal basic income pilots that have taken place in other jurisdictions to identify what was learned and what might be relevant to a pilot in Ireland. It will also seek to identify which policy objectives a universal basic income pilot could address and its associated risks and financial implications. It will conclude with recommendations on how a pilot in Ireland might be designed and run. Recommendations of the Low Pay Commission are expected in Q2 2022.

Under the auspices of the Labour Employer Economic Forum a High-Level Working Group has been established to review collective bargaining and the industrial relations landscape in Ireland. The Group is currently considering the adequacy of the existing workplace relations framework, the issue of trade union recognition and the current statutory wage setting mechanisms. The Group reports quarterly to the Tánaiste and Minister for Enterprise, Trade and Employment, and hopes to complete its work in 2022.

In relation to the platform economy a revised Code of Practice was published in July 2021 by the Minister for Social Protection. The Code is the key guidance document for employers and workers and others in relation to deciding the employment status of a worker. It was revised to take account of newer labour market developments, including platform work. Steps are underway to place the Code on a statutory footing, and, in addition, an awareness raising campaign will be developed to highlight employment status issues across all sectors.

3.6.4 Well-being Framework

Ireland's Well-being initiative seeks to move beyond using uniquely economic measures in gauging our progress as a country, by encompassing broader living standards and sustainability. It is a Programme for Government commitment and, as outlined in Chapter 1, a key deliverable under the Economic Recovery Plan.

The Well-being Framework helps us better understand life in Ireland through 11 clearly defined dimensions of Well-being. By linking different policy areas together (environmental, societal and economic) through a multi-dimensional framework, it can facilitate more joined up policy making. It facilitates trade-off considerations allowing objective simultaneous evaluation of competing priorities such as the climate, housing and health. It can also be used to explore the impact of crises or big challenges such as the COVID-19 pandemic, digital and decarbonisation transitions, or changing demographics, with a particular emphasis on sustainability and equality. Through its focus on outcomes, it can help assess, whether, taken as a whole, things are getting better or worse, Ireland's relative performance, and how this differs across groups of people.

Ireland's Well-being initiative has been developed and progressed over two extensive phases of consultation with experts, stakeholders and the general public and a number of dedicated research projects. A Government well-being portal has been developed to promote Ireland's Framework and provide information on related Government work. A supporting Well-being Information Hub, managed by the CSO, provides a tool to explore 34 indicators which have been identified to quantify progress, alongside equality and sustainability of broad living standards.

Work is progressing to explicitly embed the initiative into the policy process.

3.6.5 Remote Working

The pandemic has accelerated changes in how we work, with digitalisation facilitating more flexible and remote working for some sectors with significant benefits for the quality of working lives and work-life balance, reduced commuting and positive environmental effects, cost effectiveness, and labour market participation levels. In January 2021, the Government published Making Remote Work, the National Remote Work Strategy. The Strategy identified 15 actions to be undertaken to ensure that remote work is a permanent feature of the Irish workplace in a way which maximises its economic, social and environmental benefits.

In January 2022 Government approved the priority drafting of the Right to Request Remote Work Bill 2022. The legislation will take a balanced approach, recognising that remote working is not suitable for everyone and every organisation.

The Government is also working to support the development of remote working hubs, Broadband Connection Points, and the ecosystem which supports those seeking to work in hubs. This includes the provision of nearly €9 million in funding, in 2021, to upgrade over 100 existing hubs and the establishment of the National Hubs Network and the shared booking platform connectedhubs.ie. Budget 2022 also saw the announcement of an enhanced income tax deduction, amounting to 30% of the cost of vouched expenses for heat, electricity and broadband incurred by employees while working remotely.

3.6.6 Ireland and the European Pillar of Social Rights

Ireland is fully supportive of the European Pillar of Social Rights. The Pillar outlines principles which cover a wide range of policy areas including health, housing, employment, provision of essential services, as well as action that go beyond traditional employment and social policies including competition policy, entrepreneurship, skills and talent, digitisation and SMEs. The principles outlined in the Pillar continue to be taken into account in the development and implementation of Government policy.

In March 2021, the Commission published the Action Plan on the European Pillar of Social Rights. This included the setting of new EU-wide targets to be achieved by 2030. Ireland welcomes the Action Plan and the proposed approach regarding the setting of national targets to contribute to the overall EU-wide targets.

In June 2021, the European Commission proposed initial national targets for all Member States. Ireland has provisionally agreed and submitted its initial proposed national targets to the European Commission in November 2021 subsequent to which there has been further engagement with the Commission.

Ireland is now close to finalising its national targets. Consultations on the proposed employment rate target of 78.2% have concluded. The proposed training target of 64.2% of adults receiving training every year has been confirmed – this included consultation with employer and trade union representatives. The proposed poverty target of 16.7% of people at risk of poverty and social exclusion has been confirmed – this included consultation with the Labour Employer Economic Forum (LEEF) Subgroup on Employment and Enterprise, and the community and voluntary sector.

Following confirmation of all three targets, the final targets will be submitted to the European Commission. It is expected that Member States National Targets will be endorsed at European level at the next Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) meeting in June.

3.7 Planning for the Future and Long-Term Fiscal Sustainability

As outlined in the Government's Economic Recovery Plan, the ultimate foundation for a lasting recovery is macroeconomic stability and sustainable public finances. Building on the medium-term fiscal framework outlined in the Government's Summer Economic State 2021, a number of initiatives are underway which will contribute to Ireland's future, long term, fiscal sustainability.

3.7.1 OECD Base Erosion and Profit Shifting (BEPS)

In October 2021, Ireland joined the OECD/G20 Inclusive Framework Agreement on a two-pillar solution to the tax challenges arising from digitalisation. Ireland signed up to the agreement in the knowledge that there would be a cost in reduced tax receipts arising from reallocation of profits to market jurisdictions. It is intended that the Agreement will bring long-term stability and certainty to the international tax framework which will bring broader benefits to the business environment. Technical work is ongoing at the OECD to finalise the details of both Pillar One and Pillar Two.

