Council of the European Union

**Brussels, 8 June 2026**
**(OR. en)**

**10123/26**
**ADD 1**

**ECOFIN 732**
**UEM 210**
**SOC 320**
**EMPL 149**
**COMPET 679**
**ENV 622**
**EDUC 204**
**ENER 321**
**JAI 733**
**GENDER 60**
**JEUN 101**
**SAN 397**
***ECB***
***EIB***

**COVER NOTE**

| | |
|---|---|
| From: | Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director |
| date of receipt: | 3 June 2026 |
| To: | Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union |
| No. Cion doc.: | SWD(2026) 207 final |
| Subject: | COMMISSION STAFF WORKING DOCUMENT<br>2026 Country Report - Ireland<br>Accompanying the document<br>Recommendation for a COUNCIL RECOMMENDATION<br>on the economic, social, employment, structural and budgetary policies of Ireland |

Delegations will find attached document SWD(2026) 207 final.

Encl.: SWD(2026) 207 final

EUROPEAN
COMMISSION

Brussels, 3.6.2026
SWD(2026) 207 final

# COMMISSION STAFF WORKING DOCUMENT

## 2026 Country Report - Ireland

*Accompanying the document*

**Recommendation for a COUNCIL RECOMMENDATION**

**on the economic, social, employment, structural and budgetary policies of Ireland**

{COM(2026) 207 final}

European Commission

Economic and Financial Affairs

# Ireland

## 2026 Country Report

# ECONOMIC DEVELOPMENTS AND KEY POLICY CHALLENGES

## Resilient economy despite external headwinds

**Ireland's economy demonstrated strong growth last year, largely driven by exports.** Ireland's real GDP increased exceptionally by 12.3% in 2025. This was primarily due to strong pharmaceutical exports, partly reflecting front-loading ahead of expected changes in US tariff policy and strong global demand for products from recently expanded production lines in Ireland. While Ireland's GDP figures are heavily influenced by the presence and activity of multinationals, the domestic economy also performed strongly. Modified domestic demand, which better reflects the domestic economic activity, increased by 4.9% in 2025, supported by increases in modified investment and consumption. Similarly, Ireland expects modified gross national income ([1]), a measure that aims to reflect the income standards of Irish residents, to have increased by 3.9% in 2025. Looking ahead, GDP is expected to decline by 1.2% in 2026, largely due to base effects from front-loading of pharmaceutical exports, before stabilising and growing by 3.4% in 2027.

**The labour market remains robust.** Employment continues to expand, supported by increases in labour supply. This reflects increases in inward migration and higher participation among female and older cohorts, but less for disadvantaged groups (see Section 4). Moderating employment growth and easing wage pressures indicate softer labour demand. Despite this, the unemployment rate remained low at 4.7% in 2025, although youth unemployment has registered an uptick. Skills and labour shortages continue to be a pressing challenge, particularly for SMEs, with over 80% of Irish businesses reporting significant skills gap, undermining productivity, innovation and competitiveness ([2]). Effective use of the National Training Fund to support in-work training, reskilling and upskilling in line with labour market needs will be key to maintaining competitiveness.

**Ireland's public finances are performing well, but there are inherent vulnerabilities.** In 2025, Ireland recorded a general government surplus of 1.8% of GDP (estimated at 3.3% of GNI*), essentially driven by an exceptional growth in corporate income tax revenues. At the same time, a robust performance of income tax and VAT reflected the continued strength of the domestic economy. Nevertheless, windfall corporation tax revenues (i.e. those not explained by growth in domestic activity) distort the headline figures. Excluding them from the revenue, the government reported an underlying budget deficit of 1.1% of GDP,

([1]) Modified gross national income (GNI*) excludes globalisation effects and reflects the income standards of Irish residents more accurately than GDP.

([2]) IBEC, 2025, Skills Survey.

as spending outpaced growth in domestically-driven revenues. The budget surplus is forecast to recede to 1.4% of GDP in 2026 and 1.2% of GDP in 2027, reflecting high projected growth of spending. Gross government debt was 32.9% of GDP at the end of 2025 (equivalent to around 61.7% of GNI*) and is forecast to fall to 32.4% of GDP in 2026 and to 31.6% of GDP in 2027.

**Ireland's financial sector is stable though some supervisory challenges exist.** Domestic banks are well capitalised and profitable. Risks in the commercial real estate market have moderated, although non-performing loans in the office segment continue to record high levels. Ireland's non-bank financial sector has expanded significantly in recent years and is playing a growing role in providing credit to the domestic economy. This presents supervisory challenges as these institutions are less transparent than banks. However, available indicators do not currently point to the emergence of immediate financial stability concerns.

## External reliance creates vulnerabilities

**Ireland's economic model is exposed to external dependencies and concentration risks.** An overall supportive business environment has attracted many multinational companies to Ireland, driving strong economic growth in recent years. However, this has led to economic activity being highly concentrated among a few multinationals, leaving Ireland vulnerable to sector- or firm-specific disruptions. These risks are further amplified by recent geopolitical tensions. With strong trade and investment links with the US, Ireland is sensitive to rising protectionism, trade fragmentation as well as any policy changes that could disincentivise investment and business activity in Ireland. These risks underscore the importance of an industrial policy to diversify and strengthen the competitiveness and resilience of the domestic economy (see Section 2), which is also reflected in Ireland's recent Action Plan on Competitiveness and Productivity.

**A high reliance on imported energy and critical materials creates risks.** Ireland is among the most energy-import dependent countries in the EU, which contributes to relatively high prices and exposure to global supply disruptions. The recent surge in global energy prices - driven by the conflict in the Middle East - has highlighted Ireland's vulnerability to external energy shocks, driving up domestic inflation. Ireland also relies heavily on imports of critical raw materials, especially for energy infrastructure and clean-tech deployment. Expanding domestic energy production and diversifying supply are key to strengthening Ireland's resilience**.**

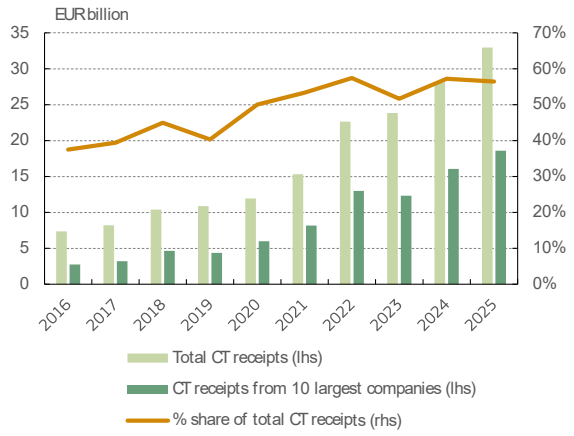
**Projects to expand subsea interconnections and their surveillance are ongoing.** EU projects, such as the PISCES subsea cable system, and new high-capacity cables in the Ireland–North America and Ireland–UK corridors aim to increase redundancy and security. In addition, Ireland is expanding its naval and underwater surveillance capabilities and increasing security cooperation on cable protection.

## Future-proofing public finances

**Tax revenue is increasingly reliant on multinationals.** Corporate tax revenue has more than doubled since 2021, driven by exceptional profits of a small number of foreign-owned companies in Ireland's manufacturing and ICT sectors (see Graph 1.1). The degree of concentration could

increase further due to the impact of Ireland's domestic top-up tax implementing the OECD Pillar II reform. This exposes Ireland's revenue to significant sectoral and even firm-specific risks as mentioned above. The same foreign-owned multinationals are among the largest contributors to personal income tax, which further compounds the risks to revenue stability ([3]).

Graph 1.1:**Concentration of corporate tax (CT) receipts**




***Source:*** Revenue Commissioners

**Limited progress has been made in addressing revenue concentration risks in line with a country-specific recommendation (CSR) received in 2025.** Ireland is building up its fiscal buffers via the Future Ireland Fund and the Infrastructure, Climate and Nature Fund. However, the proportion of windfall revenues channelled to these funds is relatively low. Committing the majority of corporate tax revenues to increased spending will enable Ireland to ramp up its public investment rate. However, it will also exacerbate the vulnerability of Ireland's budget and its reliance on a potentially transient revenue source.

**Broadening the tax base would help create a more resilient revenue structure.** To better secure planned spending increases and prepare for future fiscal pressures, there is scope to rebalance Ireland's tax mix and reduce its reliance on multinational companies. The Commission on Taxation and Welfare report published in 2022 proposed several avenues to achieve that in a sustainable and efficient manner. The proposals included increasing the yield from wealth and capital taxation, expanding property and land taxation, and limiting the use of reduced VAT rates ([4]). Ireland has a large system of tax exemptions, deductions and various reliefs, pointing to a need for scrutiny of their impact and relevance ([5]). There is also room to improve the way the tax system supports environmental objectives (see Annex 3).

**Fiscal discipline and improvements in spending efficiency will be key to alleviating public finance risks.** Ireland faces large spending pressures in the medium term, related to a rapidly growing population and the government's commitment to implement the public investment programme set out in the National Development Plan. Fiscal discipline and careful prioritisation will be needed to avoid budget overspends, ensure value-for-money and avoid exacerbating inflationary pressures in the coming years. The Irish medium-term budgetary framework supports this process, but its effects are limited by a low level of detail and its weak binding force over the annual budget.

**Population ageing will put pressure on the pension and healthcare systems.** The

(3) Department of Finance, 2025, Fiscal vulnerabilities - Expanding costs, narrowing base.

(4) Commission on Taxation and Welfare, 2022, Foundations for the Future.

(5) European Commission, 2025, Mind the Gap – Challenges and opportunities for tax compliance and tax expenditures in the EU – Ireland.

old age dependency ratio is set to more than double between 2022 and 2070, making Ireland one of the most rapidly ageing Member States in the EU ([6]). To support the pension system, Ireland has legislated incremental increases in the pay-related social insurance contribution rates until 2028. Ireland is also taking steps to improve the uptake of supplementary pension schemes and diversify retirement income sources (see Annex 2). In January 2026, the government launched *My Future Fund*, a new state-subsidised auto-enrolment scheme, increasing the proportion of private sector employees covered by a supplementary pension. At the same time, the healthcare system needs to become more cost-effective to ensure its fiscal sustainability and expand its access through primary care structures (see Section 4).

