



Rialtas na hÉireann  
Government of Ireland

# Economic Recovery Plan 2021



Prepared by the Department of the Taoiseach  
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# Introduction and Approach

The impact of COVID-19 on our society and economy has been unprecedented, severe and uneven, and the Government has intervened at unparalleled levels throughout all stages, to help and support our people and businesses as well as to limit the 'scarring', or permanent, effects of the pandemic.

These enterprise and labour market supports have recognised that certain parts of our economy have been significantly more impacted by restrictions than others and for longer periods, that public-facing sectors fared worst, and there has been a disproportionate impact on certain people within these sectors, including younger and lower skilled workers.

Across 2020 and 2021, €38 billion has been provided for COVID-19 related support. As part of this, the €7.4 billion July Jobs Stimulus last year for enterprise, workers, training, skills and activation, and an additional almost €12 billion in Budget 2021 to deal with the challenges arising from COVID-19, have provided a necessary bridge of support. These have been vital in sustaining workers and businesses through the various levels of restrictions to the point we have now reached.

With the vaccines roll out comprehensively underway, the economy is opening up in clear phases, and the Government is determined to create an environment for balanced economic recovery and to provide certainty and clarity for businesses and workers for the period ahead also.

Over the course of June and July, additional sectors will re-open with accommodation services, cinemas, theatres, gyms and leisure centres re-opening in June. Sports matches can start in June, and selected sport and cultural pilot live events will take place to assess protective measures needed. Outdoor services in restaurants and bars can start in June.

Subject to the prevailing disease situation, in July, indoor services can resume. From 19 July, the travel advice will change from avoid non-essential travel to travel safely and in line with public health guidelines, and Ireland will be operating the EU Digital COVID Certificate for travel within the EU and EEA.

The new phase of supports and policies contained within this Plan will invest in businesses and workers; help people get back into work, training or education; provide enhanced and more targeted support for sectors that may lag behind, and invest in infrastructure and reforms that enhance our capability and long-term capacity for growth.

Policies to encourage job creation and recovery will be rooted in an approach to promote sustainable and balanced growth, while not forgetting pre-existing challenges, many of which have been exacerbated. Challenges and changes include housing, automation, the geopolitical and global landscape including Brexit and pandemic impacts, international taxation trends, demographics, regional development, an SME productivity gap, as well as our target to achieve an average of 7% reduction in overall greenhouse gas emissions from 2021 to 2030.

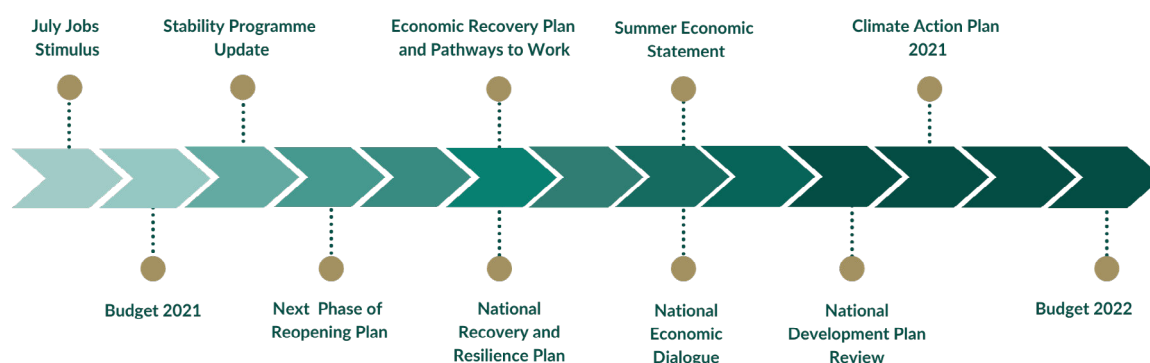
Our economy will not return to its pre-pandemic state; there will be permanent changes in our labour market, and structural shifts in certain sectors – a rebalancing towards e-commerce, and towards remote working, and a potential short-term skills mismatch as new opportunities emerge. These challenges are not unique to Ireland, and are reflected in the public discourse around recovery evident in other countries.

The twin decarbonisation and digitalisation transition and associated behavioural changes will significantly alter the economy. The scale and nature of the challenge to meet Ireland's ambitious greenhouse gas emissions targets and lay the foundations for achieving a carbon neutral economy by 2050 is profound. Embracing these transitions will also open up substantial new opportunities for businesses and jobs.

While the final phases of the pandemic will not be without difficulty, the vaccine programme means that Ireland can now look forward with grounded optimism. It is now time to start a jobs-led recovery through a new coherent package of extended and targeted supports, strategic investments and policies for a new stage of recovery and renewal.

## Approach and Ambition

Our approach follows a number of important markers all reinforcing each other to align our economy for recovery, renewal and sustainable growth.



The April **Stability Programme Update (SPU)** set out medium-term technical macroeconomic and fiscal forecasts. This technical document provided a baseline position and laid the foundation for new policy decisions.

This **Economic Recovery Plan** builds on this foundation with important policy decisions to embed and support the recovery.

This Plan will help kick start a **jobs rich recovery**, helping the sectors and workers most impacted. It reaffirms the Government's commitment to extend key existing supports and to taper these off gradually over time as trading conditions improve in line with the easing of public health restrictions. Importantly supports target those sectors and businesses who will continue to be most impacted in the early stages of recovery.

Our overall ambition is to exceed pre-crisis employment levels by having 2.5 million people in work by 2024.

Crucially many of these jobs will be in new areas of opportunity rooted in a greener and more digital economy. In moving towards this goal, the focus will be on recovering differently, with more productive, innovative, resilient and importantly more secure and valued jobs. Investing in our people and their talents and skills is the linchpin to achieving this.

**Pathways to Work 2021-2025** focuses on helping people back into employment, training and education, thereby minimising the long-term scarring effects of the pandemic on the labour force for those whose jobs are permanently lost.

The approach under this Economic Recovery Plan is aligned with strategic policy objectives in areas including **innovation, skills, resilience and productivity**, as well as the changes flowing from the Government's climate action commitments. A new **Climate Action Plan** will be published in conjunction with the revised National Development Plan and, in building on the progress to date, will include additional policies and measures in every sector to bring about the significant changes needed to transform our economy and society.

Our ambitious housing plan, including the target of 33,000 homes per annum, is an immediate priority for the Government and will create significant job opportunities itself, in addition to supporting both economic and social objectives. Given its importance for this Government, there will be a new housing strategy, **Housing for All**, this summer.

These ambitions will be underpinned by multi-billion strategic investment, through the **revised National Development Plan** which will be published in the coming months. This is in addition to funding for the **National Recovery and Resilience Plan** under the European Recovery and Resilience Facility, under which Ireland has received an initial allocation of €915 million, with a further allocation to be made in 2023, as well as the **Brexit Adjustment Reserve**. This investment will complement the policy commitments contained within this Plan.

Economic and employment growth is not an end in itself, but will in turn support broader well-being including social and environmental progress. Learning from some of the positive lessons of the crisis can ensure that all regions and sectors of society can benefit as economic recovery takes hold.

This Economic Recovery Plan is broken down into four Pillars, working together towards a sustainable jobs-led recovery:

1. **Ensuring robust, sustainable public finances;**
2. **Helping people back into work by extending labour market supports and through intense activation and skills;**
3. **Re-building sustainable enterprises through targeted supports and policies to make enterprises more resilient and productive; and**
4. **Supporting a balanced and inclusive recovery through strategic investment, regional development and a focus on improving living standards.**



# Pillar 1

## Sustainable Public Finances



# Pillar 1 - Sustainable Public Finances

The ultimate foundation for a lasting recovery is macroeconomic stability and sustainable public finances.

The impact on public finances from the pandemic has been severe, driven primarily by the unprecedented level of support which Government has provided in the areas of health and social protection as well as supports to households and businesses.

With a value of almost €38 billion, or nearly a fifth of national income (GNI\*), the budgetary support provided to tackle the economic impact of the pandemic has been extraordinary. The full suite of budgetary supports has been utilised including direct expenditure, taxation measures and so-called 'below the line' supports, such as loan guarantee schemes.

Over the course of May, the construction sector fully re-opened, all outdoors workers could return to work, personal services resumed and non-essential retail re-opened. Galleries, museums, libraries and other cultural attractions also re-opened. In June, hotels and B&Bs, cinemas and theatres will re-open, restaurants and bars will be able to offer outdoor services, and fitness and leisure centres will re-open. Increased numbers will be permitted at outdoor organised events, and sports matches can start. Selected sport and cultural pilot live events will take place in June.

In July, Ireland will start operating the EU Digital COVID Certificate for travel within the EU and EEA, subject to health advice. There will be no restrictions on travel to or from Northern Ireland. Subject to the prevailing disease situation, indoor service can resume in bars and restaurants in July, indoor group training can start, and there will be further increases in numbers permitted at weddings and outdoor events.

These positive steps are extremely significant in our journey towards recovery. In parallel, it is appropriate to review and over time gradually winddown the emergency horizontal supports put in place during the height of the pandemic, while supporting those sectors who will continue to be most impacted by remaining restrictions.

The objective of a return to sound public finances will be balanced carefully by not withdrawing support too quickly and risking progress, while not hindering necessary reallocation of resources across a changing economy. By getting people back to quality,



productive employment we can restore our public finances and enable better and more accessible public services. Our overall ambition to exceed pre-crisis employment levels is thereby a fundamental part of our approach to sustainable finances.

While the Stability Programme Update is a technical forecast, based on existing policies, it is worth highlighting that it forecasts robust GDP growth to continue, and that domestic demand is set to rebound strongly, in particular next year. The Stability Programme Update also recognised that the labour market has borne the brunt of the impacts of the pandemic with the unemployment rate projected to average 16.25 per cent this year before declining to 8.25 per cent next year, and the level of employment increasing strongly next year in particular, but remaining below its pre-crisis peak until 2023.

On the fiscal front, after a deficit of 5.0 per cent of GDP last year, a further deficit of 4.7 per cent of GDP is in prospect for this year with a resulting increase in public debt to an estimated €239 billion this year or 112 per cent of GNI\*. As the economy recovers next year, the SPU forecasts an improvement to 2.8 per cent of GDP, with the debt ratio falling to 107 per cent of GNI\*.

The EU's supportive fiscal policy stance, combined with the suspension of fiscal rules and the establishment of a temporary framework for state aid, have allowed governments to put in place unprecedented levels of budgetary support. It is important, however, that Ireland does not become an outlier in terms of its fiscal position over the medium term.

**Building on the SPU, the forthcoming Summer Economic Statement will include further details on our deficit reduction framework and a medium-term fiscal target, with the objective of stabilising the debt ratio and ultimately reducing it to lower and safer levels.**

Looking to the longer term, we need to put in place forward-looking policies to tackle the budgetary impact of the significant ageing of the population that will take place over the coming decades, as well as the impacts of the twin digital and decarbonisation transitions. The twin transition, global developments, demographic change, inflation and other issues are explored in some further detail in an accompanying background paper - *Accelerating Trends and Shifts*.

While corporation tax revenue has helped to plug the gap in many areas of public policy in recent years, this is unlikely to continue beyond the short-term and, indeed, international reform in this area has the potential to undermine this revenue stream in the not too

distant future. While the exact quantum of potential revenue loss depends on many factors, the baseline assumption, as per the Stability Programme Update, is that annual corporation tax revenue will be around €2 billion lower by the mid-part of this decade.

## International Tax Changes

**2021 will be a critical year for International Tax as agreement is sought at the OECD** on addressing global tax challenges in particular that of digitalisation. These discussions must be considered in the context of the broader challenges we will be facing as we emerge from the pandemic.