Ireland is fully supportive of the work of the EU Presidency to reach a quick agreement on the EU Minimum Tax Directive which provides for coordinated transposition of Pillar Two rules by Member States. It is intended that this Directive, due to be operational from end 2023, will be implemented into Irish domestic law in Finance Bill 2023. Ireland is continuing to fully engage in the ongoing work at OECD and EU level this year to implement the Agreement in 2023 in line with the ambitious schedule set out.

3.7.2 Aggressive Tax Planning

Ireland continues to take steps to tackle aggressive tax planning. The remaining elements of the Anti-Tax Avoidance Directives were fully transposed through Finance Act 2021. Substantial actions that Ireland has recently taken, in our ongoing programme of reform, include:

- Finance Act 2020 introduced certain legislative defensive measures which will provide that Ireland's Controlled Foreign Company rules apply more strictly to companies with subsidiaries operating in jurisdictions that remain on the EU list of non-cooperative tax jurisdictions.
- Revisions to Ireland's capital allowances for intellectual property were introduced in Budget 2021, with effect from 14 October 2020, to ensure such assets are fully within balancing charge rules in line with international best practice for such reliefs in other jurisdictions.
- Finance Act 2021 introduced the interest limitation rule, effective from 1 January 2022.

- Finance Act 2021 introduced the remaining element of the anti-hybrid rules, dealing with reverse hybrid, effective from 1 January 2022.
- Finance Act 2021 also introduced the Authorised OECD Approach for the attribution of income to branches of non-resident companies operating in the State, effective from 1 January 2022.
- Ireland is fully committed to the NRRP with a number of milestones to address aggressive tax planning, including measures to apply to outbound payments.
- External economic analysis, produced by Mr Seamus Coffey and published on the Department of Finance website, indicated that recent tax reform measures both domestically and in the US had seen a marked shift in royalty payments from Ireland which are now going directly to the US where they are subject to taxation.
- Further analysis into the outbound payments of dividends and interest is underway and will be published on the Department of Finance website shortly.

3.7.3 Tax Base Broadening

Ireland has one of the most progressive income tax systems in the developed world – this ensures that the burden of taxation falls most heavily on those with a higher ability to pay. The low effective tax rates for low-income workers ensure that work pays, and are a growth-friendly aspect of Ireland's tax system.

In recent years, the policy adopted has been to broaden the income tax base in a fair and sustainable manner. This was achieved through the implementation of important strategical structural reforms, such as the introduction of the Universal Social Charge (USC).

As a result, the income tax base was widened considerably and reoriented towards more stable income revenue streams, and this has played a key role in safeguarding the income tax yield throughout the pandemic.

For 2022, it is estimated that 66% of all income earners will be within the income tax net, while 72% of all income earners will be subject to USC. This is in contrast to 2010, where over 45% of income earners were exempt from income tax and just over 13% were liable to the higher rate.

In the area of environmental taxation, recent Finance Acts have seen the introduction of base broadening measures through changes to the Vehicle Registration Tax (VRT) regime. The Finance Act 2019 introduced a NOx surcharge to VRT. The charge applies on the basis of a € rate per milligrams NOx per kilometre. This measure ensured than non-carbon emissions which are harmful to public health and the environment were brought into the scope of vehicle taxation, dis-incentivising the purchase of high emissions vehicles.

Ireland has put in place a robust system of carbon pricing through its national carbon tax. The tax is applied to transactions of fossil fuels not covered by Emissions Trading. The carbon tax is currently set at €43 per tonne of CO_2e and a schedule of annual increases has been legislated for until 2030 when the tax will be applied at €100 per tonne. Proceeds from the annual increases in carbon tax have been ring-fenced and will be used specifically to address the needs of those at risk of fuel poverty and to fund Ireland's transition to a decarbonised economy.

The Finance (Local Property Tax) (Amendment) Act 2021 provides for a number of reforms to the Local Property Tax (LPT) including bringing residential properties newly built since 2013 into the LPT system. The Act also provides that all new residential properties built between valuation dates will be retrospectively valued as if they had existed on the preceding valuation date. These measures will maximise the LPT base and ensure equity.

3.7.4 Anti-Money Laundering

A number of actions to ensure effective supervision and enforcement of the anti-money laundering framework as regards professionals providing trust and company services are underway. In March 2022, a Risk Assessment of Trust or Company Service Providers (TCSPs) has been compiled and published. This Risk Assessment has identified a number of recommendations for further work related to TCSPs, with a particular focus on improving the transparency and effectiveness of supervision of the sector. These recommendations include the publication of a full list of all TCSPs operating in the State, and the establishment of a TCSP supervisory forum that would regularly bring together the various supervisors of TCSPs to liaise, co-ordinate, identify common challenges, and share best practices. Implementation of these recommendations will be considered by the Government's Anti-Money Laundering Steering Committee (AMLSC), members of which include various supervisors of TCSPs.

Furthermore, the Government has approved preparation of a Heads of Bill to provide the Anti-Money Laundering Compliance Unit in the Department of Justice with powers to impose administrative fines in respect of strict liability offences.

The target of 120 Trust or Company Service Provider (TCSP) inspections completed in 2021 by the AMLCU in the Department of Justice was achieved, while steps to recruit additional specialist resources to support the work of the AMLCU are underway.

3.7.5 Pensions

The Government established a Commission on Pensions in November 2020 to examine sustainability and eligibility issues in relation to the State Pension system and the Social Insurance Fund and to outline options for the Government to address issues including qualifying age, contribution rates, pension calculation methods and eligibility requirements. The Commission also considered the matter of retirement ages in employment contracts and how people who have provided long-term care for incapacitated dependents can be accommodated within the State pension system.

The Commission published a report on its work, findings, options and recommendations in October 2021.

The outcome of the work of the Commission is currently being considered by Government, the outcome of this process is expected to be finalised shortly.

To address Ireland's low supplementary pension coverage, particularly amongst workers in the private sector, a new Automatic Enrolment (AE) Retirement Savings System is to be established. In March 2022, the Minister for Social Protection, announced the details of the Final Design principles for the Automatic Enrolment Retirement Savings System for Ireland. This will form the basis for drafting the necessary legislation and putting the necessary operations in place.

