



chapter 1

National Investment Priorities

A better quality of life for all

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National Investment Priorities 2007-2013 — A Better Quality of Life for All

Introduction

This National Development Plan 2007-2013 sets out the economic and social investment priorities needed to realise the vision of a better quality of life for all. This better quality of life will be achieved by supporting the continued development of a dynamic and internationalised economy and society with a high commitment to international competitiveness, social justice and environmental sustainability.

This, in turn, will be characterised by:

- A strong, competitive economy, delivering quality, sustainable employment in a more regionally balanced manner;
- Affordable, quality housing, complemented by efficient access to facilities and services for work, education, healthcare, childcare, sports, recreation and culture;
- A sustainable, high quality environment; and
- A greater level of participation in society by all.

There is a strong consensus on the need for and achievability of this better quality of life. The sustained economic performance of the past decade, coupled with the high level of investment already made under the National Development Plan 2000-2006, provides a solid foundation for the next phase of development.

Furthermore, for the first time, the Government and the social partners have agreed to take a longer term approach to their relationship and to their approach to consensus-based policy evolution. They have concluded a ten year Framework Social Partnership Agreement — *Towards 2016* — which also has as its overarching goal the achievement of a better quality of life in Ireland. This agreement includes explicit acknowledgement of the importance of the National Development Plan 2007-2013 as one of the key policy instruments in achieving this goal, and in clear demonstration of the synergies between the two documents, confirms that the National Development Plan 2007-2013 will take account of the high level framework set out in *Towards 2016*.

High Level Objectives

Consistent with this framework, a number of high level objectives will guide the investment priorities and allocations under this Plan. These are:

- Macroeconomic and budgetary stability;
- Balanced regional development with regions achieving their full potential;
- Addressing economic and social infrastructure deficits;
- Supporting enterprise, innovation and productivity;

- Supporting agriculture and the rural economy;
- Promotion of Social inclusion;
- All-island economic and sectoral co-operation;
- Environmental sustainability; and
- Value for money in delivery.

Total Investment

The NDP provides for a total investment over the period 2007-2013 of some €183.7 billion at current prices. This is broken down under the following Priority headings:

- Economic Infrastructure;
- Enterprise, Science and Innovation;
- Human Capital;
- Social Infrastructure; and
- Social Inclusion.

Macroeconomic and Budgetary Stability

The central policy focus and priority, in pursuit of sustainable increases in living standards that will support a better quality of life for all citizens, is to provide the macroeconomic and budgetary stability necessary to underpin the ambitious level of investment set out in this NDP. The EU Stability and Growth Pact (SGP) is the overriding framework for Irish budgetary policy. Under that Pact, the public finances, as measured by the General Government Balance, must be kept close to balance or in surplus in normal economic circumstances.

The key objective of fiscal policy during the period 2007-2013 will be to ensure that the budgetary position is maintained on a sustainable basis in order to support economic growth. This will create the resources necessary to fund the investment programmes of this Plan, thereby generating future economic and social development. The investment in the Plan is affordable on the basis of certain assumptions set out in Chapter 2. In summary this requires that a prudent budgetary policy be implemented over the period of the Plan, fully compliant with the Stability and Growth Pact, which will not add to inflationary pressures in the economy and which will leave flexibility for budgetary manoeuvre should an economic slowdown occur. Separate provision will also continue to be made for the challenge that an ageing population will pose in due course, notably through the annual transfer of 1% of GNP to the National Pensions Reserve Fund. This macro-economic context and approach is also consistent with that outlined by the Social Partners in *Towards 2016*.

Overall, the ambitious level of investment provided for in the Plan reflects the view that the next seven years provides a major “window of opportunity” in resource terms to tackle key infrastructure deficits and to further promote sustainable economic and social progress. The vast bulk of the Plan investment will be directly funded by the Exchequer. The seven year investment amounts set out in this NDP represent a strong commitment to a major level of investment in the various Priorities and Programmes over the period. Given that the investment covers a seven year period the amounts are indicative in nature and there will be flexibility for reallocation if and as the evolving situation requires it. Statutory approval for Exchequer NDP expenditure will be conveyed each year through approval by the Dáil of the annual Estimates.

Basis of Investment Prioritisation

The investment priorities set out in Chapters 7 to 11 of the Plan will contribute to the achievement of the high level objectives referred to above. The relevant indicative financial allocations provided under each

investment priority also reflects the relative weight accorded to the various investment headings. The latter must also take account of the fact that certain key interventions by Government are not encompassed by the Plan. These include social welfare payments, which are vital to the promotion of social inclusion, and taxation policy which can have a key macroeconomic and sectoral impact.

In deciding on the Investment Priorities and the weight to be attached to the various Programmes in the Priorities, the Government's consideration was informed by the assessment of the key strengths and weaknesses of the economy as follows:

Strengths

- Macroeconomic stability underpinned by sound public finances reflected in a very low debt and general Government surpluses for 9 of the last 10 years;
- High quality education system at all levels delivering a skilled and flexible labour force which has underpinned employment growth from 1.1 million in 1991 to over 2 million in 2006;
- Positive short to medium term demographic situation boosted by recent high levels of comparatively well-skilled immigrants;
- Taxation and regulatory regime generally conducive to productive investment, including inward Foreign Direct Investment;
- Membership of the European Union with access to a single market of 494 million persons which has also generated massive financial transfers to Ireland to underpin sectoral development including in the area of agriculture; and
- Broadly based consensus on economic and social policy as reflected in successive National Partnership agreements.

