



Rialtas na hÉireann  
Government of Ireland

# Economic Recovery Plan 2021

## Progress Report



Prepared by the Department of the Taoiseach June 2022  
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## Overview

The Economic Recovery Plan, published on 1 June 2021, sought to drive sustainable economic recovery and renewal, supporting recovery in employment, while also investing in the transition towards a decarbonised and digital economy. It is based on four Pillars: **Ensuring Sustainable Public Finances; Helping People back into Work; Re-building Sustainable Enterprise; and A Balanced and Inclusive Recovery.** The Plan included an overriding ambition of **2.5 million people in work by 2024.**

Over the last year, against a backdrop of recurring pandemic impacts and wider uncertainties, with the assistance of substantial targeted Government supports, Ireland saw **robust employment growth. Employment levels recovered to exceed pre-pandemic levels during 2021; standing at 2,505,800 at end-March 2022.** Significant policies have been delivered under the Plan, with important initiatives towards sustainable economic recovery and renewal.

Ireland now faces a new set of complex and inter-related challenges. These include supply chain issues, and related inflation, arising from the pandemic, which have been exacerbated considerably by the impact of the war in Ukraine, and the resultant energy and commodity price increases. Indeed, the pandemic, and recent international challenges, have accelerated and highlighted many trends, shifts and risks across digitalisation, decarbonisation, global geo-political and trade developments, energy security, labour market and demographic changes.

These challenges underscore the need for agile policies and robust implementation. Comprehensive strategies and plans towards a renewed economy have been delivered over the last year, with strong implementation structures to meet an evolving and complex landscape.

## Key Deliverables



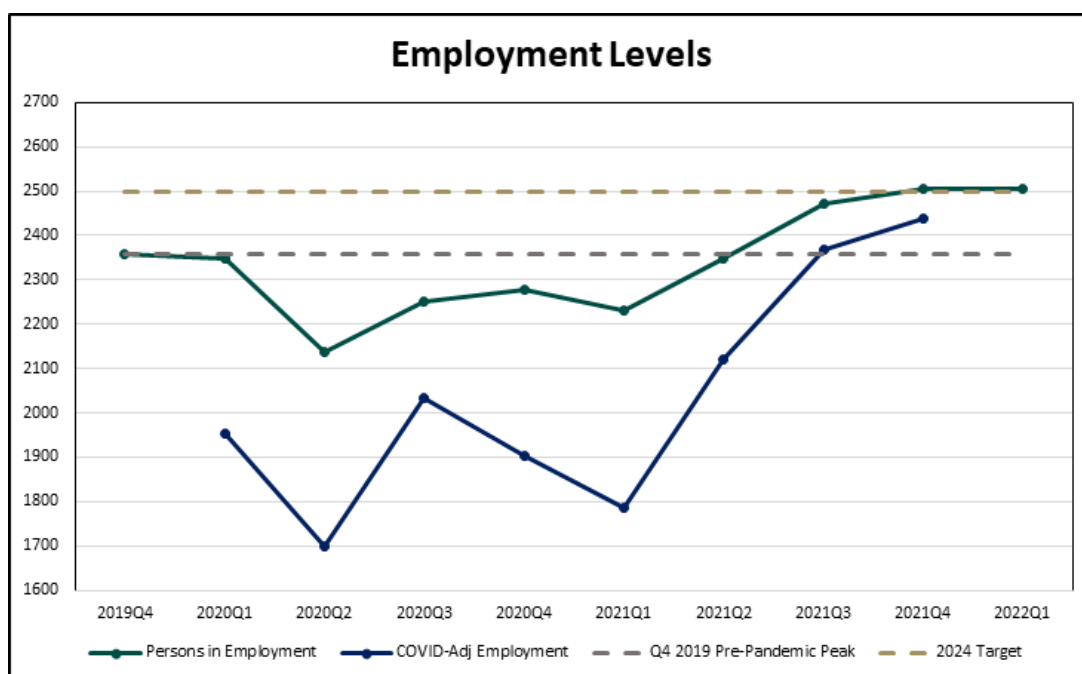
### Significant milestones achieved since the publication of the Economic Recovery Plan

