



Project Ireland 2040

Building Ireland's Future

The First Year: Annual Report 2018



Rialtas na hÉireann
Government of Ireland



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Section 1:

Overview and economic context

Project Ireland 2040 is the long-term overarching strategy to make Ireland a better country for all of its people. Project Ireland 2040 represents a new approach to social and economic development. Previous approaches saw public investment spread too thinly and investment decisions which were not aligned with a wider spatial strategy.

By 2040, there will be an extra one million people living in our country. Project Ireland 2040 aims to accommodate this growth in a balanced and sustainable way and put in the place the investment required to enable prosperity. In the first year since its launch, Project Ireland 2040 has been enhancing regional connectivity, supporting national competitiveness and improving environmental sustainability.

The economic backdrop to Project Ireland 2040 has remained largely positive in 2018 and into 2019. The economy grew by 4.5% and at year end, employment levels stood at 2.281 million. Nonetheless there are clear and present risks – the most immediate being the threat posed by Brexit. In response to this and wider challenges, a core tenet of the Government's strategy to bring greater economic resilience is to address infrastructure deficits and embed the capacity for the future growth of the Irish economy.

1.1 The Economic Context for the First Year

In 2018, Ireland continued to be among the fastest growing economies in the European Union. GDP grew by 6.7% in 2018 and GNP increased by 5.9%. Modified final domestic demand – a better proxy for the domestic economy – grew by 4.5% in 2018.¹ Importantly, growth in the economy continues to be broad-based with positive underlying contributions from both the domestic and multinational sectors.

The data shows that the pace of growth moderated over the second half of 2018. Risks persist in the global economy and the first year of

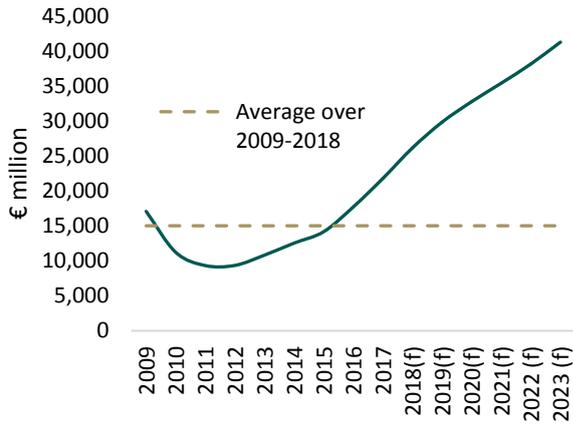
Project Ireland 2040 operated against the backdrop of Brexit uncertainty. This context underscores the need to achieve the overall objectives of Project Ireland 2040 both in terms of expanding the national stock of infrastructure and changing the spatial pattern of development.

1.2 Investment Growth in the First Year

Project Ireland 2040 is predicated on a steep increase in public and private sector investment over the medium-term. The first year has borne this out with continued growth in building and construction. This is set to continue into the medium-term.

¹ CSO Quarterly National Accounts Q4 2018

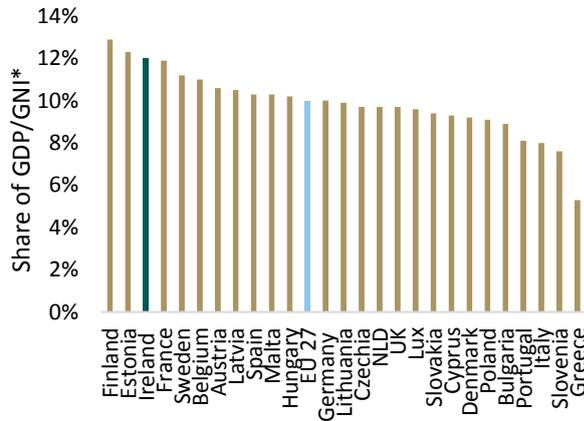
Total investment in building and construction²



Source: 2000-2017 from the CSO and 2018-2023 from Department of Finance

Recent growth in investment levels has seen Ireland climb back up the rankings in a comparative international context.

Investment as a share of GDP/GNI in Europe



Source: Eurostat and CSO

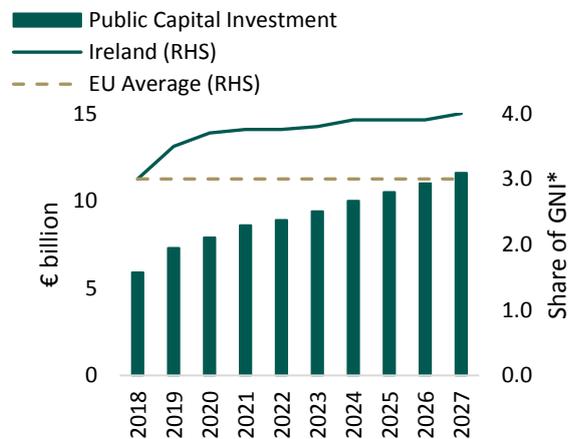
Underpinning the delivery of Project Ireland 2040 is an expansion of 24% in the Public Capital Programme in 2019.

Exchequer investment in each Department, 2018 & 2019

Departmental Vote Group	2018 €m	2019 €m
Agriculture, Food & the Marine	250	255
Business, Enterprise & Innovation	527	620
Children & Youth Affairs	26	32
Communications, Climate Action & Environment	187	277
Culture, Heritage & the Gaeltacht	53	76
Defence	95	106
Education & Skills	744	941
Employment Affairs & Social Protection	6	14
Finance	23	26
Foreign Affairs & Trade	12	21
Health	513	667
Housing, Planning & Local Government	1,774	2,137
Justice & Equality	129	205
Public Expenditure & Reform	188	201
Rural & Community Development	87	141
Transport, Tourism & Sport	1,312	1,613
Total	5,928	7,332

Growth in investment will continue into 2020 and beyond and Ireland will again rank among the highest investing countries in Europe.

Exchequer investment under Project Ireland 2040



Source: Department of Public Expenditure & Reform

² As measured by the statistical indicator Fixed Capital Formation

1.3 Report Structure

This report sets out progress achieved in the first year of Project Ireland 2040. Section 2 outlines the main outputs delivered under each of the Project Ireland 2040 National Strategic Outcomes, these are as follows:

1. Compact growth
2. Enhanced regional accessibility
3. Strengthened rural economies and communities
4. Sustainable mobility
5. A strong economy supported by enterprise, innovation & skills
6. International connectivity
7. Enhanced amenity and heritage
8. Low carbon, climate resilient
9. Sustainable water and environmental resources management
10. Quality childcare, education and health

Section 2 also highlights the high-level priorities for 2019 under each outcome.

Section 3 updates on progress with the spatial dimension of Project Ireland 2040 and describes legislative change and new institutions set up to implement national planning policy.

Section 4 presents a range of institutional and organisational changes implemented in 2018 to support the delivery of Project Ireland 2040. This section also describes a number of changes to be implemented in 2019 which aim to improve project governance, bring greater accuracy to forecasting project costs and reforms to the processes for project selection and procurement.