Weaknesses

- Significant infrastructural deficits which continue to have an impact on competitiveness, regional development and the general quality of life, notwithstanding a major enhancement of economic and social infrastructure stock under NDP 2000-2006;
- Continuing imbalance in regional development, although all regions have achieved significant economic and population growth in recent years;
- Major environmental challenges which must inform investment and land use decisions;
- Housing affordability problems, especially in urban areas;
- Signs of declining competitiveness with some costs rising at levels higher than global competitors with particular pressure on manufacturing and indigenous enterprises;
- Under-development in Science, Technology and Innovation at both business and academic levels; and
- Concentrations of deprivation and lack of opportunities in certain areas, both urban and rural.

The National Development Plan 2007-2013 has been structured to:

- Achieve the high level objectives outlined earlier; and
- Reinforce the strengths and address the weaknesses referred to above.

Accordingly, the Plan provides for investment spread across the key Priority Investment areas as follows:

	€billion (Current Prices)
	Total 7 year Investment
<i>Economic Infrastructure Priority</i>	54.7
Transport Programme	32.9
Energy Programme	8.5
Environmental Services Programme	5.8
Communications and Broadband Programme	0.4
Government Infrastructure Programme	1.4
Local Authority Development Contributions Programme	2.1
Unallocated Reserve	3.5
<i>Enterprise, Science and Innovation Priority</i>	20.0
Science Technology and Innovation Programme	6.1
Enterprise Development Programme	3.3
Tourism Development Programme	0.8
Agriculture and Food Development Programme	8.0
Rural Social and Economic Development Programme	0.8
Gaeltacht and Islands Development Programme	0.5
Marine and Coastal Communities Programme	0.4
<i>Human Capital Priority</i>	25.8
Training and Skills Development Programme	7.7
Schools Modernisation Programme	5.1
Higher Education Programme	13.0
<i>Social Infrastructure Priority</i>	33.6
Housing Programme	21.2
Health Infrastructure Programme	5.0
Justice Programme	2.3
Sports, Culture, Heritage and Community Infrastructure Programme	3.6
Unallocated Reserve	1.5
<i>Social Inclusion Priority</i>	49.6
Children Programme	12.3
Working Age — Education Programme	4.2
Working Age — Social and Economic Participation	1.2
Working Age — Justice Programme	0.3
Older People Programme	9.7
People with Disabilities Programme	19.2
Local & Community Development Programme	1.9
Horizontal Programme	0.8
<i>Total Investment</i>	183.7

Horizontal Chapters

In addition to the Investment Priority Chapters, the NDP includes several Chapters which address in a substantive way a number of key horizontal themes which will impact greatly on the achievement of the NDP's high level objectives. These cross-cutting Chapters synthesise the impact of interventions in the various sectoral Chapters on foot of a specific horizontal theme. Accordingly, the Plan contains Chapters on:

- Regional Development;
- Development of the Rural Economy;

- Environmental Sustainability; and
- All Island Co-operation.

Consultation Process

To assist consideration of the appropriate investment strategy for the National Development Plan 2007-2013 the Government engaged in a comprehensive consultation process and commissioned an ex-ante study by the Economic and Social Research Institute (ESRI) of their recommended investment priorities for the Plan.

A widespread and extensive consultation process was undertaken with the social partners, regional bodies and other interested bodies. Some 77 submissions have been received (a list of submissions received is indicated at Appendix 3). Meetings were also held with social partners and regional interests. In addition, the Minister for Finance hosted two consultation Seminars on the priorities for the Plan, which attracted widely representative audiences; one took place in Dublin in July 2006 and a second took place in Tullamore in September 2006. The Minister for Finance also appeared before the Joint Oireachtas Committee on Finance and the Public Service in June 2006 to discuss the proposed Plan.

From this wide-ranging consultation, a number of common themes and priorities emerged including:

- The importance of promoting balanced regional development through implementation of the National Spatial Strategy;
- The need to tackle infrastructure deficits in the areas of Transport, Broadband and Waste Disposal;
- The increasing importance of ensuring sufficient capacity, security, cost competitiveness and environmental sustainability in the area of Energy;
- The promotion of environmental sustainability generally;
- Greater investment in social and affordable housing;
- Investment in education at all levels;
- Investment in Science, Technology and Innovation;
- Promotion of social inclusion in deprived urban and rural areas;
- Investment in the enterprise sector, including indigenous industry, agriculture, tourism and the marine sector;
- Need to address quality of life issues not just through investment but through integration of investment and land use decisions; and
- Value for Money for all investment with a particular focus on completion of projects on time and within budget and on outputs rather than financial inputs

The Plan has also been informed by a number of other relevant recent publications including the 2004 report of the Enterprise Strategy Group '*Ahead of the Curve*' and the Annual Reports on Competitiveness produced by the National Competitiveness Council (NCC). The NCC defines national competitiveness as '*all those factors that impact on the ability of firms in Ireland to compete in international markets in a way that provides Ireland's people with the opportunity to improve their quality of life*'. They further state that this definition '*recognises that over the longer run, competitiveness is about all those factors that contribute to better business performance, such as good physical infrastructure, high levels of education, training and research, and a regulatory and tax environment that encourages enterprise, competition and innovation*'. Whilst the regulatory and tax environment is outside the scope of the NDP, the investment programme set out in the Plan addresses in an ambitious way the other factors referred to by the NCC.