- Delivery of **Pathways to Work 2021-2025**, the overall framework for activation and employment support policy, which is being put into action;
- **Climate Action Plan 2021**, a far-reaching and radical plan setting out 475 separate actions to halve Ireland's greenhouse emissions by 2030;
- ***Harnessing Digital - The Digital Ireland Framework***, which sets out a pathway to support Ireland's ambition to be a digital leader, at the heart of European and global digital developments;
- **Renewed National Development Plan 2021-2030**, the largest ever delivered in the history of the State at €165 billion, a vital enabling mechanism for climate change, housing and broader infrastructure ambitions. Delivering it will boost long-term productivity, while providing a strong jobs multiplier effect;
- **Ireland's National Recovery and Resilience Plan**, with a total value of just under €1 billion, was approved by the European Commission in July, and Council of the European Union in September. Work on implementation is underway, and it is expected Ireland will make its first NRRP payment claim this year;
- **Corporation Tax agreement** - Ireland has signed up to the OECD Inclusive Framework on BEPS on a new tax framework to address the tax challenges of digitalisation, providing long-term certainty for business and investors;
- Setting out the Government's **medium-term fiscal target** in the 2021 Summer Economic Statement; and updated economic and fiscal projections in the **2022 Stability Programme Update**;
- **Housing for All** (213 actions and rigorous implementation structures); 20,433 homes completed in 2021, with almost 9,400 commencement notices in the first four months of the year, and almost 32,500 commencements in the twelve months to April 2022;
- Ireland's new **Trade and Investment Strategy 2022-2026**, *Value for Ireland, Values for the world*, adopted by Government and overseen by the Trade and Investment Council to protect and grow our trade in a changing global landscape;
- **Impact 2030: Ireland's Research and Innovation Strategy**, which aims to advance Ireland's research and innovation ecosystem and maximise the impact of R&I on our economy, society and environment; and
- Dublin and Cork have been selected by the European Commission as part of their **Climate-Neutral Smart Cities** mission, and will be supported in accelerating their green and digital transformations as part of a network of 100 cities across Europe.

## Employment Progress

**Employment levels recovered to exceed pre-pandemic levels in 2021, and overall employment stood at 2,505,800 at the end of March 2022.** Employment gains were widespread, increasing in 12 of the 14 economic sectors over the year; and female employment and labour market participation increased significantly. However, it must be borne in mind that some level COVID-19 supports were still in place at the end of Quarter 1.

The current period of heightened uncertainty and risks underscores the importance of a robust and resilient economy. While the impacts of the war in Ukraine, and the current inflation challenges have dampened growth forecasts globally, our strong employment growth and robust wider economic performance suggest we are in a good position to maintain our ambition of an unsupported employment figure of 2.5 million people in work for the coming period. This is in line with the April 2022 Stability Programme Update, which forecasts employment levels of 2,510,000 in 2023.



Note, the CSO discontinued their COVID-Adjusted employment measure in Q1 2022.

## Progress on Delivery

### Progress across the Pillars of the Economic Recovery Plan

The Economic Recovery Plan is broken down across four Pillars, working together towards a resilient jobs-led recovery and sustainable economic renewal.

#### Pillar 1 - Ensuring robust, sustainable Public Finances

The ultimate foundation for a sustainable recovery is macroeconomic stability and robust public finances. The Government’s **medium-term fiscal target** was set out in the 2021 Summer Economic Statement.

The **Report of the Commission on Pensions** was published in October, and provides options for consideration to address the sustainability of the State Pension system and the Social Insurance Fund. A recommended response and implementation plan will be brought forward by Government shortly. The **Commission on Taxation and Welfare** is due to report in the Autumn.