In order to encourage workers to participate, those people who choose to remain in the system will have their pension savings matched on a one-for-one basis by the employer. The State will provide a top-up of €1 for every €3 saved by the worker. This means that for every €3 saved by the employee, a further €4 will be invested by the employer and the State combined. The system will be implemented on a phased basis, with the system set up by 2023 for employee enrolments in 2024. The introduction of Auto Enrolment will be very gradually phased in over a decade, with both employer and employee contributions starting at 1.5%, and increasing every three years by 1.5% until they eventually reach 6% by Year 10 (2034). This steady phasing allows time for both employers and employees to adjust to the new system.

In progressing this work, the Department of Social Protection received technical support from the European Commission's DG Reform which assists EU member states implementing administrative and institutional reforms.

Following publication of the Interdepartmental Pensions Reform and Taxation Group (IDPRTG) Report in November 2020, the IDPRTG reconvened to agree and commence implementation of certain reform measures. These include three items which were enacted in the Finance Act 2021: The Abolition of the Approved Minimum Retirement Fund; the removal of the 15-year rule which prohibited transfers from an occupational pension scheme to a Personal Retirement Savings Account for members with more than 15 years' service; and the inclusion of an Approved Retirement Fund option to death-in-service benefits payable to survivors or dependants of an employee who dies in service.

The Department of Finance is working within the IDPRTG to bring about further reform of the supplemental pension landscape. Accordingly, a number of proposals from the report are being worked on with a view to bringing these to legislative effect during 2022. This shall support the harmonisation and simplification across the pension products landscape.

3.7.6 Health Reform

Work is continuing within the Department of Health and the Health Service Executive (HSE) to progress Sláintecare, the ten-year programme to transform health and social care services in Ireland.

Implementation of Sláintecare is now being led by a new Programme Board, co-chaired by the Secretary-General of the Department of Health and the CEO of the HSE. This will ensure that implementation is fully embedded across the Department of Health and the drive for universal healthcare across both the Department of Health and the HSE.

The Sláintecare Progress Report 2021 was published in February 2022, setting out the progress made in the first year of the Sláintecare Implementation Strategy and Action Plan 2021-2023. The impact of COVID-19 and the cyberattack in 2021 delayed progress on reform but significant progress was made in the latter half of 2021 and that momentum has continued into 2022.

Some of the progress delivered in 2021 include:

- An additional 42 critical care, 813 acute and 73 sub-acute beds were fully funded and opened in 2020/2021.
- 147 Primary Care Centres in operation at the end of 2021; 9 opened in 2021 and a further 24 targeted to become operational in 2022.
- The Sláintecare Integration Fund facilitated the testing and evaluation of innovative models of care, 105 out of 123 projects have now been mainstreamed through the HSE. These projects resulted in 15,370 reduced referrals, 18,914 acute bed days avoided and 8,268 patients off waiting lists.
- The GP Direct Access to Diagnostics scheme went live in January 2021, providing GPs with access to radiology scans through a number of private providers. Over 138,000 radiology scans were delivered in the community in 2021, reducing pressure on the acute hospital services.
- Approx. 20.5 million hours of home support was delivered in 2021 with over 55,000 people receiving the service. This is about 2.9 million (17%) more hours compared to 2020 with increased funding maintained for 2022.
- The short-term Waiting List Action Plan (September – December 2021) resulted in a 5.4% reduction in overall waiting lists from 760,700 to 720,056, which was in line with the target reduction.
- In December 2021 the Government agreed, subject to the necessary approvals and requirements under the Public Spending Code being met, a new National Elective Ambulatory Care Strategy. This new strategy aims to change the way in which day case, scheduled procedures, surgeries, scans and outpatient services can be better arranged to ensure greater capacity in the future and help to address waiting lists. The development of additional capacity will be provided through dedicated, standalone Elective Hospitals in Cork, Galway and Dublin. These locations have been chosen to allow for new facilities of a size and scale to implement an elective care programme that will tackle waiting lists on a national basis and cover as wide a catchment area as possible.
- The Enhanced Community Care programme continues to be implemented to support the development of new pathways of care for primary and community health services. At the end of 2021, 49 Community Healthcare Networks (CHNs), 15 specialist teams for Older Persons and 2 Chronic Disease Management teams were established and operationally viable, these are key to enhanced community care.
- The Department of Health is actively progressing the implementation of Regional Health Areas (RHAs) in partnership with the HSE, the Department of Children, Equality, Disability, Integration and Youth, and other key stakeholders including the Regional Health Areas Advisory Group.

- The RHA Advisory Group was established in December 2021 and combines a range of perspectives and expertise from across health and social care. They provide guidance, support, and advice on the design and development of the detailed implementation plan for RHAs to the Department of Health and HSE officials charged with implementing this work programme under Sláintecare.
- A memorandum on next steps, programme of work, and timelines was approved by Government on 5 April 2022 and the associated Business Case for the Implementation of Regional Health Areas was published on the same day.
- A detailed Implementation Plan will be developed in 2022.
- The transition to RHAs will take place in 2023 and it is expected that RHAs will be fully operational from Q1 2024.

The Sláintecare 2022 deliverables (based on Sláintecare Implementation Strategy & Action Plan 2021-2023) are being finalised and will be published shortly.

3.7.7 Commission on Taxation and Welfare

The Commission on Taxation and Welfare was established in April 2021. The Commission will independently consider how best Ireland's taxation and welfare systems can support economic activity and promote increased employment and prosperity while ensuring that there are sufficient resources available to meet the costs of the public services and supports in the medium and longer term.

The terms of reference of the Commission are wide ranging and reflect the commitments made in the Programme for Government. The work will have regard to the impact of COVID-19 and our recovery, existing and emerging challenges resulting from Brexit, as well as long-term developments including environmental taxation, the move to a low-carbon economy, ageing demographics, and the rise of digital disruption and automation.