Section 2: Delivering our National Strategic Outcomes

Project Ireland 2040 set out ten National Strategic Outcomes (NSOs), built around the over-arching themes of wellbeing, equality and opportunity. The ten priorities embed a link between the new approach to spatial planning and our national public investment strategy. The first year of Project Ireland 2040 saw clear progress across each NSO as set out in this Section.



2.1 Compact Growth

Project Ireland 2040 made a clear commitment to supporting compact and smart urban growth so as to ensure sustainable expansion of our towns and cities which will be supported by jobs, homes, services and amenities. This is the approach that is needed, rather than unplanned and uneconomic urban sprawl.

The Urban Regeneration and Development Fund was launched in 2018 with a total budget of €2 billion over the period to 2027. The Fund supports sustainable growth in Ireland’s five cities, larger towns (with a population of more than 10,000 people) and in a number of smaller towns which function as significant centres of employment. The table below shows the largest 15 successful projects from the first call for applications under the Fund.

Lead Council	Project
Waterford	Waterford City and Environs - North Quays
Kilkenny	Abbey Quarter (Public Realm enabling)
Sligo	Eastern Garavogue Bridge
Meath	Navan Active Land Management Project
Wicklow	Bray Public Transport Bridge
Mayo	Ballina Innovation Quarter
South Dublin	Tallaght Town Centre (Civic Plaza/Link Road)
Offaly	Tullamore Urban Area (Public Realm)
Galway City	Cycling and Walking Enabling Projects
Leitrim	Carrick on Shannon Public Realm
Tipperary	Clonmel 2030 Urban Regeneration
Galway County	Ardaun Upgrade of Martins Roundabout
Westmeath	Blackhall, Mullingar
Laois	Portlaoise - A Cultural Quarter
Fingal	Balbriggan Public Realm Regeneration

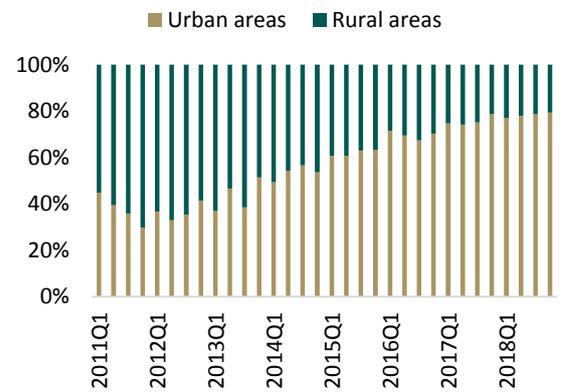
Source: Department of Housing, Planning and Local Government

In Numbers: Compact Urban Growth



The data shows an increasing trend of housing completions in our urban centres – this is in line with the objective of compact urban growth.

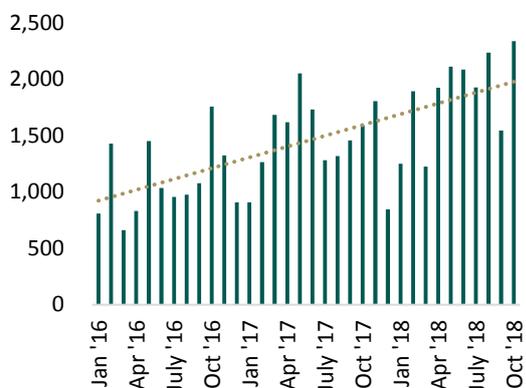
Urban / rural split of new dwelling completions



Source: CSO

With an eye to the pipeline of future development, the trend in housing commencements has shown rapid growth in recent years – albeit from too low a base.

Commencements of residential units by Quarter



Source: CSO

To further support the compact growth objective, statutory guidelines for planning authorities were published under the Planning and Development Act 2000 (as amended) to encourage and facilitate increased building height in urban areas.

The housing completions data has highlighted the challenge of ensuring a higher level of completions of apartments. To help accelerate delivery, the Department of Housing, Planning and Local Government undertook a review of the 2015 Sustainable Urban Housing: Design Standards for New Apartments – Guidelines for Planning Authorities. In 2018, updated guidelines were finalised for publication under Section 28 of the Planning and Development Act 2000 (as amended). These changes are designed to enable further sustainable growth.

Through the National Planning Framework and revised apartment and building heights guidelines, the necessary policy clarity and stability is in place and the An Bord Pleanála Strategic Housing Development application process is approving significant levels of housing projects, including apartments, in key urban areas.

2.2 Enhanced Regional Accessibility

At the core of Project Ireland 2040 is the policy objective of supporting balanced regional growth. To underpin this, the Government is committed to enabling better regional accessibility.

In 2018 there was significant progress in developing new transport links through the appraisal, planning and procurement stages. As set out in Project Ireland 2040, improving access to the north-west is a strategic aim to support balanced national development. In February 2019 the sod was turned on the new Castlebaldwin to Colooney dual carriageway, a critical investment for safety and local access.

The contract to construct the Western Distributor road in Sligo was awarded in November 2018 and construction work is now underway on this project.

Subject to business case approval and sanction by Government, a number of other major national road projects are due to commence construction work this year:

- N8/N25 Dunkettle Interchange
- N22 Ballyvourney to Macroom
- N5 Westport to Turlough.

Other projects due to progress to contract award include the Listowel bypass in Kerry and the Coonagh to Knockalisheen distributor road in Limerick.

A range of major projects are due for completion in 2019 including:

- N11 Gorey – Enniscorthy
- N25 New Ross bypass
- Portlaoise Southern Distributor Road
- The upgrade of the Adamstown and Nangor roads.

These projects will bolster access to the regions and support a more balanced pattern of economic and spatial development.

2.3 Strengthened Rural Economies and Communities

Project Ireland 2040 explicitly highlighted the Government’s policy goal of supporting strengthened rural economies and communities and new policy measures have been developed to achieve this objective.

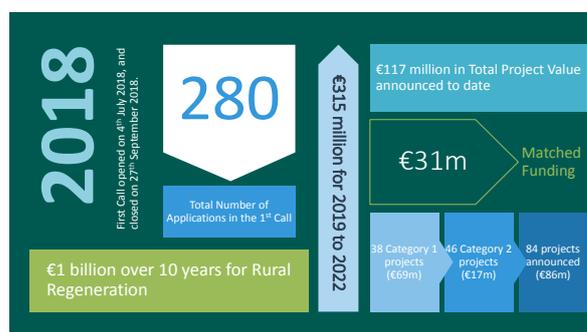
In particular, 2018 saw the launch of the Rural Regeneration and Development Fund. With a total budget of €1 billion over the period to 2027, the Fund promotes rural renewal in order to enable towns, villages and outlying rural areas to grow sustainably as vibrant places to live and work.

The first call for proposals under the Fund was launched in July 2018 and the Department of Rural and Community Development undertook a series of regional information meetings to brief key stakeholders and stimulate awareness of and interest in the Fund. A total of 280 applications were received by the September deadline, and two announcements of funding were made. In total, 84 projects were announced with support of €86 million. The Table below shows the largest 10 successful projects from the first call.