**Ireland's expenditure on defence remains among the lowest in the EU.** Total government expenditure on defence amounted to 0.1% of GDP in 2024. It is estimated by the European Commission at 0.2% GDP in 2025 and projected to remain at that level in 2026 and 2027 (see Annex 2). This is related to Ireland's long-standing policy of military neutrality. Nonetheless, Ireland has gradually increased its budgetary allocation for defence, although starting from a very low base. It reached EUR 1.5 billion in the 2026 budget, an increase of 35% compared with 2022. The revised National Development Plan earmarked EUR 1.7 billion for capital investment in defence between 2026 and 2030.

([6]) European Commission and EPC, 2024, Ageing Report.

## Supporting local government

**Local authorities lack sufficient scope to direct the levying of charges and the use of resources.** Local authorities are critical to implementing the National Planning Framework territorially as they hold key competencies in the areas of housing, planning, and environmental protection. However, a lack of resources and financing gaps at local authority level have led to delays and difficulties in implementing policies and to a sub-optimal provision of key services and investment in critical infrastructure (see Annex 18). Multiannual resource and financial planning could enable local governments to better organise service delivery and execute investment projects critical for territorial development.

## Boosting housing construction

**Rapid house-price growth over the last decade has made housing increasingly unaffordable for both buyers and renters.** The lack of affordable housing affects Ireland's competitiveness as it limits the ability of firms, in particular SMEs, to attract skilled workers, putting pressure on wages (see Annex 16). High costs and limited availability of affordable housing have also contributed to a rise in homelessness (see Section 4).

**Construction of new dwellings is increasing but remains far from matching housing needs.** Capacity constraints in the residential construction sector remain a challenge, as highlighted in a 2025 CSR. The government has introduced several policy measures, ranging from financial incentives to planning reforms, to increase the pace of

Box 1:

## UN Sustainable Development Goals (SDGs)

Ireland is performing well in all SDGs related to macroeconomic stability and productivity (SDGs 8 and 16) and fairness (SDGs 1, 4, 10).

Although it shows signs of catching up, Ireland is far below the EU average on climate action (SDG 13) due to the high net greenhouse gas emissions per capita and persistent emissions from the land use and forestry sector (see Annex 8).

construction and decrease comparably high construction costs.

**Facilitation of construction needs to be coordinated and supplemented by greater transparency.** Limited availability of electricity, water and sewage connections is a major bottleneck for construction. Ongoing reforms in the Accelerating Infrastructure Action Plan aiming to remove regulatory, legal and administrative barriers can help. However, it is important that the government continues to follow an integrated approach, incorporating land planning, transport, spatial development targets and environmental regulations. In addition, there is a need for greater transparency and data availability on land transactions, beneficial ownership and construction costs.

**A new tax to improve land management has come into force, but further action may be needed.** A new residential zoned land tax, which aims to disincentivise land hoarding, was collected for the first time in 2025. Given the history of administrative difficulties in implementing this tax and the previous levy, it is important that an appropriate impact assessment be carried out. The Housing Commission has also recommended putting in place a land-value sharing mechanism to ensure the state gets an appropriate share of increases in land value that come from public decisions.

**The need for private funding remains considerable.** State funding that has been committed in recent years to infrastructure and construction has been very high compared with other Member States. At the same time, it is estimated that tens of billions of euros in private capital will need to be leveraged. Ongoing examination of the potential barriers to financing, as well as innovative ways to encourage nonbanking sector participation and attract more private savings, as announced in the Delivering Homes, Building Communities plan, will be important to ensure appropriate funding flows. The possibility to reset rents is expected to stimulate private investment in rental stock (see Annex 16).

Box 2: **Key achievements of the recovery and resilience plan**

Ireland's recovery and resilience plan (RRP) represents a total investment envelope of EUR 1.15 billion, corresponding to 0.2% of GDP (O.4% of GNI*). While this is relatively small, the impact of the estimated spillovers from other Member States' plans are estimated to have been several times greater.

EUR 929 million (around 80% of the total allocation) are expected to have been disbursed by May 2026, following the satisfactory fulfilment of 78 milestones and targets. Implementation has progressed steadily, with a growing number of reforms and investments already fulfilled and delivering tangible results on the ground.

**Highlights and impact of the plan**

- Entry into operation of 'public only' employment contracts for consultants, the creation of 96 Community Health Networks for primary care, and the expansion of the Chronic Disease Management Structured Treatment Programme.
- Double-tracking and re-signalling works to enable the future electrification of railways in the Cork metropolitan area.
- Preventive measures to further limit opportunities for aggressive tax planning.
- Deep retrofit of Tom Johnson House, a public office building.
- Installation of routers in 992 primary schools.

**Work is ongoing to increase labour supply and productivity in the construction sector.** Employment in construction has increased by over 50% compared with pre-pandemic levels, owing in part to increased investment in apprenticeships and the expansion of immigration-permit eligibility for construction-related jobs. To improve construction productivity, the government has also promoted standardised designs and layouts (mandatory for some social housing) and a variety of significant measures to support the take-up of modern methods of construction. It is too early to evaluate the effect of these measures, on which there are limited data.

**EU funding instruments provide considerable resources to Ireland**. They support investments and structural reforms to increase competitiveness, environmental sustainability, skills, social fairness and security, while helping to address challenges identified in the CSRs. Key instruments include the Recovery and Resilience Facility (see Box 2) and Cohesion policy funds (see Box 3). In addition, the Common Agricultural Policy (CAP) provides Ireland with an EU contribution of EUR 7.5 billion under the CAP strategic plan for 2023-2027 ([7]). A further EUR 74.9 million are available under the Asylum, Migration and Integration Fund (AMIF), together with the Internal Security Fund (ISF). Other EU programmes also support competitiveness in Ireland, for instance through open calls under Horizon Europe and the Connecting Europe Facility.

([7]) An overview of Ireland's formally approved strategy to implement the EU's common agricultural policy nationally can be found at https://agriculture.ec.europa.eu/cap-my-country/cap-strategic-plans/ireland_en.

Box 3:

## Contribution of cohesion policy funds

**EU cohesion policy funding is supporting Ireland's efforts to boost competitiveness, environmental sustainability, skills and social fairness.** In the 2021-2027 programming period, EU cohesion policy funds ([8]) are providing close to EUR 1 billion (amounting to more than EUR 2 billion paired with national co-financing). The amount of selected projects corresponded to 70.7% of the total allocation as of March 2026, with additional calls for projects in the pipeline.

- **Innovation, business environment and productivity**. Nearly EUR 170 million is allocated to research and innovation, SMEs competitiveness and for the regions most affected by the transition away from carbon-intensive activities. Close to 9 000 firms are already receiving support.
- **Decarbonisation, energy affordability and sustainability**. More than EUR 165 million is dedicated to energy efficiency and clean transition projects, which are expected to improve close to 4 500 dwellings and decrease greenhouse gas emissions by 15 000 $CO_2$ equivalent a year.
- **Skills, quality jobs and social fairness**. EUR 242 million is allocated to fostering active inclusion, social integration and material assistance. Support for equal access to quality, inclusive education and lifelong learning, including flexible upskilling and reskilling for all, totals around EUR 127 million. A total allocation of some EUR 83 million is provided for improving access to employment and activation measures of all jobseekers. In 2025 alone, over 2 000 unemployed and inactive people were supported to progress into employment through inclusion and community activation projects.

The mid-term review ([9]) strengthened cohesion policy's contribution to emerging strategic priorities, reallocating EUR 61 million. Over three quarters of reallocated funds support social and affordable housing. The mid-term review will also strengthen competitiveness through support for critical technologies, improvements in energy efficiency and promoting skills, in particular critical STEP technologies. In addition to cohesion policy funding, Ireland will allocate up to EUR 662 million under the Social Climate Fund over 2026-2032 to help mitigate the social impact of the new emissions trading system (ETS2), providing targeted support to vulnerable households and small businesses.

([8]) The European Regional Development Fund, the European Social Fund Plus and the Just Transition Fund.

([9]) The mid-term review is carried out halfway through the 2021-2027 programming period. It is a formal assessment process required under Article 18 of the Common Provisions Regulation that aims to assess the implementation of programmes and, where necessary, propose adjustments to improve their performance, ensure their relevance in light of new and emerging needs and keep them aligned with other EU policies.

# INNOVATION, BUSINESS ENVIRONMENT AND PRODUCTIVITY

**The 2025 CSRs called on Ireland to increase public R&D investment and support the increase in business R&D investment, including through more direct funding instruments**. Since then, the government has taken major steps to support public and private R&D investment. However, implementation remains at an early stage.

## Bridging the productivity gap

**Productivity disparities limit broad-based growth.** Ireland's strong headline productivity is heavily influenced by a few multinationals in highly productive sectors, while domestic firms lag behind both multinationals and EU peers. This is hampering the domestically driven growth needed to alleviate the concentration risks of Ireland's current business model and increase economic resilience. The uneven performance also drives regional disparities, with areas hosting multinationals benefiting from higher growth, productivity and innovation compared with the rest of the country (see Annex 18).

**SMEs face barriers to improving their expansion and productivity.** Investment by domestic SMEs remains below that of peer countries ([10]), limiting innovation, efficiency and the ability to expand, and thereby constraining productivity growth. High direct costs, including energy, wages and rent, place financial pressure on firms, while indirect costs, such as high legal expenses, delays in the legal system, and housing pressures further strain resources. Competition from multinationals for key resources, such as skilled labour, intensifies costs pressure. Late payments also add administrative and financial burdens. Moreover, Irish SMEs are less internationally engaged than their EU peers, restricting their expansion in the single market and limiting their growth prospects (see Annex 5). There are also only limited linkages between multinationals and domestic SMEs, restricting direct spillovers and diffusion of innovation that could boost productivity across the economy and create wider long-term economic gains for the country.

**Stronger R&D can boost productivity growth.** In 2025, Ireland received a CSR to increase R&D intensity. Public R&D expenditure accounts for only 0.2% of GDP (0.4% of GNI*) – well below that of countries with comparable levels of economic development. In addition, private R&D is concentrated in large firms, with domestic SMEs underinvesting (see Annex 4). A significant portion of public R&D support is currently channelled through the R&D tax credit, which is not as effective as can be in encouraging SME investment ([11]). Strengthening R&D activity would require not only additional spending but also

([10]) CBI, 2025, The Drivers of SME Investment in Ireland.