In October 2021, the Commission on Taxation and Welfare public consultation Your vision, Our Future launched. The Commission received over 200 responses and those contributions are being analysed. The Commission also held a stakeholder event in March 2022 in order to take these important views into account in framing their final report

It is anticipated that the final report of the Commission will be submitted to the Minister for Finance by July 2022.

4. Progress towards the UN Sustainable Development Goals (SDGs)

4.1 Ireland's Implementation of Agenda 2030 for Sustainable Development

Ireland has adopted a Whole-of-Government approach to the SDGs, with each Minister having specific responsibility for implementing individual SDG targets related to their Ministerial functions. To ensure individual Departments take ownership of the SDGs most relevant to their work, each of the 169 SDG targets has been assigned to a lead Government Department. The Minister for the Environment, Climate and Communications has overall responsibility for promoting the SDGs, and for overseeing their coherent implementation across Government.

The COVID-19 pandemic has disrupted implementation mechanisms and progress towards the SDGs in Ireland. Work has recently begun on the development of Ireland's second National Implementation Plan and a renewed focus and energy is being given to the implementation of Agenda 2030. Ireland has reaffirmed our commitment to Agenda 2030 and to achieving a Just Recovery from the effects of the COVID-19 pandemic.

The Department of Further and Higher Education, Research, Innovation and Science, together with the Department of Education are jointly developing a new strategy for Education for Sustainable Development (ESD) to 2030, aligned to the UNESCO Framework for ESD for 2030 and Sustainable Development Goal (SDG) Target 4.7. As well as being a target in itself, ESD is also considered a key enabler for achieving all 17 SDGs. The new strategy will aim to extend ESD to the informal and non-formal education sectors, raise awareness, and increase youth participation and links with communities. It is envisaged that a new strategy and accompanying implementation plan for ESD to 2030 will be published later this year

4.2 Development of the Second National Implementation Plan

Currently being developed, Ireland's second National Implementation Plan will provide a robust national framework to progress implementation of Agenda 2030. To ensure implementation progress is monitored and adequately captured, a formal reporting mechanism overseen by the Department of the Environment, Climate and Communications, will underpin the Plan.

The key priorities identified for inclusion in the new Plan were informed by a review of Ireland's coordination and governance mechanisms and an extensive consultation process carried out in 2021. The results of the review and consultation process pointed to a need for greater integration of the SDGs into public administration and for increasing capacity across national and local Government in order to achieve greater policy coherency for sustainable development. In addition, stakeholder feedback demonstrated a clear desire for greater communication and opportunity to engage with the SDGs; a need for a more joined up approach to implementation; and the importance of using the framework provided by Agenda 2030 to ensure a Just Recovery from the effects of the COVID-19 pandemic. Actions have been developed and included in the new Plan directly in response to the findings of the review and consultation process.

Feedback was also sought on existing national SDG initiatives including the National SDG Stakeholder Forum and the SDG Champions Programme. As part of the new Plan, it is intended that an SDG Forum Committee will be established to design and implement a new format for the Forum based on the consultation feedback received, in order to ensure that the Forum is inclusive, accessible to all and adheres to the principle of 'Leaving no one behind'.

The draft Plan will shortly be brought to the national SDG Stakeholder Forum for a final round of input before publication.

To allow for the prioritisation of the development of the second SDG National Implementation Plan, and to commence implementing the key actions identified as requiring prioritisation in 2022, Ireland will be presenting its next Voluntary National Review in 2023.

4.3 Ireland's Approach to Reporting on SDG Progress

Ireland uses the official EU SDG indicator set to assess its SDG progress. To ensure reporting on SDG progress is both comprehensive and relevant to national circumstances and level of development, the identification and management of national data is carried out by the CSO. 211 of the 244 indicators have been sourced.

The CSO, in conjunction with Ordnance Survey Ireland, have developed an online GeoHive DataHub which provides spatially relevant information on Ireland's progress towards the SDGs. The CSO has also published a series of individual SDG Goal reports. Goals 1 – 11 are now available online (https://www.cso.ie/en/statistics/unsustainabledevelopmentgoals/), and the remaining SDG Goal reports will be published in the coming months.

4.4 Eurostat's Monitoring Report on SDG Progress

The 2021 edition of Eurostat's Monitoring report on progress towards the SDGs in an EU context indicated that Ireland is above EU average and continuing to progress 11 of the 15 SDGs for which there was sufficient data to calculate overall EU trends. It is important to note, however, that many of the indicators in the report refer to the period up to 2019 only, which means that the findings sometimes refer to the situation before the COVID-19 pandemic.

The report indicates that Ireland continues to make significant progress towards achieving many of the economic and social SDGs. Of particular strength are SDG 10 Reduced Inequalities; SDG 4 Quality Education; SDG 16 Peace, Justice and Strong Institutions; SDG 3 Good Health and Well-being, and SDG 8 Decent Work and Economic Growth.

Where further work is required is predominantly in relation to the environmental goals. While Ireland remains above the EU average for SDG 6 Clean Water and Sanitation, and SDG 15 Life on Land, it is currently moving away from progressing those SDGs. The goals where Ireland's status is below EU average, but progress is continuing to be made, include SDG 12 Responsible Consumption and Production, SDG 13 Climate Action, and SDG 17 Partnership for the Goals.

Ireland has taken significant steps in recent years to progress environmental goals and address the climate and biodiversity challenges, including through the enactment of the Climate Action and Low Carbon Development (Amendment) Act 2021 to enforce climate targets and provide for a system of annual sectoral reporting, the adoption of a new Circular Economy Strategy and the development of a new and ambitious Climate Action Plan in 2021.

5. EU Funds

The following section outlines developments with regards a selection of the key EU funds received by Ireland.

5.1 Common Agricultural Policy (CAP) 2023-2027

Ireland's CAP Strategic Plan for the period 2023-2027 will underpin the sustainable development of Ireland's farming and food sector by supporting viable farm incomes and enhancing competitiveness, by strengthening the socio-economic fabric of rural areas, and by contributing to the achievement of environmental and climate objectives at national and EU levels. A budget of approximately €9.8 billion is allocated for the period, with a significant increase in the national co-financing of the Rural Development interventions.