County	Project
Limerick, Cork, Sligo, Dublin, Wicklow, Offaly, Laois	International Mountain Biking Project €10,262,900
Clare, Donegal, Galway, Kerry, Mayo, Wicklow	National Parks €3,915,000
Limerick	Murroe Community Hub €3,816,451
Galway	Athenry Bia Innovator €3,554,000
Longford	Historic Granard Motte €2,872,434
Clare	The Seaworld Project €2,860,000
Limerick	Great Southern Greenway €2,724,657
Kildare	Athy - Ernest Shackleton €2,707,500
Cork	Kinsale Library Project €2,157,375
Louth	Ardee Castle Project €2,147,000

The Department’s Rural Regeneration Programme under Project Ireland 2040 also includes investments under the Town and Village Renewal Scheme, the Outdoor Recreation Infrastructure Scheme, CLÁR and LEADER. Over 4,000 projects in communities across the country have been approved under these four schemes since 2016. The total investment across these amounted to over €54 million in 2018.

In Numbers: the Rural Regeneration and Development Fund



Tourism development

Tourism investment is an important pillar of the policy goal of strengthening rural communities and economies. The past year saw a number of important projects progressed:

- Fáilte Ireland’s newest tourism experience brand – Ireland’s Hidden Heartlands – was launched in April 2018. Milestones included the roll-out of the first domestic consumer marketing campaign, a wide-ranging stakeholder engagement process across the region and initiatives to enhance business networks, visitor orientation and visitor experiences.
- New and enhanced visitor attractions and experiences were developed across rural areas. Successful projects include
 - New visitor reception centre and car park opened at Fanad Lighthouse, Co Donegal.
 - Shannon Estuary Drive completed – aimed at more evenly dispersing visitors away from hotspots and bring them to other areas of tourism value.
 - Funding totalling €1.1 million awarded to nine projects under *New Horizons on the Wild Atlantic Way*.

Ireland's Hidden Heartlands



Source: Fáilte Ireland

In 2018, the Government's Strategy for the Development of Greenways was launched in Moate, Co Westmeath. This was followed by a call for funding which yielded 22 applications. Successful applicants will be announced during Quarter 2 2019. This year will also see the completion of the Maynooth to Athlone Section of the Galway to Dublin Greenway.

Fáilte Ireland - in partnership with the Office of Public Works and the Department of Culture, Heritage and the Gaeltacht – is investing in a range of heritage sites nationwide, which will significantly enhance the visitor experience and views at each location. The investment is being made to upgrade sites including new exhibitions, car parking and signature viewing points.

The National Broadband Plan

The Government remains committed to delivering access to high speed broadband to every premises in Ireland. The National Broadband Plan has stimulated commercial investment in this vital service. In 2012 fewer than 700,000, or 30%, of all 2.3 million Irish premises had access to high speed broadband. As of December 2018, this had risen to 74%.

For those mostly rural premises that have no certainty that the private sector will invest, the Department of Communications, Climate Action and Environment continued the

procurement process for the National Broadband Plan State intervention during 2018.

The Department received the final tender in September 2018. This is currently under assessment with a recommendation to follow to Government.

In the event that a contract is awarded, the company appointed will roll out, operate and manage a high speed and future proofed broadband network within the State Intervention Area over the next 25 years. This Area encompasses 1.1 million people, some 540,000 premises, 674 schools and 100,000 enterprises comprising 56,000 farms and 44,000 businesses.

Agriculture, Food and the Marine

A wide range of investment supports for farmers, fishermen and agri-food sector companies were delivered during 2018.

- During 2018 more than 4,500 farmers received grant support totalling €66.5 million for improvements in equipment and facilities on their farms under the Targeted Agriculture Modernisation scheme.
- Over 140 horticulture producers received €5 million in support for specialised buildings and equipment.
- Some 600 new afforestation projects and 72km of forestry roads were funded.
- A total of €13 million was invested in a range of projects across the fisheries, aquaculture and seafood processing sectors.

These schemes will continue through 2019 aiming to enhance the efficiency and viability of our primary producers and processors in the challenging period ahead.

Key projects under the 2018 Fisheries Harbours Programme included the Dinish Quay Extension at Castletown Bere, the West Wharf upgrade in Dunmore East, the dredging of the North Channel in Dingle and the landing pier upgrade at Killybegs. The highlights of the 2019 Programme include the continuation of the Dinish Quay Extension at Castletown Bere FHC and the Smooth Point Extension (Phase

2) at Killybegs.

The first phase of investments in equipment took place in 2018 at the Prepared Consumer Food Centre at Teagasc, Ashtown. The coming year will see the second phase of this project as well as substantial development at the National Food Innovation Hub at Teagasc Moorepark.

Údarás na Gaeltachta

Almost €10 million in core funding has been allocated by the Department of Culture, Heritage and the Gaeltacht to Údarás na Gaeltachta this year to invest in job creation and enterprise development initiatives in Gaeltacht regions, while additional capital funding has been made available in order to underpin the statutory Gaeltacht Language Planning Process. In addition to its core funding, An tÚdarás has succeeded in obtaining a total of almost €6 million from the Rural Regeneration and Development Fund and the Regional Development Fund for 2019 to be spent on a number of flagship projects in the digital and marine sectors.

2.4 Sustainable Mobility

Project Ireland 2040 contains a commitment to a more environmentally sustainable public transport system to enable economic growth and meet growing passenger demand. While completion of many of the major projects under this strategic priority are towards the latter end of this investment programme, 2018 nonetheless saw clear progress against this goal.

BusConnects

Planning and route design continued under the BusConnects Programme. The National Transport Authority (NTA) held a wide-ranging public consultation on the proposed new bus network which yielded 30,000 submissions and active engagement through a series of public meetings.

The NTA launched a further public consultation on the first tranche of four core bus corridors in November 2018 which closed at end-March 2019.

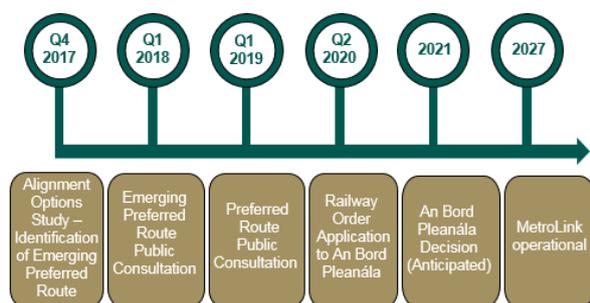
Project Ireland 2040 also includes substantial investment on public transport in Galway and Cork. Work on these schemes continued in 2018 in close partnership with the local authorities. In December 2018, the NTA and Bus Éireann introduced a significantly improved bus network and level of service for Waterford. The new and improved network was facilitated by the introduction of an entirely new fleet of 17 accessible vehicles, with improvements also made to bus stop infrastructure, as well as improved frequencies and increased hours of operation across the network.