An agreement at the OECD will bring stability to the international tax framework. **Ireland will work towards an agreement that:**

- Continues to support innovation and growth;
- Provides certainty to taxpayers and investors;
- Guards against abusive practices;
- Is implemented collectively and consistently;
- Facilitates healthy but appropriate and acceptable tax competition aligned to key principles such as substance; and
- Accommodates Ireland's long standing 12.5% corporation tax rate, which is fair and within the ambit of healthy tax competition.

## Longer-term Taxation and Welfare policy

The recently established **Commission on Taxation and Welfare** will provide a medium-to-long term blueprint to Government to inform the direction of our taxation and welfare policy. Complementing this, the **Commission on Pensions** ongoing work and the development of an **Automatic Enrolment retirement savings system** will lay the foundations for a sustainable, balanced pensions system. Overall design of auto-enrolment is to be decided in 2021 with the necessary legislative, organisational and process structures to follow through 2022 and 2023. Complementing this, the ongoing work of the Interdepartmental Pensions Reform and Taxation Group is implementing measures to simplify and harmonise the supplementary pensions landscape, to reduce complexity of products and lead to better retirement outcomes.

## Investing in our Future Europe's contribution to Ireland's recovery - Ireland's National Recovery and Resilience Plan

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

At the heart of Next Generation EU lies the Recovery and Resilience Facility which aims, through providing grants and loans to EU countries, to address the economic and social impact of the pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

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

In order to avail of grants from the Recovery and Resilience Facility, all EU member countries are required to prepare a National Recovery and Resilience Plan. On 28 May 2021, Ireland submitted its draft Plan to the European Commission.

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

The overall objective of Ireland's National Recovery and Resilience Plan is to contribute to a sustainable, equitable, green and digital recovery effort, in a manner that compliments and supports the Government's broader recovery efforts. Ireland's National Recovery and Resilience Plan will do this through a set of 16 investments and 9 reform commitments, to a total value of approximately €1 billion, to be supported both by grants from the Recovery and Resilience Facility and national funds.

Ireland's plan has been arranged under three distinct priorities:

- Priority 1: Advancing the Green Transition – €503 million
- Priority 2: Accelerating and Expanding Digital Reforms and Transformation - €295 million
- Priority 3: Social and Economic Recovery and Job Creation - €181 million

Under each priority, there is a set of impactful and reinforcing investments and reforms, which will be measurable and for which the Government will be accountable. The achievement of the milestones and targets for these investments and reforms, in line with the Regulation governing the Recovery and Resilience Facility, will see Ireland access its allocated resources from the European Recovery and Resilience Facility. Further details of the investments in each priority area are set out under the Pillars that follow, and a full list of the reforms and investments to be undertaken is at Appendix 2.

Ireland's draft National Recovery and Resilience Plan will now be assessed by the European Commission who will, within two months, make a recommendation to the Council of the European Union, on the basis of which implementation of the Plan will begin, and Ireland will receive EU financial support.



**JOB**

**CAREER**

**WORK**

**OPPORTUNITY**

## **Pillar 2**

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**Helping People  
back into Work**

## Pillar 2 - Helping People back into Work

The scale of the unemployment challenge will require a determined and relentless focus on helping people back to work. The COVID-19 adjusted unemployment rate stands at 22.4% (April 2021), with approximately one third of the labour market currently on state income support. While many will return to their old jobs as the economy continues to open up, many others will need help to secure new job opportunities as the economy and society transitions.

The impact of the pandemic has been unequal. Those in the most exposed sectors, in particular those lower paid in less secure jobs, and younger workers, have been the most significantly affected by the pandemic. These were rightly given substantial support. The sector with the highest number of people in receipt of the Pandemic Unemployment Payment is Accommodation and Food Service Activities, followed by Wholesale and Retail Trade. 25% of those on PUP in April were under 25 years of age (though this does include a significant number of full-time students), and a total of 47% were under 34 years.

In building towards recovery, it must be recognised that not all previous jobs will return, while capacity constraints may emerge very quickly in certain areas, especially given the scale of investment required in areas like housing and decarbonisation. Fundamentally the Government's labour market approach is therefore about developing people and their potential through opportunities to reskill and upskill, and supporting individuals to secure, and remain in sustainable and quality employment. This will include supporting people to transition to new jobs in growing sectors of the economy.

Helping people back to work and reducing the risk of labour market scarring and entrenched long-term unemployment will be achieved through a clear roadmap for existing labour market supports, increased activation through Pathways to Work 2021-2025, and accelerating the provision of training, reskilling and upskilling opportunities.



## Extension of Existing Supports

To meet the increased demand for activation and labour market support as a result of the pandemic, the capacity of the Public Employment Service will be expanded, and new digital channels of delivery will improve efficiencies in service delivery.

In addition, key existing labour market supports will be extended and adjusted to ensure a more targeted and sophisticated alignment to support those who continue to be most impacted as the recovery takes hold, in line with re-opening. Signalling clearly the next steps and phases for supports provides necessary clarity and certainty for the period ahead.

The Pandemic Unemployment Payment (PUP) and the Employment Wage Subsidy Schemes (EWSS) were introduced as exceptional measures at significantly enhanced payment rates to reflect, and compensate, for the unprecedented impact on employment and earnings of government mandated public health restrictions.

As these restrictions are lifted and the economy gradually returns to normal the need to retain these schemes diminishes and it is important, in the interests of equity and sustainability, and in common with the approach being taken in other countries, to restore standard social welfare payments.

The Government will do this in a careful and measured manner so that people have the time to adjust and no person will face a cliff-edge reduction in payments.

The **Employment Wage Subsidy Scheme** represents a substantial and key part of the Government's response to the COVID-19 pandemic supporting businesses, encouraging employment and helping to maintain the link between employers and employees. The scheme represents an important bridge between the Pandemic Unemployment Payment (PUP) and regular employment, which is the ultimate goal.

In recognition of this, the **Employment Wage Subsidy Scheme will be extended** beyond 30 June 2021 until the 31st December 2021. Current enhanced payment rates will be maintained for Quarter 3 (July, August, September) at current turnover thresholds. In order to benefit more firms, the time period for assessment will be broadened from the current 6 month period of assessment to a full 12 month period. This will ensure businesses and

their workers are supported through the earlier part of the recovery and in recognition of the value of workers maintaining their links to the labour market. The question of an employer contribution to employee wages under the scheme will be considered for the remainder of 2021 alongside the issue of the appropriate calibration of rates of subsidy for that quarter.

It is also important as the labour market re-opens that incentives are aligned so that businesses can attract staff and that people benefit from a return to employment.

**The Pandemic Unemployment Payment will be extended** beyond 30 June 2021 for existing claimants in recognition that opportunities to return to work will remain impacted, in some sectors, by public health restrictions in the short term.

Given current progress in delivering vaccines and re-opening the economy, **it is planned to close the scheme to new applicants from the first of July** in recognition of the fact that, at that stage, there should be no new job lay-offs that are directly attributable to public health restrictions.

**PUP claims for students will be extended until the start of the 2021/2022 college year** (final payment on 7th September) in line with normal circumstances where students do not qualify for unemployment payments while at college.

Post-30 June, and subject to maintaining progress under the vaccination programme and reopening of business, **it is planned that the current rates of support under the PUP scheme will remain in place until 7th September at which point they will be gradually reduced on a phased basis in increments of €50 per week.** It is also planned, **if progress continues as expected, that two further phases of changes will take place at 16th November and 8th February.** Over the course of these changes, those at highest risk of long-term unemployment on PUP will start to be actively engaged, so they can begin their journey back to work or training and education.

Throughout this period **Jobseekers' and other relevant social welfare income supports will continue to be available**, on standard terms, to those who qualify and any person for whom these payments would prove more beneficial than the recalibrated PUP payment will, of course, be entitled to receive the more beneficial payment.

In addition to these measures the **enhanced Covid-19 illness payment will remain**

**available** to all those diagnosed with Covid-19 or asked to remain away from work as a close contact. Similarly, **the special arrangements put in place to provide enhanced access to rent supplement, including for victims of domestic abuse, will remain in place** at least until the end of the year. The **special Enterprise Support Grant of €1,000 for self-employed people returning to work will also be continued** to assist self-employed sole traders, leaving PUP, to meet re-start costs.

In addition, as outlined in further detail in Pillar 4, learning from the experience of the pandemic, and giving consideration to increasing all classes of PSRI over time, proposals will be brought forward for pay-related jobseekers' benefit, and ongoing work on statutory short-term sick-pay benefits will progress.

### Addressing the Unemployment Challenge

The **new Pathways to Work 2021-2025** represents Ireland's national employment services strategy and overall framework for activation and employment support. It is a central focus of the Government's response to dealing with the impact of the pandemic on workers. It supports those who are unemployed - as a result of the pandemic; pre-pandemic; and those whose former jobs are no longer available to them - to return to work through intense activation, and upskilling and reskilling through education and training initiatives. This approach will also involve engaging employers and facilitating recruitment from those who are unemployed.

The Strategy has **an overall target of increasing the caseload of the Public Employment Service by 100,000 per annum** and will use digital tools to increase outreach and speed. This substantial increase in capacity, along with increased effectiveness of Public Employment services, will be crucial in engaging quickly with, and helping those who do not immediately return to work or education and training.

This approach will include focussing employment services provision on interventions that are shown to work, for example, work placement experience programmes. An ambitious **new Work Placement Experience Programme, to reach 10,000 participants** by end-2022, as part of the National Recovery and Resilience Plan, and accelerated rollout of the **50,000 education and training places** to support upskilling and reskilling for the labour market are central to this approach, as well as an additional **3,000 places on State Employment Schemes** with a focus on assisting those disadvantaged by the prolonged nature of the labour market disruption.

## A Focus on Youth Unemployment

In recognition of the disproportionate effect of the pandemic on young people, with a high portion of those on PUP under the age of 34 (46% under 34 years in April), a particularly important area of focus will be on youth unemployment and **working intensively with young people** at greater risk of long-term unemployment. As part of a **new Government Youth Employment Charter**, a new ambitious **EU Reinforced Youth Guarantee** process will see intensive engagement with young jobseekers, which seeks to widen the target cohort to include those aged 24-29. An **expanded Jobs Plus scheme**, with 8,000 places overall, will continue to provide a higher incentive for the recruitment of young unemployed people.

## Insights from Forthcoming Pathways to Work 2021-2025

Increasing the capacity of the Public Employment Service by more than 100,000 additional caseloads will involve:

- Assigning 150 employment Case Officers (Job Coaches) during 2021, to conduct 1,600,000 one-to-one case worker/jobseeker meetings over a rolling 12-month period.
- Procuring required contracted employment service capacity in 2022 to meet increased demand.
- Expanding the reach of regional employment services so that they cover the entire State.

The Strategy will also include:

- A new Work Placement Experience Programme, reaching 10,000 participants by end-2022;
- Intreo moving to a blended service delivery model by mid-2022 with online and in person activation channels, and establishing regional and local level performance targets with quarterly monitoring by 2022; and
- The short-time work scheme will be reviewed and refined as necessary, in line with international best practice by 2022.
- Complementing this are the 50,000 additional places in Further and Higher Education (further details below).

A range of measures will be introduced to support young people, disadvantaged groups and people distant from the labour market to find employment including:

- A new Government Youth Employment Charter;
- Expanding the delivery of employment services to Lone Parents;
- Introducing an Early Engagement model for jobseekers with disabilities, and promoting wider take-up of incentives and supports available for the employment of people with disabilities;
- Expanding the Jobs Plus scheme to 8,000 places and continuing to provide a higher incentive for the recruitment of young unemployed people; and
- Reserving places on employment services and training programmes for people from minority backgrounds of disadvantage, and consulting with stakeholders from the Traveller (and/or Roma) community to advise the PES in developing tailored support programmes.