ESRI Evaluation of Investment Priorities for the NDP 2007-2013

In line with good practice in relation to previous Plans an independent evaluation of investment priorities for the next Plan was commissioned. Following a competitive tendering process the Economic and Social Research Institute (ESRI) was selected to undertake this study. The ESRI published a comprehensive report in October 2006. The report fully endorsed the concept of a further National Development Plan. It noted that the three NDPs over the period 1988-2006 have made an essential contribution to the transformation of the Irish economy and society. The ESRI concluded that, without the investment made by successive NDPs, the Irish economy would have choked from lack of infrastructure, unemployment would have continued to pose a serious social challenge and the environment would have been under much more pressure than is currently the case. The ESRI also found that the previous NDP 2000-2006 has greatly enhanced the economic and social infrastructure of the State with major benefits for economic development throughout all regions in the country.

ESRI Investment Proposals

The ESRI recommended central Government investment of some €86 billion (current prices) over the period of the Plan of which €21 billion is current and €65 billion is capital. The actual proposed Plan investment is some €183.7 billion, but this cannot be compared with the ESRI recommendation as it includes projected capital investment of Commercial State Bodies and also includes significant additional current expenditure items, notably in the areas of third level education and social inclusion, not encompassed by the ESRI report.

Central Government Capital Investment

In the key area of Central Government Capital Investment the ESRI recommended total spend of €65.2 billion as compared to €79.5 billion provided for in the Plan¹, including Local Government funded roads expenditure and toll funded roads. The ESRI proposed increases over 2006 levels in capital investment in Transport, Health, Education and Research and Development and reductions in Housing, Enterprise, Agriculture and the Environment. Overall the Institute cautioned against a higher level of increase in capital investment on the basis that the economy would not have the capacity to produce the necessary infrastructure without generating inflationary pressures and thereby reducing the potential rate of return.

NDP Capital Investment

As mentioned above Central Government Capital Investment in the NDP will amount to some €79.5 billion, or €14.3 billion over the ESRI recommendation for the period. This reflects agreement with the areas prioritised by the ESRI but also the firm view that additional investment is needed in all areas over and above the levels recommended by the ESRI. The principal variations in the Plan, when compared to the ESRI recommendations, are as follows:

- Transport + €3.8 billion;
- Housing + €1.7 billion;
- Environment + €1.4 billion; and
- Health and Education + €1.1 billion.

The Plan also contains an unallocated reserve of some €4.95 billion. Overall Central Government Capital Investment (including PPPs) as a percentage of GNP will rise from 4.65% in 2006 to a high of 5.9% in 2009 and 2012 and average some 5.4% over the period of the Plan.

¹ The 7 year (2007-2013) Central Government (Exchequer and PPP) envelope by Department is set out at Appendix 2 to the Plan.

Rationale for Higher Investment

The higher level of investment proposed under the Plan is warranted by reference to existing infrastructural deficits and the projected continuing significant increases in population. It is also warranted by reference to the long term rate of return and boost to GNP growth that will arise from the investment.

Scale of Infrastructure Challenge

A good quality physical infrastructure is a key ingredient in overall competitiveness. It also impacts positively on a number of other key policy objectives, including regional development, environmental sustainability, development of human capital and the promotion of social inclusion.

The National Competitiveness Council's 2006 Annual Competitiveness Report, whilst acknowledging significant recent progress in the delivery of infrastructure, points to significant ongoing deficits based on OECD work on industrialists perception of overall quality of infrastructure in Ireland. In terms of overall quality of infrastructure, Ireland ranked 22nd out of 25; in terms of transport infrastructure, 27th out of 28; and in terms of efficiency of energy infrastructure, Ireland ranked 26th out of 28. Dublin ranked 28th out of 30 in terms of average peak hour speeds of cars. These rankings, whilst based on perceptions, undoubtedly reflect deficits which must be tackled urgently.

Population Projections

Good planning must take full account of the impact of population projections. The infrastructure challenge is further emphasised by a scrutiny of population projections. The most recent CSO population projections by region and for the country as a whole are as follows²:

Region	Pop 2002 ('000s)	Pop 2021 ('000s)	% change
GDA	1,535	2,063	34.4
South-East	424	537	26.7
South-West	580	705	21.6
Mid-West	340	410	20.6
Border	433	546	29.1
Midland	225	296	31.6
West	380	513	35.0
Ireland	3,917	5,070	29.4

These forecasts were based on the 2002 Census. It is likely that projections derived from the 2006 Census will result in an even higher population total in 2021. In any event, the NDP is based on the requirements of a population in 2020 likely to be well in excess of 5 million persons.

The recent significant increases in population have been accompanied by major increases in employment. It will be vital to maintain this strong employment growth into the future. This will partly be a function of the internal and international economic climate but will also require a further major enhancement in our economic and social infrastructure. Quality of life and environmental sustainability issues will also require ongoing and significant investment in areas such as Transport, Education, Health, Childcare, Sports and Cultural Facilities and Housing. This investment aligned with proper land use strategies can enable people to live nearer their workplace, have access to sustainable modes of transport and to necessary facilities for their families.