In Limerick, the NTA in co-operation with the local authority, commenced work on a Limerick – Shannon Metropolitan Area Transport Strategy. Finalisation of that Strategy will provide the strategic backdrop to an improved public transport network for the area and, if deemed appropriate, allow for the roll-out of a BusConnects programme in the city.

MetroLink

MetroLink is the largest single scheme included in Project Ireland 2040 and among the most ambitious infrastructure projects Ireland has seen. This underscores the need for open, ongoing and responsive consultation with local communities affected by the route.

MetroLink Project Timeline



Source: National Transport Authority

The NTA completed an extensive Public Consultation on the Emerging Preferred Route in June 2018 with 8,000 submissions received. These submissions have informed the development of the Preferred Route which will be subject to public consultation in 2019.

Growth in public transport demand

More broadly, 2018 showed continued growth in public transport passenger demand. In total there were over 266 million passenger journeys in 2018, an expansion of 16 million on the previous year.

- Bus Éireann passenger journeys grew by 4 million.
- Numbers on Bus Éireann Services in Cork, Galway, Limerick and Waterford – key centres under Project Ireland 2040 – grew by 13%.
- Dublin bus registered its 5th straight year of growth, with passenger numbers 4 million higher than 2017.
- Rail passenger numbers grew across DART and Commuter services (4-5%) and Intercity (8.4%).
- Luas passenger numbers grew by 11%.

2.5 A Strong Economy Supported by Enterprise, Innovation & Skills

Project Ireland 2040 is designed to catalyse a strong economy, supported by enterprise, innovation and skills. This is a critical goal both as an end itself but also as a means of providing the resources to invest in each of the strategic objectives.

National and regional enterprise development

The Enterprise Development Agencies continued to support an innovative and resilient enterprise base in 2018. IDA client companies recorded employment growth of 7%, with employment in multinationals reaching its highest ever level of 229,057.

The 2018 results show that 58% of employment in IDA client companies is now outside of Dublin, which is the agency's highest employment level outside of Dublin in the history of the organisation, with more jobs added in the regions than at any time over the past 17 years.

IDA is continuing to work towards other objectives set out in its five-year strategy, especially that of increasing the level of investment by between 30% and 40% in each region outside Dublin by 2019. Strong progress was made in this respect in 2018, with 56% of IDA Ireland supported jobs created located outside Dublin and every region in Ireland posting net gains in jobs.

IDA Ireland employment 2018

Region	Total Jobs	% Change
Dublin	96,760	7%
Mid-East	13,088	7%
Midlands	5,720	14%
Mid-West	18,948	6%
Border	11,885	3%
South-East	15,580	7%
South-West	41,108	5%
West	25,968	8%
National total	229,057	7%

Source: IDA Ireland

In 2019, IDA Ireland will continue the first phase of its Regional Property Programme. The programme delivers property solutions to

attract investment into Ireland’s regions including through new builds, investments and upgrades in business parks and strategically important sites. There are two facilities currently under construction in Limerick and Waterford. There are also buildings planned for Dundalk, Galway, Athlone and Carlow. Budget 2019 provided an additional €10 million to advance the next phase of the programme.

Enterprise Ireland client companies also reached record levels in 2018, with client companies now employing 215,207. Over 60% of news job created were outside of Dublin.

Enterprise Ireland employment 2018

Region	Total Jobs	% Change
Dublin	76,815	5%
Mid-East	20,266	2%
Midlands	12,349	4%
Mid-West	21,560	5%
North-East	17,391	3%
North-West	6,341	9%
South	23,902	2%
South-East	22,036	5%
West	14,547	5%
National total	215,207	4%

Source: Enterprise Ireland

Funding disruptive technologies

In 2018 the Disruptive Technologies Innovation Fund was established. With a total value of €500 million over the period to 2027, support is available for co-funded projects involving businesses and research partners. Applications to the Fund are expected to address the development, deployment and commercialisation of disruptive technologies to deliver new solutions through investment in the development and implementation of new products and services.

The first call – which received over 300 initial expressions of interest - relates to projects that will be funded from 2019. The first tranche of successful projects was announced in December 2018.

- A total of 27 Projects were approved under this initial call.
- The successful projects will receive over €70 million to 2021 and represent the

health, food, ICT and manufacturing sectors in Ireland.

- The projects are impactful and are seeking at least €1 million in funding over 3 years, involving enterprises and research partners.
- SME participation was an essential requirement in every consortium.

Research, development and innovation

Science Foundation Ireland made progress against key goals in 2018:

- Launch of €100 million programme to train PhD and research masters students.
- 20% of funding of be leveraged from other sources.
- Over 600 highly trained researchers to be supported (commencing in 2019).

Budget 2019 also prioritised investment in new Regional Innovation and Technology Clusters - a multi-annual funding programme that links SMEs and Institutes of Technology to build regional sectoral clusters of scale.

#futurejobsireland

March 2019 saw the launch of *Future Jobs Ireland 2019: Preparing Now for Tomorrow's Economy*, a new, whole-of-Government framework for the next phase of Ireland's economic development. Future Jobs Ireland, along with Project Ireland 2040, Global Ireland 2025 and the forthcoming All of Government Climate Action Disruption Plan represents an integrated approach to prepare for the opportunities and challenges of the future economy.

Ireland’s economy is performing strongly. Living standards are rising and employment has reached the highest levels in years. However, there is no room for complacency. Significant vulnerabilities are evident in the domestic economy such as declining productivity levels in SMEs, skills deficits and labour availability, as well as concentrations in some sectors. Technological advances and the transition to the low carbon economy present challenges but also numerous opportunities as our businesses and workers adapt to a changed economy.

Future Jobs Ireland focuses on five pillars:

1. Embracing Innovation and Technological Change
2. Improving SME Productivity
3. Enhancing Skills and Developing and Attracting Talent
4. Increasing Participation in the Labour Force
5. Transitioning to a Low Carbon Economy

Future Jobs Ireland 2019, the first in a series of annual reports, establishes 26 ambitions under these pillars that will enhance the resilience of our economy and ensure we are well placed to exploit future economic opportunities.



Higher and further education

Progress was also achieved in 2018 in enhancing infrastructural capacity in the higher education sector.

Construction began on the Central and East Quads at Grangegorman; when complete, these state of the art buildings will house some 10,000 Technological University Dublin students.



Construction of the East Quad, Grangegorman (photo courtesy of the Grangegorman Development Agency)

The new building for the Confucius Institute at UCD was completed and welcomed its first students in September 2018. In addition, a major extension of the Glucksman library at University of Limerick was completed, providing an additional 1,200 study places. Targeted support was announced for apprenticeship equipment across Institutes of Technology to support new and modernised apprenticeship syllabi.

A number of new higher education projects were approved in 2018 which are projected to advance to construction in 2019. Construction has already commenced on a new engineering campus for Limerick Institute of Technology at Coonagh. In addition, construction is expected to commence this year on a new Sports Science, Health and Recreation Building at the TU Dublin Tallaght Campus and on the redevelopment of the Royal Irish Academy of Music at Westland Row.