([11]) DETE, 2025, Action Plan on Competitiveness and Productivity.

bridging the gap between academic research and commercial application and ensuring a steady flow of talent and research infrastructure. The revised National Development Plan envisages increased funding for R&D and innovation over the next five years. Ireland's Action Plan on Competitiveness and Productivity also includes targeted measures for research, innovation and skills (see Annex 4). Timely implementation and sustained investment, including in regions with weaker innovation performance and ecosystems, are crucial to strengthening Ireland's innovation capabilities.

## Financing scale

**The equity market does not meet the financing needs of innovative, fast-growing firms.** Venture capital investment as a share of GDP is broadly in line with the EU average. However, Irish venture capital funds are typically smaller than those in other European markets, contributing to smaller deal sizes for Irish firms, particularly for late-stage financing. With a scaling gap estimated at EUR 1.1 billion over the next 3-5 years ([12]), high-potential Irish firms might pursue financing opportunities abroad, leading to a loss of economic value for Ireland. State bodies such as Enterprise Ireland and the Strategic Investment Fund provide government support to start-ups and scale-ups. Additionally, the Action Plan on Competitiveness and Productivity proposes an SME scaling fund to expand public capital.

**Equity financing from institutional investors is limited.** Insufficient private institutional capital remains a major constraint on the size of venture capital available for firms. In line with the priorities in the Action Plan on Competitiveness and Productivity, incentivising institutional investors, including pension funds, to engage in private equity and venture capital could help bridge the financing gap. Currently, it is estimated that Irish pension funds allocate less than 0.01% of their equity to these investments ([13]). Removing barriers that limit illiquid investments, such as venture capital by pension funds, can mobilise a portion of capital and play a bigger role in financing fast-growing companies.

**Low retail investment hinders the expansion of Ireland's capital markets.** Direct retail investment in Ireland remains low, with households holding around 2.3% of their financial assets in direct investments, such as listed equity and debt securities, below the EU average of 7.5% ([14]). This reflects a preference for traditional savings instruments - such as bank deposits, insurance products and pension assets - alongside the existence of tax disincentives and the absence of a savings and investment account. To address this, the Irish government is exploring ways to encourage households to engage more actively in capital markets. Reducing barriers and promoting investment could expand households' investment opportunities and foster a more robust capital market.

([12]) DETE, 2025, SQW Report on Market Demand for and Supply of Scaling Finance in Ireland.

([13]) IVCA, 2024, Pre-Budget Submission.

([14]) CBI, 2025, Retail Investor Participation in Ireland Consumer Research and Analysis.

## Improving quality of lawmaking and justice system efficiency

**There are weaknesses in the oversight and quality control of legislation**. The main areas where Ireland underperforms concern regulatory impact assessment (RIA), ex-post evaluations and stakeholder engagement ([15]) (see Annex 7), which are not aligned with EU best practices. While primary and significant secondary legislation has to be assessed in terms of costs, benefits and impacts, implementation is uneven across legislative proposals and departments. Moreover, there is no government body outside the ministry sponsoring the regulation responsible for reviewing the quality of RIAs or ex-post evaluations. Consultation on primary and secondary legislation is limited, with no requirement to consider or respond to stakeholder feedback.

**The justice system continues to face challenges related to its efficiency.** Despite recent progress in allowing the use of digital technology in courts, Ireland still lags behind in digital solutions for civil, commercial and administrative proceedings and in online access to judgments for the general public. Furthermore, there is no system to regularly evaluate court performance based on set indicators (see Annex 7).

([15]) OECD, 2025, Better Regulation Practices across the European Union 2025.

# DECARBONISATION, ENERGY AFFORDABILITY AND SUSTAINABILITY

**In 2025, Ireland received country-specific recommendations (CSRs) to reduce its overall reliance on fossil fuels, accelerate the deployment of renewables, improve the flexibility and capacity of the electricity grid, promote demand-side response, support energy efficiency and ensure that the connection of large energy users to the electricity grid is linked to additional renewable capacity and system flexibility. Ireland was also recommended to strengthen sustainable public transport and access to electric vehicle charging points. Ireland also received a CSR to increase investment in water infrastructure and to speed up its circular economy efforts.** Ireland has enacted a strong climate action framework, but projections indicate that the country is not on track to deliver on its 2030 targets, partly due to the continued increase in land-use emissions. Ireland is progressing in deploying renewable energy and improving energy efficiency but will likely miss the 2030 targets. Constraints in the electricity grid hinder renewable energy deployment and responding to increases in the overall energy demand. Insufficient public transport and charging infrastructure for electric vehicles further complicate the transition to cleaner transport. Outdated water infrastructure and investment deficits threaten environmental conditions, and progress on the circular economy, especially in construction, has also been slower than required.

## Accelerating climate action and renewables

**Ireland's greenhouse gas (GHG) emissions continue to decline but at a slow pace.** Projections indicate that fully implementing existing climate policies could deliver emissions reductions of up to 23% by 2030 compared with 2018 levels ([16]). This would fall well short of the 51% reduction target set for 2030. Similarly, Ireland is not on track to deliver on its obligations under the Effort Sharing Regulation and the Land Use, Land-use Change and Forestry Regulation (see Annex 10).

**The carbon tax's impact is partially undermined by untargeted fossil fuel subsidies.** The carbon tax and associated annual price increases send strong signals to reduce fossil fuel consumption. However, the continued presence of fossil fuel subsidies can weaken these incentives, undermining the 'polluter pays' principle.

**Energy prices in Ireland remain high amid continued geopolitical uncertainty**. In 2025, Ireland's Single Electricity Market recorded the highest wholesale electricity prices in Western Europe, averaging EUR 114.67 per MWh. This put pressure on prices for Irish consumers and businesses, with implications for energy affordability

([16]) EPA, 2025, Ireland's Greenhouse Gas Emissions Projections 2024-2055.

and competitiveness (see Annex 9). A heavy reliance on fossil fuel makes Ireland highly vulnerable to international tensions. To tackle the rising energy costs driven by increasing fuel prices, in March 2026 Ireland announced short-term measures to alleviate pressures on consumers, notably concerning reductions in excise duties and extension of the fuel allowance ([17]). However, it would be important to ensure that such measures are transient in nature and do not undermine price signals that incentivise clean energy, as accelerating decarbonisation remains critical to reducing long-term vulnerability to energy price volatility and supply shocks.

**Ireland has emerged as a frontrunner in the integration of wind power**. Wind represented 41.8% of gross electricity supply in 2024 ([18]), with installed capacity of around 5 GW. Solar deployment also expanded rapidly, approaching 2.2 GW, with more than 1 GW added in 2025 alone. Projects awarded support under Ireland's Renewable Electricity Support Scheme amount to 3.8 GW of solar capacity, indicating a substantial project pipeline ([19]).

**Significant further deployment is required to achieve the target of 80% renewable electricity by 2030**. Ireland risks falling short of its targets of 9 GW of onshore wind and 8 GW of solar capacity. The Environmental Protection Agency (EPA) estimates that renewables could account for just 60–68% of electricity generation by 2030, short of the 80% target ([20]). Further harnessing Ireland's offshore wind potential will be crucial to delivering the 5 GW offshore capacity target for 2030 and 20 GW target for 2040. In this regard, the forthcoming National Designated Maritime Area Plan (DMAP) for offshore renewables will assist in realising the decarbonisation objectives. Progress in implementing a plan-led development regime, introduced by the Maritime Area Planning Act, remains key. Clear designation of marine conservation areas would help balance renewable deployment with biodiversity protection, while providing greater regulatory certainty to investors.

**The lack of a speedy and predictable planning and consenting system remains a major bottleneck for Ireland's energy transition as highlighted in the 2025 CSRs.** Lengthy and uncertain licensing procedures delay the development of renewable energy sources (RES) and energy infrastructure. Ireland has taken steps to address this, such as implementing the Planning and Development Act 2024. The set-up of the Accelerating Infrastructure Task Force to identify key barriers and propose measures to accelerate infrastructure delivery is also a positive development. Strengthening the capacity of planning authorities, including through adequate human and financial resources, will be crucial to ensure that applications can be processed efficiently and with the necessary technical expertise.

## Grid capacity constraints remain

**Strategic decisions on electricity grid investment have been taken to address capacity constraints, and important works are ongoing**. In July 2025, the Irish government committed to a EUR 3.5 billion equity injection into network operators as part of the National Development Plan,

([17]) Government of Ireland, 2026, Government Announces Measures to Reduce Energy Costs.

([18]) Sustainable Energy Authority Ireland (SEAI), 2026, Energy in Ireland 2025.

([19]) Irish Academy of Engineering, 2025, Infrastructure 2025-2040.

([20]) EPA, 2025, Ireland's Greenhouse Gas Emissions Projections 2024-2055.

reducing the need to finance grid investments through levies on household and businesses ([21]). This complements the investment programme set out under Price Review 6([22]), including baseline grid investments of EUR 14.1 billion between 2026 and 2030, with potential additional investments of up to EUR 18.1 billion through the Agile Investment Framework ([23]). It will be important to ensure that these measures lead to timely increases in grid capacity.

**A balanced portfolio of flexibility solutions is crucial as highlighted in the 2025 CSRs.** Despite increasing battery storage capacity, the Irish system remains over-reliant on grid-scale storage, with comparatively limited deployments of behind-the-meter solutions. Some 84% of Irish households now have access to near real-time consumption data through smart metering ([24]), yet delays in putting in place the regulatory framework for dynamic-price contracts hinder their full utilisation. Further incentives to encourage consumer participation in the electricity market could provide this flexibility, enabling consumers to respond to price signals and adjust their consumption patterns accordingly.

([21]) Department of Public Expenditure Infrastructure Public Service Reform and Digitalisation, 2025, National Development Plan Review 2025.

([22]) The "Price Review" is the process through which the Commission for Regulation of Utilities sets the allowed revenues, investment frameworks, and performance incentives for Ireland's electricity and gas network operators.

([23]) EirGrid, 2025, EirGrid Price Review 6 Business Plan (2026-2030).

([24]) ESB, 2025, Over two million smart meters installed nationwide as part of the National Smart Metering Programme.