² Source CSO Publication 'Regional Population Projections' 2006-2021' published 25th May 2005

Efficient Delivery of Investment

A key objective will be to deliver the required level of investment in a way that does not generate construction industry inflation and that ensures Value for Money for the taxpayer. In relation to the latter, Chapter 12 sets out the robust framework now in place for appraising and managing capital programmes and projects by Departments and Implementing Agencies.

As regards the cost of providing the infrastructure, careful note has been taken of the ESRI's comments referred to above. It is, however, considered that the level of investment proposed can be delivered over the lifetime of the Plan with commensurate outputs and in an economically sustainable way. This view is informed by the considerations set out in the following paragraphs in relation to the capacity of the construction industry and the enhanced project management capacity of the principal implementing agencies.

Capacity of the Construction Sector

Current tender price inflation, employment and tendering patterns suggest that the construction industry is operating well at its present level of activity. Recent historic trends also suggest that it has the capability to grow without generating significant additional inflationary pressures. In this regard, it is useful to look at a number of key indicators as set out in the tables below to assess the extent to which the construction industry has been radically transformed over the period of the previous NDP 2000-2006.

	2000	2001	2002	2003	2004	2005	2006 (E)
PCP € billion in current prices	6.1	7.3	8.6	8.5	8.4	8.6	10.6
Housing output	49,812	52,602	57,695	68,819	76,954	80,957	93,000
Tender price inflation for New Civil Engineering Projects	+12%	+9%	+6%	+3%	+4%	+4%	+4%

Almost 50,000 housing units were built in 2000. At that time the Public Capital Programme (PCP) amounted to €6.1 billion, the value of construction output was €17.58 billion and tender price inflation at that stage was running at 12%. In 2006, tender price inflation is estimated to be just 4% even though it is estimated that some 93,000 housing units will have been built (up about 87% on output in 2000), the PCP was €10.6 billion (up 74% on the value of the 2000 programme) and total construction output was estimated to be €35.89 billion.

The construction industry has changed significantly since the commencement of the previous NDP having absorbed much structural change and adaptation to meet changing market conditions. The figures in the tables below demonstrate the industry's ability to respond swiftly to new demands. During the period of NDP 2000-2006 construction output doubled in value from €17.58 billion in 2000 to an estimated €35.89 billion in 2006. Direct employment in construction increased by 57% from 168,000 persons to 264,000 persons.

	2000	2001	2002	2003	2004	2005	2006
Annual Output (€billion)	17.58	19.93	21.29	23.80	27.45	31.48	35.89
Change year on year	—	13.4%	6.8%	11.8%	15.3%	14.7%	14.0%

	2000	2001	2002	2003	2004	2005	2006
Employment (000s)	166	180	182	191	206	242	263
Change year on year	—	8.4%	1.1%	4.9%	7.9%	17.5%	8.7%

Since the start of NDP 2000-2006, shortages of construction professionals have abated due to immigration, notably from the UK and new EU member states such as Poland. The number of construction professionals and technical employees (e.g. architects, engineers, quantity surveyors, planners, etc.) rose from 8,600 in 2000 to 10,800 in 2005. Difficulties in filling architect, construction engineer, quantity surveyor, building surveyor and town planner vacancies have eased. Increases in college places in architecture and town planning are now enhancing the domestic supply of such professionals.

The number of craft workers increased from 96,500 in 2000 to 146,500 in 2005. Inward migration has been a factor here while FÁS have also succeeded in increasing the numbers of construction apprenticeships from 11,200 in 2001 to 15,600 in 2006.

Recent trends in tender prices in civil engineering contracts suggest that:

- Tender prices for civil engineering projects in the sector have remained competitive;
- Despite increased activity and opportunity for construction firms, the number of tenderers for individual projects has remained healthy with no discernible fall-off; and
- Foreign firms and partnerships between Irish and foreign firms competing for business is increasingly becoming a feature of large projects with contracts awarded to such consortia in a number of cases including major road, water and waste water projects.

Current evidence suggests that price increases in labour and materials are not feeding through to tender price inflation which is estimated to have been 3-4% in 2006.

Leading indicators of construction activity and developments in the industry generally will continue to be monitored over the period of the NDP.

Breakdown of Construction Activity

The following table shows how total construction output was spread across each sector of activity during 2005:

Sector	Output (€billion)	% of Total Output
Residential Construction	20.04	67.3
Private Non-Residential	3.33	11.2
Productive Infrastructure	4.63	15.5
Social Infrastructure	1.77	6.0
Total	29.77	100

Residential construction is unlikely to continue at the very high current levels of activity over the longer term. While contractors in each sub-sector specialise in a particular type of construction and generally do not diversify into other areas, it can reasonably be anticipated that surplus crafts-persons and operatives from the residential sector will be available to meet growing demands in the productive infrastructure sector if residential activity scales back. This will complement the factors outlined above indicating that there should be an adequate supply of manpower for the construction industry during the period of the NDP.