Work is simultaneously advancing to develop an **Automatic Enrolment retirement savings system**. The Government announced the details of the Final Design principles for an Automatic Enrolment Retirement Savings System in March, with the necessary legislative, organisational and process structures to follow through 2022 and 2023.

2021 was a critical year for **international tax changes**. Ireland made a significant decision in joining the international consensus on a suite of far reaching reforms to the global corporate taxation framework, which secures certain significant priorities for Ireland.

## Pillar 2 - Helping People Back into Work

A central focus of the Plan is helping people back to work including through intense activation and accelerated training, reskilling and upskilling opportunities, under Pathways to Work.

The overall trend for **labour market metrics has been positive**. The standard rate of unemployment continues to improve, standing at 4.8% in April, down from a peak of 7.7% in March 2021 (COVID-adjusted unemployment peaked at 27% in February 2021). The Pandemic Unemployment Payment (PUP), which ended in March, rightly protected those impacted by COVID restrictions throughout the acute stages of the pandemic.

**The Labour Force Participation rate was 64.8% in Quarter 1 2022**, up from 60.0% in Quarter 1 2021. This overall improvement is associated with a significant increase in the size of the **labour force**, which was over 2.63 million in Quarter 1 2022. Encouragingly, there have been particularly strong increases in female participation, accounting for 60% of the overall increase in the two years to Quarter 1 2022.

While a strong recovery in the labour market is leading to significantly less demand for activation and employment schemes than was envisaged when Pathway to Work 2021-2025 was launched in July 2021, Government continues to closely monitor the labour market to ensure a flexible and agile approach, as well as having the necessary capacity in place to support those who are entering or re-entering the workforce.

Under Pathways to Work 2021-2025 and the broader skills agenda, important progress has been made:

- The **capacity of the Public Employment Services has been expanded**, with circa 100 additional Case Officers assigned, and a further 50 to follow by end-2022. Digital activation and online information services have also been expanded.
- The provision of restructured employment services through ‘**Intreo Partners - Local Area Employment Services**’ and ‘**Intreo Partners – National Employment Services**’ is at an advanced stage of procurement.

- The **Work Placement Experience Programme** commenced in July 2021, and will be scaled up as necessary over time supported by active promotion of the scheme. Work continues to actively promote awareness of the programme among employers to increase participation.
- An additional 2,600 places on **State Employment Schemes** were assigned in August, with a proportion to be ring-fenced for young people and disadvantaged groups.
- Pathways to Work provided for 8,000 **Jobs Plus** employer incentive places. Work is ongoing within the Public Employment Service to promote additional take-up of this scheme among employers.
- As part of the **accelerated rollout of education and training places**, over 20,000 people have taken part in Skills to Compete since it began in the second half of 2020. Courses offered are built around three key priorities: delivering the essential skills required for modern workplaces; building strong digital skills; and developing the specific vocational skills to secure opportunities in growing sectors and occupations.
- Budget 2022 provided a total of **€132 million for Further Education and Training**, including €34 million to support and develop Apprenticeships; €88 million for reskilling and upskilling; and €3 million to implement the Adult Literacy & Numeracy Strategy.
- The **OECD Review of Skills Strategy project for Ireland** was officially launched in November 2021 and the scoping phase is now complete. The four overarching priority areas centre on supply, lifelong learning, governance, and leveraging skills to drive innovation. Early stakeholder engagement is detailing the known large-scale challenges for Ireland, around green, construction, digital, and transversal skills; the importance of dynamic skills and labour market data for decision-making; and, the imperative for a step-change in engagement in lifelong learning.
- On the **Action Plan for Apprenticeship 2021-2025**, a new unified system will replace the current system of traditional craft programmes and more recent consortia-led programmes. A new payment of €2,000 has been introduced to employers of apprentices on newer, consortia-led apprenticeships, to help level up the supports provided to the two types of apprenticeship programmes. For the first time, employers of all apprentices will now have access to financial support, either through direct payment of allowances to apprentices or through the employer grant.