2.6 International Connectivity

As a small open economy, the uncertainty of Brexit and wider global challenges continue to frame the context in which Ireland does business with the world. High quality international connectivity through our ports and airports is arguably more important now than ever.

The first year of Project Ireland 2040 has seen considerable preparation for potentially-required facilities at our seaports to secure Brexit-Readiness.

With a view to enabling the long-term headroom for the Irish economy to grow, it is imperative that Dublin Airport has adequate capacity. Passenger numbers have grown by some 45% since 2014 and so a pivotal investment in the early years of Project Ireland 2040 is the Northern Runway. This project is the fulcrum of the future development of the Airport which in turn is critical to functioning of the Island economy.

The sod was turned on the new runway in early 2019 and the runway will be operational by 2021.



An Taoiseach, Leo Varadkar TD and the Minister for Transport Tourism and Sport, Shane Ross TD turning the sod for Dublin Airport's new North Runway project

Investment in the Regional Airports Programme is also set to grow in 2019. In 2018, almost €3.7m was invested in capital projects at the regional airports of Donegal, Kerry and Ireland West Airport Knock. The capital budget for 2019 is €10.4 million. The increased provision will contribute to the cost of the runway overlay project at Knock which will be completed this year.

2.7 Enhanced Amenity and Heritage

Project Ireland 2040 recognises sport and cultural heritage as a fundamental ingredient of the sustainability of our cities, towns, villages and rural areas.

Culture, language and heritage

The first year saw the publication of Investing in our Culture, Language and Heritage, 2018-2027, a ten-year plan setting out the Government's commitment for capital investment of almost €1.2 billion in Ireland's culture, language and heritage as part of Project Ireland 2040.

As part of the plan to invest an overall €460 million in our National Cultural Institutions, the first phase of the upgrade, expansion and refurbishment of the National Library of Ireland will continue. This involves rehousing the Library in a secure, modern and permanent facility. Work will continue on the planning and design phase of the National Archives Development Plan with a view to proceeding to procurement in 2019.



Courtesy of the National Library of Ireland

In 2018, the Arts and Culture Capital Scheme was implemented. This scheme supports arts and culture facilities throughout the country, including arts centres, theatres, galleries, museums and creative spaces.

- 134 projects have been allocated funding over the period 2017 to 2020 and
- 47 were completed in 2018.

Throughout 2018, upgrades of the trails network in the National Parks and Nature Reserves were advanced, including the Diamond Trail at Connemara National Park, and the White Route in the Wicklow Mountains National Park.

A total of €15 million will be advanced in support of Galway 2020 European Capital of Culture, with €6 million funding in 2019.

Investing in sport

Project Ireland 2040 provided for the establishment of a Large Scale Sport Infrastructure Fund with €100 million available over the coming years. The Fund was launched in November 2018 and was open to applications until mid-April 2019. The first allocations under the new Fund are expected to be announced later in the year.

The most recent round of the Sports Capital Programme closed for applications in October 2018. By that deadline, a record 2,337 applications were submitted. The first set of allocations under this round were announced in January 2019 (€7 million in allocations to 170 projects). Work continues on the assessment of other applications with further grant announcements expected later this year.



The National Indoor Arena is nearing completion.

Looking forward to 2019, the development of Phase 2 of the National Indoor Arena at the Sport Ireland National Sports Campus is nearing completion. The project, which commenced in July 2017, had a scheduled completion date of mid-2019 but is currently progressing ahead of schedule.

2.8 Low Carbon, Climate Resilient

This is the single largest investment priority under Project Ireland 2040. The investment priorities in this area represent a step-change in Ireland's delivery of climate-action objectives which are designed to substantially

reduce carbon emissions over the period to 2030.

Both the National Mitigation Plan and the National Development Plan explicitly recognise that the reliance solely on Exchequer expenditure schemes is neither affordable nor adequate to meet the scale of the challenge to be addressed.

Climate mitigation action will require a targeted balance between Exchequer-supported expenditure, taxation measures, regulation and behavioural change. Action now to decarbonise these sectors will position Ireland to harness a range of benefits into the future, in terms of the creation of sustainable green jobs, sustainable food production, deepening our energy security, improving the quality of our lives and making our working and built environments healthier.

In November 2018, the Government approved the preparation of a new All of Government Plan which will set out the actions which must be taken in every Government Department and State body in order to make Ireland a leader in responding to climate change.

Policy developments in 2018 include:

- Commencement of the first phase of the Support Scheme for Renewable Heat.
- Government approval of the design of the new Renewable Energy Support Scheme.
- Publication of Ireland's first National Policy statement on Bioeconomy.
- Publication of the National Policy Statement on Electricity Interconnection.

Investment by the Commercial State Sector

The first year of Project Ireland 2040 has seen major investment by the commercial state sector in energy:

- ESB invested over €1.1 billion with €250 million in renewable generation projects.
- Eirgrid completed the Integrated Single Electricity Market (I-SEM) project which went live in September.
- Eirgrid advanced preparations for the proposed €1 billion sub-sea Celtic Interconnector project, alongside French counterparts.

The National Smart Metering Programme will facilitate the development of distributed and micro generation, the use of energy storage technologies and increased energy efficiency measures. Crucially, it will allow consumers to become much more responsive and interactive in how they manage their overall energy usage.

Phase one will commence in Quarter 3 2019, with 250,000 smart-ready meters to be rolled out by the end of 2020. A further 1 million meters will be rolled out in phase two by the end of 2022, and the rollout of remaining meters will be concluded by end of 2024.

Decarbonising the built environment

Increasing the energy efficiency of our buildings is considered to be the most cost-effective method of addressing climate change and moving to decarbonising our homes, businesses and public buildings.

Exchequer investment in this area exceeded €100 million in 2018 supporting sustainable and energy-efficient changes in the buildings of:

- 21,350 homes
- 322 businesses
- 37 community groups.

In addition new grant schemes were introduced for heat pumps, solar panels and battery storage and in 2018, 70 public buildings were made more energy efficient.

Planned investment for 2019 will support a

further 24,000 homeowners to improve efficiency and provide financial savings as well as clear environmental benefits.

Decarbonising transport – electric vehicles

In 2018 the number of electric vehicles on Irish roads doubled. In January 2019, 843 electric vehicles were licenced - this is the highest month on record.

The growth in electric vehicles has been supported by a range of measures, including purchase grants of up to €5,000, vehicle registration tax relief of up to €5,000, benefit-in-kind relief for battery electric vehicles, a grant of up to €600 towards the cost of the installation of a domestic charge point, grants of up to €7,000 for electric vehicles in the taxi/hackney/limousine sector, accelerated capital allowances for businesses, a low rate of annual motor tax, and a discount on road tolls.

In addition, under the first call for applications from the Climate Action Fund, funding of up to €10 million will be provided to support ESB eCars to develop a nationwide, state-of-the-art electric vehicle fast charging network.