Better Project Management

Recent years have seen a significant improvement in the management of public capital projects. Most projects are being completed within time and budget. Additional resources have been made available to key implementing agencies notably the National Roads Authority (NRA) and the Railway Procurement Agency (RPA).

The RPA, which will be responsible for delivering major Public Transport projects under the NDP, has significantly increased its resources since the launch of *Transport 21*. For example, in the case of the Metro North project, which is the biggest project within their remit, they have assembled a 50 person Project Team to deliver the project. It includes experienced leaders in the delivery of similar projects in other countries, for example:

- Tunnel and rail engineers who have designed underground stations in London and Hong Kong;
- Safety specialists who have designed the most modern underground fire and safety systems for London Underground;
- Cost and programme specialists who have advised British Airports Authority on construction of the Heathrow Terminal 5; and
- Others who had key roles in the delivery of Munich's S-Bahn and Maglev train, Oporto Metro, Nottingham Express Transit and the Channel Tunnel Rail Link.

The Metro North team also includes top experts on the legal and financial aspects of Public Private Partnerships (PPP), including the team that have advised the NRA on all of their road PPP projects. Similar resources are being employed for other Metro and Luas projects as required.

Since 2000 the NRA has strengthened its cost estimation, control and procurement procedures, including in particular the greater use of the more efficient and cost effective Design and Build (D&B) Lump Sum fixed price contracts. The beneficial impact of these measures is evident in the completion of many projects since 2003 within budget including such major projects as the Monasterevin Bypass, the Kildare Bypass, the Dundalk Western Bypass and the Kilcock-Kinnegad Motorway. The NRA is continuing to improve its cost estimation and control capability including through the appointment of additional staff in this key area.

The role of the National Development Finance Agency (NDFA) has been expanded to provide a centre of expertise to undertake the procurement of PPP projects to turnkey stage for Government Departments/ Offices. This new function for NDFA is in addition to its existing role of providing financial and risk advice to State Authorities on all large public investment projects.

In addition to these key resource enhancements, the Strategic Infrastructure Act, 2006, will also facilitate more effective processing of major projects through the planning system

It is considered that the cumulative effect of the above factors will allow for the ambitious programme of NDP capital investment to be delivered at reasonable cost and without undue economic disturbance. Project level costs will, however, be kept under continuing review in the context of the rollout of the investment programme. The indicative 7 year allocation for NDP capital investment is in current prices and the various programmes and projects will have to be delivered within that allocation.

Effectiveness of Infrastructure Investment

It will not be sufficient to deliver the infrastructure investment in this Plan in the most efficient and Value for Money way. If the high level objectives of the Plan are to be achieved, the investment must be delivered in an effective way. This requires project selection and allocation which supports the achievement of these objectives. It will be absolutely crucial therefore that in the selection of projects priority is given to the promotion of the key Plan goals notably sustainable growth and competitiveness, regional development in line with the template of the National Spatial Strategy, environmental sustainability and the All-Island dimension. This will be a particular focus of the implementation and monitoring arrangements set out in Chapter 13.

It will also be critical that project selection is well integrated and coordinated across agencies and that this integration is aligned as well as possible with planning and land use policy. The objective will be the optimal

provision of transport, water, housing, educational, health, childcare, grant assistance by development agencies and other facilities in a planned, coordinated, prioritised and consistent way to ensure, as far as possible, that services are provided where they are needed and make a real and positive impact on the quality of life of individuals and families. The key to achieving these synergies is ongoing coordination of project decision making across Central Government level, implementation of the Regional Planning Guidelines at local level and closer co-operation between Central and Local Government.

Of particular importance in this regard will be correct land use policies by planning authorities. This issue is dealt with in more detail in the Chapter on Regional Development. It is also central to the goal of Environmental Sustainability. Good progress is being made on this front via the Regional Planning Guidelines and local area strategic plans and this will be further promoted. There are statutory and financial tools at the disposal of Central Government in this regard if needed to ensure pursuit of appropriate policies in this area.

Investment Priorities and Framework

Economic and Social Infrastructure Priorities

The NDP provides for investment of some €54.7 billion and €33.6 billion respectively in the separate Economic and Social Infrastructure Priorities. Plan investment in these areas is significantly above the 2006 level. The enhancement of the country's stock of economic and social infrastructure is critical to maintaining a competitive economy and promoting a better quality of life. Competitiveness will be greatly assisted by the Plan capital investment in Transport, Environmental Services, Energy and Education. This will be complemented by investment in the key social areas of Affordable and Social Housing, Health, Childcare and community services generally. This investment in infrastructure will support the Plan horizontal goals of Regional Development and Environmental Sustainability and in this way have a positive effect on quality of life.

The key outputs under these Priorities will be:

Economic Infrastructure

- To create a road network, in line with the timetable in *Transport 21*, that will see the completion of the major inter-urban routes, will upgrade links generally between the National Spatial Strategy Gateways and will improve the non national road network;
- To deliver a radically upgraded public transport system in line with the timetable in *Transport 21* especially in the Greater Dublin Area (GDA), but with significant impacts in other areas;
- To improve the infrastructure of the three State Airports and provide support for investment in the regional airports;
- To better equip the ports sector to meet national and regional capacity and service needs;
- To further enhance the water and wastewater infrastructure thereby facilitating residential and commercial development throughout the regions whilst also improving the quality of the environment;
- To significantly improve the capacity and environmental sustainability of waste infrastructure;
- To promote the availability of competitive broadband services and to achieve nationwide broadband coverage by the end of the Plan period;
- To promote security of energy supply, which is competitively priced, in the long term and implement a significant programme of energy diversification with beneficial environmental effects; and
- To progress the decentralisation programme.