## Renewing efforts to reach retrofits and heating targets

**In 2025, Ireland received a CSR on implementing additional measures to support energy efficiency in private and public buildings to reduce energy bills and system costs**. The pace of retrofitting is increasing but is behind schedule. The Economic and Social Research Institute (ESRI) estimates that, at current rates, Ireland is unlikely to meet its 2030 targets of 500 000 retrofits and 400 000 heat pumps ([25]), with progress by 2025 only reaching around 17% and 5% of these targets, respectively ([26]). High upfront costs, limited homeowner interest and split incentives between landlords and tenants are key barriers. While Ireland has traditionally prioritised improvements to building fabric to reduce energy demand, this may not always be the most cost-effective solution. Better aligning support with integrated solutions, such as bundling incentives for solar photovoltaic systems, heat pumps and electric vehicles, could increase energy savings and support grid stability.

**District heating could play a key role in residential decarbonisation in Ireland**. Ireland has favourable characteristics for developing district heating at scale in urban areas. It has set a target of district heating accounting for 2.5 TWh of heat demand by 2030, about 187 000 to 314 000 homes. However, the current project pipeline of 60 000 homes identified across Tallaght, Dublin Docklands and Galway is expected to be connected by 2030, significantly

([25]) ESRI, 2026, A review of residential heat decarbonisation in Ireland.

([26]) SEAI, 2026, Statistics for National Home Retrofit Programmes.

below target ([27]). There is a limited availability of grant support for early-stage district heating developments focused on anchor loads, a prerequisite for developing district heating projects at residential scale.

## Balancing rising energy demand

**Ireland received a CSR in 2025 to ensure that the connection of large energy users to the grid is linked to additional RES capacity and system flexibility**. Total metered electricity consumption reached almost 32 TWh in 2024. Large energy users, mainly data centres, accounted for 31.0% of consumption, up from 14.8% in 2015. EirGrid estimates that demand could double by 2035 ([28]). This growth poses challenges for the electricity system, which will need to meet higher demand while limiting reliance on fossil fuels. Ireland's energy regulator, the Commission for Regulation of Utilities, put in pace a connection decision, requiring that new data centre loads support renewable energy development, either through direct investment in generation or via long-term power purchase agreements with a six-year implementation period ([29]). While this is on the right track, the decision is not yet sufficiently ambitious. Although requirements to deploy on-site RES generation could help alleviate some of the pressures on the grid, further efforts are needed to avoid gas lock-in. Additionally, these consumers remain concentrated around Dublin. Spatial planning of data centres, which is aligned with available grid capacity and higher RES potential, could also improve system efficiency.

## Addressing sectors with the highest emissions

**The highest share of emissions in Ireland comes from agriculture.** Under the EU Effort Sharing Regulation (ESR), agriculture accounted for 46% of 2024 emissions, while transport accounted for 21.7% ([30]). These agriculture ESR emissions compare with the EU average of 18%. Ireland has taken some initiatives to reduce these emissions, such as promoting a greater uptake of low-emission feeds and fertilisers and investing in low-emission technologies for spreading slurry under the common agricultural policy strategic plan. However, a concrete plan of action will be required to ensure a sustainable, competitive and productive agricultural sector, while containing pollution from it.

**Developments in land use, land-use change and forestry are not supporting Ireland's 2030 target.** To meet this target, additional measures in the land sector are needed ([31]). Ireland's urban area increased between 2018 and 2021, with 83% of land taken from pastures ([32]). This results in less resilient ecosystems, lower carbon sequestration and weaker flood protection.

**In 2025, Ireland received a CSR to support sustainable transport.** Public transport has seen a substantial increase in bus connections. However, the transport

([27]) Mac Uidhir & Rogan, 2025, Can Ireland Still Meet its District Heating Targets by 2030?.

([28]) EirGrid, 2026, All Island Resource Adequacy Assessment 2026–2035.

([29]) CRU, 2025, Large Energy Users Connection Policy.

([30]) EPA, 2025, Ireland's Provisional Greenhouse Gas Emissions.

([31]) National Parks & Wildlife Service, 2024, 4th National Biodiversity Action Plan.

([32]) European Environment Agency, Net land take in cities and commuting zones in Europe.

performance score of Ireland's five metropolitan areas measured as the share of inhabitants reachable in a certain time is below the OECD average ([33]). The Moving Together and the Sustainable Mobility Policy Action Plan 2026-2030 sets out targets including shifting the Dublin area's bus service to low- and zero-emission technologies and expanding the charging infrastructure for electric buses. Public transport connections are underdeveloped both between and within regions, most notably in the West and Border regions. Rail electrification remains very limited. The delayed Dublin MetroLink project has yet to start construction. The DART+ suburban rail infrastructure project is a priority section to complete the TEN-T network.

**The uptake of electric vehicles (18.9% of new car sales vs EU: 17.4%) is being hampered by the slow deployment of public charging points.** In 2025, there were around 3 890 recharging points, mainly in urban areas, and the pace of deployment has plateaued out since 2024 ([34]).

## Improving water supply and quality

**Reliable and resilient water services are essential for Ireland's environmental sustainability and economic competitiveness.** Ireland faces structural challenges in the water sector, including underperforming wastewater treatment, high leakage rates, and stagnating water quality trends, which are exacerbated by population growth, cross-sectoral development and climate-related pressures. In response, the National Development Plan Review 2025 provides for a record level of investment, with around EUR 10.2 billion allocated over the next five years, alongside an additional EUR 2 billion equity injection into Uisce Éireann. Key projects are expected to contribute to improving water and wastewater services, including the upgrade of the Ringsend wastewater treatment plant, the Greater Dublin Drainage project and the Water Supply project for the Eastern and Midlands region. Nonetheless, these ambitious plans require timely implementation to achieve tangible improvements.

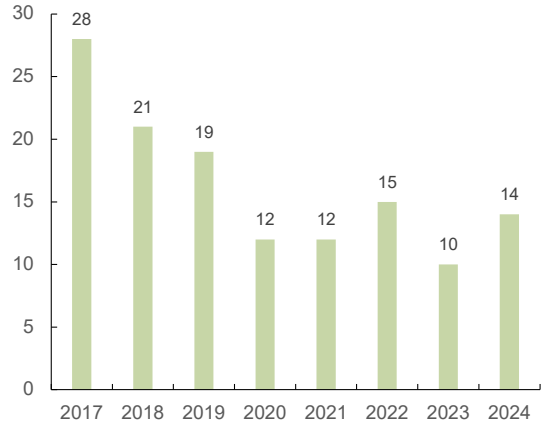
**Wastewater treatment continues to challenge the reliability and environmental performance of the water infrastructure.** In 2024, over half the licensed wastewater discharges in Ireland recorded at least one breach of EPA standards for preventing pollution ([35]). Despite some improvements, several urban areas remain in breach of EU requirements under the Urban Waste Water Treatment Directive, which requires secondary treatment for agglomerations of at least 2 000 people and stricter nutrient removal for larger agglomerations discharging into sensitive areas (see Graph 3.1).

([33]) OECD, 2024, Regions and Cities at a Glance: Ireland.

([34]) European Commission, 2026, Alternative Fuels Observatory.

([35]) EPA, 2025, Urban Wastewater Treatment in 2024.

Graph 3.1: **Urban areas in breach of EU waste water requirements**




***Source:*** EPA, European Commission

**Water leakage rates in Ireland remain among the highest in the EU.** Despite declining from 49% in 2014 to 36% in 2024 following sustained efforts under the National Leakage Reduction Programme, Ireland's leakage rate is well above the EU average of 23%. Planned investments are encouraging although more ambitious efforts will be required to accelerate progress. This is because an EU-wide threshold for leakage levels is expected by 2028, following the European Water Resilience Strategy as part of the Competitiveness Compass.

**Water quality in Ireland has slightly deteriorated in recent years.** The latest EPA assessment shows that nearly half of surface waters (rivers, lakes, estuaries and coastal waters) remain below satisfactory ecological status (classified as moderate, poor or bad), which is a slight decline from the previous assessment period. Ireland is not currently on track to meeting the Water Framework Directive requirement that all surface waters achieve good ecological status by 2027 at the latest. Groundwater quality remained generally good, with only a few localised exceptions. Drinking water in Ireland remained highly compliant with EU standards although around half a million people were still served by supplies in 2024 classified as 'at risk' under the Remedial Action List (the public register of public water supplies at risk).

**Nutrient pollution from agriculture and farming activities is the main pressure on water quality ([36]).** High concentrations of nitrogen and phosphorus, primarily linked to agriculture, significantly damage the ecological health of surface waters. Around 42% of rivers – mostly in the south and south-east of Ireland – have high nitrate concentrations, while over a quarter of rivers (27%) and nearly a third of lakes (35%) have high phosphorus levels. Other pressures include physical changes to waterbodies and their natural flow (hydromorphological alterations), forestry activities and inadequately treated urban wastewater.

**Tackling structural challenges in water services will require resilient financing.** Currently, domestic customers in Ireland do not pay for water services beyond one-off connection charges, making public funding the primary financing source. Implementing a well-designed water pricing mechanism, while including appropriate allowances for larger households and those with specific health needs, could support the sector's long-term financial sustainability and incentivise efficient water use. It could also better reflect the true cost of water services and generate stable funding for investment and maintenance.

## Transitioning to a circular economy

**Circularity remains limited and mostly confined to the lower levels of the waste hierarchy, with little progress over the**

([36]) EPA, 2024, Ireland's State of the Environment Report.

**past decade**. The circular material use rate stood at 2% in 2024, while 42% of municipal waste was recycled in 2023 ([37]), both well below the EU averages. Recycling of packaging waste (59%) and plastic packaging waste (30%) are off track to meet the EU's binding recycling targets for 2025 (65% for all packaging waste and 50% for plastic packaging). Although waste generation is increasing, treatment is largely focused on disposal and energy recovery, where material value is lost through incineration (around 43% of municipal waste) or landfilling (about 14%), rather than retained in the domestic economy. A substantial share of waste (42%) is exported for treatment. Similar patterns are observed in construction and demolition waste, Ireland's largest waste stream, despite the potential for higher-value recovery. Improving recyclable waste capture rates in separate collection systems should be a priority.