The Climate Action Fund

Another of the four Project Ireland 2040 Funds, the Climate Action Fund was launched in 2018. Its purpose is to leverage additional investment by public or private bodies in initiatives and innovative interventions that contribute to the achievement of Ireland's climate and energy targets in a cost effective manner. The Fund will have an allocation of €500 million over the period to 2027.

In November 2018, the seven successful projects from the first call for applications were announced. The Exchequer support provided to these projects will amount to €77 million, and will lead to a total investment of over €300 million in climate action measures.

Flood Risk Management

Project Ireland 2040 includes investment of €1 billion in flood risk management measures in the years to 2027 in order to underpin the delivery of the existing programme of flood relief schemes and the roll out of 118 new projects.

Important progress was registered in 2018:

- Flood Risk Management Plans were published outlining 118 proposed schemes to protect a further 11,500 properties.
- Initial funding of over €250 million was announced for the first tranche of 50 priority schemes.
- The website www.floodinfo.ie was launched to provide access to flood plans, flood maps and flood risk management in Ireland.
- The OPW and Local Authorities have been actively engaged since the launch of the flood plans in agreeing and putting in place the necessary arrangements for the implementation of the priority flood relief schemes and work is well advanced in this regard.

Looking forward to 2019, critical schemes are expected to be complete in

- Bandon
- Claregalway
- Dunkellin
- Ennis Lower
- Skibbereen

A range of schemes will commence construction in 2019:

- Blackpool, Co Cork
- Glashaboy/Glanmire, Co Cork
- Douglas, Co Cork
- Lr Morrell, Co. Kildare
- Ennis South, Co Clare
- Sandymount, Co Dublin.

Construction of a number of schemes will continue in 2019 including in Ashbourne, Athlone, Clonakilty, Dodder and Templemore.

2.9 Sustainable water and environmental resources management

Water and wastewater

Investment in the water network is required to support environmental and economic wellbeing. The year 2018 saw the commencement and completion of a range of important projects throughout the country.

In the period 2017-2019 Irish Water is investing approximately €2 billion to improve drinking water quality and to ensure the safe disposal of wastewater. For the 2018/2019 period Irish Water is continuing to increase its annual capital investment with an investment of over €670 million for 2018 and a forecast of over €800 million for 2019.



Important achievements in 2018 include:

- Two major new water treatment plants were completed and eight were upgraded.
- Four major new wastewater treatment plants were completed.
- Over 15,000 people were removed from 'Boil Water Notices' that had been in place for more than 30 days.
- Some 22 water supplies were removed from the Environmental Protection Agency's Remedial Action List and 25 areas were removed from the EPA's priority list of areas for wastewater improvement.
- Close to 12,000 lead services were replaced.
- Six towns with no wastewater treatment were connected to newly constructed treatment plants.
- Works were completed on 21 towns listed in the 2018-2021 River Basin Management Plan.

In 2019, investment is set to grow to €800 million. This will deliver a range of critical outputs.

Significant water projects due to commence in 2019 include:

- Cork City Water Supply Scheme – Upgrade of Water Treatment Plant.
- Skibbereen Regional Water Supply Scheme – Water Treatment Plant and Network.
- Ballyshannon Regional Water Supply Scheme – Water Treatment Plant and Network.
- Old Connaught/Woodbrook Water Supply Scheme.
- Nine water treatment plants projected to be newly constructed or upgraded.
- 12 wastewater treatment plants projected to be newly constructed or upgraded
- 9,000 lead services projected to be replaced.
- Two towns with no wastewater treatment projected to be connected to newly constructed treatment plants.
- Corrective actions are projected to be completed on 28 areas identified by the EPA as priority areas for wastewater improvement.
- Works are projected to be completed on 17 towns listed in the 2018-2021 River Basin Management Plan.
- 12 wastewater treatment plants projected to be newly constructed or upgraded.

Significant wastewater projects projected to commence in 2019 include:

- Leixlip Transfer Pipeline
- Upper Liffey Valley Sewerage Scheme Phase 3 Contract 2A
- Upper Liffey Valley Sewerage Scheme Phase 3 Contract 2B
- Athlone Sewerage Scheme
- Blanchardstown Sewerage Scheme.

The advancement of these projects are an important element of Project Ireland 2040 and will bring clear environmental, public health and economic benefits.



Kerry Reservoir

Natural Resources

Project Ireland 2040 includes important measures to lead to better geological understanding. The economic and environmental upside of this work is that it can significantly de-risk and encourage private investment in Ireland's natural resources.

In 2018, Geological Survey Ireland continued investing in geological understanding, with 22% of INFOMAR seabed mapping and 57% of Tellus airborne survey completed by year end. In addition, progress was made in the areas of Groundwater Mapping and Geoscience research. In 2018 there was also an increase in sectoral employment through the Geoscience Ireland initiative.

2.10 Quality Childcare, Education and Health Services

The first year of Project Ireland 2040 saw growth in investment in schools, childcare and health services.

Schools investment

Construction activity in 2018 and into 2019 involves over 130 large-scale projects and 280 smaller scale projects under the Additional Accommodation Scheme. These projects will deliver:

- Approximately 40,000 additional and replacement school places.
- The replacement of over 600 prefabs.
- Enhanced sports facilities through the construction and modernisation of 48 PE Halls at post-primary level and 82 General Purpose rooms at primary level.
- Over 200 modern science labs which will support the delivery of the reformed science curricula and the roll-out of Computer Science as a Leaving Certificate subject.

Project Ireland 2040 committed to investing €420 million to assist in the implementation of the Digital Strategy for Schools to embed the effective use of digital technology in teaching, learning and assessment.

Each school is expected to draw up a Digital Learning Plan using a whole school approach and taking account of its context and circumstances. The plan will outline the vision of the school for embedding digital technologies in teaching, learning and assessment and incorporate targets and priorities for improvement and development.

The Department of Education and Skills and the Sustainable Energy Authority of Ireland are currently involved in an energy efficient retrofit pilot scheme for schools. A deep energy retrofit of primary and post-primary schools built prior to 2008 is being progressed, with a view to optimum energy use and conservation in school buildings. The longer-term outcome of the pilot will be to create an accurate and scalable model for energy efficient retrofits of schools across Ireland.

Under Project Ireland 2040, the Minor Works Grant is paid on an annual basis to all primary schools. Over €28 million provided under the programme in 2018 for the school year 2018/2019. In addition, a total of €23 million was provided in 2018 under the Summer Works Scheme.

Healthcare projects

There are now 127 Primary Care Centres fully operational throughout the country with 18 opening in the past year.

A further 37 locations are at design, planning or construction stages and 11 of these are expected to become operational in 2019.



Claremorris Primary Care Centre

The Department of Health and the Health Services Executive are advancing Sláintecare deliverables with the aim of accelerating the roll-out of eHealth systems and infrastructure including the Electronic Health Record, ePharmacy, the Integrated Financial Management System and key clinical systems.

In 2019, the construction capital allocation is €642 million and this will be managed to achieve value for money in the advancement of major projects.