Social Infrastructure

- Meet the housing needs of some 140,000 new households;
- Enhance our hospital infrastructure;
- Enhance primary, community and continuing care facilities, particularly for older people;
- Modernise prison infrastructure;
- Overhaul Courts infrastructure;
- Enhance Garda infrastructure and supports; and
- Provide new facilities in the areas of sport, culture and community infrastructure as well as protecting our natural and built heritage, including waterways.

Enterprise, Science and Innovation Priority

The Plan provides for investment of some €20 billion under the Enterprise, Science and Innovation Priority. Increased productivity growth is a key determinant of long-term economic prosperity and of sustainable improvements in living standards and quality of life. The challenge of sustaining long-term productivity growth has intensified against the backdrop of an increasingly knowledge-intensive and interdependent global economy.

The approach to supporting enterprise, innovation and productivity will build on successful adoption of advanced technologies to achieve greater product and process innovation, strengthening levels of activity in research and development in both the public and private sectors and fostering greater entrepreneurship. This approach will also assist important indigenous sectors such as agriculture, the marine sector and tourism to modernise and adjust to changing market environments.

The key outputs under this Priority will be:

- to fully implement the Strategy for Science, Technology and Innovation in the period to 2013 thereby achieving a transformational change in the quantity and quality of research and enhancing the contribution of research to economic and social development and increasing the numbers of people with advanced qualifications;
- to improve the capacity of indigenous industry to compete in the domestic and global marketplace by addressing key issues including productivity, management skills, the use of technology and marketing;
- to continue to attract Foreign Direct Investment and to grow indigenous industry, both on a regionally balanced basis;
- to support the further development of a tourist industry with the potential to attract 10 million visitors per annum by 2012 in line with the strategy set out in the *'New Horizons'* Report of the Tourism Policy Review Group;
- to produce quality Irish food products from an agri-food industry developed in line with the Agri-Vision 2015 Report that supports rural economies and preserves our countryside;
- to promote economic development in Rural, Gaeltacht and Island areas; and
- to support the development of a market-oriented seafood industry.

Human Capital Priority

The Plan provides for investment of some €25.8 billion under the Human Capital Priority heading. Investment in education, training and upskilling (broadly termed as investment in Human Capital) has played a very

important role in Ireland's successful economic performance. It has provided a well skilled and flexible labour force and thereby helped make Ireland a major attraction for domestic and foreign enterprises. Ireland has been particularly successful in harnessing European Social Fund (ESF) receipts to very good effect.

Further investment in human capital will support greater adaptability in the education and training systems, with a particular emphasis on upskilling those already at work, those who wish to return to work, including older people, and those whose need for learning is greatest. Investment in human capital will also focus on increasing education participation and completion at all levels and in all sectors.

Human Capital funding in Plan 2007-2013 will continue to have the objective to ensure access to a very good standard of education and training for all and, in particular, to provide the labour force with the skills and adaptability to meet the challenges of the future. There are also strong linkages between the availability and quality of human capital and the competitiveness of Irish regions. Investment in human capital will have an important role in promoting the development and competitiveness of the regions over the period of this Plan.

The key objectives under this Priority will be:

- to upskill the workforce through promoting access to appropriate training and lifelong learning;
- to implement the National Skills Strategy with the goal of increasing the skills levels of a significant proportion of those at work in support of Ireland's aims of improved competitiveness and moving jobs quality up the value chain;
- to expand the workforce through the activation of groups such as the unemployed, people with disabilities, lone parents, Travellers, ex-offenders, women and older people as well as the implementation of an appropriate skills based migration policy;
- continued high investment levels in third level infrastructure — 35 large scale priority projects will be delivered by the end of 2010 in addition to significantly increased investment in the further modernisation and expansion of higher education infrastructure;
- to drive the reform and modernisation of the third level sector by enabling institutions to align their strategies with national priorities through the implementation of the new funding arrangements and the impact of major investment under the Strategic Innovation Fund;
- to increase the numbers of high quality graduates as well as widening participation in third level education;
- to provide sufficient school capacity at first and second levels in light of the growing school population;
- to provide the teachers and accommodation needed for improvements in special education provision;
- to provide for the modernisation of subjects at post-primary level;
- to invest in Information and Communications Technology in schools; and
- to provide for curriculum reform and the National Framework of Qualifications.

Social Inclusion and the Role of the NDP

The Plan provides for investment of some €49.6 billion in programmes that will directly promote social inclusion as set out in Chapter 11. In addition many other aspects of the NDP will have positive social inclusion impacts. The funding programmes set out in the Social Infrastructure Chapter (Chapter 10) and the Human Capital Chapter (Chapter 9) describe the actions to be taken in these areas which will also directly contribute to social inclusion goals over the next seven years.