The plan is aimed at supporting the economic, environmental and social sustainability of rural areas, and there is a particularly strong emphasis on the achievement of a higher level of climate and environment ambition through a new Green Architecture that will operate across both pillars.

Ireland's CAP Strategic Plan will seek to support the development of the agriculture sector, and improve its resilience, by helping it to meet the twin challenges of delivering viable incomes for farmers and producing food in an environmentally sustainable manner, and also support rural communities.

Ireland's draft CAP Strategic Plan was submitted to the Commission on 31 December 2021. The Commission's observations on Ireland's Plan were received on 1 April 2022.

5.2 Structural Funds

Cohesion Policy Funds

Ireland will receive a total of €1,282.5 million (in current prices) in Cohesion Policy Funds for the 2021–2027 period, comprising of:

- €396 million for the European Regional Development Fund.

- €508 million for the European Social Fund+.
- €294 million for European Territorial Cooperation (including PEACE PLUS).
- €84.5 million under the EU Just Transition Fund.

When the requirement for match funding is included the full value of the programmes supported by these allocations amounts to almost €3.5 billion.

European Regional Development Fund 2021 – 2027

Preparation for the European Regional Development Fund Programmes is well underway. Proposals have been assessed to ensure alignment with the EU regulations with a particular focus in terms of policy objectives and thematic concentration and the regional spread of such schemes. The proposals were also considered against the broader policy context including, the independent Needs Analysis, the outcome of the public consultation, the themes, the relevant CSRs and national policy. Throughout the process, synergies and alignment with other EU funds/instruments are also considered.

Drafts of the Programmes were shared with the Commission in late 2021. It is envisaged that the Programmes will be submitted to Government in Q2 2022, and they will be submitted formally to the European Commission thereafter.

The following priorities for the ERDF for period 2021 - 2027:

- Developing and enhancing research and innovation capacities and the uptake of advanced technologies.
- Promoting growth and competitiveness of SMEs.
- Promoting energy efficiency and reducing GHG emissions.
- Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism, and security in urban areas.

Addressing Annex D of the 2019 Country Report, Irelands 2021 – 2027 ERDF Programmes will focus on the following key strategic outcomes:

- Developing Smarter More Competitive Regions through RD&I capacity building within the universities and technological universities in our regions, accelerating the translation of cutting-edge research into commercial applications at a regional level, supporting innovation diffusion and strengthening regional innovation ecosystems in line with Ireland's Smart Specialisation Strategy and Regional Enterprise Plans.
- Creating Greener More Energy Efficient Regions and a Just Transition by focusing on scaling up investment in actions that improve the energy efficiency of residential homes while targeting homeowners in, or at risk of, energy poverty.
- Supporting Sustainable Urban Development in our Regions using an integrated strategic approach to the regeneration of our towns, empowering Local Authorities to gather data and lead actions on regeneration using a Town Centres First Framework.

With regard to CSR to effectively address the pandemic, Ireland availed of the flexibilities introduced under the Coronavirus Response Investment Initiative (CRII and CRII Plus), which allowed for some of 2014-2020 European Structural Investment Funds to be pivoted towards the COVID-19 emergency response at a co-financing rate of up to 100%. Ireland reprogrammed €251m within ERDF, along with €60m from the European Social Fund, a total of €311m, to the COVID-19 emergency response for which funding was utilised for the purchase of health supplies of Personal Protective Equipment.

European Social Fund

Preparation of the ESF+ programme for 2021-27 is ongoing, led by the ESF Managing Authority in the Department of Further and Higher Education, Research, Innovation and Science. An independent Needs Analysis for both ESF+ and ERDF provides the evidence base for the future ESF+ programme. The programme is also informed by the relevant EU regulations, CSRs, the European Commission's Annex D investment guidance, a wide range of EU and national strategies, a public consultation and the input of key stakeholders as part of the partnership process. The ESF Managing Authority has also considered the need to ensure complementarities and synergies with other EU funds.

Informed by these inputs, the following priorities have been identified for the future ESF+ Programme:

- Access to employment;

- Skills and lifelong learning for all;
- Tackling poverty and social exclusion;
- Food and basic material assistance to the most deprived; and
- Social innovation.

Extensive engagement has taken place between the ESF Managing Authority and Departments and Agencies on their proposals submitted for the 2021-27 programme. A parallel process of informal dialogue with the European Commission has also helped to shape the detailed drafting of the programme. It is envisaged that the programme will be submitted to Government in Q2 2022, with formal submission to the European Commission to follow thereafter.

EU Funds and support for Ukrainian Refugees

As of March 2022 Ireland, has utilised its existing ERDF and ESF funds in full. However, the Commission's Cohesion's Action for Refugees in Europe provided a range of additional flexibilities including the option that Ireland's €53m of unallocated ReactEU funding be directed to operations supporting Ukrainian Refugees through the ERDF, the ESF and/or the Fund for European Aid to the Most Deprived.

The Government has developed a proposed approach on use of the ReactEU funding to address the immediate needs of those entering the country as a result of the Russian invasion of Ukraine.

European Territorial Cooperation

For the 2021-2027 period, Ireland will participate in three transnational programmes, North West Europe, Atlantic Area and the Northern Periphery and Arctic and one cross border programme, PEACE PLUS under the European Territorial Cooperation umbrella. These Programmes will contribute to supporting investment by partners and public bodies in research and innovation along with measures to address climate change/carbon reduction, aligning with CSRs related to focused investment on the green and digital transition. PEACE PLUS includes measures to promote peace and cooperation on the island of Ireland. PEACE PLUS is currently with the EU Commission for consideration, following the Commission's approval, it is likely that the programme will be launched in Summer 2022. The Special EU Programmes Body are currently developing a schedule of calls and implementation plan.