Healthy Ireland

The Healthy Ireland *Healthy Cities and Counties* initiative expanded in 2018 and now includes thirteen accredited Healthy Cities and Counties, with further expansion planned in 2019. The initiative arose from the WHO Healthy Cities Programme and supports the creation of healthy communities and co-operation to bring local implementation of national policy. The initiative is supported by the Healthy Ireland Fund and Healthy Ireland Communications Campaign.



National Healthy Cities and Counties of Ireland Network

The Healthy Ireland Fund is supporting implementation of the Get Ireland Walking Strategy, and the development of a Get Ireland Cycling Strategy, working in partnership with Sport Ireland and other key stakeholders. Significant progress has been made with implementation - over 1,100 walking groups have now been established.

Healthy Ireland is also supporting Velo-City, an important and well-established international conference focussing on the future and development of all aspects of cycling. Velo-City is being held in Dublin in June 2019, led by Dublin City Council.

2.11 Wider investment

Project Ireland 2040 also includes a range of wider investment in important areas.

Justice sector

Projects are continuing in the Justice pipeline of capital works. In 2018 three Garda divisional headquarters in Dublin (Kevin Street), Galway City and Wexford Town were completed at a total cost of approximately €100 million. The construction and redevelopment of seven Courthouse venues through Public Private Partnerships was also completed during 2018.

Project Ireland 2040 funding provides for a new Family Law and Children's Courts complex at Hammond Lane, Dublin and a number of new Garda stations and facilities. These projects are currently at planning and design stage and will be finalised shortly by the Department of Justice and Equality in consultation with the Courts Service and An Garda Síochána.

Significant funding is being invested in a coherent programme of new ICT systems to help optimise the capacity of An Garda Síochána to meet current and future policing needs.

Other key projects in the Justice area currently ongoing:

- A new Forensic Science Laboratory - building will commence in 2019 at the Backweston site in Country Kildare.
- An ongoing refurbishment programme for the Courts Service.
- Significant development work in Limerick prison.
- Upgrading of the Garda fleet.
- Ongoing maintenance and modernisation programme for Garda stations.

Estate Management

Project Ireland 2040 provides the OPW with funding to support a number of areas including the development of office accommodation.

Work continued in 2018 on compliance with building health and safety regulations in the construction and retrofit of energy efficient buildings.

Section 3:

The spatial dimension

The National Planning Framework (NPF) sets the vision and strategy for the development of our country to 2040 and the National Development Plan (NDP) provides enabling investment to implement the strategy.

Together, the NPF and NDP are the two pillars of Project Ireland 2040, setting out a shared vision for coordinated planning and investment, linking national spatial development priorities and enhancement of our infrastructure. Publication of the NPF began a process of significant reform and enhancement of Ireland's planning process, strengthening its strategic outlook and governance with several key achievements in 2018.

3.1 Preparing for implementation

Achievement of the aims of Project Ireland 2040 such as compact growth requires effective and clear implementation mechanisms³. Following the launch of the NPF an implementation strategy for the spatial elements was published in May 2018.

This document was prepared and published following extensive stakeholder consultation. It addresses matters including population projections and the definition of Metropolitan Areas as part of the preparations for the Regional Spatial and Economic Strategy (RSES) processes to be completed later in 2019.



³ Section 4 provides further information on the range of Implementation arrangements established in 2018.



3.2 Planning for the Regions

The high-level aims of Project Ireland 2040 require follow-through at regional and local levels.

Accordingly, Regional Spatial and Economic Strategies are being prepared by each of the three Regional Assemblies. Considerable progress was made in 2018 with the three RSEs being published as drafts for consultation, with the public consultation period ending in Quarter 1 of 2019.

All three Regional Strategies will be finalised and adopted in 2019. This will prompt a subsequent review process for individual local authority county and city development plans, ensuring strategic co-ordination and consistency between national, regional and local levels.

To support and guide this review process, statutory Guidelines for Planning Authorities on Development Plans will be updated later in 2019.

Ireland's Regions and Northern Ireland



3.3 Driving institutional change

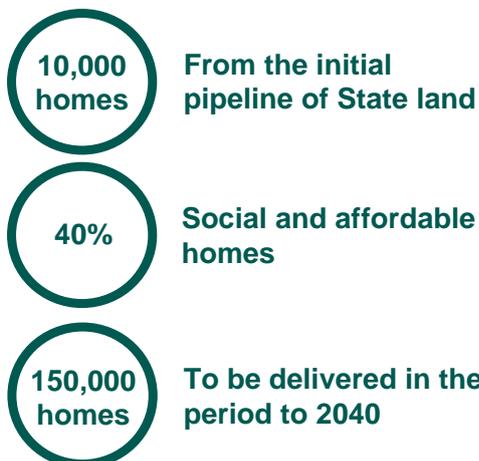
The Land Development Agency

Delivery of the compact growth objectives in the NPF will benefit from better and more strategic use of public lands. The Land Development Agency (LDA) was set up to ensure optimal use of State land, with the over-riding strategic objective to coordinate sites for regeneration and development, especially for home delivery, while focusing on the overall public interest in determining land use. An initial tranche of eight strategic sites has been identified with work progressing on their development at present.

The LDA was established by secondary legislation in September 2018. In December 2018, the Government approved the drafting of the Land Development Agency Bill 2018, to enable the establishment of the LDA under primary legislation.

The LDA will commence design, planning and other preparatory works on its sites immediately, with construction commencing on the first homes in 2019 with expected delivery early in 2020.

The core of the opportunity offered by the LDA is around long-term strategic land assembly, which can result in the delivery of up to 150,000 homes over a 20 year period.



Source: Department of Housing, Planning and Local Government

Progress will continue on the initial tranche of eight strategic sites which have been identified to date.

The Office of the Planning Regulator

The first year of Project Ireland 2040 also saw the establishment of the Office of the Planning Regulator (OPR).

The OPR will be responsible for assessment of all local authority and regional assembly forward planning, including zoning decisions.

The Regulator will ensure that planning authorities are operating to the highest standards of integrity and best practice ensuring that planning policy decisions in their development plan-making roles are in line with national and regional policies as set out in the National Planning Framework and Regional Spatial and Economic Strategies.

The Regulator will have the power to review the organisation, systems and procedures used by any planning authority or An Bord Pleanála.

The Regulator will also have the power to advise the Minister on whether a plan made by a local authority conflicts with national planning policy and to recommend that the Minister make directions where any plan is not in compliance with national policy.

Additionally, the OPR will drive national research, education and public information programmes to highlight the role and benefit of planning, which will include monitoring the implementation of the NPF.

Section 4:

Reforming monitoring and implementation

The National Development Plan set out a range of new mechanisms designed to ensure smooth implementation of the range of major projects and programmes that make up Project Ireland 2040. During 2018 a number of new structures were established to sharpen the focus on delivery. In addition, a new programme of reform is ongoing to drive improved value for money, cost certainty and timely completion of major public investment programmes.