## Reducing Labour Market Barriers

As the recovery of the labour market progresses, an increasing focus will be placed on improving labour market participation levels. The **mid-term review** of Pathways to Work 2021-2025 will provide an opportunity to move towards addressing related structural issues. While participation rates had recovered prior to the pandemic, there are still barriers to entering the Irish labour market, and this is particularly the case for people with disabilities and lone parents.

This approach includes addressing issues such as early learning and care and school-age childcare and promoting digitally enabled new modes of work to help improve accessibility and foster participation in the labour force. It also involves ensuring people have the right to second chance education and lifelong learning through reskilling and further education opportunities.

The Government has set out ambitious commitments to deliver on the needs of children and their parents, across the areas of affordability with **continued investment in the National Childcare Scheme**; flexibility and choice with an increase in supply; inclusion with additional supports and services for children and families with additional needs; and quality with continued efforts to improve the **quality of early learning and care and school-age childcare**, including improved pay and conditions of those working in that sector.

The coming decades will bring challenges in ensuring that the most disadvantaged groups are not left further behind by the transformations taking place, most notably accelerating **digitalisation**. Education is the most robust, transformative and lasting means to prepare and reorient in response to these changes.

## Training and Skills

An excellent education and training system is a responsive, flexible and adaptive one that rises to the challenge of providing for the learning and training capacity of the widest number of people.

Steering Ireland through the immediate substantial employment transition will involve reskilling and upskilling through Further Education and Training (FET) and Higher Education (HE), with immediate reskilling and upskilling driven by targeted skills initiatives in further and higher education and through the National Training Fund.

The original **additional 35,000 places** in education and training announced under the July Jobs Stimulus to support jobseekers to upskill and reskill for the labour market was **added to with a further 15,000 places**. These have been rolling out successfully with:

- More than 11,000 enrolled to date on the Education and Training Board-led Skills to Compete initiative;
- Over 1,200 companies on board to provide places under the Skillnet Ireland Skills Connect initiative in a wide variety of sectors such as medtech, financial services and the sustainable economy, and 1,500 participants to date;
- Roll-out of modular and postgraduate skills provision; and
- Almost all of the 15,000 places provided under the SpringBoard+ and Human Capital Initiatives to upskill and reskill in areas of skills shortages and emerging technologies filled to date.

This demonstrates our capacity and agility to meet the immediate employment challenge during periods of severe restrictions. As part of this recovery plan, and in line with the re-opening of our economy and society, this is now being accelerated in line with Pathways to Work 2021-2025, and will be further progressed through **EU support for our National Recovery and Resilience Plan (NRRP)**.

### NRRP Priority - Social and Economic Recovery and Job Creation

Ireland's National Recovery and Resilience Plan has a strong focus on supporting people return to work and prepare for the challenges of the future. Three investments will be undertaken under this priority to a total value of €181m:

- **Work Placement Experience Programme**, EU funds will be used in support of our ambitious new Work Placement Experience Programme, targeted at reaching 10,000 participants;
- **EU supported €114 million SOLAS Recovery Skills Response Programme** will see a range of additional educational and training programmes rolled out as part of the Skills to Compete, including the establishment of the **SOLAS Green Skills Action programme** focusing on providing training to address climate and low carbon economy issues; and
- **The Technological Universities Transformation Fund** will be supported by a further €40 million investment to aid the development and realisation of Technological Universities and promote regional economic development.

Education, skills and enduring learning are the most robust, transformative and lasting means to prepare and reorient in response to change and to future-proof our workforce and the economy in terms of ongoing and accelerated technological transformation.

To keep pace with future change and to ensure people return to sustainable jobs, a higher and further education model centred on apprenticeships, transferrable skills and flexible education responding to evolving skills needs, and lifelong learning is required.

Skills needs across the economy will increasingly be driven by technological adoption and decarbonisation. **Ireland's Skills Framework and architecture will be reinvigorated** to minimise skills mismatches and ensure our skills approach is routed in the digital and green transition, and broader areas of opportunity and growth.

### This Reinvigoration of Ireland's Skills Framework will encompass:

- A comprehensive review of Ireland's skills strategies, architectures and approaches, including the National Skills Strategy 2016-2025.
- Developing a "Skills Platform", a web-based gateway to Ireland's offering on opportunities for upskilling and reskilling, for employers and employees.
- Developing Ireland's Pact for Skills, between businesses and government, which will aim to address the needs of those with low and no qualifications and how to ensure they are not excluded from employment, and how government can support both enterprise and workers in gaining new skills.

Skills are likely to be demanded in areas such as energy efficiency, for example retrofitting, where the Government has an ambitious target to retrofit 500,000 homes to a Building Energy Rating of B2, and high-level ICT skills. Government is responding to these demands, for example, retrofit training is being rolled out across the country this year, following investment in preparing centres to support delivery, including short courses for experienced craftspersons and longer programmes for new entrants. High-level ICT skills are supported through mainstream and targeted skills initiatives under Technology Skills 2022. The Ireland for Finance Strategy and related annual Action Plans will help drive high value employment in the international financial services sector, where there are opportunities for both sustainable and digital finance. Screen Skills Ireland will work to enhance skills in the growing audio-visual sector in line with the Government's Action Plan for the sector.

The delivery of Ireland's housing and broader infrastructural needs will see a strong demand over the next decade for construction, engineering and architecture skills. Substantial investment under the reviewed National Development Plan will create additional demand for these skills. In addition, the changing demographic profile of the country will mean additional demands for skills related to healthcare and social care.

Ireland's increasingly agile skills architecture will be increasingly responsive to demands. A high-quality FET sector is central to lifelong learning and to providing a mix of fast-track educational models which respond rapidly to skills needs.

Flexibility in how lifelong education is constructed, offered and experienced needs to be further developed. Building on the disruptive 2020 experience, new models of learning, including (but not limited to) those enabled by new technologies, present an important opportunity to open up delivery approaches, educational methods and learning environments.

By expanding and streamlining lifelong pathways between and within FET and HE the Government is determined to achieve or preferably exceed the target on lifelong learning of 18% by 2025, thereby significantly exceeding our current rate and the current EU average.

Developing modern, responsive and employer-led apprenticeship and traineeship programmes which meet the needs of the future economy are equally essential.

A significant recovery in apprenticeship registration numbers followed the introduction of the **apprenticeship incentivisation scheme**, which is continuing in 2021. Registrations for the fourth quarter of 2020 surpassed those of 2019, with 5,326 new apprentice registrations by year end (86% of 2019 registrations). In addition, the new **Action Plan for Apprenticeship 2021-2025, will be rigorously implemented, to grow new apprentice registration to 10,000 per annum by 2025.**



# Pillar 3

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## Re-Building Sustainable Enterprises





## Pillar 3 - Re-Building Sustainable Enterprises

Our **overall ambition is to exceed pre-crisis employment levels, with 2.5 million people in work by 2024** - but in more productive and resilient jobs.

Building on the substantial levels of support to date for the labour market and enterprise, including direct income supports, grant and loans, and targeted schemes (see Appendix 1), this Plan sets out a new package of supports and investment for a new stage of recovery.

Assisting businesses and people in those sectors where the impacts of the pandemic are likely to continue through the initial stages of recovery is being prioritised through a more targeted approach.

The Government is committed to creating the right environment for a jobs-led recovery by helping business become more resilient and agile; increasing Ireland's competitiveness; and through a focus on expanding sectors, such as green and digital, life sciences, the creative industries and audiovisual sector, and the health and care economy.

The pandemic has exacerbated Ireland's two-tiered economy, increasing the gap between domestic and export orientated firms. In response, the Government is pursuing a two-pronged recovery approach; a **focus on domestic SMEs**, which is critical for broad-based jobs-led economic growth; whilst leveraging and reinforcing the **enormous strength of the Foreign Direct Investment sector**.

Encouragingly, the pandemic has seen significant adaptability, innovation, digitalisation and diversification by businesses, in many cases out of necessity for their very survival. An important opportunity exists to build on this as the economy recovers, through strategic policies and action.

**Disruptive macro trends** including the green and digital transition; accelerations in automation and adoption of remote working; deepening geopolitical divides on the integrated, open nature of the global economy, including international tax developments; and other societal changes are redefining business models and giving rise to new economic opportunities and indeed challenges.

These changes have underscored the importance of relative competitiveness, RD&I and education and talent outlined in this pillar.

Embracing the transition to a carbon-neutral economic model will open up substantial opportunities and support significant job creation. Furthermore, in the long term the future composition of the Irish economy is likely to look quite different as many occupations, businesses and sectors will be transformed. Automation will have both positive and negative implications, and the emerging consensus is that more occupations will change than will be automated away.

Innovation, collaboration and knowledge are the cornerstone of a sustainable growth model and a prosperous renewed economy equipped to excel in a changing world. The education, training and research sectors will be supported to shift up a gear to rise to the challenge.

### Supporting the Domestic SME Sector

As SMEs comprise 99.8% of firms and account for 68% of total employment, a strong focus on indigenous SMEs is critical to a jobs-led recovery. The Government will take a systemic approach to sustaining and growing the domestic SME sector.

A portion of SMEs operating in high technology and knowledge-intensive sectors are highly dynamic. However, there is a need to further improve productivity, exporting activity, internationalisation, digitalisation, and business dynamism in other sectors, as well as greening enterprise, in order to boost the resilience of Irish SMEs to current and future shocks and disruptions.

Measures to improve productivity will involve a combined focus on digital transformation of business processes for SMEs, incentivising technology adoption at firm level and upskilling talent, including in management and digital. Exploiting technology and improvements in production processes, investing in human and physical capital, engaging in global supply chains and improving management capacity are important enablers of productivity.

Implementation of **Enterprise Ireland's strategic framework** to drive transformational change and the pace of innovation in the Internationally traded indigenous sector, prioritising digital and low carbon transformation, will further reinforce these efforts and strengthen Irish enterprise to respond to market shocks.

**Export diversification** will continue to be a policy priority, together with a focus on identifying new sectoral opportunities. Enterprise Ireland has increased its assistance to businesses diversifying into new markets, including as a response to Brexit. The Government will also drive **internationalisation** in the wider SME base as one of the pillars of the recently published **SME and Entrepreneurship Growth Plan** by supporting SMEs to scale up and to maximise their global reach and exporting potential. The SME and Entrepreneurship Growth Plan provides a roadmap for progress and includes targets of **2,000 additional SMEs to begin exporting** and a **further 3,000 additional micro and start up enterprises to be enabled to become Digital Exporters** by the end of 2025.

An essential part of our approach is fostering entrepreneurship and start-ups as a means of enhancing Ireland's productivity. As the economy shifts towards a digital and climate neutral future, enabling and encouraging entrepreneurs to identify and exploit new opportunities will be essential for improving value added and longer-term growth.

A Ministerial-led SME and Entrepreneurship Implementation Group will lead coordinated delivery of supports for SMEs across all sectors of the economy, complemented by a Single SME Portal to streamline access to assistance and to take forward the recommendations of the SME and Entrepreneurship Growth Plan.

## Multinational Sector and International Trade

While multinational companies in Ireland have not been immune to the crisis, their relative resilience has underlined the importance of FDI to Ireland and to economic and budgetary recovery. Ireland cannot afford to take the vital contribution of MNCs to communities across the country for granted. Global FDI flows are expected to fall substantially in the short-term and competition to win FDI projects is intensifying, not least given international taxation trends, underscoring the need to provide an increasingly competitive offering.

Ireland will enhance its value proposition for FDI through an ongoing focus on competitiveness, further developing our innovation eco-system, improving high-level skills availability and enhancing Ireland's attractiveness as a place to live.