**Despite localised successes in waste management, greater ambition is required for progress.** Measures such as the landfill levy have reduced municipal landfills from 39 in 2002 to three in 2026, and the Deposit Return Scheme has improved beverage container collection and the quality of recyclable material ([38])([39]). The waste recovery levy introduced in 2023 aims to favour higher-value treatment options over energy recovery, and the planned Repair Voucher Scheme for 2027 may further support reuse and repair. The new Whole of Government Circular Economy Strategy 2026-2028 sets concrete targets in key sectors, with implementation programmes such as the forthcoming Circularity Roadmap for the Construction Sector.

**System-wide action supported by adequate investment is required to address the gaps in the circular economy.** Circular progress will depend on greater policy ambition, higher investments and scaled-up implementation across sectors, while there is scope to achieve early gains through more grounded measures. Economic instruments could play a greater role in shifting incentives across the waste hierarchy, including by strengthening existing levies and producer responsibility schemes. In parallel, demand-side measures, such as a greater use of green public procurement, eco-design requirements and waste prevention policies, could help retain more material value in the domestic economy. Developing targeted instruments that influence consumer behaviour, such as levies on single-use products, could also deliver early results while broader structural measures are put in place.

([37]) EPA, 2025, Municipal waste statistics for Ireland.

([38]) EPA, 2024, Ireland's State of the Environment Report.

([39]) OECD, 2022, The Circular Economy in Ireland.

# SKILLS, QUALITY JOBS AND SOCIAL FAIRNESS

**In 2025, Ireland received CSRs to increase the supply of social and affordable housing**, **make the healthcare system more cost-effective and strengthen the labour market and social inclusion of disadvantaged groups, in particular for persons with disabilities and single parents by putting in place better targeted outreach and upskilling.** Ireland has allocated high levels of public investment to social housing but increasing construction still faces challenges. Moreover, Ireland has taken steps to enable the labour market participation and mitigate poverty risks of disadvantaged groups, but some structural challenges remain in the provision of social services and targeted active labour market and upskilling policies. Ireland has started to implement productivity and savings measures in the healthcare system and could increase the accessibility of public primary healthcare.

## Social housing is insufficient

**Homelessness continues to rise.** It is now affecting over 17 500 people, out of which more than 5500 children. This includes persons with disabilities, single-parent families, young people, Roma and Travellers. It is most acute among single adults, young people, and families in the Dublin region**.** Eviction from private rented accommodation remains one of the top direct causes of homelessness. To reduce no-fault evictions, the legal grounds for terminating tenancies have been restricted in favour of tenants since March 2026. Strengthening the capacity and enforcement role of the Residential Tenancy Board will be crucial to ensure compliance (see Annex 16). Other preventive measures to reduce homelessness include, amongst others, the rent supplement scheme, the housing assistance payment, tenant-in-situ, the housing first initiative and psychological and social support. Priosítising homeless people or those at risk of homelessness on social housing waiting list should help decrease homelessness.

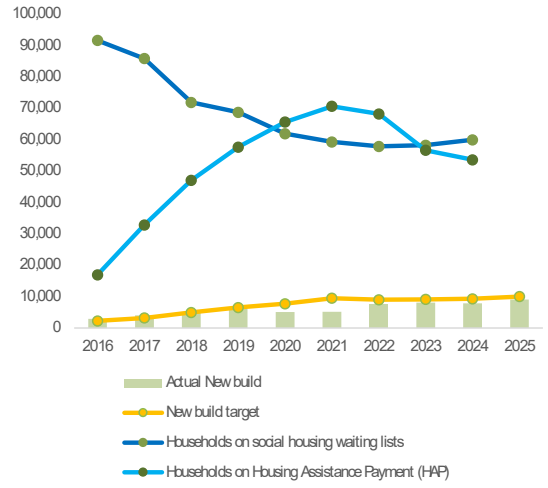
**Reliance on rent allowances remains high.** In response to low affordability, the government has expanded rent allowances to a large number of households at a cost of nearly EUR 1 billion per year. Rent allowances have protected some lower income households from poverty and homelessness. However, social housing waiting lists remain long: 19.2% of applicants have been on the list for more than seven years ([40]) (see Annex 16). Households also report difficulties in finding dwellings to rent and cite discrimination from landlords. Local authorities can decide for themselves how to prioritise people on social housing waiting lists. To reduce homelessness, priority should be given to those already in emergency accommodation or at risk of becoming homeless. Exits from emergency accommodation to private rental housing are rare due to price and the general unavailability of housing, with most people

([40]) The housing agency, 2024, Summary or Social Housing Assessments 2024.

exiting to social housing. The government has committed to provide 2 000 housing first tenancies and enabled the purchase of second-hand homes for families who have been in emergency accommodation the longest, where all other options have been exhausted.

**Ireland received a 2025 CSR to increase the supply of social and affordable housing.** In addition, there is a shortage of appropriately sized homes and homes to accommodate people with special needs. In 2025, 9 089 units were built – more than in previous years, but still below the target of 10 000 ([41]) (see Graph 4.1). Supply continues to fall short of demand, as reflected in the approximately 60 000 households on waiting lists. The difficulty to deliver the target are manyfold. Among other, they can be attributed to both supply constraints in construction (see Chapter 1 and Annex 16) but also challenges related to financing and planning of local authorities (see Annex 19) and approved housing bodies (AHBs).

Graph 4.1:**Number of social housing units built**




***Source:*** Department of Housing, Local Government and Heritage

**Financing sustainability and stability remains a major challenge for AHBs.** The Capital Advance Leasing Facility has enabled AHBs to leverage private financing for social housing and cost rental projects but has been limited by leverage ratio limits, insufficient rent flexibility and a lack of scale in the AHB sector. Quickly implementing the recommendations from the Approved Housing Body Strategic Forum and securing counter-cyclical funding streams would enable long-term property management and increase social housing construction.

**Ireland's new housing strategy for 2025-2030 and the 2026 budget include significant new commitments and targets**. Key measures include increased public funding, regulatory reforms, tax incentives, expanding the state's direct role via the Land Development Agency and addressing dereliction. This comprehensive approach has the potential to meaningfully increase housing output. However, the revised overall target to deliver 300 000 new homes by the end of 2030 lacks annual targets, weakening monitoring and accountability.

([41]) Department of Housing, Local Government and Heritage, 2026, Social housing provision.

## Disadvantaged groups still face significant barriers to inclusion

**Persons with a disability in Ireland continue to experience one of the highest disability employment gaps([42]) in the EU as highlighted in a 2025 CSR.** In 2025, the government launched the National Human Rights Strategy for Disabled People 2030. This included actions for 2025–2026 aiming to expand employment opportunities and a new statutory 6% public sector target, but no targets for other sectors. The Wage Subsidy Scheme, which supports employers that hire workers with disabilities, was expanded to the voluntary and community sector and the eligibility threshold was reduced. The effect of these measures still needs to be assessed.

**Core welfare rates were increased, but the one-off cost-of-living supports ceased with the 2026 budget.** From September 2026 persons with disabilities will be allowed to keep the fuel allowance after taking up employment. The Back to Work family dividend was extended to persons with disabilities who have children and take up employment. However, further efforts are necessary to reduce poverty among this group. The new strategy commits to easing the reduction in benefits after taking up work over a transition period of several years, during which benefits will only be gradually reduced. According to estimates, the costs related to disability absorb more than half the disposable income of households with persons with disabilities ([43]), underlining the need for welfare supports to be benchmarked against minimum living standards.

**Caring responsibilities, particularly childcare, remain key barriers in accessing the labour market for women and single parents as referenced by a 2025 CSR.** Around 70% of inactive prime age working persons report that they 'do not want to work', with nearly half of them citing home duties as the main reason for not seeking employment of whom around 90% are women ([44]). While the government is heavily investing in improving childcare services, there is no statutory right to childcare. Stakeholders have long been calling for public childcare to be made available to ensure a reliable supply of affordable places. Besides childcare, the cost and unavailability of housing and inadequate financial support prevent single parents from pursuing education and accessing quality jobs ([45]).

**Roma and Travellers remain marginalised.** In an EU survey, over 90% of respondents from both groups reported living below the poverty threshold, with children disproportionately impacted ([46]). The 2024-2028 National Roma and Traveller Inclusion Strategy was positively received, especially the funding allocated in Budget 2026, but focus will need to remain on its implementation. Further opportunities for improving their situation

([42]) As computed from EU-SILC, one observes a correlation between the prevalence of disability based on the GALI concept and the disability employment gap based on it in year 2024 across Member States of the EU (Pearson correlation coefficient = -0.44).

([43]) ESRI, 2025, Adjusting estimates of poverty for the cost of disability.

([44]) Hogan and Cowap, 2025, Ireland's Inactive Population and the Labour Market.

([45]) Dukelow, F. et al., 2025, Education first? Lone parents lived experience of the challenges and benefits of participating in higher education.

([46]) Fundamental Rights Agency of the European Union, 2025, Rights of Roma and Travellers in 13 European countries – Perspectives from the Roma survey 2024.

include implementing stable multiannual budgets, setting measurable targets, and collecting disaggregated ethnic data to improve policy design and monitoring results (see Annex 13).

**Obstacles to full-time employment persist for disadvantaged groups.** These include limited access to early childhood education, combined with inadequate welfare support. Furthermore, participation in adult learning is low among these groups, who lack the financial means and support to take part in upskilling and reskilling. Intreo Employment Service offer focused employment supports to people with disabilities through Early Engagement and to people parenting alone**,** yet despite these persons with disabilities continue to experience obstacles. Expanding and scaling up socially innovative programmes can help address these challenges more effectively, tackle the root causes of social and labour market exclusion, improve skills development and remove persistent benefit traps. These programmes should also be tailored to account for regional disparities, ensuring that support reaches those most in need.

**Disadvantaged students continue to face challenges in education.** Vulnerable groups, including Travellers and Roma, face challenges in accessing and remaining in education, resulting in lower educational outcomes. While investments in early childhood education and care (ECEC) are increasing, the capacity for children below three is insufficient, and children with a migrant background are less likely to be in formal care. Expanding free ECEC and laying down a legal entitlement to a public ECEC place would increase equity in education. A new Delivering Equality of Opportunity in Schools Plus (DEIS Plus scheme) targets schools with the highest concentrations of children and young people at risk of facing educational disadvantage (see Annex 13) was published in March 2026.