3.1 Monitoring implementation

The Project Ireland 2040 Delivery Board made up of Secretaries General from the main capital spending Departments was established in 2018 and meets regularly to ensure effective leadership of the implementation process. A core function of the Delivery Board is to track delivery of projects and policies both in relation to capital investment and spatial planning. The Delivery Board has been monitoring progress with the development of the Regional Economic and Spatial Strategies, overseeing the update of the Public Spending Code and identifying potential challenges to successful implementation of Project Ireland 2040.

An important enabling tool for the Delivery Board is the Investment Projects and Programmes Tracker which was first published in November 2017. The Tracker provides a composite update on the progress of all major investments that make up Project Ireland 2040.

The first year of Project Ireland 2040 saw further development of the Tracker to include more detailed information on project progress, a clearer link to the National Strategic Objectives under the plan and the inclusion of wider investment programmes.

A further innovation has been the development of a new interactive online mapping tool *myProjectIreland* which provides an update on priority projects across all regions. This is a key element of citizen engagement which will bring updated information on project progress across all regions.

Mapping the investment pipeline



Source: Investment Projects and Programmes Office

The launch of the mapping tool and details of the pipeline of projects will also provide the construction industry with the information to plan and prepare for commercial opportunities to bid for projects.

Moreover, it will be an important communications channel for citizens in all regions in relation to current and future developments in their communities.

3.2 Building partnership with industry

A sustainable and innovative construction sector is crucial for the efficient delivery of Project Ireland 2040 and for the wider economic benefit that the construction sector brings across the regions.

To help foster the development of the sector and ensure regular and open dialogue between the industry and Government, 2018 saw the establishment of the Construction Sector Group (CSG). During the year, engagement between the industry and Government addressed sectoral issues such as costs, labour supply, productivity, and waste management. The group is working to secure the sustainability and vitality of the construction industry. The industry bodies represented are:

- Construction Industry Federation
- Irish Congress of Trade Unions
- The Building Materials Federation
- Engineers Ireland
- Society of Chartered Surveyors Ireland
- Royal Institute of the Architecture of Ireland
- Association of Consulting Engineers of Ireland
- Irish Planning Institute.

The Group has met regularly and is progressing an ambitious work programme for 2019.

In 2019 the CSG will play a particularly important role in highlighting the risks and constraints faced by the sector and designing actions to be undertaken by industry and Government Departments and Agencies.

A core output of the CSG in its first year is the publication of the Report BUILD: Construction Sector Performance and Prospects 2019



The work programme for 2019 features five important pillars.

2019 work pillars of the Construction Sector Group

- Communicate for industry confidence
- Secure the skills pipeline
- Drive productivity improvement
- Improve value for money
- Lead a sustainable industry

Source: Investment Projects and Programmes Office

In 2019 the Project Ireland Delivery Board and Construction Sector Group will be assessing a number of proposals to assist the industry in expanding capacity, securing skills, and enabling productivity, sustainability and growth. These include:

- Increased technology adoption across the industry and enhanced use of Building Information Modelling (BIM).
- Greater use of prefabrication and offsite construction.
- The establishment of a central hub for learning and development in BIM which would be housed within an existing state agency or higher education institute, be funded through private and public resources and have clear metrics for promoting the use of BIM across the industry.
- Initiatives to showcase opportunities in the construction sector to overseas firms and workers to enhance capacity and competition.

A number of actions are already underway. The Investment Projects and Programmes Office in DPER is undertaking a detailed study to devise recommendations to improve productivity in the industry based on international practice. The Expert Group on Future Skills Needs is undertaking a study of skills needs in the sector.

3.5 Reforming project selection, appraisal and procurement

Over recent years, Ireland has made considerable strides in delivering projects on time and within budget. Across most sectors, projects are coming in on budget. In particular, recent years have seen major progress in the professionalism of project management in the water sector, motorways and public transport area.

Nonetheless, it is clear that the experience of the National Children's Hospital must be drawn upon to ensure that this type of cost overrun is avoided in future. The Department of Public Expenditure and Reform and Office of Government Procurement are progressing a number of reform processes to ensure better project appraisal mechanisms, more commercial delivery of projects and better

estimation and management of project costs.

Ensuring capacity of the public sector

In 2019 the Department of Public Expenditure and Reform will conduct a Capability Review of public sector bodies in order to:

- Learn lessons from the high performing sectors – for example roads – which can be applied to other areas.
- Strengthen and build new structures and skills to develop and modernise the State's project delivery practices.

This review will be carried out with support from the EU Structural Reform Support Service.

Updating the Public Spending Code

The Department of Public Expenditure and Reform has been progressing its update of the Public Spending Code to support Project Ireland 2040 implementation.

In 2018 a substantial body of analysis was completed in order to update the technical parameters for economic appraisal that underpin major project selection, including ensuring carbon is appropriately priced in investment decisions by public bodies. This includes changes to how the climate impact of a proposed project will inform investment decision-making.

Work on the Code will continue in 2019, with the following goals to be delivered:

- Strengthen and harmonise capital appraisal guidance including better guidance on financial appraisal, multi-criteria analysis, cost effectiveness analysis, sensitivity analysis, and programme appraisal.
- Bring greater clarity on governance and roles and responsibilities, particular in terms of who is the Sanctioning Authority and who is the Sponsoring Agency for major projects.
- Introduce new mechanisms to improve the accuracy of cost estimates.
- Revise the project life cycle to better reflect the realities of project delivery.
- Complement the Project Ireland 2040

Capital Tracker in monitoring projects and costs.

- Increase transparency and improve evidence base through publication of information on appraisals and assessment of public investment projects, including PPPs.

Reforming major project procurement

In 2019 the Office of Government Procurement will advance significant reforms to how we procure and deliver major projects. Underpinning the work are three principles – Strategy, Risk and Performance - which provide a framework to develop the next generation of the *Capital Works Management Framework*.

1. Procurement & Contracting Strategy

- Determine the optimum procurement and contracting strategy taking into account the quality of the operational asset, the available resources, and the risk profile of the project.
- Provide the most efficient means of engaging the necessary resources, whether consultants or contractors, in a manner that is compliant with procurement rules and Government policy.

2. Risk

- Require risk identification from the earliest stage of the project.
- Set minimum standards for the information necessary for each stage of a project's development.
- Determine who is best positioned to manage risk at the different stages of a project's development.

3. Performance

- Provide the means to measure the performance of a project and its key actors during the course of its delivery and beyond into its operation.
- Provide the means to review project outcomes to determine whether they have met their objectives and ensure that learnings are captured to inform future deliveries.

Working with the Construction Sector Group and other stakeholders, the process will engage with industry on key themes such as:

- Price variation associated with inflation.
- Risk management.
- Creating a better quality : price balance in the award of contracts.
- Adoption of Building Information Modelling on public works projects.
- Liability, indemnity and insurance requirements.
- Performance evaluation.
- Encouraging collaborative working.

Together these reform processes will lead to meaningful policy change and will assist in delivering better value for money for the taxpayer in the implementation of Project Ireland 2040.



Rialtas na hÉireann
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