**IDA Ireland's new strategy Driving Recovery and Sustainable Growth 2021-2024**, and complementary trade initiatives and structures, including a revised **Ireland Connected**

**Strategy** with new targets for exports growth in diverse markets, will bolster FDI and trade, with associated positive international outreach, employment and economic impacts. IDA Ireland's Strategy aims to **win 800 total investments to support the creation of 50,000 jobs** and to **target a 20% increase in client expenditure** in Ireland to maximise the impact of FDI.

In so doing, IDA Ireland will focus on diversification both of source markets and on the regional spread of clients, as well as strengthening linkages between FDI and domestic SMEs, including through improved **clusters** to maximise spill over effects.

The **Global Ireland 2025** strategy has been building towards a doubling of the scope and impact of Ireland's global footprint since 2018. It includes a number of targets in relation to trade, investment and tourism, to be achieved through an ambitious outward-looking perspective and supported by the added value of a Team Ireland approach abroad. In recognition that the global environment has changed significantly, a midpoint review of the strategy will be commenced at the end of 2021. A **new trade and investment strategy** will also be put in place by the end of 2021, replacing Ireland Connected. Development of the new strategy will be overseen by the new Trade and Investment Council (replacing the previous Export Trade Council).

## Investment for Recovery

A new phase of sustainable re-opening calls for a new phase of investments and policies that support a robust recovery and sustained economic growth.

However, even as additional parts of our economy re-open, it is clear that certain areas will continue to need targeted supports through the final phases of re-opening in order to reduce the asymmetric impacts between sectors and to level the playing field for recovery.

To that end, this Plan sets out a **new package of supports and extensions** for those most impacted. Importantly, it reaffirms the Government's commitment to extend key existing supports and to only taper these off gradually over time, as trading conditions improve.

As outlined in Pillar 2, the **Employment Wage Subsidy Scheme** is a central element of the Government's support for businesses, helping to maintain the link between employers and employees. As set out in Pillar 2 above, the Scheme **will be extended** beyond 30 June 2021 to 31st December 2021 to ensure businesses and their workers, in particular those



in the sectors which will continue to be most impacted, are supported through the earlier part of the recovery.

In addition to the extension of the horizontal supports EWSS and PUP, this package includes a particular focus on sectors such as tourism, events, arts, and aviation, where the impacts of the pandemic are likely to continue, given that easing restrictions around mass gathering and international travel will lag behind.

In addition, a number of pilot live events for arts, culture, sport and live entertainment (indoor and outdoor) are being developed for delivery in June and July. These events will inform the safe re-opening of these activities and events when the public health situation allows. These opportunities will build on complementary supports for this sector, including:

- The **Live Performance Support Scheme** (LPSS);
- The live entertainment sector will also be supported through a tailored scheme the **Music and Entertainment Business Assistance Scheme** (MEBAS); and
- A new **events sector support scheme** providing a once-off scheme to address a gap in supports for SME's in the sector for those that don't qualify for CRSS or don't make an application for support under MEBAS, which will be launched shortly.

Continuing support for the **tourism sector** will be important for the coming adjustment period as public health restrictions are lifted and international travel is restored. In recognition of the roadmaps for recovery signalled by the Tourism Recovery Taskforce and the Tourism Recovery Oversight Group, Government will continue to consider a range of recommendations. As part of ongoing support for the sector, the lower tourism **VAT rate of 9% will be extended until 1st of September 2022**, and Fáilte Ireland will continue its support initiatives including through its Business Continuity Scheme or equivalent schemes.

Government also recognises that as long as physical distancing remains a public health requirement, further supports may be needed for these sectors.

In light of the Arts and Culture Taskforce and the Arts and Culture Recovery Oversight Group, Government will continue to consider a range of recommendations, and will bring forward a proposal stemming from a key recommendation of the Taskforce for a **basic income guarantee pilot scheme for artists**.

A roadmap for the recovery path for the **aviation sector** incorporates the reopening of non-essential international travel, horizontal supports for workers and sectoral specific supports.

Non-essential travel can return from 19 July in a safe manner. Restoration of international connectivity is critical to economic recovery and trade and business generally, including foreign direct investment and tourism.

For travel within the European Union area, Ireland will be operating the EU Digital Covid Certificate (DCC). This will allow passengers to present proof of their Covid Status - whether they are vaccinated, have recovered or have tested negative. Passengers with a DCC will not be required to quarantine. Passengers without a DCC (and those with a DCC based on a non-PCR test) will be required to present proof of a negative PCR test, as will unvaccinated children seven years of age and older.

For travel from outside the EU area, passengers with proof of vaccination will be treated like their EU counterparts. Those without proof of vaccination will be required to present a negative PCR test and to undertake a period of self-quarantine and further testing. Where there is concern about variants of concern or a high-level of incidence, an 'emergency brake' may be applied to a country. In that case, vaccinated passengers will need to present a negative PCR and to self-quarantine. Unvaccinated passengers will need to present a negative PCR and to undergo quarantine in a hotel. Government advice will be against non-essential travel to countries where the 'emergency brake' has been applied.

The extension of EWSS until the end of the year, will provide substantial assistance to the sector, in particular for the earlier period of the resumption of international travel, helping to maintain the link between employers and employees.

Previously Government agreed an €80m funding package specifically for Irish aviation for 2021. €52m will be allocated between Dublin, Cork and Shannon Airports. Just over €32m of the €52m will be allocated to Cork and Shannon under a bespoke COVID-19 Regional State Airports Programme. A further €20m will be distributed to Dublin, Cork and Shannon to help ease liquidity issues, under a special COVID-19 Supplementary Supports Scheme. The funding will be allocated proportionately in line with 2019 passenger numbers at the three airports. €28m is available to support the Regional Airports Programme and includes a special provision of €6m for liquidity support for Kerry, Knock and Donegal Airports. It is recognised that additional support may be required to support the aviation sector's recovery as it opens up.

The **COVID-19 Restrictions Support Scheme (CRSS)** will be extended beyond 30 June until the end of the year. As firms are able to re-open and exit the scheme, there will be an enhanced restart payment of three weeks at double rate of payment to support businesses in meeting the costs of re-opening as they exit the scheme. The maximum re-start payment will be increased to €10,000 per week, allowing businesses to receive up to a maximum of €30,000.

Complementary supports include the **Small Business Assistance Scheme for COVID-19 (SBASC)**, which was introduced to help businesses not eligible for CRSS, the Tourism Business Continuity Scheme or other direct sectoral grant schemes, to provide grant aid to assist with fixed costs. Eligibility for the SBASC for Q2 2021 applications has been broadened in two ways. Where businesses have a minimum turnover of €50,000 they can benefit from a €4,000 grant. This now includes businesses in non-rated premises, thereby benefitting self-employed people working from home, who meet all other eligibility criteria. It also provides for a grant of €1,000 for businesses with a minimum turnover of €20,000 and a maximum turnover of €49,999, with all other SBASC eligibility criteria applying.

A new additional, more streamlined business support scheme, the Business Resumption Support Scheme, will be introduced in September 2021 for businesses with significantly reduced turnover as a result of public health restrictions.

The **Commercial Rates Waiver will be extended to end-September** in its current form.

The **Tax Debt Warehousing Scheme**, available to support businesses that are experiencing tax payment difficulties arising from the COVID-19 pandemic, will be extended to the end of 2021 for all eligible taxpayers with an interest free period during 2022. COVID related liabilities will then fall to be paid from 1 January 2023. The scheme allows businesses to warehouse liabilities relating to VAT, PAYE (Employer) liabilities, certain self-assessed income tax liabilities and overpayments of Temporary Wage Subsidy Scheme (TWSS). Overpayments of Employment Wage Subsidy Scheme (EWSS) will now be included in the scheme. This extension to end-2021 will allow businesses additional time to get back on their feet after re-opening.

The right of an employee to trigger a **redundancy claim** following certain periods of lay-off or short time work due to COVID-19 was temporarily suspended in March 2020, to mitigate the serious risks to businesses and jobs. It was most recently extended to 30 June 2021. A further final extension of the measure for a short period of time to 30 September 2021 has been decided, to allow employers the opportunity to assess their business,

including their staffing needs, as the economy re-opens and they begin trading again. The Government has always been clear that this is a temporary measure and when it is lifted eligible employees will be able to avail of their entitlement to make a claim for redundancy to their employer. Businesses with verified financial difficulties caused by the COVID-19 emergency measures will be supported as they deal with these potential additional statutory redundancy costs through the provision of a **COVID-19 Deferred Payment arrangement**. Further details will be worked out in conjunction with employers and unions.

These changes ensure that the transition from emergency supports is bridged appropriately for the most at-risk sectors, thereby minimising longer-term scarring effects. The approach to this new phase of supports also recognises that some businesses will no longer be viable in the long term given future market conditions, even in the absence of any public health restrictions, while others may continue to be impacted by restrictions but will be viable in their absence, while others will be close to business as usual.

Existing pandemic and broader core supports will remain in place and indeed are more pertinent as we move through recovery, assisting firms not just to stabilise but to expand through investment for growth. These include:

- **€2 billion COVID-19 Credit Guarantee Scheme;**
- **Future Growth Loan Scheme;**
- **Brexit Impact Loan Scheme** (replacing the SBCI Working Capital Scheme and COVID-19 Working Capital Scheme);
- **ISIF Pandemic Stabilisation and Recovery Fund;**
- **Sustaining Enterprise Fund;**
- **Trading Online Vouchers and Online Retail Scheme;**
- **Climate Enterprise Action Fund;** and
- **Financial planning and other grant supports** available through the Local Enterprise Offices, Enterprise Ireland, IDA Ireland, InterTradelreland, and lending through MicroFinance Ireland, including Brexit supports.

The **unwinding of the extraordinary levels of private savings** will also help stimulate domestic demand and boost the recovery as the economy opens up.

## Digital Transformation

Technology continues to herald new ways of doing business and new economic opportunities. This presents challenges but also new possibilities. The pandemic has accelerated the move to online and digital services, remote working and automation. These trends are set to continue, transforming the economy, jobs and our way of life.

Over the next 5 years enterprise policy will drive a step change in the adoption of digital and other new technologies by Irish businesses, as a critical driver of enterprise productivity and competitive advantage.

Assisting and incentivising SMEs to harness digital technologies to transform their business processes is prioritised in Enterprise Ireland's Strategic Framework for 2021 and in the SME and Entrepreneurship Growth Plan, which includes the establishment of a digital transformation scheme for SMEs. Separately, Fáilte Ireland is in the process of developing proposed supports to enhance online trading and digitalisation across the tourism and hospitality sector in the medium term.

Ireland intends to establish a number of **European Digital Innovation Hubs**, (as part of the National Recovery and Resilience Plan), which will be part of a wider European network. The Hubs will have a particular focus on supporting SMEs in their digitalisation journey and will facilitate a broad uptake of Artificial Intelligence, High Performance Computing and Cybersecurity as well as advanced Digital Skills and other digital technologies by industry.

Digital transformation is also driving new ways of working. Remote working arrangements, along with enabling technology, have the potential to increase productivity, as well as providing access to a broader pool of talent and promoting staff retention.

Implementation of national strategies including the Artificial Intelligence Strategy and the Remote Working Strategy are fundamental to capitalising on the digital transition. Artificial Intelligence is expected to play a major role in shaping global competitiveness and productivity over the coming decades, granting early adopters significant societal, economic, and strategic advantages. AI technologies can drive productivity in all core economic sectors, creating new jobs, enterprises, products and services, as well as new ways of working.