The Government is committed to a coherent strategy for social inclusion based on the lifecycle approach set out in *Towards 2016*, with implementation supported by the NDP and the National Action Plan for Social Inclusion (NAPinclusion). This Plan sets out an important part of the framework through which the strategy for social inclusion will be achieved over the period 2007-2013.

The Government believes that significant interventions are required in a small number of key areas in order to achieve the overall objective of promoting social inclusion. These targeted actions/interventions are designed to mobilise resources to address long-standing and serious social deficits. These high level goals are as follows:

Children

- Ensure that targeted pre-school education is provided to children from urban primary school communities covered by the DEIS action plan;
- Reduce the proportion of pupils with serious literacy difficulties in primary schools serving disadvantaged communities. The target is to half the proportion from the current 27%-30% to less than 15% by 2016; and
- Work to ensure that the proportion of the population aged 20-24 completing upper second level education or equivalent will exceed 90% by 2013.

People of Working Age

- Introduce an active case management approach that will support those on long term social welfare into education, training and employment. The target is to support 50,000 such people, including lone parents and the long term unemployed, with an overall aim of reducing by 20% the number of those whose total income is derived from long term social welfare payments by 2016. This target will be reviewed in the light of experience.

Older People

- Continue to increase investment in community care services for older people, including home care packages and enhanced day care services to support them to live independently in the community for as long as possible.

People with Disabilities

- Increase the employment of people with disabilities who do not have a difficulty in retaining a job. The immediate objective is to have an additional 7,000 of that cohort in employment by 2010. The longer term target is to raise the employment rate of people with disabilities from 37% to 45% by 2016 as measured by the Quarterly National Household Survey. The overall participation rate in education, training and employment will be increased to 50% by 2016. These targets will be reviewed in the light of experience and the availability of better data.

Communities

Housing

- Deliver high quality housing for those who cannot afford to meet their own housing needs and to underpin the building of sustainable communities. An important element will be the enhanced housing output reflected in *Towards 2016*, which will result in the accommodation needs of some 60,000 new households being addressed over the period 2007 to 2009. This will embrace meeting special housing needs (the homeless, Travellers, older people and people with disabilities).

Health

- Develop 500 primary care teams by 2011 which will improve access to services in the community with particular emphasis on meeting the needs of holders of medical cards.

Integration of Migrants

- Develop a strategy aimed at achieving the integration of newcomers in our society. As an initial action, resources for the provision of 550 teachers for language supports in the education sector will be provided by 2009 and access to other public services through translation of information and supports will be improved.

Equality

Gender Equality

The mainstreaming of Gender Equality continues as a priority of the Government and the National Development Plan 2007-2013 will continue to focus on gender equality as a horizontal issue. The NDP also includes a range of positive actions which invest in preparing women for participation in the labour market and in all levels of decision making in order to promote gender equality in Ireland.

Promoting Equality of Opportunity

The promotion of equality of opportunity continues to be an important and valid goal of public policy. Where relevant and appropriate, this horizontal theme will inform the delivery and monitoring of investment under the various Programmes of this Plan, and will be supported by equality proofing measures.

Balanced Regional Development

Balanced regional development means supporting the economic and social development of all regions in their effort to achieve their full potential. This Plan aims to promote the development of all regions in Ireland in line with the National Spatial Strategy (NSS) and within a coordinated, coherent and mutually beneficial framework which builds on regional strengths and addresses regional weaknesses. The promotion of regional development will aim to ensure that each NSS Gateway region maximises its potential for economic and social development; that a better balance is achieved in the economic and social development of the regions; and that there is enhanced co-ordination in the development of the Gateways and their regions and between planning and investment at local, regional and national levels. This will be achieved by:

- A major programme of investment in infrastructure with a particular focus on addressing deficits within and linking the various National Spatial Strategy Gateways;
- An integrated spatial planning framework at Gateway/Regional Authority level which will address appropriate land use at regional level and facilitate and complement the investment in infrastructure;
- Investment in Enterprise and Human Capital development of the Regions, including rural areas; and
- The establishment of a **Gateways Innovation Fund** on a competitive and pilot basis, as a mechanism to bring about better co-ordination in regional development and to support distinctive and innovative projects in Gateway areas which are contributing to the development of these areas.

Promotion of the Gateway centres will not be at the expense of other areas. As the NSS makes clear the development of the Gateways will also benefit the related NSS Hubs and county towns. In addition the rural economy will be supported by a range of interventions as set out in Chapter 4.

All-Island Co-operation

The next 7 years present an historic opportunity for cross border and all-island economic and social co-operation across a wide range of areas of mutual interest. The Plan sets out in detail the full range of current and planned initiatives for North/South co-operation across key policy areas including infrastructure provision; science, technology and innovation; enterprise and training; trade and tourism promotion; health and education services; agriculture; culture and heritage; social inclusion and the environment.

Environmental Sustainability

Ireland's environment is a unique, finite and irreplaceable asset. Our environment is valuable, both in its own right and for the health, well-being and enjoyment of our people. The importance of our environment is now widely accepted, and it is acknowledged as a vital part of our common heritage. For these reasons, we must act together to protect and enhance it for the benefit of the current and future generations.

The promotion of environmental sustainability, including tackling climate change, is a key objective of the investment strategy in the Plan. This major investment in financial resource terms will be underpinned by the ongoing integration of environmental considerations into the planning and execution of capital projects.