Partnership Agreement

Ireland will aim to finalise a draft of its Partnership Agreement, the overarching strategic document, which lays out the strategy and investment priorities to be addressed via the Cohesion Policy funds and the European Maritime Fisheries and Aquaculture Fund (EMFAF), and the HOME funds, in Q2 with submission to Government first and formally to the European Commission thereafter. Frequent meetings and consultations with the Commission are also taking place to ensure that as much of the Partnership Agreement as possible is agreed prior to formal submission.

The Department of Public Expenditure and Reform held a one-day workshop with ten different EU funds in Ireland, including the NRRP, examining complementarities and synergies in April 2021. Building on the momentum a further workshop took place in December 2021 to explore the complementarities and synergies across EU Programmes in Ireland and explore possible delivery mechanisms for these potential complementarities and synergies for the new programming period.

It is evident that the question of complementarities has moved more centre stage in the consciousness of Programme Managers since the inaugural workshop held in April 2021. There is now a clearer understanding of its meaning and a greater identification of specific areas where it can occur. The independent moderator produced a report with recommendations on how to ensure complementarities and synergies during programming of the EU Funds. For example, complementarities are now a standing item on the Partnership Agreement Steering Group agenda, and regular bilateral meetings are occurring between the various EU Funds. Furthermore, Fund Managers have committed to enhanced cooperation in areas of common interest, such as on communications and simplified cost options.

EU Just Transition Fund

Work is well advanced on the development of Ireland's Territorial Just Transition Plan and Operational Programme. The Minister for the Environment, Climate and Communications has appointed the Eastern and Midland Regional Assembly (EMRA) as managing authority for the EU JTF and the Department of the Environment, Climate and Communications, and EMRA are developing the Territorial Just Transition Plan and Operational Programme.

The draft plan has had regard to the 2020 European Semester recommendations of the European Commission on the scope and territorial coverage for the EU JTF, the Structural Reform Support Programme consultancy undertaken during 2021 to support the development of the Territorial Plan; and the reports and recommendations of the Just Transition Commissioner for the Midlands region. As well as cohering with Ireland's ambitions under Agenda 2030, the draft Plan is also aligned with the territorial coverage of the national JTF. It provisionally identifies East Galway, North Tipperary, Longford, Laois, Offaly, Westmeath, West Kildare and Roscommon as the functional territory to be targeted.

The Minister for the Environment, Climate and Communications launched a public consultation process in relation to the EU JTF on 20th December 2021 which was open until 14th February 2022. A report summarising the public consultation responses received will be prepared and made available online. The responses will be used to further develop and finalise the draft Territorial Just Transition Plan before it is sent to Government for agreement and submitted, together with the EU JTF programme, to the European Commission for approval in 2022. Once both of these documents are approved, the fund will be launched. It will be managed on an ongoing basis by EMRA as the Managing Authority.

It will be important to ensure complementarities and synergies with other EU funds in order to prevent overlap and duplication with the other EU funding streams in the region, particularly the European Regional Development Fund, ESF+, and the Recovery and Resilience Fund.

European Maritime Fisheries and Aquaculture Fund

The European Maritime, Fisheries & Aquaculture Fund (EMFAF) for the 2021-27 period will provide EU co-funding to Member States programmes for the development of their seafood sectors. Ireland is to be allocated €142 million, with the level of national co-funding of the Programme, which will determine the overall size of the Programme, yet to be finalised.

The Department of Agriculture, Food and the Marine is preparing its new Seafood Development Programme 2021-27 under the EMFAF, with submission to the Commission of the Programme anticipated in Q3 2022. Preparation of the Programme has been somewhat delayed by a number of factors, including the late adoption of the EMFAF Regulation and resource constraints in the environmental consulting sector impacting the appointment of consultants to carry out the strategic environmental assessment. Uncertainty around investment priorities for the EMFAF was also created by the negative outcome for the seafood sector of the Trade & Cooperation Agreement and the consequent establishment of the Seafood Sector Task Force in March 2021. The Report of the Seafood Task Force – Navigating Change (October 2021) recommended a range of mitigating measures be funded in part through the new EMFAF Seafood Development Programme and in part through the Brexit Adjustment Reserve.

The new Seafood Development Programme will allow the Department to implement various support schemes for the fisheries, aquaculture and seafood processing sectors and for coastal communities. While the Brexit Adjustment Reserve will be considered to fund many of the recommendations of the Seafood Task Force in 2022 and 2023, many of the recommended measures are expected to continue in 2024-27 under the Seafood Development Programme.

The new Programme is expected to support a wide range of measures including:

- Capital investment in fisheries, aquaculture and seafood processing to enhance sustainability, contribute to the climate change agenda, add value, enhance productivity, foster increased competitiveness and generally to support the sustainable development of the sector.
- Innovation and research in fisheries, aquaculture and processing to enhance sustainability, develop and disseminate knowledge and foster the development of new technologies and processes to address the challenges in the sector.
- Support the provision of professional advisory services to address the challenges in the sector such as sustainability, competitiveness, lack of scale, diseases, Brexit and resilience following the COVID-19 pandemic.
- Supports for marketing and promotion of Irish seafood to enhance value and exports.
- Investment on fish stock conservation and management, biodiversity protection, species restoration, and climate change mitigation and adaptation.
- Control and enforcement obligations under the Common Fisheries Policy.
- EU Data Collection obligations.
- Investment in enhancing knowledge on the marine environment.
- Community led local development of coastal communities through the Fisheries Local Action Groups in order to add value to the seafood sector through complementary activities and supports to diversify the economies of these areas into other areas that capitalise on their natural assets and skills.

Brexit Adjustment Reserve

Ireland has secured significant funding under the EU's Brexit Adjustment Reserve (BAR), which aims to provide financial support to the most affected Member States, regions and sectors to deal with the adverse consequences of Brexit. The BAR Regulation entered into force on 11 October 2021.

Ireland is expected to receive a total allocation of €1.065 billion in 2018 prices (equivalent to €1.165 billion in current prices). The bulk of Ireland's allocation will be in the form of pre-financing, with the balance payable in 2025. In Ireland the allocation of resources from the Reserve is aligned with the annual Estimates process, which has been the vehicle for allocating Brexit resources since the UK referendum on EU membership in 2016.