**The Government will drive AI adoption across the enterprise base as part of a new National Artificial Intelligence Strategy, which will be published shortly.**

For the manufacturing sector, which is a central pillar of Ireland's economy employing over 235,000 people with 85% outside Dublin, adoption of Industry 4.0 and the digitalisation of manufacturing will be critical to maintaining a competitive manufacturing base into the future. Government will drive implementation of **Ireland's Industry 4.0 Strategy**, including delivery of the Advanced Manufacturing Centre in Limerick in 2021, which will be a national facility for MNCs and SMEs to trial, adopt, deploy and scale new technologies.

Ireland's National Recovery and Resilience Plan (NRRP), required to access funding under the European Recovery and Resilience Facility, has accelerating digital transformation across the public and private sector at its core. It places a strong focus on public sector reforms, in particular digital reforms, as the economy and society transitions.

To maximise opportunities from digitalisation more broadly, and build on the accelerated adoption of digital ways of working and delivering services during the Covid-19 pandemic we need to:

- Ensure agile, responsive and flexible reskilling and upskilling structures, in particular in the context of increasing automation and reconfigured occupations;
- Be at the frontier of technological developments by rapidly adopting new technologies to boost productivity and ensure that Ireland continues to be competitive internationally;
- Drive the Public Sector to become a leader in technology adoption and integrated digital delivery. The ten-year Strategic Framework in the Civil Service Renewal 2030 Strategy includes 'Digital First and Innovation' as one of its three core themes;
- Be at the forefront of driving and influencing EU digital policy and regulatory developments;
- Leverage new and flexible ways of working, including through supporting infrastructure;
- Drive digital transformation across the enterprise base, with a particular focus on SMEs and regional ecosystem strengthening;
- Grow the data economy and enhance cloud capability; and
- Advance connectivity including through delivering the National Broadband Plan



The Government will develop and implement a new cross-government Digital Strategy under the Cabinet Committee for Economic Recovery and Investment.

#### **NRRP Priority - Accelerating and Expanding Digital Reforms and Transformation**

Reflecting the importance of the digital transition for Ireland and Europe in the coming decade, central to our National Recovery and Resilience Plan will be support for Irish businesses and our citizens, to adapt to, and reap the benefits of digitalisation. This will see six investments undertaken to a total value of €295 million, as follows:

- **Programme to Drive Digital Transformation of Enterprise in Ireland** through the introduction of €85 million in new grants scheme for businesses to support digitalization and the establishment of European Digital Innovation Hubs in Ireland;
- Roll out of a number of **eHealth initiatives** including community eHealth solutions, investment in ePharmacy, and in an integrated financial management system as part of wider health system reform;
- **Programme to Provide Digital Infrastructure and Funding to Schools** will see high speed broadband connectivity provided to over 1,100 primary schools and grants provided for schools to purchase ICT infrastructure;
- **Provision of an online response option for the census of population** as part of Census 2026 which could also be used for other CSO and Government surveys;
- **Using 5G technologies to drive a greener, more innovative Ireland** will see Government use 5G technology to enhance connectivity and service provision; and
- **Development of a Shared Government Data Centre** to support digitalization of Government services through delivery of high-quality Data Centre facilities.

## Support the Resilience and Sustainability of Enterprise on its Decarbonisation Pathway

Enterprise emissions account for 13.3% of total emissions in the Irish economy, and businesses will play a pivotal role in the country's ability to fulfil the transition to a climate neutral economy. A balanced approach will be optimal for Ireland's competitiveness, where sectors are liable for their emissions, but at the same time supported to decarbonise to ensure their ongoing resilience.

There are opportunities available for both existing and new enterprises to provide the goods and services which will be needed as we decarbonise our economy. This includes growth in existing sectors; the development of new sectors such as renewable energy, cleantech, retrofitting, and electric vehicles and charging infrastructure; as well as the necessary transition within all businesses to adapt to a carbon neutral economy (for example, in supply chains, business model innovation, and product service redesign). Many companies are already stepping forward with clear commitments to cut emissions to become carbon neutral, through electrification of their fleets and management of waste in more sustainable ways.

A **€10m Climate Enterprise Action Fund**, delivered through Enterprise Ireland, assists Irish companies to build the capabilities required to deliver sustainable products, services and business models. A **new online climate toolkit for businesses (Climate Toolkit 4 Business)** will be launched mid-year to help guide businesses to begin their pathway to carbon neutrality.

In addition, **Enterprise Ireland will prioritise climate action and sustainability in its Strategy for 2022-2025**, which is currently being developed, a key pillar of which will be to assist existing clients and new start-ups to exploit the opportunities the transition to a low carbon economy brings. Complementing this, the **IDA Ireland Strategy 2021 – 2024** identifies an inclusive and green recovery as a key pillar of sustainable growth. IDA Ireland will collaborate across Government and partner with client companies to support Ireland to meet the challenges and embrace the opportunities of a green recovery, support decarbonisation across the IDA Ireland client base, and is determined to win **60 sustainability investments**.

This reflects the wider climate action and sustainability focus that is embedded across the enterprise policy landscape, including through the Regional Enterprise Plans which will include a focus on climate action and Just Transition, and by driving climate action research and innovation through the Disruptive Technologies Innovation Fund and the Irish Manufacturing Research Technology Centre, for example.

As part of Ireland's National Recovery and Resilience Plan, **€55 million in EU funding will also be used to support enterprise to make the changes necessary to meet our national and European climate commitments.** This support will include measures to assist Irish SMEs and exporters address emissions, and investment in carbon measurement and abatement technologies for manufacturing companies (further details under Pillar 4).

### Drive Increased Competitiveness

As a small open economy, continually improving competitiveness performance is a priority. While noting that Ireland was in the top 20% globally for competitiveness in its 2020 Competitiveness Scorecard, the National Competitiveness and Productivity Council expressed concerns about the slow pace of reform on some critical business costs, in particular insurance and legal costs.

The Government is also cognisant of potential future inflation pressures as global economies recover in line with reduced restrictions, increased opportunity for consumption as well as stimulus and investment.

There is a shared determination across Government to reduce both insurance costs and improve availability of cover. An **Action Plan for Insurance Reform** has been published which will drive insurance reform in three broad areas over the next 18 months: Tackling cost concerns and increasing transparency; Legal reforms; and Personal Injuries Assessment Board (PIAB) reform and increasing competition.

To tackle the relatively high legal costs in Ireland, the Government will prioritise the recommendations contained in the report from the **Review Group on the Administration of Civil Justice.**

Government will also continue to build on the progress that has been made in recent years in making affordable unsecured financing available to SMEs by **enhancing the availability and diversity of finance for business**, including via the Strategic Banking Corporation of Ireland, Venture Capital and Angel funding. Increasing the range of financing options outside the traditional banking system is beneficial both in terms of access and rates. The €2 billion COVID-19 Credit Guarantee Scheme is currently available through commercial banks and a number of non-bank lenders and credit unions. This long-term policy goal of diversification will add competition to the market and ensure the availability of a wide range of loan products.

Improvements will also be made to the **examinership process** to reduce the cost and timeframe of restructuring and rescue for small companies, by setting up a dedicated new standalone process for small companies – the **Small Companies Administrative Rescue Process (SCARP)**. The process will provide further options for viable small companies facing difficulties as the economy is re-opened by mirroring elements of examinership in an administrative context, thereby reducing court oversight resulting in efficiencies and lower comparable costs. In recognition of the urgency of the issue, work has proceeded at pace to develop proposals.

**The Government will proceed with legislation for SCARP as quickly as possible, with a view to enactment before the summer recess.**

## An Innovative Knowledge Economy

Ireland must intensify its commitment to building a knowledge-based economy in an increasingly competitive global environment, reinforcing and building on existing competitive strengths. This requires:

- Ensuring a commitment to build capacity and strengthen the centrality of education, research and innovation in the Irish economy;
- Placing a greater emphasis on research and innovation of SMEs and increasing their absorptive capacity, as well as leveraging a localised clustering system, anchored by a network of highly productive and dynamic research and educational institutes;
- Ensuring a strong supply of talent and skilled labour by accelerating the contribution of the university sector and ensuring a higher education system with

an adequate and sustainable funding model which delivers high quality educational performance and outcomes and supports a pipeline of highly skilled graduates.

A **new National Strategy for Research and Innovation** will be developed in 2021 with a dual ambition of placing research, development and innovation at the heart of addressing Ireland's economic and societal challenges, and building capacity and capability across the research and innovation system to move R&I up the value chain.

The Strategy will re-commit to the vision for Ireland to be a Global Innovation Leader and will articulate how we will deliver on that vision. It will also **set national R&I targets to commit to not only increase total investment in research and innovation, but also to increase our public support for research and innovation**. It will seek to optimise access to national and EU funding streams and support up to 20 world class Science Foundation Ireland Research Centres. Development of the Strategy will be informed by extensive stakeholder consultation and an online public consultation process on the next Strategy will open imminently.

Innovation is an important component of Ireland's **National Recovery and Resilience Plan**, which includes a **new €71 million National Grand Challenges Programme**. This programme, administered by Science Foundation Ireland, will see mission-oriented challenges used to incentivise researchers to deliver tangible impact for society in areas such as health, agriculture and climate.

Innovative, globally engaged Irish enterprises are central to creating enduring jobs. The capacity of the enterprise sector to innovate is significant in achieving wider enterprise goals around productivity, export growth, and diversification, thereby embedding a sustainable growth model.

To drive **enhanced collaboration between enterprises for Research & Development and innovation**, the Government will ensure the levers are in place to promote and incentivise in-company R&D, the outsourcing of R&D to public research organisations and encourage large firms to undertake R&D in partnerships with SMEs and Irish research and technology centres. This will drive an increase in the number of firms of all sizes engaged in innovation and help with commercialising new ideas.

The Disruptive Technologies Innovation Fund (DTIF) is playing an important role in driving collaborative research and innovation partnerships, on a commercial basis between SMEs, large enterprises and research organisations. Three rounds of DTIF funding have been

announced to date and further DTIF calls are planned over the years ahead.

IDA Ireland will partner with clients for future growth through **170 RD&I and 130 training investments**. Increased funding to support innovation in SMEs will be targeted through Enterprise Ireland, including an enhanced Innovation Voucher Scheme, as well as initiatives such as the Technology Gateways Programme and Innovation Partnerships.

This links in with our broader innovation approach, and a desire to move the overall research and innovation system up the value chain.

Ireland currently offers a well-regarded **R&D taxation credit scheme**. However, the level of SME take-up could be improved. Therefore, the feasibility of a pre-approval mechanism for the R&D tax credit for SMEs will be examined, which would provide SMEs with the assurances they require before embarking on a project.

Enterprises are more likely to progress and succeed if they are part of a supportive ecosystem – a localised economic cluster or an Innovation District - that can serve to catalyse beneficial relationships, linkages and spill-overs between enterprises with other actors in their supply chains and the wider innovation ecosystem and with international peers.

Strong and effective clusters have a key role to play in achieving national objectives including maximising impact from RDI investment, balanced regional development, addressing the productivity gap in the SME sector and supporting the green and digital transition. **Technological Universities (TU)** as anchor institutions will be vital in attracting and retaining talent and investment as well as stimulating innovation regionally, supported through a **further €40 million investment under the Technological Universities Transformation Fund**, through the National Recovery and Resilience Plan.

While Ireland's current enterprise support framework promotes collaboration, clustering and linkages between enterprises and Higher Education Institutions through a range of initiatives, including the **Regional Technology Clustering Fund** and the **Regional Enterprise Development Fund**, both administered by Enterprise Ireland, there is a need for an overarching framework to maximise the potential of clustering as a policy tool to deliver national enterprise policy objectives and support economic recovery, enterprise competitiveness and resilience, and the green and digital transition.

