



Roinn an Taoisigh
Department of the Taoiseach

National Recovery and Resilience Plan

Public Consultation

February 2021



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Consultation Process

The consultation period will run from 02 February 2021 to 22 February 2021. Any submission received after this date may not be considered. Early submissions would be particularly welcome.

How to Respond

Submissions (in writing) should be made by email to:

NRRPConsultation@taoiseach.gov.ie

Please include contact details in your response.

When responding, please indicate whether you are a business, business professional adviser, representative body or member of the public.

Freedom of Information

Submissions will be subject to the provisions of the Freedom of Information Acts. The Department may receive requests for any or all information supplied as part of this process. Parties should also note that responses to the consultation may be published on the Gov.ie website

After the Consultation

The intention is to evaluate all submissions received for consideration as part of the process of developing the National Recovery and Resilience Plan. A summary of the public consultation, and how this has been reflected in the development of the National Recovery and Resilience Plan will be included in the Plan itself, which will be made public on its conclusion.

Introduction

The EU's Recovery and Resilience Facility lies at the heart of the Union's response to the COVID-19 pandemic. The aim of the Facility is to mitigate 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.

The Recovery and Resilience Facility is the key element of the €750bn Next Generation EU/ Recovery Plan Package agreed by the European Council in July 2020. The Recovery and Resilience Facility accounts for €672.6bn of the total Next Generation EU, made up of €360bn in loans and €312.5bn in grant (2018 prices).

On 18 December 2020, political agreement was reached on the Recovery and Resilience Facility between the Council and the European Parliament on the draft regulation establishing the Recovery and Resilience Facility and it is expected that the final Regulation will be formally adopted in February.

Ireland is expected to receive €853 million in grants under the Facility in 2021 and 2022. A further set of grants is to be allocated in 2023, taking into account economic developments between now and then.

In order to access this funding, Ireland must develop a National Recovery and Resilience Plan for approval by the European Union. The Plan must set out the reforms and investments to be supported by the Facility and must be submitted to the European Commission no later than 30 April 2021. Disbursements will take place upon the achievement of pre-set targets and milestones identified in the plans. The final targets and milestones must be met on or before August 2026 to ensure final payments can be made.

The Department of Public Expenditure and Reform is responsible for preparing the National Recovery and Resilience Plan, the development of which is now underway, working with the Department of the Taoiseach, the Department of Finance, and the Department of Enterprise, Trade and Employment, and other Government Departments as appropriate.

The reforms and investments proposals included in the Plan must seek to address all or a significant subset of challenges identified in the relevant country-specific recommendations received by Ireland in 2019 and 2020, which arise as part of the European Semester process. They must also be aligned with a number of EU flagship areas, including climate action and digital transitions.

For 2021, Ireland's National Reform Programme will be integrated in to our National Recovery and Resilience Plan.

Submission of National Recovery and Resilience Plans

Our National Recovery and Resilience Plan is being developed as part of a broader exercise undertaken on the development of a new National Economic Plan-a medium term roadmap for our economic recovery and renewal which will outline our overarching economic priorities and policy objectives at a national level. The National Economic Plan, the development of which included a substantial consultation event on 21 October, is expected to be finalised and published shortly.

Ireland's National Economic Plan will seek to forge a pathway for the economy through a combination of trends and issues, many of which have been accelerated and accentuated by the pandemic. These include the carbon transition, digitalisation, productivity gaps, de-globalisation, labour market composition, and regional imbalances. It is anticipated that this Plan will include a focus on building resilience across enterprise and sectors, pursuing an inclusive balanced recovery, and future proofing our environment and economy.

Ireland's National Recovery and Resilience Plan will be subject to assessment by the Commission and approval by the Council of Ministers. A dedicated Director-General led Recovery and Resilience Task Force, reporting to the President of the Commission, has been established to oversee the process.

Plans must set out a coherent package of both reforms and public investment projects. To benefit from the support of the Facility, these reforms and investments must be implemented by 2026.

Plans should address the challenges identified in the European Semester process, particularly the 2019 and 2020 country-specific recommendations (Appendix 1), and contribute to the four dimensions outlined in the 2021 Annual Sustainable Growth Strategy (viz. environmental sustainability; productivity gains; fairness; and macroeconomic stability). Member States are required to embed the measures they plan to take in their national budgetary processes.