Budget 2022 announced that around €500 million of the overall BAR allocation would be made available as a first tranche of funding in 2022, with the remainder available in 2023. In order to comply with the requirements of the BAR Regulation, a Designated Body responsible for management and oversight of BAR funding is being established within the Department of Public Expenditure and Reform.

Erasmus

Ireland is one of the original 11 founding members of the Erasmus Programme in 1987. Since 1987, nearly 65,000 higher education students from Ireland have benefited from the programme and around 130,000 students have come to Ireland to study and work – they have the potential to be lifelong partners for this country.

In 2021, Erasmus+ brought more than €40 million funding into the Adult Education, Higher Education, School Education, Vocational Education and Training, and Youth and Community sectors in Ireland. Erasmus+ mobility is open to young people and to all kinds of learners: students, vocational learners, apprentices, and school pupils. In 2021 for the first time Adult Learners and Early Childhood organisations can take part. Erasmus+ also invests in building institution to institution collaborations, like the European Universities Alliance initiative– which a number of Irish Higher Education Institutions are involved as lead and partner organisations

Horizon

The Department of Further and Higher Education, Research, Innovation and Science has overall lead responsibility for Horizon Europe engagement and chairs a High-Level Group (HLG) of all the relevant

Government Departments and Research Funders which oversees and coordinates implementation of Horizon Europe. A National Support Structure is led by Enterprise Ireland, to maximise participation by researchers and companies in Horizon Europe. The HLG will play a key role in particular with regard to the new elements of Horizon Europe, namely Missions and Partnerships. These new elements of Horizon Europe will require innovations in governance as they span multiple government departments and agencies, and reach well beyond R&I to implementation, citizen engagement and enterprise development and scale up.

The new national R&I strategy will state that Ireland's ambition in Horizon Europe is to exceed the excellent performance and participation achieved under Horizon 2020. In order to realise this ambition, particularly given the emerging new elements and emphasis in Horizon Europe, the strategy states that we will tailor our national governance and support structures in order to best support Irish performance throughout.

The Horizon Europe missions and partnerships will have a critical role to play in optimising the contribution that our collective investment in R&I can make to developing effective solutions to the most pressing challenges we face globally. The missions also present an excellent opportunity to raise awareness among citizens and demonstrate the impact and relevance of R&I investment in their daily lives.

Ireland is keen to engage in Horizon Europe Missions as they are a tool for mutual learning and progress between Member States on the most important challenges facing us and align with Ireland's national innovation priorities, including climate change, smart cities, rejuvenation of ecosystems including oceans and soils, and more effective prevention and treatment of cancer. Missions will require new governance arrangements, which are still being developed, and Ireland is participating with the Commission and other Member States as these arrangements are designed and implemented.

Technical Support Instrument

The EU Technical Support Instrument (TSI) has continued to provide tailor-made support to Ireland for institutional, administrative and growth-enhancing reforms.

Ireland was successful in securing €250,000 funding in the 2021 TSI dedicated call to provide general technical support for the implementation of the NRRP. Thirty-seven applications totalling €16.4m were submitted for consideration in the TSI 2022 funding round, with a total of €3.8m allocated to 8 successful projects.

These projects, many under the recently introduced Flagship areas address significant policy challenges in areas such as: development and deployment of the Barnhaus Model; gender mainstreaming in public policy and budget processes, and the move to a plan led regime for the development of offshore renewable energy.

Under the recent 2022 TSI dedicated call to support Member States in response to specific emerging needs as a result of the Russian invasion of Ukraine, Ireland was preselected for funding of €295,000 in technical support under REPowerEU to identify suitable reforms to phase out dependencies on the importation of fossil fuel imports from Russia.

6. Institutional issues and the role of stakeholders

Preparation of the NRP was coordinated by the Department of the Taoiseach in close partnership with relevant Departments.

Reflecting the all of Government nature of the NRP, the Programme was considered by Cabinet on 3rd May 2022 prior to submission to the European Commission.

As part of the preparation of the NRP, the Oireachtas, through the Joint Oireachtas Committee on European Affairs, was informed of the development of the NRP by the Minister for European Affairs and offered the opportunity to provide their views.

Stakeholder engagement is an important element in the policy making process, and the Government actions and policies outlined in this document are reflective of regular engagements taking place with social partners, stakeholders and members of the public, though public consultation. The Government has also taken steps to enhance social dialogue, and deepen engagement with social partners, in particular through the Labour Employer Economic Forum and other mechanisms.

Examples of stakeholder engagement which have taken place, or are taking place, as part of the Governments policy making, and which has informed the investment and reform policies outlined in the NRP include:

The **Labour Employer Economic Forum** which brings together representatives of Employers and Trade Unions with Government to discuss economic and employment issues as they affect the Labour Market.

The **National Economic Dialogue** held annually is an important element of Ireland's budgetary framework. The objective of the dialogue is to facilitate an open and inclusive exchange on the competing economic and social priorities facing the Government as part of the preparations for the Budget. Representatives of community, voluntary and environmental groups as well as the Oireachtas, business, unions, research institutes, the academic community and the diaspora attend.

The **National Dialogue on Climate Action**, in place since 2017, with a new National Dialogue on Climate Action launched in November 2021. It functions as the coordinating structure facilitating broad public and stakeholder dialogue and public consultations which include a range of sectors at all levels of society. It is the key mechanism through which climate actions related to public engagement, participation, community action, networking and capacity building activities are delivered in Ireland. The National Climate Stakeholder Forum is a key deliverable for the National Dialogue on Climate Action (NDCA) as set out under the Climate Action Plan 2021. The first meeting of the Forum took place in March 2022.

The **National Economic and Social Council (NESC)** advises the Taoiseach on strategic policy issues relating to economic, social, and sustainable development. The NESC provides a forum for multilateral dialogue on the economic, social and environmental challenges facing the country and plays an important role in developing a shared understanding between Government and stakeholders on important policy challenges. Members include representatives from business and employer interests, ICTU, farming and agricultural interests, community and voluntary sector, environmental sector, public servants and independent experts.