**Ireland continues to increase the number of new special schools and classes for students with disabilities.** Although the country supports students with special educational needs, it has also significantly increased the number of segregated settings – an approach that runs counter to the United Nations Charter of Rights for People with Disabilities. The review of special classes in primary schools by the Department of Education and Youth highlights the need for a clearer vision for educational provision for autistic pupils within an inclusive education system. There is also a need to address the significant challenges that parents of autistic children face at each stage of their child's educational journey. Better coordination of educational and health and therapy services, including at central level, could facilitate the inclusion of students with disabilities in mainstream education.

**Teacher shortages are persistent.** The difficulties are most severe in urban areas, mainly Dublin, where high housing costs are deterring young teachers from taking teaching posts. This limits schools' capacity to offer subjects to all students, which affects students' skills and teaching continuity and quality. Supported by the EU's Technical Support Instrument, Ireland is working on developing more effective workforce planning.

## Expanding primary healthcare

**In 2025 Ireland received a CSR to make the healthcare system more cost-effective.** Ireland's health spending is among the highest in the EU despite its relatively young and healthy population. Ireland's healthcare is heavily reliant on

costly hospital care, which is a structural inefficiency and raises concerns about fiscal sustainability.

**Ireland is implementing measures to increase cost productivity and savings in healthcare.** Action taken by the Productivity and Savings Taskforce has led to improved availability of performance data and higher productivity in outpatient care, the consultant workforce, weekend discharges and digital health. Recovery and resilience plan measures are also expected to have supported healthcare cost-effectiveness. However, there was still an annual budget overrun in 2025, and half the savings made in 2025 are expected to be non-recurring ([47]). This points to a need for a more structural approach to expenditure management.

**Policy action is needed to accelerate the transition to universal primary care access.** Ireland's system combines universal hospital coverage with age-based and means-tested access to primary care, leading to around half the population paying out of pocket for a visit to a general practitioner (GP). This risks exacerbating health inequalities and puts a significant strain on the hospital system, which already struggles with low bed capacity and doctor shortages. Geographic disparities also create barriers to accessing healthcare, as GP density varies significantly across counties (see Annex 15). Ireland is implementing reforms to decentralise the healthcare delivery. However, progress in expanding eligibility and lowering access costs to primary care has been limited. Further efforts are needed to facilitate earlier intervention outside hospital settings and strengthen the system's capacity to respond to future cost pressures.

([47]) Health Service Executive, 2026, National Service Plan.

# KEY FINDINGS

In areas covered by existing CSRs, Ireland would benefit from:

- **broadening the tax base;**
- **accelerating the transition to universal primary healthcare access** while maintaining efforts to improve cost-effectiveness;
- **boosting the productivity and competitiveness of the domestic economy** by ensuring effective and sustained increases in public R&D spending and business R&D investment support;
- **accelerating the green transition and boosting energy security** by scaling up renewables; strengthening investment in infrastructure, flexibility and storage; boosting energy efficiency in buildings; ensuring the connection of large energy users is tied to additional renewable capacity and flexibility; and promoting greater consumer engagement in energy markets;
- **speeding-up the shift to sustainable transport** by ensuring an adequate public charging network for zero-emission vehicles and promoting sustainable public transport;
- **strengthening the reliability of water infrastructure** by improving wastewater treatment capacity; reducing leakage rates; improving water quality; and supporting investment through a water pricing mechanism;
- **increasing the ambition of and investment in the circular economy** by improving recycling capacity and waste prevention and reducing critical raw material dependencies;
- **improving housing affordability and reducing homelessness** by addressing capacity constraints in residential construction and increasing the supply of social and cost-rental housing and preventive measures;
- **strengthening labour market and social inclusion of disadvantaged groups**, in particular persons with disabilities and single parents, by putting in place better targeted outreach and upskilling and by improving the provision and facilitating access to social services;

In other areas, Ireland would benefit from:

- **expanding financing sources for scaling up companies and facilitating retail investment;**
- **improving regulatory impact assessment and *ex-post* evaluation of legislation,** including through increased stakeholder engagement;
- **promoting sustainable agricultural practices** that reduce environmental pressures, including nutrient losses and emissions;
- **stepping up measures to reduce teacher shortages;**

- **better coordinating investments** in housing, transport and vital services (including healthcare and schools) in rural areas and key regional towns.

# ANNEXES

# LIST OF ANNEXES



# LIST OF TABLES

# LIST OF GRAPHS



# LIST OF MAPS

Table A1.1: **CSR implementation and Commission assessment**

Ireland faces challenges in a wide range of policy areas, as identified in the country-specific recommendations (CSRs). Ireland was recommended, among other things, to reduce risk related to the high degree of concentration in tax revenues, address the expected increase in age related spending, improve the business environment, reduce fossil fuel dependency, invest in water infrastructure and circular economy, tackle the housing supply constraints and strengthen the labour market and social inclusion of disadvantaged groups.

The Commission has assessed the degree of implementation of the 2025 CSRs considering the policy action taken by Ireland to date*. To do so, the Commission has taken into account the information provided by Ireland in its Annual Progress Report as well as other information sources. This annex provides summary information on the policy actions taken or planned by Ireland for each CSR. More detailed information on these actions is included in the relevant chapters and other annexes of the report.

**CSR 2 is not assessed in CeSaR. RRP implementation is monitored through the assessment of RRP payment requests and analysis of the bi-annual reporting on the achievement of the milestones and targets, to be reflected in the country reports. Progress with the cohesion policy is monitored in the context of the Cohesion Policy of the European Union.*

| **Recommendation text** | **Main measures adopted or implemented**<br>*By 30 April 2026* | **Preparatory steps/ credibly announced measures**<br>*By 30 April 2026* | **Assessm. of progress** |
|---|---|---|---|
| 1.1 Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. | • Total general government defence expenditure in 2026 is projected at 0.16% of GDP, corresponding to an increase of less than 0.1 pps. compared to 2024.<br>• Ireland's 2026 budget earmarked an increased allocation for defence funding in 2026. | • Total general government defence expenditure in 2027 is projected at 0.16% of GDP, corresponding to an increase of less than 0.1 pps. compared to 2024.<br>• The National Development Plan earmarked an increased budgetary allocation for capital expenditure on defence in 2027. | Limited progress |
| 1.2 Ensure that net expenditure respects the path recommended by the Council on 21 January 2025. | • A budget surplus of 1.8% of GDP was recorded in 2025, while a budget surplus of 1.4% of GDP is projected for 2026.<br>• Annual and cumulated deviations in 2025, vis-à-vis the Council Recommendation of 21 January 2025, amounted to 0.3% of GDP and -0.1% of GDP, respectively.<br>• On 10 March 2026, the Council has adopted a Recommendation endorsing Ireland's revised medium-term fiscal-structural plan, covering the period 2026-2030.<br>• Annual and cumulated deviations in 2026, vis-à-vis the Council Recommendation of 10 March 2026, are projected at -0.1% of GDP and -0.6% of GDP, respectively. | | Substantial progress |
| 1.3 Reduce risks related to the high degree of concentration in Ireland's tax revenue, including by broadening the tax base and reviewing the scope and impact of tax expenditures. | • In 2024, establishment of two savings funds to which part of windfall revenues are channelled.<br>• Legislated gradual increases in the carbon tax and in pension contribution rates.<br>• Improvement in the transparency of reporting on the cost and impact of tax expenditures via the Tax Expenditure Passports. | | Limited progress |
| 1.4 Address the expected increase in age-related spending by making the healthcare system more cost-effective. | • Progressing implementation of the Health Regions structure and establishment of stricter cost controls.<br>• Measures implemented as part of | • Planned measures of the action plan of the Productivity and Savings Taskforce.<br>• Further operationalisation of the Health Regions. | Some progress |

*(Continued on the next page)*

*Table (continued)*

| Recommendation text | Main measures adopted or implemented<br>*By 30 April 2026* | Preparatory steps/ credibly announced measures<br>*By 30 April 2026* | Assessm. of progress |
|---|---|---|---|
| | the action plan of the Productivity & Savings Taskforce, including the increase in the uptake of the public-only constant contract, deployment of an integrated financial management system, increased availability of data across the healthcare system.<br>• Nationwide deployment of the Health App.<br>• Framework for AI in healthcare published in 2026.<br>• Local telehealth initiatives. | • Preparatory work for the deployment of Population-Based Resource Allocation budgeting in 2027 across Community Health Networks.<br>• Continued roll out of telehealth and electronic health record initiatives. | |
| 3.1 Improve the business environment by increasing public R&D investment and supporting the increase of business R&D investment – including through more direct funding instruments – to improve the productivity of domestic businesses, in particular of small and medium enterprises. | • Tertiary Sector Capital Investment Plan 2026–2030 allocates €2.45 billion for building R&I capacity.<br>• Sectoral Capital Plan 2026–2030 commits €1.33 billion for enterprise innovation and commercialisation including further support for existing direct funding instruments.<br>• In addition, there is further investment in the existing Smart Regions Enterprise Innovation Scheme.<br>• Action Plan on Competitiveness and Productivity, contains a strategic roadmap to improve the business environment, strengthen R&D&I uptake, support SME growth, and address productivity gaps. | • Mid-term Review of Impact 2030: a planned review of the national research and innovation strategy. | Some progress |
| 4.1 Reduce overall reliance on fossil fuels and accelerate the deployment of renewables, including by streamlining the planning and permitting framework. | • Auction completed for Offshore Renewable Energy Support Scheme (ORESS) phase 2 windfarm (Tonn Nua).<br>• Auction completed as well for RESS 5 (onshore renewables). RESS 4 results will feed into 2025-2026.<br>• RED III provisions were partially transposed into Irish law in mid-2025, introducing binding permitting timelines, completeness checks, and mandatory EIAR scoping, among other changes.<br>• Peat-fired generation for electricity ended in Ireland in 2023, while coal-fired electricity generation did so in June 2025.<br>• The Accelerating Infrastructure Report and Action Plan sets out range of measures to drive the efficient delivery of infrastructure, | • A review of Government fossil fuel subsidies (EUR 4.7 billion in 2024, as reported by CSO) has been request by the Climate Council for Budget 2027.<br>• On permitting and planning, the implementation of the Planning and Development Act 2024 is expected to continue further.<br>• Preparation of Renewable Acceleration Areas identification process, and amendments to the Maritime Area Planning Act for offshore spatial planning reforms.<br>• A National Designated Maritime Area Plan (DMAP) for Offshore Renewable Energy (ORE) is being developed which aims to designate sufficient maritime area to deliver a target of 20GW of offshore renewable energy by | Some progress |