A new gender bursary has also been introduced, which will see employers receive payments of €2,666 for each eligible apprentice they employ on a national apprenticeship programme with greater than 80% of one gender. In 2021 there was a total of 8,607 registrations, an increase of 38% in comparison to 2020 figures, giving a total apprenticeship population of just over 24,200.

- Key changes to the CAO website, which went live in November 2021 allow school leavers to **explore options across the third level system**, whether in Higher Education (HE), Further Education or apprenticeship options. This will support the development of greater balance between HE and FET in building a unified tertiary system.
- In addition, Government published '**Funding the Future**' in May 2022, which sets out the Government's commitment to a multi-funded model of additional Exchequer investment and employer contributions, and the gradual reduction of student contributions, as part of a **sustainable funding model for Higher Education**.

## Pillar 3 - Re-Building Sustainable Enterprise

Re-building sustainable enterprises has been advanced through targeted supports and policies to make enterprises more resilient and productive.

The provision of **pandemic emergency business supports** was agile and responsive, in line with an evolving public health landscape, and schemes were extended, such as the Employment Wage Subsidy Scheme until May 2022. Overall, the Government has provided targeted support schemes (e.g. COVID Restrictions Support Scheme), direct grants (e.g. Trading Online Vouchers), relief from Commercial Rates, credit measures (e.g. €2 billion Credit Guarantee Scheme), and tax expenditure supports (including extensive tax warehousing) to support businesses through the pandemic.

Supporting the resilience and **sustainability of enterprise on its decarbonisation pathway** is a central element of the Plan. To that end, a new website was launched in December, the [Climate Toolkit 4 Business](#), where businesses can start their zero carbon journey by getting an estimate of their carbon footprint, a personalised action plan to reduce it, and links to State financial, training and other resources to help them. The **Green Transition Fund** is being progressed, under Ireland's NRRP. The fund is made up of 2 distinct schemes, both of which will be launched in Quarter 2 2022.

A new ministerial-led **SME and Entrepreneurship Implementation Group** was established in 2021 and is working with Departments and Agencies to drive the delivery of actions under the **SME and Entrepreneurship Growth Plan**. Priority areas include access to finance, clustering and networks. Work is also underway to upgrade the existing **SME Information Portal** to develop a more comprehensive offering. A **Retail Banking Review Dialogue** was held in May with a range of stakeholders, and included a focus on the banking and credit needs of SMEs; the overall aim of the Review programme is to ensure a fit-for-purpose retail banking sector.

**Harnessing Digital - The Digital Ireland Framework** was published in February 2022. It provides a high-level framework to support Ireland's ambition to be a digital leader, at the heart of European and global digital developments, and sets out clear targets and workstreams to drive and enable the digital transition across the economy and society. Implementation of the Strategy is being advanced, including the launch of a **Digital and ICT Strategy for the Public Service** in March, a consultation on a new **Connectivity Strategy**, a new **Digital Strategy for Schools** launched in April, and the establishment of a new **Enterprise Digital Advisory Forum**.

A **Digital Transition Fund** is being established as part of Ireland's NRRP. This is an €85 million multi-annual fund which will run until 2026. Under Budget 2022, €10 million was allocated to the Fund and the first call will be announced by mid-2022. A new **Digital Portal** will also be developed under the Digital Transition Fund, as part of an awareness-raising campaign to encourage all businesses to digitalise.

Ireland's **National AI Strategy, AI - Here for Good** was published in July 2021 and implementation is underway, including the appointment of a new **AI Ambassador** to drive transformation and lead a national conversation on the role of AI in our lives. Ireland also joined the OECD Global Partnership on AI in 2021.

The European Commission's confined call for the **European Digital Innovation Hubs** network closed in February 2022. There are four Irish candidates who are actively participating. It is anticipated that the Hubs will be operational in Quarter 3 2022.