Plans must devote a minimum of 37% of expenditure to climate (with the remaining 63% complying with the 'do no harm' principle i.e. not undermining environmental objectives) and 20% to digital investments and reforms. The six pillars included in the regulation are outlined below:

- 1) Green transition;
- 2) Digital transformation;
- 3) Smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well functioning single market with strong SMEs;
- 4) Social and territorial cohesion;
- 5) Health, and economic, social and institutional resilience, including with a view of increasing crisis reaction and crisis preparedness; and
- 6) Policies for the next generation, children and youth, including education and skills.

Plans should also seek to address seven flagship areas identified for reforms and investments by the European Commission

- Power Up (renewable power generation)
- Renovate (retrofitting/deep renovation)
- Recharge and Refuel (electric and hydrogen chargers)
- Connect (5G coverage)
- Modernise (digitisation of public administration)
- Scale Up (cloud services, big data, semi-processors)
- Reskill and Upskill (digital skills, education reform)

Finally, they should ensure coherence with the range of EU programmes and instruments available to Member States.

Plans must strike a balance between reforms and investments. As part of the development of plans, proper milestones and targets must be identified that are realistic, achievable, measurable and trackable.

Member States must submit their plans to the Commission no later than 30 April 2021, but this is expected to be preceded by a process of dialogue between the Commission and individual Member States on an iterative basis using draft plans, so that final plans can be assessed and approved on a more streamlined timescale.

Stakeholder Consultation

We value stakeholder input and recognise that it is an important part of the European Semester process and in the development of the National Recovery and Resilience Plan. This consultation process builds on previous dialogue with a wide spectrum of stakeholders at the National Economic Plan Stakeholder Engagement event on 21 October, and ongoing engagement by Government in a wide range of dialogue processes

Consultation Questions

Interested parties are invited to make submissions to address the following key questions:

1. Taking into account the guidance provided by the European Commission, what are the areas Ireland should prioritise for 1) investments and 2) reforms for inclusion in our National Recovery and Resilience Plan?
2. Of the Country Specific Recommendations received by Ireland in 2019 and 2020, which are considered the most relevant for reflection upon in Ireland's National Recovery and Resilience Plan?

In answering the consultation questions, respondents are asked to keep in mind the need to ensure that any proposals are consistent with EU State aid rules and the parameters set out by the EU Commission for the Recovery and Resilience Facility. Further information on which can be found at: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

Appendix 1

2020 Country Specific Recommendations

1. In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Improve accessibility of the health system and strengthen its resilience, including by responding to health workforce's needs and ensuring universal coverage to primary care.
2. Support employment through developing skills. Address the risk of digital divide, including in the education sector. Increase the provision of social and affordable housing.
3. Continue to provide support to companies, notably small and medium-sized enterprises, especially through measures ensuring their liquidity. Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, sustainable public transport, water supply and treatment, research and innovation and digital infrastructure.
4. Broaden the tax base. Step up action to address features of the tax system that facilitate aggressive tax planning, including on outbound payments. Ensure effective supervision and enforcement of the anti-money laundering framework as regards professionals providing trust and company services.

2019 Country Specific Recommendations

1. Achieve the medium-term budgetary objective in 2020. Use windfall gains to accelerate the reduction of the general government debt ratio. Limit the scope and number of tax expenditures, and broaden the tax base. Continue to address features of the tax system that may facilitate aggressive tax planning, and focus in particular on outbound payments. Address the expected increase in age-related expenditure by making the healthcare system more cost-effective and by fully implementing pension reform plans.
2. Provide personalised active integration support and facilitate upskilling, in particular for vulnerable groups and people living in households with low work intensity. Increase access to affordable and quality childcare.
3. Focus investment-related economic policy on low carbon and energy transition, the reduction of greenhouse gas emissions, sustainable transport, water, digital infrastructure and affordable and social housing, taking into account regional disparities. Implement measures, including those in the Future Jobs strategy, to diversify the economy and improve the productivity of Irish firms – small and medium enterprises in particular - by using more direct funding instruments to stimulate research and innovation and by reducing regulatory barriers to entrepreneurship.