*(Continued on the next page)*

*Table (continued)*

| Recommendation text | Main measures adopted or implemented<br>*By 30 April 2026* | Preparatory steps/ credibly announced measures<br>*By 30 April 2026* | Assessm. of progress |
|---|---|---|---|
| | including through regulatory reform. | 2040.<br>• The Critical Infrastructure Bill sets out to create a new fast-track approval processes for critical infrastructure, including key energy infrastructure projects. | |
| 4.2 Increase efforts to improve the flexibility of the electricity grid and modernise and expand capacity to reduce curtailment. Develop and implement a strategy to promote demand-side response. | • Funding secured over the coming years: A State equity injection of EUR 3.5 billion into ESB and EirGrid, around EUR 5.6 billion under the NDP, and between EUR 14 and 18 billion of actual grid investments by ESB & EirGrid.<br>• Greenlink interconnector entered into operation.<br>• The Electricity Network Tariff Structure Review was restarted in late 2025.<br>• Around 2 million smart meters installed by 2025.<br>• Some work on demand response has been undertaken on the all-island committee. | • Incentives for district heating are expected in 2027.<br>• Plans to install up to 5GW of offshore wind grid capacity by early 2030s continue.<br>• Dynamic tariffs rollout over 2026.<br>• The Irish onshore works of the Celtic Interconnector are expected to finish in 2026. Not in operation in the near term due to delays in undersea works. Commissioning not expected until Q4 2028.<br>• Political friction and possibly legal challenges to the North-South Interconnector.<br>• Ireland and Spain signed an MOU to explore the potential to develop an electricity interconnector in April 2026. | Some progress |
| 4.3 Implement additional measures that support energy efficiency in private and public buildings to reduce energy bills and energy system costs. | • The heat pump system grant has been increased in 2026 from a maximum of EUR 6 500 to EUR 12 500.<br>• From March 2026 there will be new individual energy upgrade grants.<br>• Solid implementation of the wide energy upgrades grants and supports. | • Upcoming changes in the grant system allowing for sequential upgrades.<br>• Plans to expand district heating via local planning. | Some progress |
| 4.4 Ensure that the connection of large energy users to the electricity grid is linked to additional renewable capacity and system flexibility. | • A new Large Energy User Connection Policy concerning the connection of data centres to the electricity system was published by the Commission for Regulation of Utilities (CRU) on 12 December 2025. This requires data centres to match import capacity with de-rated, dispatchable on-site or proximate generation/storage in the wholesale market, be assessed against local network constraints, and reach 80% renewable electricity (Ireland-based) within six years. | • The LEAP prepares for a plan-led approach to the location of energy intensive industry, especially beyond 2030, by identifying 'green park locations', that will co-locate the most energy intensive industries with renewable energy sources. 17 key actions are described in the plan to address existing barriers to development of energy intensive industry.<br>• A 'National Planning Statement' for the green energy parks is in preparation. | Limited progress |
| 4.5 Support investment in and strengthen sustainable | • The Sectoral Investment Plan for Transport allocates around EUR 24 | • EUR 2 billion will be allocated for the Dublin metro project. | Some progress |

*(Continued on the next page)*

*Table (continued)*

| Recommendation text | Main measures adopted or implemented<br>*By 30 April 2026* | Preparatory steps/ credibly announced measures<br>*By 30 April 2026* | Assessm. of progress |
|---|---|---|---|
| transport, including public transport, taking into account regional disparities. | billion for the transport sector from 2026 to 2030.<br>• The Sustainable Mobility Policy Action Plan 2026-2030 sets out actions to strengthen sustainable transport in both urban and rural areas and across a range of themes including infrastructure, services, spatial planning, behaviour change, accessibility, and data. | • Investments expected also on the DART+ commuter extension.<br>• Only long-term plans for railways in Northwest of Ireland.<br>• Significant investment for rail network in the West.<br>• Investments planned for BusConnects programme in Dublin, Galway, Cork, and Limerick.<br>• EUR 360 million per year have been earmarked for walking and cycling routes. | |
| 4.6 Accelerate the installation of public charging points for zero-emission vehicles. | • Ireland has supported the rollout of public EV charging through multiple funding schemes, targeting motorways, national primary and secondary road network, local authorities charging schemes and pilot projects, and sports clubs across the island of Ireland. | • Over 400 charging points to be installed by the end of 2026, contracting with private providers. | Some progress |
| 5.1 Increase investment in water infrastructure, to improve water quality and reduce leakages. | • The NDP/DCEE Sectoral Capital Plan allocates EUR 10.2 billion for water services and wastewater over the coming years.<br>• Irish Water Strategic Funding Plan 2025-2029 was approved.<br>• The Ringsend wastewater treatment plant, along with minor upgrades in Limerick or Galway among others, is now operational and is expected to improve compliance gaps. | • The Greater Dublin Drainage Project has now secured planning permission.<br>• The Water Supply Project for the Eastern and Midlands Region has submitted a planning application to An Coimisiún Pleanála with a complete Environmental Impact Assessment report (EIA) and Natura Impact Statement (NIS).<br>• Ireland expects further improvements in water pollution and in the Remedial Action List. | Limited progress |
| 5.2 Accelerate investments to speed up the circular economy. Further develop both waste treatment infrastructure associated with the higher steps of the waste hierarchy and economic instruments to prevent waste and increase reused, remanufactured and recycled content. | • The DCEE Sectoral Capital Plan allocates around EUR 600 million between 2026 and 2030 to improve circularity outcomes.<br>• Ireland's Second Whole of Government Circular Economy, which includes key actions and targets for crucial sectors, has been published in 2026.<br>• A Roadmap on Circular Textiles and a national policy statement were published in 2026. | • The Circularity Roadmap for the Construction Sector and the National Food Waste Prevention Roadmap are expected to be published in 2026, with recycling targets.<br>• A repair voucher scheme is expected to be introduced in 2027. | Some progress |
| 6.1 Further increase the supply of social and affordable housing. | • Large investment envelope allocated for social housing.<br>• Increase in staffing in local authorities.<br>• More efficient land sourcing through the LDA.<br>• Increase in part V for social and | • Mandatory requirements for the use of modern methods of construction.<br>• Approved Housing Body Strategic Forum actions to scale up the AHB sector<br>• Issue affordable housing targets | Some progress |

*(Continued on the next page)*

*Table (continued)*

| Recommendation text | Main measures adopted or implemented<br>*By 30 April 2026* | Preparatory steps/ credibly announced measures<br>*By 30 April 2026* | Assessm. of progress |
|---|---|---|---|
| | affordable housing.<br>• Increased funding for the LDA and the land acquisition programme. | to all Local Authorities | |
| 6.2 Tackle capacity constraints in the residential construction sector by improving enabling infrastructure, land management and planning, financing conditions, labour supply and productivity. | • Measures to bridge the viability gap.<br>• Planning reform to reduce waiting time, clarify standing rights and streamline judicial review.<br>• Expansion of immigration-permit eligibility for construction-related jobs.<br>• Increased investment in construction related apprenticeships.<br>• Introduction of standardised housing designs for social housing<br>• Implementation of a residential zoned land tax.<br>• Increased investment in water and transportation through the NDP. | • Rental market reform entry into force in March 2026.<br>• Introduction of a derelict property tax.<br>• Different initiatives to increase the use of modern methods of construction.<br>• Extensive review of costs of constructions.<br>• Expansion of the vacant property refurbishment grant.<br>• Revised national planning framework finalised and associated housing growth requirements being reflected in local authority development plans.<br>• Development of Standardised Affordable Housing Designs for Starter Homes to support cost efficiency. | Some progress |
| 6.3 Strengthen the labour market and social inclusion of disadvantaged groups, in particular persons with disabilities and single parents, by putting in place better targeted outreach and upskilling. | • Tested pilot programs to improve the visibility and effectiveness of public employment services.<br>• Increase in flexibility of disability allowance payments and one-parent family payments.<br>• Increased investment in childcare subsidies and the Equal Start funding model.<br>• 6% public sector target for employment of persons with disabilities.<br>• Expansion of Wage Subsidy Scheme.<br>• Designated Disability Employment Personal advisers included in every Intreo office. | • State-led capital investment programme of investment in buildings to increase the supply of early learning and childcare places.<br>• Further smoothening of disability allowance and fuel allowance payments after taking up work. | Some progress |

***Source:*** Ireland's reporting and Commission assessment

# ANNEX 2: FISCAL DEVELOPMENTS AND DEBT SUSTAINABILITY

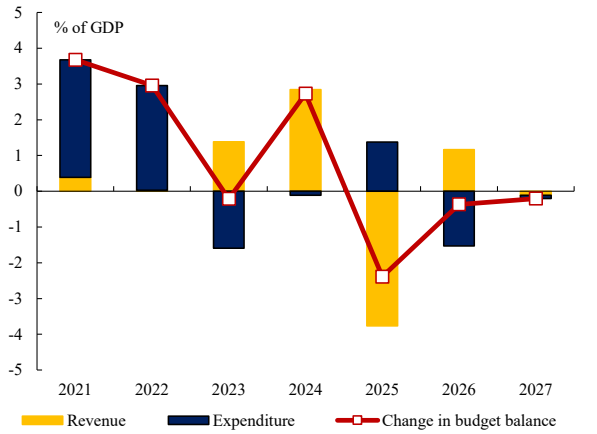
This annex discusses selected topics in public finances and developments on fiscal-structural CSRs addressed to Ireland in July 2025. These include a call to reinforce defence spending and readiness while implementing a fiscal strategy in line with the Council Recommendation of 21 January 2025. Ireland was also recommended to reduce revenue concentration risks by broadening the tax base and reviewing tax expenditures, and to take action to address the expected increase in age-related spending by making the healthcare system more cost-effective.

On 10 March 2026, the Council adopted the Recommendation endorsing Ireland's revised medium term fiscal structural plan ([48]). The revised plan covers the period 2026-2030 and presents a fiscal adjustment over four years ([49]).