**An overarching National Clustering Policy and Enabling Framework will be put in place early next year to ensure a strong impact from existing and future clusters in Ireland.**

**A pipeline of talent and supply of highly skilled labour for knowledge intensive sectors** is essential not only in attracting and maintaining foreign direct investment but also to nurture a dynamic and productive SME sector.

It is noteworthy that most employment growth over the last decade or so has been in high skilled occupations and knowledge intensive sectors. Ireland must continue to support this move to increasingly higher-quality jobs through education and skills.

The higher education system has a pivotal role to play in underpinning Ireland's economic sustainability post-pandemic, and will consistently provide highly skilled graduates and researchers, as well as targeted, flexible provision to address high level skills needs. Clearly an adequate and sustainable funding model that delivers high quality educational performance and outcomes is central.

The evolution of a new strategic role for the university sector will support:

- Digitalisation of the economy;
  - Regional development, including economic clustering and innovation hubs;
  - Increased coherence of the performance and quality system with the evolved role of the university system;
  - Strong collaboration with enterprise, civil society, cross border and internationally;
- and
- Stronger integration and alignment of the innovation, research and education.

**It is therefore a priority to accelerate the contribution and value of the university sector** through knowledge and skills development, research and innovation, in parallel to putting in place a sustainable funding model.



# Pillar 4

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## A Balanced and Inclusive Recovery





## Pillar 4 - Rebuilding Sustainable Enterprise

As we move towards recovery, the Government is committed to recovering differently, through a balanced, sustainable and inclusive approach for our people and our regions. Lessons must be learned from the pandemic, both the underlying challenges which the crisis has highlighted, and the potential for positive change in many areas.

This pillar centres around two elements; our spatial planning against a changing backdrop and a more inclusive approach. This includes addressing regional disparities which have persisted in Ireland for some time and now have the additional challenges of the fallout of the pandemic and related behavioural changes, as well as the impacts of Brexit and the green and digital transition. It also means leveraging the substantial opportunities that technology and digital tools can bring in our decarbonisation journey, and for our regions through opportunities such as remote working.

In addition to driving a balanced regional recovery, it is vital that as we build towards recovery and move forward, we do so in an inclusive way. Policies to encourage economic growth must complement those to reduce inequality.

A more inclusive labour market will be built with a greater focus on participation and on reducing barriers. Good employment and better living standards and conditions will be achieved through targeted reforms, in consultation with employers and trade unions through **improved social dialogue structures including the Labour Employer Economic Forum (LEEF)**. The work of the LEEF during the crisis, in particular in agreeing the Return to Work Safely Protocol, has shown the value this type of collaboration can provide.

The Government's priorities for the period ahead will include Statutory Sick Pay, the Living Wage, a basic income guarantee pilot scheme for artists, the Roadmap for Social Inclusion, gender equality initiatives, an approach to piloting universal basic income, and appropriate regulation for the platform economy.

### Balanced and Sustainable Strategic Investment

The new investment package for recovery outlined in this Plan will be further reinforced through strategic investment under the **revised National Development Plan** to deliver on national strategic objectives, as well as €915 million in the first tranche of funding under the **European Recovery and Resilience Facility**. This will build on existing investment with €10.8 billion in capital investment committed this year alone; a record sum.

The EU's **Brexit Adjustment Reserve** will also be an important vehicle to support recovery by helping to counter the adverse economic and social consequences of Brexit in the sectors and Member States worst affected. As it is generally acknowledged that Ireland is the Member State most impacted by Brexit, it is expected to be a significant beneficiary of the Reserve. Under the European Council's proposal, which will be subject to trilogue negotiations with the European Parliament and the European Commission, Ireland's proposed allocation represents just over 20% of the overall fund, or just over **€1 billion**. Relevant areas for support will include enterprise supports; supports for the agri-food sector; fisheries; reskilling and retraining; and infrastructure for the ports and airport.

The existing National Development Plan (NDP) sets out the investment priorities that will help accommodate the additional one million people in Ireland by 2040 as detailed in the National Planning Framework (NPF). The overall funding of **€116 billion** for the lifetime of the NDP out to 2027 was originally allocated on an indicative basis to each of the ten National Strategic Outcomes set out in the NPF.

The new NDP is currently being finalised and will set out revised sectoral capital allocations for the upcoming 10-year period out to 2030, including non-Exchequer investment, as well as providing a renewed focus on delivery of efficient and cost-effective public infrastructure.

**Investment under the revised National Development Plan (NDP)** will be aligned with the NPF and support a strong regional aspect to infrastructure investment, generating local employment and improving the capability and capacity for economic activity to take place throughout all the regions. This level of capital investment will support substantial direct and indirect regionally dispersed job creation over a sustained period of time.

The revised NDP will include an over-arching focus on climate across all sectors, with all investment proposals assessed against environmental outcomes. This is in line with the results of the public consultation process which showed near-consensus on the vital importance of Climate Action, Balanced Regional Development, Sustainable Housing, and Transport.

The primary economic benefit from infrastructure is derived from its long-term impact on productivity, thereby increasing the State's economic capacity. Public investment can also "crowd-in" additional private investment in a region. A meta-analysis carried out by Bonn and Ligthart (2014) found that doubling the stock of infrastructure increases GDP by approximately 10%. From research, it is clear, that the planned public capital

investment will have a strong jobs multiplier effect, for example in both direct and indirect construction sector jobs.

In terms of demands, typically most investment has been contained within four sectors; Housing, Transport, Education and Health. However, while there are demand pressures across all sectors, the evidence from Phase 1 of the NDP Review suggests that **housing** and **climate action** are the areas where demand for investment is most acute.

In addition, Ireland's National Recovery and Resilience Plan (NRRP), to access funding under the European Recovery and Resilience Facility, has advancing the green transition and accelerating digital transformation at its core.

#### **NRRP Priority – Advancing the Green Transition**

Reflecting our strong national commitment to addressing the climate and biodiversity crisis, our National Recovery and Resilience Plan sees a significant allocation made to supporting investments addressing the green transition. Seven investments are being undertaken with a total value of €503 million as follows:

- **De-risking a Low Cost Residential Retrofit Loan Scheme** through the use of loan guarantees;
- **Accelerate Decarbonisation of the Enterprise Sector** through providing supports for Irish SMEs and exporters to address their emissions, and by investing in carbon measurement and abatement technologies for manufacturing companies;
- **Future Electrification Through Targeted Investment in Cork commuter Rail**, providing significant capacity increases on the Cork Area Commuter Rail network, including construction of a through platform at Kent Station, line doubling between Glounthaune and Midleton, and re-signalling, with a view to future electrification;
- The enhanced **rehabilitation of 33,000 hectares of former industrial peatlands** owned by Bord Na Móna (currently being supported in its first year by the Climate Action Fund);
- A **National Grand Challenges Programme** of mission orientated funding to be rolled out by Science Foundation Ireland;
- **€20 million River Basin Management Plan - Enhanced Ambition Programme** to upgrade a minimum of 10 waste water treatment plants, not currently scheduled for upgrade whose discharges have been identified as being significant pressures on receiving water bodies; and
- A **Public Sector Retrofit Pathfinder Project** to undertake the deep retrofit of public office accommodation.

The Government is also deeply committed to the provision of affordable, good-quality housing. The new **Housing for All strategy** will set out a whole-of-government approach to all aspects of the housing sector and particularly the **target of 33,000 homes every year** across the four tenures of privately owned, rented, social and affordable housing. While homelessness and social housing will be a top priority, the areas of affordability; homeownership and the private rental market; costs of construction and land availability; levels of investment and capacity required; and activation are being given equal consideration. The interconnectedness of all of the areas in terms of a functioning housing market and system of urban development will be underlined.

**This level of capital investment to support greening of the economy and housing risks giving rise to capacity constraints as the recovery takes hold**, especially in sectors like construction. This demonstrates the importance of activation and training, increasing productivity through innovation, and prudent macroeconomic policies, which are embedded in this plan. Potential inflationary pressure emphasises the need to prioritise sustained funding over a longer period of time that advances Ireland's long-term critical infrastructure over that which drives short-term consumption, in particular in the context of supply side pressures arising from over a year of global pandemic related restrictions.

### Balanced Regional Development

Ireland's spatial and planning policies, including Project Ireland 2040 and the associated **National Planning Framework**, along with the **National Broadband Plan**, are critical enablers of growth in the regions.

They will be further enhanced through a focus by IDA Ireland, Enterprise Ireland, and Údarás na Gaeltachta on regionally distributed employment and an eco-system which promotes regional and localised clustering of enterprises. IDA Ireland will continue to roll-out its regional property programme which is a driver of investment in quality building solutions that are marketed to attract overseas investors to regional locations; and is specifically targeting **400 investments** to advance regional development in its new Strategy.

Reducing regional disparities requires an integrated approach to spatial development policy that aligns investment in infrastructure with education, research and enterprise policies, building on local strengths to enable agglomeration. It also requires transport-led development linked to housing policy.

This approach centres around building stronger regions with accessible centres of scale; enhancing regional connectivity; reversing town/village and rural population decline; and enabling regional centres of population and employment growth. Within these objectives, the transition to a low-carbon and climate resilient society, compact growth and sustainable mobility are important areas of focus.

The Government's recently published **Rural Development Policy, 'Our Rural Future'** includes focused policy measures to re-balance rural regions as we recover from the impacts of the pandemic; to enable the long-term, sustainable development of rural areas; and to create more resilient rural economies and communities. It will progress Government objectives by encouraging new roles and functions for buildings, streets and sites, and by maximising local economic, social and environmental opportunities.

Government is committed to the development of a **Town Centre First** approach which seeks to align policies and to target available resources to deliver the best outcomes for town centres. This approach will focus on utilising existing buildings and underutilised lands for new economic and residential development, and proactively regenerating rural towns and villages. It will be supported by coordinated investment including the **€1 billion Rural Regeneration and Development Fund** and **an expanded Town and Village Renewal Scheme** to bring vacant and derelict buildings back into use and promote residential occupancy. The **Urban Regeneration and Development Fund** will play an important role in the integrated urban development of cities and larger towns.

To optimise the potential for enterprise growth and job creation in every region, nine **Regional Steering Committees**, offering a bottom-up perspective on regional needs and opportunities, have been established and will drive collaborative responses through nine refreshed **Regional Enterprise Plans** to 2024.

Under Enterprise Ireland's **Regional Enterprise Development Fund, €115 million** is being invested in projects to strengthen regional enterprise in all regions. Future calls will support implementation of the new Regional Enterprise Plans to 2024. Realising regional enterprise potential will also be a key objective in the new innovation-focused and place-based **Smart Specialisation Strategy** to be developed as part of Ireland's commitments under the European Regional Development Fund.

Údarás na Gaeltachta's enterprise supports in Gaeltacht communities, particularly on the West Coast, will further reinforce these efforts.

In addition, specific supports will be provided for enterprise ecosystem-strengthening initiatives through the **Project Ireland 2040 Urban and Rural Regeneration and Development Funds**; for example, investment in enterprise space and hub infrastructures as part of regeneration and development master-plans, and provision of co-working and remote working facilities where there are gaps in provision.

The Government seeks to ensure that local development plans are put in place to stimulate economic activity for those areas that were anticipating opportunities arising from new fossil fuel infrastructure. In this context, an announcement on the establishment of a Shannon Estuary Taskforce is anticipated in the coming weeks which will consider the regional economic development potential of the Shannon Estuary across transport and logistics, manufacturing, renewable energy and tourism, and develop a strategy to achieve this.

The transformation in the higher education landscape, through the establishment of the technological universities, will also play a central role in delivering on regional ambitions.