The investment under this Plan will make a major contribution to the protection and enhancement of our environment, especially in the areas of Public Transport, Environmental Services, Climate Change, Renewable Energy, Agriculture and Heritage. This investment will complement other key measures and instruments, both fiscal and non-fiscal, outside the scope of this Plan. In addition, projects to be funded under the Plan will be subject to all relevant EU and national statutory requirements applicable to environmental protection.

Value for Money in Delivery

The scale of investment and project activity envisaged under this Plan means that, more than ever, it is essential to ensure that Value for Money is being achieved. A rigorous Value for Money framework will operate encompassing Departmental budget allocations and management, project analysis and specification, the procurement process, project management and implementation and delivery. This will build on the recent improvements in performance, whereby the bulk of capital projects are now coming in on or below budget and, in many instances, ahead of schedule.

Selected Programmes under the NDP will be subject to detailed evaluation over the period of the Plan. In addition, a comprehensive mid-term evaluation of the full Plan will be undertaken in 2010.

NDP Implementation

Robust monitoring and reporting arrangements will be established in relation to performance on implementation of the NDP. This will include reporting on NDP outputs and impacts and will incorporate the preparation of an Annual Report on NDP progress which will be submitted to the Oireachtas. A Monitoring Committee, including regional and social partner representation, will be established to monitor Plan implementation.

EU Dimension

Ireland is a committed Member State of the European Union. Ireland has benefited greatly from financial transfers, especially from the Common Agricultural Policy and the Structural and Cohesion Funds, and has been a model case in the effective use of these Funds. Effective use of the Funds (particularly in key areas such as infrastructure provision, training and education, research and development and the promotion of social inclusion) has been extremely important in Ireland's economic and social success.

The Structural and Cohesion Funds have also been of major benefit in the inculcation of a culture of planning and evaluation in resource allocation. The three previous National Development Plans, in line with the requirements of EU Regulations, put evaluated, monitored and measured Plans and Programmes in place to draw down the Structural Funds allocations.

More generally membership of the EU has conferred major benefits on Ireland including access to the single market, membership of the single currency including the imperative of fiscal discipline and a corpus

of positive legislation in key areas such as equality and the environment and more generally the policy framework deriving from the Lisbon Agenda process.

This new Plan, whilst not deriving from any EU statutory requirement and being almost 100% domestically funded, is still largely modelled on the good practice inculcated in the system by EU requirements. The following aspects of the NDP 2007-2013 reflect the positive experience of implementing investment under the EU Structural and Cohesion Funds:

- The NDP was subject to an independent ex-ante assessment of investment priorities;
- Resource allocation is done on a sectoral Priorities/Programme basis rather than the single Departmental model of the Annual Estimates process;
- The Plan will be subject to ongoing Programme evaluation including a comprehensive mid-term review;
- Robust monitoring arrangements which will include output and impact indicators as appropriate will be put in place to monitor progress; and
- The Plan Monitoring Committee will include Social Partner and Regional Interests representation.

The EU dimension, therefore, has fully informed the investment priorities and the structure of this Plan.

EU Funding 2007-2013

It is estimated that some €3 billion in EU rural development and structural funding will be made available over the period 2007-2013. The drawdown of this funding will be the subject of separate Programmes to be agreed between Ireland and the European Commission. This funding is provided for in the Plan's overall financial envelope.

Lisbon Agenda

The Lisbon Agenda provides a framework for the European Union and Member States to work together in support of sustainable economic growth, more and better jobs, greater social cohesion and respect for the environment. Reflecting Ireland's commitment to the success of the Agenda, the investment strategy under the NDP 2007-2013 is consistent with the achievement of these goals.

In particular, the planned investment in infrastructure, education, science technology and innovation will help to strengthen the knowledge base and productive capacity of the economy, thereby sustaining economic growth and employment into the future.

Such physical and human capital investment will, not only enable Ireland to contribute to the jobs and growth element of the EU Agenda but will, also allow us to meet our national Lisbon policy priorities. These include³:

- Continuing to prioritise public investment in economic and social infrastructure and other growth-enhancing expenditures;
- Ensuring that the economy will be in a position to meet anticipated long-run fiscal pressures, including those arising from the ageing of the population;
- Promoting, protecting and enhancing competitiveness;
- Increasing R&D investment, capacity and output;

³ Department of the Taoiseach (2005) *Lisbon Agenda — Integrated Guidelines for Growth and Jobs — National Reform Programme Ireland*.

- Encouraging greater innovation and entrepreneurship across the enterprise sector; and
- Focussing on education and training, including lifelong learning, to develop a high-skilled, innovative and adaptable workforce for the knowledge economy.

As regards the wider aspects of the Lisbon Agenda, the NDP allocation of investment to promote balanced regional development, social inclusion and environmental sustainability, will make a major contribution to its implementation in Ireland while, of course, delivering significant benefits to the people of Ireland.

Conclusion

The National Investment Priorities set out in this Plan have been informed by public consultation and independent advice. In the final analysis they represent the view of Government of the appropriate level and size of investment to deliver on the high level objectives set out at the outset of this Chapter. As already adverted to, other areas of public policy outside the remit of the NDP, notably tax, regulation and competition, will also have a bearing on the achievement of these objectives.