**Impact 2030**, Ireland's **National Research and Innovation Strategy to 2027**, was published in May 2022. It will position research and innovation at the heart of addressing Ireland's societal, economic and environmental challenges, while strengthening capacity and capability across the research and innovation system to deliver the greatest positive impact on our country. Through Impact 2030, research and innovation in Ireland will demonstrate and deliver impact to respond to the twin transition challenges of climate action and digitalisation, and other national priorities such as competitiveness, health, food security, biodiversity, equality and inclusion.

Under Ireland's NRRP, the **National Grand Challenges Programme** will see €65 million invested in research and innovation to enhance Ireland's future sustainability and resilience and an additional €6 million for programme operations. A suite of challenge funding calls will aim to incentivise teams to develop solutions that will contribute to green transition and digital transformation objectives. The programme will be launched by end-Quarter 2 2022, with call deadlines in Quarter 3 / Quarter 4 2022.

A **White Paper on Enterprise Policy** is being developed; it will be informed by extensive consultation, and will set out a vision for Ireland's enterprise policy to 2030 and beyond.

A **National Clustering Policy and Enabling Framework** is advancing, and will be finalised in conjunction with the forthcoming White Paper on Enterprise Policy. This will aim to maximise the potential of clustering to support enterprise policy objectives including the green and digital transition.

The Government's **new trade and investment strategy**, *Value for Ireland, Values for the World*, which recognises the role of trade policy in promoting and protecting Ireland's values and standards, was launched in April. The overarching goal of the strategy is to see Ireland grow sustainably, diversify export markets, and support continued prosperity and higher living standards. It seeks to best-position Ireland's trading and investment relationships right around the globe, maximising benefits and addressing risks. Its approach brings synergy, creativity, and urgency to the existing suite of strategies across trade and investment.

As part of the **implementation of the Industry 4.0 Strategy**, the **IDA Advanced Manufacturing Centre** is expected to open in Quarter 3 2022. The Centre will support MNCs and SMEs with the adoption and scaling of new technologies. In addition, *Future Manufacturing Ireland*, a new coordination mechanism, was established in June to promote engagement between the network of Advanced Manufacturing Centres and industry, and support the uptake of digital technologies in the manufacturing sector.

The **Companies (Rescue Process for Small and Micro Companies) Act 2021**, which is part of a suite of measures to provide a sustainable regulatory response to the challenges facing SMEs, was commenced in early December.

Work to drive insurance reform continues, and the second implementation report for the **Action Plan for Insurance Reform** was published in March 2022, showing 80% of actions completed. Principal actions delivered include the establishment of the Office to Promote Competition in the Insurance Market and the Insurance Fraud Coordination Office. Legislation to strengthen the laws on perjury has been enacted and the Personal Injury Guidelines have been commenced. In addition, in May 2022 Government approved a proposal to reform duty of care legislation, a key insurance reform measure. Furthermore, legislation to reform the Personal Injuries Assessment Board (PIAB) and legislation to enhance the powers available to the Competition and Consumer Protection Commission (CCPC) is currently being progressed.



Under the **Technological University Transformation Fund**, a further €30 million will be allocated later this year, bringing total funding to €90 million since 2020. In addition, a further **€40 million has been allocated for TU education and training reforms under Ireland's NRRP** and an **application for circa €84 million for TU-oriented research programmes under the European Regional Development Fund** is being progressed. Five TUs have been established nationally: TU Dublin; MTU; TU of the Shannon; Midlands Midwest; Atlantic Technological University; and South East Technological University.