A focus on improving the sustainability and digitalisation of domestic sectors will be an increasing priority across the regions as the economy transitions. The level of return to offices, possible permanent changes to levels of international tourism and business travel, and changes to shopping and socialising behaviour will become clearer as the pandemic recedes and longer-term impacts across sectors crystalize. New technologies and digitalisation will be important enabling tools in the decarbonisation journey, as well as for accelerating automation.

The **Retail sector** plays a key role in our domestic economy across every city, town and village, and faces significant pressures and challenges including international competition, advances in technology, climate change, the impact of Brexit and the COVID-19 pandemic. These and other factors have, and will continue to have, significant impacts on buyer behaviour, the sourcing and supply of retail goods and ultimately the viability, and adaptability of retail businesses. As the economy recovers, it won't return to 'retail as usual', however, supports such as the Trading Online Voucher and the Online Retail Scheme will provide business with opportunities to diversify, and manage and adapt to some of the



challenges the sector faces. As office workers increasingly return, greater footfall will be an important boost to the sector, which has clear linkages with, and is particularly relevant to, the transformation of our larger towns and cities (discussed further below).

**Supporting a Just Transition** to ensure no one is left behind in the transition to a decarbonised economy and society is vital. This means supporting workers, sectors, and regions most exposed, and engaging with workers from disrupted sectors and regions to guide them towards education, retraining and employment opportunities. Building on the work already underway in the Midlands including through the Just Transition Fund, Just Transition will be a key focus of the forthcoming Climate Action Plan 2021 and a guiding principle in the development of our statutory plans and policies under the Climate Action and Low Carbon Development Acts.

The agri-food sector, which supports balanced regional employment, is primed for change. In addition to environmental sustainability, today Irish farming faces many challenges, including demographic change, international competition and the impacts of Brexit. The **Agri-Food Strategy to 2030**, which is undergoing public consultation on the environmental assessment of the draft, envisages Ireland becoming a world leader in Sustainable Food Systems over the next decade to deliver significant benefits for the Irish agri-food sector itself, Irish society and the environment.

Tourism is a very significant employer in regional locations. While substantial supports are in place for the tourism sector as set out under Pillar 3 Re-Building Sustainable Enterprises and at Appendix 1, it will not be 'business as usual' in the post-pandemic world, with the importance of sustainability increasingly coming to the fore.

Sustainable tourism will balance economic, social, regional and environmental needs and require community and visitor awareness and involvement. Guiding Principles for Sustainable Tourism Development in Ireland have already been developed in the context of the 2019-2021 Tourism Action Plan. These principles will underpin the development of a **new Tourism Policy** in line with the UN's Sustainable Development Goals. In advance of this, the Sustainable Tourism Working Group will identify actions which can be taken in the short-term to promote sustainable tourism practices in Ireland, through an interim action plan.

The **arts and culture sector** has seen significant innovations over the past year, in particular increased digitalisation, which have helped to sustain the sectors in addition to the range of government supports available. This potential will be further leveraged over time. Digitalisation is profoundly changing our cultural experience, not only in terms of new technology-based access, production and dissemination, but also in terms of participation and creation. Creative Ireland is working to prepare a Roadmap for the Creative Industries, which will concentrate primary efforts on design-based, digital creative and content creation sectors. Building on existing sustainability actions by Screen Ireland and other bodies, the development of a creative green programme for the reduction of carbon footprint and environmental impacts was identified by the Arts and Culture Recovery Taskforce as crucial for those sectors.

### Transforming Irish Cities and Large Towns

Work is currently underway with local authorities on plans for short-term recovery of city centres from the impact of the pandemic. The initial focus is building on existing Government supports and initiatives to help activity return to city centres in a sustainable and safe manner during the Summer, supporting the provision of outdoor space, public amenities, active travel, and support for business.

Digitally-enabled trends accelerated by the pandemic, such as remote working and an increase in online shopping, have considerable implications for the future landscape of our cities and large towns.

Longer term employment trends favouring a blend of office and remote working may emerge with potential consequences for the diversification of use and the pattern of activity in urban centres and for businesses that rely on heavy commuter footfall, with related implications for rates and property. There will also be opportunities for greater residential development in cities and towns, with a consequent emphasis on amenities and quality of life.

Opportunities to reimagine aspects of our cities must be carefully managed so they can best serve our people over the long term and are more enjoyable places to live, work, consume and socialise, supported by vibrant businesses.

The capacity of cities and large towns for scale and agglomeration means that with the correct approach and investment, Ireland's urban areas will remain a locus of economic activity and continue to be the basis for economic growth and development for their hinterlands and regions. Longer-term impacts of accelerating trends and changes on the pattern of activity in our cities will be carefully monitored and reflected in our planning. The role of Dublin, as our capital city and economic engine, is particularly important in this regard. The Government will bring forward further measures to support the recovery of city centres as the impact of these trends on employment and other city-based economic activities becomes clearer in the months ahead.

Improved sustainable mobility within the cities of **Cork, Galway, Limerick and Waterford** can act as a key growth enabler and support a better quality of life for all, as well as potentially re-orientating housing delivery in the cities toward a transport-led development model. This will underpin the approach to capital investment under Project Ireland 2040, including the investment under the **Urban Regeneration and Development Fund**.

**New city delivery boards will be established to drive the strategic co-ordination of metropolitan public investment and transformational regeneration, with the support of national and regional agencies and Government Departments, in order to achieve the pace and scale of growth required.**

## Shared Island Opportunities

There is significant potential to grow the all-island economy, driving growth and job creation North and South. This will make a vital contribution to recovery, particularly in border areas which have been acutely impacted by the pandemic and by Brexit.

As part of the Shared Island initiative, the Government will invest to enhance the all-island economy, working with the Executive in Northern Ireland and with the British Government. In the revised National Development Plan, the Government will set out an enhanced level of ambition for investment to build a more connected, prosperous and sustainable island. Through the **Shared Island Fund**, €500 million is provided out to 2025, ring-fenced for investment in North/South projects - including in research and innovation, education and training, sustainable transport and addressing the particular challenges of the North West and Border regions - to take up the opportunities of our shared island.

The Government will also continue to fully support the work of InterTradeIreland, in working with enterprises to grow trade across the island, dealing with the impacts of Brexit and the pandemic, and developing sectors with most potential for the island as a whole, including in the bio-economy, advanced manufacturing, health and life sciences and the green economy.

The PEACE PLUS programme - funded by the European Union and UK Government, together with the Irish Government and Northern Ireland Executive - will also provide significant support for economic regeneration and transition in Northern Ireland and the six Southern border counties, including to enhance SME competitiveness and research and innovation capacity, and fund skills development as well as smart towns and villages.

## 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. Remote and blended working can also help to retain talented people in rural communities, encourage mobile talent to move to the regions, provide increased trade for local businesses, and revitalise our towns.

However, potential disadvantages include the impact of loneliness or isolation on mental health; the reinforcing of existing biases, for example gender, as a result of reduced visibility in the workplace; and challenges around the blending of home and work life. Sustained increased levels of remote working may also present significant and potentially long-term impacts on the traditional functioning of our cities.

Through the **National Remote Work Strategy**, the Government is committed to facilitating increased remote working adoption and is targeting the public sector to move to 20% home and remote working in the longer term. It is important that increased remote work adoption is done in a way that reaps its many benefits but mitigates negative impacts. Actions under the Strategy include a code of practice on the right to disconnect, legislating to provide employees with the right to request remote working, and a review of the current tax arrangements to assess the merit of further enhancements.

Remote work must be supported by reimagining land use, public transport and digital infrastructure. **Remote working hubs** and Broadband Connection Points are an important supporting infrastructure and will be further developed and facilitated by the continued rollout of the **National Broadband Plan**.

Remote working and digital facilities across the country are being mapped and integrated as part of the **development of a national hub network** – Connected Hubs.ie - to benefit remote workers, local entrepreneurs, students and local communities in both rural and urban settings. In addition, a number of agencies are currently working to establish the opportunities for further digital hubs and innovation centres on the West Coast, including the extension of Údarás na Gaeltachta's network of Gteic hubs.

Place-making and related quality of life issues are fundamental in moving towards a greener and more digitised economy, as home and working environments increasingly converge and people seek more active modes of travel and leisure opportunities closer to where they live and work.

### **An Inclusive Approach**

An increased focus will be placed on building an inclusive society and labour market with greater emphasis on good quality employment, increasing participation and reducing barriers as the economy recovers, ensuring the benefits of the recovery are widely shared.

In addition, as Ireland moves through the recovery, a space to discuss areas of shared concern affecting the economy, society, the environment, employment and the labour market more broadly must be ensured.

In tackling these challenges, the Government will work to **enhance and strengthen social dialogue mechanisms** such as the Labour Employer Economic Forum, but as well as forums, to build greater consensus as we manage the economic, labour market and societal changes which lie ahead.

## Gender Equality

Pursuing significant initiatives to **promote gender equality** across Irish society will be a priority. This includes through the **Citizens' Assembly** which has brought forward proposals to advance gender equality across a wide range of areas incorporating care (including childcare), leadership in politics and public life, pay and the workplace, social protection, education and constitutional issues. In addition, the **Gender Pay Gap Information legislation** will be enacted and implemented without delay. Through the work of **Balance for Better Business** we are promoting gender balance across senior management positions, including executive leadership teams and company boards, and driving an increase in women led start-ups and scale-ups through the **Enterprise Ireland Action Plan for Women in Business** which targets a rise in the share of women led exporting companies from 10% to 20% by 2025.

## Improved 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 will place a renewed emphasis on reforms and modernisations in the labour market and more broadly, which increase inclusiveness and support improved living standards as the economy recovers. These reforms will be progressed in consultation with social partners and other representative groups.

Areas of focus by the Government to improve overall living standards will include:

- Giving **consideration to increasing all classes of PRSI over time** to replenish the Social Insurance Fund to help pay for measures and changes to be agreed including, inter alia, to the **state pension system, improvements to short-term sick pay benefits, parental leave benefits, pay-related jobseekers benefit and treatment benefits**, in consultation with employers and unions over the period ahead. More broadly, the Commission of Taxation and Welfare will examine what changes, if any, should be made to the social insurance system, including structure, and benefits coverage;