The **National Competitiveness and Productivity Council** reports to the Taoiseach and the Government, through the Minister for Enterprise, Trade and Employment, on significant competitiveness issues facing the Irish economy and offers recommendations on policy actions required to enhance Ireland's competitive position. Members include representatives of the employer and trade union social partnership pillars, people with expertise in competitiveness, and relevant Government Departments.

The **Expert Group on Future Skills Needs** is the independent, non-statutory body, which advises the Government on the current and future skills needs of the economy. It includes representatives from business, the trade union movement, Ireland's education and training agencies, enterprise development agencies and Government Departments. The Group undertakes research, analysis and horizon scanning for emerging skills requirements and presents its findings to the National Skills Council.

The **National Skills Council** is made up of members from the public and private sector who advise on the existing and future skills needs of our economy and society. Nine Regional Skills Fora were established in 2016 and provide a structure for enterprise, employers and the education and training system to work together to respond to the identified skills needs of their regions.

Nine Regional Steering Committees are in place to take lead on the implementation of the **Regional Enterprise Plans**. Each Committee, all of which are led by a chairperson from the private sector, comprises of regional representatives from enterprise agencies, Local Enterprise Offices, Regional Assemblies, Higher Education Institutions, Regional Skills Forum, Local Authorities, Education and Training Boards, and Tourism Bodies.

The **Labour Market Advisory Council** is an independent group of industry leaders and labour market experts that provides advice to the Minister for Social Protection and the Government on the efficient operation of the labour market, with a key focus on increasing participation rates, minimising unemployment levels and reducing average unemployment durations. The Advisory Council provides external oversight of the Government's Pathways to Work Strategy.

The **Youth Climate Assembly** was established by the Department of Children, Equality, Disability, Integration and Youth, in collaboration with the Department of the Environment, Climate and Communications. The inaugural National Youth Assembly on Climate was convened in March 2022. The Assembly, which brought together 157 young delegates from all over Ireland, made recommendations for inclusion in the Climate Action Plan 2022. The National Youth Assembly on Climate convenes annually for youth input into annual Climate Action Plans.

The **Public Participation Network (PPNs)** are structures that brings together volunteer-led groups in each Local Authority area. Their primary function is to provide representation for the community sector in Local Authority policymaking structures, giving local volunteers a greater say in local government decisions which affect their own communities. PPN membership is open to all volunteer-led/not-for-profit groups, and over 18,000 groups nationwide are currently members of a PPN.

Extensive engagement in relation to policy development, along with oversight and accountability, also takes place through the Oireachtas. This includes through formats such as pre-legislative scrutiny which can include engagement with stakeholders and experts

As part of the development of the NRP 2022, In line with the streamlined nature of this year's Semester, the Department of the Taoiseach invited stakeholders to make submissions on the key challenges to be addressed in the Programme.

The Department received submissions from 13 organisations:

- Chambers Ireland
- Community and Voluntary Pillar
- Disability Federation Ireland
- European Anti-Poverty Network Ireland
- Environmental Pillar
- European Committee on the Regions
- Irish Human Rights and Equality Commission
- Irish National Organisation of the unemployed
- Nevin Economic Research Institute
- National Women's Council
- Northern & Western Regional Assembly
- Social Justice Ireland
- Southern regional Assembly

To the greatest extent possible the key issues raised, where relevant for the Semester process, have been reflected in the challenges outlined in part 3 of this document. A full summary of the submissions received can be found in Annex 3 of this document. The submissions received will also be published alongside the NRP.

The main areas identified by the submissions were as follows:

Housing

The lack of affordable housing was identified as a key challenge facing Ireland in the majority of submissions. Stakeholders identified a number of critical issues relating to the lack of housing in Ireland. For example, Chambers Ireland identified that the limited supply of housing in Ireland is making it more difficult for its members to attract staff from overseas. Additionally, they have noted that precarious tenancy arrangements for workers is impacting productivity. Other stakeholders noted that the housing situation is disproportionally impacting specific groups such as disabled persons, young people, lone parents and the Traveller community.

Climate Change

Climate Change was identified multiple times throughout stakeholder submissions as being both a critical challenge and opportunity for Ireland. Of particular concern was the need for a just transition within the communities most impacted by climate change. This includes those communities where industries have to decarbonise. Other areas of concern were low level of public transport coverage, a lack of focus on biodiversity and COVID-19 resulting in climate actions under the NDP needing to be completed in a shorter timeframe.

The potential for Ireland to become a net exporter of renewable energy was identified. It was noted that inadequate regulatory and planning procedures may hamper Ireland's ability to realise its renewable energy potential.

Infrastructure and Digital Divide

Infrastructure constraints relating to energy, water, housing, transport, early learning and childcare, flooding and social services were noted across the stakeholder submissions. In particular a digital infrastructure divide was noted between urban and rural areas. This divide was identified as becoming increasingly problematic given the higher numbers of people remote working in rural areas. Also, of note was that some these infrastructure issues are having a meaningful impact on Ireland's FDI attractiveness.

Socio-economic inequality

COVID-19 was identified as exacerbating existing socio-economic inequality in Ireland. In addition to this the rising cost of fuel electricity and rent were all identified as putting additional pressure on individuals and households on a low income or in receipt of social welfare. While costs are increasing, the living wage, as calculated by civil society, remains significantly beyond the statutory national minimum wage. This adds further financial pressure to low income households. As with other areas identified marginalised groups such as disabled persons, women, minority ethnic groups and members of the Traveller community are all facing greater risk of poverty. It was also noted that those who are the lower end of the socio-economic spectrum should be supported in fully taking advantage of schemes such as the National Retrofitting Scheme.

Discrimination

Several stakeholders noted that the issues outlined have a particularly acute impact on those from a minority or disadvantaged background. In particular it was noted there are ongoing issues with regards to domestic violence support infrastructure. The gender pay gap was also identified. Persons with a disability and from the Traveller Community were identified as being more at risk of poverty, unemployment and not having access to appropriate accommodation.

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