## Pillar 4 - A Balanced and Inclusive Recovery

A balanced and inclusive recovery is being driven through strategic investment in infrastructure across the regions, reforms that enhance our long-term capacity for sustainable growth, and by improving living standards. The delivery of the **renewed National Development Plan 2021-2030** is central to achieving this, with a particular focus on priority solutions to strengthen housing, climate ambitions, transport, and healthcare, and prepare us for Ireland's population growth. In recognition of the impact that current inflationary challenges are having on public works contracts, an **Inflation Cooperation Framework** will provide a mechanism to address the impacts of construction material price inflation and supply chain disruption on the delivery of critical projects.

Work to drive forward the Government's remote work agenda, as outlined in the **National Remote Work Strategy** is continuing. The Government approved the priority drafting of the **Right to Request Remote Working Bill 2022** in January, with the General Scheme of the Bill published at that point. The Government published a **Blended Working Policy Framework for the Civil Service** in March with the aim of achieving 20% remote working. This Framework focuses on the longer-term approach to remote working in the sector.

Nine **Regional Enterprise Plans to 2024 (REPs)** were launched earlier this year, which aim to support balanced regional economic development across the country. Each REP is developed at regional level following consultation between industry, higher education, (local) Government and society. Up to €180 million is being made available for their implementation.

**New City Delivery Boards** will drive coordination in public investment and regeneration in the five cities to achieve integrated growth at the pace and scale that is required to realise the potential of all cities and regions. A strategy for the establishment of the Boards is being developed in consultation with stakeholders at a national, regional and city level.

On specific sectors, the new **Agri-Food Strategy, Food Vision 2030**, was delivered in August 2021, towards Ireland becoming a world leader in Sustainable Food Systems over the course of the next decade. Under the EU's Brexit Adjustment Reserve, substantial support schemes are being rolled out, including for the agri and fishing sectors.

An **Interim Action Plan to Promote Sustainable Tourism Practices to 2023** was delivered in October. The suite of actions aims to establish new research methods, increase the availability of evidence, and form a clear narrative for communicating and building awareness around the sustainability agenda. Under the Government's Rural Development Policy, 'Our Rural Future', Ireland will host the **13<sup>th</sup> OECD International Rural Development Conference** in September 2022 which will bring together ministers, policy-makers and practitioners from across the OECD region to consider the theme of 'Building Sustainable, Resilient and Thriving Rural Places'.

A **Basic Income for the Arts Pilot Scheme**, with €25 million funding for 2022, was launched in April. This is a research programme and will evaluate the impact of providing a basic income style grant support for artists and creative artists over a 3-year period. Its development was informed by a stakeholder consultation forum in December and an online consultation over January.

On **improving living standards more broadly**, a research report on a **living wage** was received by the **Low Pay Commission** in January 2022 to help inform their recommendations on how to progress to a living wage during the lifetime of the Government, and the Low Pay Commission submitted its recommendations in March 2022. It will continue its deliberations on the National Minimum Wage rate for 2023 and submit its recommendations in mid-July.

In addition, research on issues affecting the introduction of a **universal basic income** has been conducted and submitted to the Low Pay Commission. This research will inform the Low Pay Commission's findings on universal basic income and their recommendations for the design of a pilot in the lifetime of the Government. The Low Pay Commission is due to submit its recommendations by end-Quarter 2 2022.

The **Sick Leave Bill 2022** was published on 30 March 2022. The legislation will provide for an entitlement to a minimum period of paid sick leave for all employees in the event that they fall ill or sustain an injury which prevents them from being able to work. The Bill is progressing through the Oireachtas and the intention is to have the legislation in force later in 2022.

Finally, a first Government Report on developing a new **Well-being Framework for Ireland** was published in July 2021, following extensive consultation carried out by the National Economic and Social Council. This was further advanced in October, with the development of the Government's [Well-being Web Portal](#), a [Well-being Information Hub](#) by the Central Statistics Office, and a Public Conversation. This period of further consultation, engagement and additional research is reflected in a Second Government Report on the initiative. The ultimate aim is to have the overarching framework and supporting measurement tool embedded across the system, for more considered policy making with quality of life, sustainability and equality at its core.



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