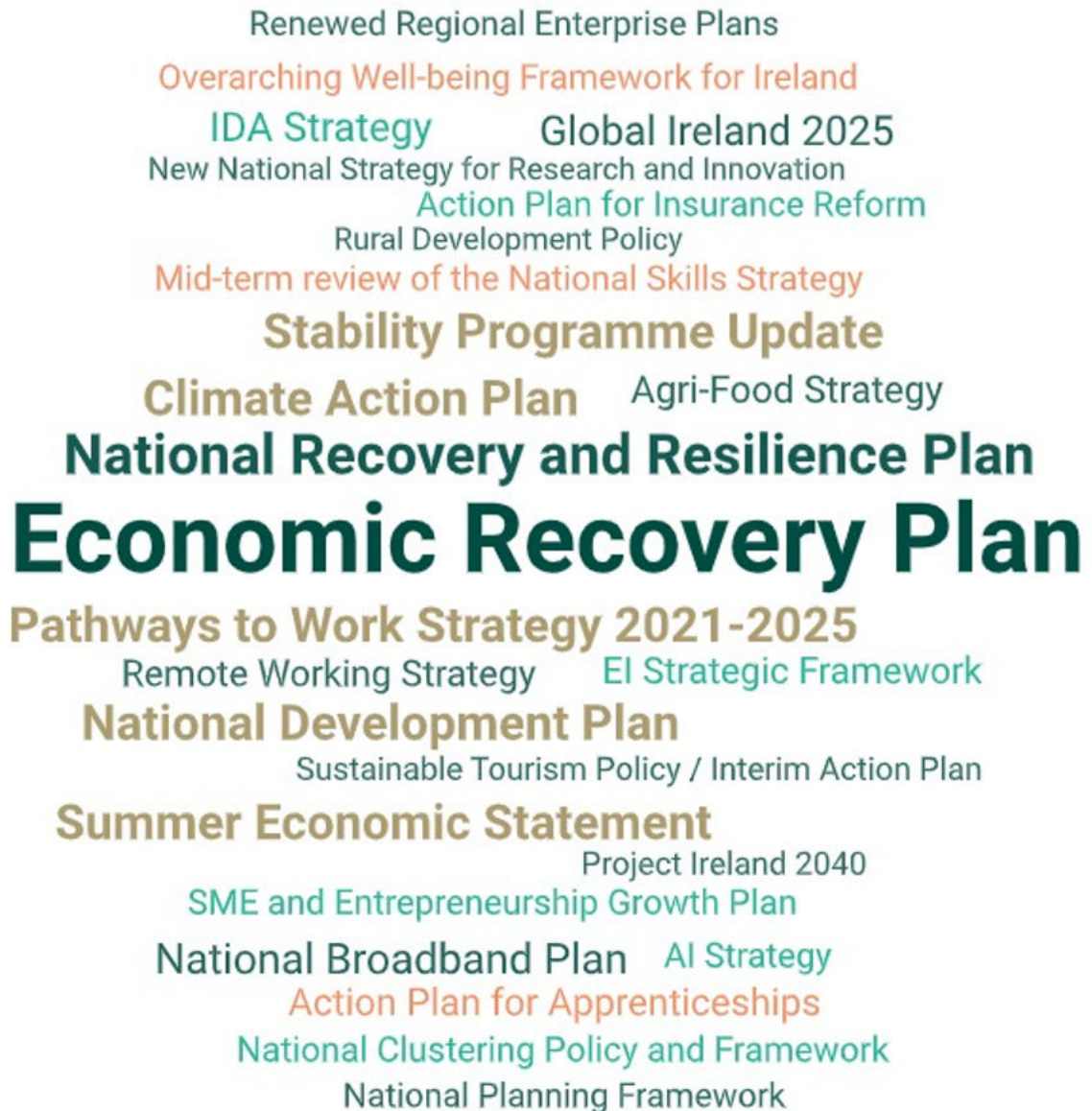
- Work is underway on the **introduction of Statutory Sick Pay** which will give some protection to the most vulnerable employees in low-paid and precarious employments. A Public Consultation has taken place and the Government is committed to publish the General Scheme of a Bill shortly, followed by enactment by end 2021;
- **Progressing to a living wage over the lifetime of the Government.** The Low Pay Commission has been asked to examine how best a living wage could be introduced in Ireland. This research is to be completed before the end of the year;
- Engaging in research, drawing from international experiences, on the best approach to **piloting a Universal Basic Income** during the lifetime of the Government, via the Low Pay Commission, with recommendations for consideration in early 2022;
- Supporting a **Just Transition** through the Climate Action Plans to ensure no one is left behind in the transition to a decarbonised economy and society;
- The recently established **LEEF High Level Working Group on Collective Bargaining and Industrial Relations**, under an independent Chair, will examine issues such as trade union recognition and our current statutory wage setting mechanisms with a view to identifying areas where additional consensus and reform is possible;
- Implementing the **Roadmap for Social Inclusion**, in particular the target to **reduce consistent poverty to 2% or less by 2025**;
- **Supporting Social Enterprise**, which can provide access to jobs for the most marginalised in society, including through the National Social Enterprise Policy 2019 – 2022 and the Working for Change: Social Enterprise and Employment Strategy;
- An important focus of the ongoing Pensions Commission is to consider how **people who have provided long-term care** for incapacitated dependents can be **accommodated within the State pension system**;

- Supporting employers in the **recruitment and retention of people with disabilities** and developing initiatives to improve employment opportunities for those with disabilities in rural areas including through remote working options. Under Pathways to Work 2021-2025, an Early Engagement model for jobseekers with disabilities will be introduced, and wider take-up of incentives and supports available for the employment of people with disabilities will be promoted;
- Addressing **appropriate regulation for the 'platform economy'** including through updating the existing Code of Practice on determining employment status, and an awareness raising campaign for all workers and employers; and
- **Bridging the digital divide across Irish society** including through enhancing broad digital skills with associated benefits around building confidence and motivation, in particular for older people, and a new 10-year adult literacy, numeracy and digital literacy strategy through SOLAS, which is in development.

As we plot a pathway through recovery and beyond our over-riding objective is economically, socially, and environmentally sustainable growth.

**An overarching Well-being Framework for Ireland will be developed, with an initial report to be completed by Summer 2021.**

This is in recognition of a pressing need to move beyond uniquely economic measures in measuring our progress as a country, and to facilitate a more holistic approach, which also encompasses people's broader quality of life, including across health, housing, work, income, and education, capturing multidimensional and mutigenerational impacts and progress.



# Appendix 1 - Covid-19 Supports to date

Across 2020 and 2021, €38 billion has been provided for COVID-19 related support, with over €28 billion of this relating to direct voted expenditure measures.

This funding has been critical in supporting our citizens and businesses devastated by the impact of the pandemic and to provide the necessary funding to our key public services to allow them to respond effectively to the crisis.

During **2020** €16¾ billion in additional funding was allocated to Departments, primarily to provide supports in response to COVID-19. Among the main areas where this additional funding was allocated were:

- Nearly €10.4 billion provided to fund measures including direct income supports for businesses and workers including the Employment Wage Subsidy Scheme (EWSS), Temporary Wage Subsidy Scheme (TWSS), Pandemic Unemployment Payment (PUP) and short-time work scheme;
- Almost €1 billion for business supports, including liquidity supports and restart grants;
- €0.9 billion to meet the costs of the commercial rates waivers to businesses;
- €0.6 billion for transport measures, primarily to support the operation of our public transport system given the capacity restrictions in place under public health guidelines;
- €0.6 billion for the Education sector, including to allow for the safe reopening of schools, colleges and universities and for additional training places; and
- A range of supports for sectors such as arts, tourism and sports.

Budget **2021** set out a provision of almost €12 billion available to fund direct voted expenditure measures in response to the challenges of COVID-19. Among the main measures provided for by these additional allocations were:

- €3.2 billion to fund the continuation of employment and income supports, including the PUP and EWSS along with other COVID-19 related supports;
- €1.9 billion to support the health service response to COVID-19, including allowing for continued increased capacity in our public hospitals, a comprehensive winter plan and the purchase of necessary personal protective equipment;
- Just over €0.45 billion to the Education sector, including funding for school reopening and to provide additional training and education places to support people to upskill and re-enter the workforce;

- €0.1 billion for on-going COVID-19 supports to businesses;
- Roughly €0.45 billion for transport measures including supporting the operation of our public transport system given the capacity restrictions under public health guidelines and additional funding for COVID-19 related aviation measures; and
- Over €0.2 billion for measures to address the significant impacts of the COVID-19 pandemic on the tourism, cultural, sport, Gaeltacht and media sectors.

Following the resurgence of the virus in the earlier part of this year, €4.3 billion of contingency funding from the overall Budget package was agreed by Government in April. This comprised:

- Just over €4 billion of additional funding primarily to fund the extension of the PUP and EWSS to the end of June;
- An additional €250 million for a range of business supports; and
- €10 million additional funding to the COVID-19 Stability Fund.

## Appendix 2 - Overview of Ireland's National Recovery and Resilience Plan

	◦ Investments	◦ Reforms
◦ <b>Priority 1:</b> Advancing the Green Transition	<ul style="list-style-type: none"> <li>◦ 1.1 Derisking a Low Cost Residential Retrofit Loan Scheme</li> <li>◦ 1.2 Accelerate Decarbonisation of the Enterprise Sector</li> <li>◦ 1.3 Public Sector Retrofit Pathfinder Project</li> <li>◦ 1.4 Future Electrification Through Targeted Investment in Cork Commuter Rail</li> <li>◦ 1.5 National Grand Challenges Programme</li> <li>◦ 1.6 Enhanced Rehabilitation of Peatlands</li> <li>◦ 1.7 Irish Water River Basin Management Plan - Enhanced Ambition Programme</li> </ul>	<ul style="list-style-type: none"> <li>◦ 1.8 Climate Action and Low Carbon Development (Amendment) Bill</li> <li>◦ 1.9 Base Broadening Carbon Tax</li> </ul>



<ul style="list-style-type: none"> <li>◦ <b>Priority 2:</b> Accelerating and Expanding Digital Reforms and Transformation</li> </ul>	<ul style="list-style-type: none"> <li>◦ 2.1 Development of a Shared Government Data Centre</li> <li>◦ 2.2 Programme to Drive Digital Transformation of Enterprise in Ireland</li> <li>◦ 2.3. Programme to Provide Digital Infrastructure and Funding to Schools</li> <li>◦ 2.4. Provision of an Online Response Option for the Census of Population</li> <li>◦ 2.5. Using 5G technologies to Drive a Greener More Innovative Ireland</li> <li>◦ 2.6 Suite of eHealth Projects</li> </ul>	<ul style="list-style-type: none"> <li>◦ 2.7. Address Digital Divide and Enhancing Digital Skills</li> </ul>
<ul style="list-style-type: none"> <li>◦ <b>Priority 3:</b></li> <li>◦ Social and Economic Recovery and Job Creation</li> </ul>	<ul style="list-style-type: none"> <li>◦ 3.1 Work Placement Experience Programme</li> <li>◦ 3.2 SOLAS Recovery Skills Response Programme</li> <li>◦ 3.3 Technological Universities Transformation Fund</li> </ul>	<ul style="list-style-type: none"> <li>◦ 3.4 Reducing Regulatory Barriers to Entrepreneurship</li> <li>◦ 3.5 Anti-Money Laundering</li> <li>◦ 3.6 Aggressive Tax Planning</li> <li>◦ 3.7 Pensions</li> <li>◦ 3.8 Increase Provision of Social &amp; Affordable Housing</li> <li>◦ 3.9 Health</li> </ul>

In addition to the investment elements, details of which have been included in this Economic Recovery Plan, Ireland, in line with the requirements of the Recovery and Resilience Facility, has also committed to undertaking a number of reforms under the three priority areas of our National Recovery and Resilience Plan.

These reforms reflect both the Country Specific Recommendations received by Ireland in recent years from the European Commission, and the priorities outlined in the Economic Recovery Plan.

Under **Priority Area 1 - Advancing the Green Transition**, Ireland is committing to implementing reforms by:

- Progressing the **Climate Action and Low Carbon Development (amendment) Bill**
- Implementation of **carbon tax measures** as currently legislated for

Under **Priority Area 2 - Accelerating and Expanding Digital Reforms and Transformation**, Ireland is committing to implementing reforms to:

- Address the **digital divide and support digital skills**, by developing a new 10 Year Adult Literacy, Numeracy and Digital Literacy Strategy and a new Digital Strategy for Schools

Under **Priority Area 3 - Social and Economic Recovery and Job Creation**, Ireland is committing to implementing reforms to:

- **Reduce Regulatory Barriers to Entrepreneurship** through use of an SME Test in development of policy
- Continue to address **Aggressive Tax Planning** through implementation of Ireland's Corporation Tax Roadmap
- Advance Ireland's **Pensions** reforms through simplifying and harmonising elements of the Irish supplementary pension's landscape
- **Increase the Provision of Social and Affordable Housing** through progressing the Affordable Housing Bill and the Land Development Agency Bill
- Strengthen Ireland's capacity to address **Anti-Money Laundering** with a particular focus on Trust and Company Service Providers
- In Health, improve access to healthcare and increase cost efficiency including through implementation of Sláintecare consultant contract, and expansion of community care





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