## Developments in government balance, debt and public expenditure ([50])

**Ireland's government surplus amounted to 1.8% of GDP in 2025 and its debt-to-GDP ratio continues to fall.** Based on the Commission Spring 2026 Forecast, the government surplus is projected to decrease to 1.4% of GDP in 2026. The government debt-to-GDP ratio amounted to 32.9% at the end of 2025 and, according to the Commission, it is projected to decrease to 32.4% by end-2026. The decrease of the debt-to-GDP ratio in 2026 mainly reflects the projected government surplus and the favourable interest rate-growth differential, corrected for significant stock flow adjustments. The debt reduction is forecast to continue in 2027.

Graph A2.1: **Contributions to the change in the general government balance (% of GDP)**




(1) Figures for 2024 and 2025 are affected by the one-off revenue arising from the Court of Justice of the European Union ruling of 10 September 2024 on the 'Apple case'.
***Source:*** Commission Spring 2026 Forecast

**Ireland's government revenue strongly relies on corporate income taxation.** In 2025 Ireland's total tax revenues (including compulsory social security contributions) as a percentage of GDP amounted to 20.8%, compared to the EU average of 39.9%. However, as a percentage of GNI* ([51]) this would amount to 39%. Total tax revenues are projected to increase to 21.9% of GDP in 2026 and 2027 according to the Commission Spring 2026 Forecast. The tax mix in Ireland relies heavily on corporate income taxes (23.2% of tax revenues vs. EU average of 8.3%), mainly thanks to outsized profits of foreign-owned multinational enterprises. The strong reliance on foreign companies combined with a relatively low productivity of the domestic

([48]) Council Recommendation of 10 March 2026 endorsing the national medium-term fiscal-structural plan of Ireland (OJ C, C/2026/1812, 20.03.2026, ELI: http://data.europa.eu/eli/C/2026/1812/oj).

([49]) Compliance by Ireland with the maximum growth rates of net expenditure recommended by the Council is assessed in [COM(2026)200].

([50]) Figures underpinning fiscal surveillance (net expenditure growth) are provided in the Fiscal Statistical Tables (SWD(2026)200) providing background data relevant for the assessment of the budgetary policies of the Member States.

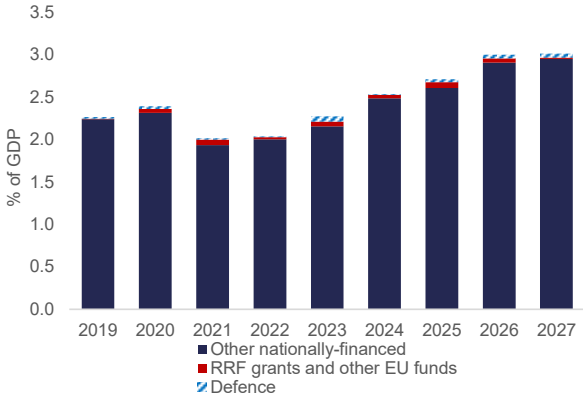
([51]) As the 2025 outturn of modified GNI (GNI*) had not been published by the Central Statistical Office by the cut-off date of this report, this analysis uses the GNI* estimate of the authorities as published in the Annual Progress Report 2026.

economy poses significant risk for the tax base in the medium term (see Annex 3).

**Ireland has made limited progress in addressing revenue concentration risks.** Ireland is building up its fiscal buffers via the Future Ireland Fund and the Infrastructure, Climate and Nature Fund. However, the proportion of windfall corporate tax revenues channelled to these funds is relatively low, while funds from the Infrastructure, Climate and Nature Fund will be partially used to support public investment already from 2026. The Irish Fiscal Advisory Council has repeatedly called the government to increase the annual transfers to the two savings funds and run bigger government surpluses, given the cyclical position of the economy and significant uncertainty whether high tax revenues can be sustained in the years to come ([52]). Ireland has not introduced substantial tax base broadening measures in recent years, while recent budgets expanded the use of tax expenditures (see Annex 3). There is room for further diversification and broadening of the tax base to better secure planned spending increases. A range of proposals have been developed by Ireland's Commission on Taxation and Welfare ([53]) and the OECD ([54]). There is also room to improve the way the tax system supports environmental objectives (see Annex 3).

**Ireland is ramping up its public investment rate.** Public investment in Ireland has not kept up with its rapidly growing population. To address the resulting infrastructure and housing shortfalls, Ireland plans to substantially raise its public investment in line with the National Development Plan. Public investment is projected to reach 3% of GDP in 2026 up from 2.3% in 2019, while in nominal terms it is projected to more than double. It is set to increase further in 2027.

Graph A2.2: **Public investment evolution and composition (% of GDP)**




(1) Data not available for investment in defence prior to 2021.

***Source:*** Commission Spring 2026 Forecast

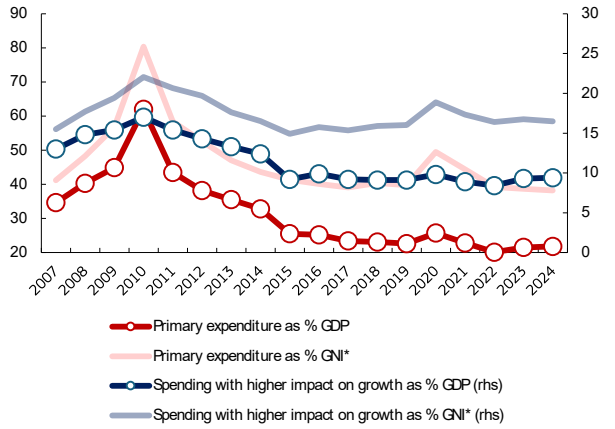
**Expenditure with a higher impact on economic growth remained broadly stable over the last two decades (see Graph** A2.3**).** Zooming in on the composition of spending, social protection accounts for the largest share of total expenditure (above 30%), followed by health (around 20%), and general public services and education, each representing more than 10% of total spending. Since 2019, public expenditure on health has increased strongly (see Graph A2.4). Spending on housing, environment, transport, social protection and culture has risen more modestly, while spending on defence remained broadly stable. By contrast, spending on R&D and education has declined. This trend deserves attention, as these spending categories are generally considered growth-friendly, and within these areas Ireland lags behind EU averages for certain outcomes (see Annex 12 on Education and Annex 4 on Innovation to Business).

([52]) Irish Fiscal Advisory Council, 2025, Fiscal Assessment Report November 2025.

([53]) Commission on Taxation and Welfare, 2022, Foundations for the Future.

([54]) OECD, 2025, Economic Survey of Ireland.

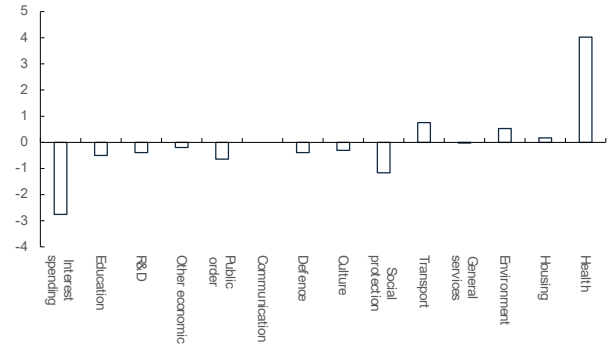
Graph A2.3: **Evolution of primary spending (as % of GDP and GNI*)**




(1) Based on economic literature, the categories considered to have higher impact on growth include education, R&D, health, transport and communication. See Barbiero and Cournede (2013), Gemmel et al. (2016), Lupu et al (2018), Cepparulo and Mourre (2020) and OECD (2025).

***Source:*** Eurostat

Graph A2.4: **Compositional change of primary spending (% of total spending) since 2019**




***Source:*** Eurostat

## Cost of ageing

**Population ageing is set to put pressure on Ireland's public finances.** Ireland currently has the highest share of population aged under 20 years old in the EU at 26%, the second lowest median age of 38.8 years, and is second lowest in terms of share of population aged 65 or above at 15%. As the population ages, total age-related spending in Ireland is projected to rise by about 2 pps. of GDP by 2040, to around 14% of GDP, with a further 3 pps. increase by 2070 (see Table A2.1). The overall increase is mainly the result of a projected rise in gross pension spending, with smaller contributions from healthcare and long-term care spending.

**Spending on public pensions will drive the increase in total age-related spending.** Public pension expenditure is projected to remain under 7% of GDP in 2070, below the projected EU average of around 12%. However, public pension spending as a share of GDP is projected to increase by about 1.5 pps. by 2040 and by another 1.5 pps. by 2070. This is a relatively strong increase compared to other Member States, driven by the rising old-age dependency ratio, which in Ireland is set to more than double. This will put pressure on the pension system, which is currently funded on a 'pay as you go' basis, i.e. pay-related social insurance (PRSI) contributions are used to fund current pension and other social insurance transfers.

**Supplementary pension schemes can enhance the resilience of the pension system by diversifying retirement income sources.** In Ireland, the uptake of supplementary pension schemes was moderate at end-2024, as private pension assets amounted to around 26% of GDP while participation covered around 70% of the working-age population ([55]). This coincides with rising medium-term public pension spending pressures and a projected increase in the replacement rate by 0.8 pps. between 2025 and 2040 (Table A2.1 and A2.2) ([56]). However, on 1 January 2026 Ireland launched a new state-subsidised scheme *My Future Fund*, which will automatically enrol workers not covered by any other supplementary pension scheme. This initiative

([55]) OECD, Pension Market in Focus 2025. The highest participation rate in at least one supplementary pension plan is reported.

([56]) The (gross) replacement rate refers, depending on data availability, to both public and private pensions. It is based on projections from the European Commission 2024 Ageing Report.

Table A2.1: **Projected change in age-related expenditure in 2025-2040 and 2025-2070**

| | ageing-related expenditure | change in 2025-2040 (pps GDP) due to: pensions | healthcare | long-term care | education | total | ageing-related expenditure | |
|---|---|---|---|---|---|---|---|---|
| IE | 11.7 | 1.4 | 0.6 | 0.4 | -0.5 | **1.9** | 13.6 | IE |
| EU | 24.3 | 0.5 | 0.3 | 0.4 | -0.3 | **0.9** | 25.2 | EU |

| | ageing-related expenditure | change in 2025-2070 (pps GDP) due to: pensions | healthcare | long-term care | education | total | ageing-related expenditure | |
|---|---|---|---|---|---|---|---|---|
| IE | 11.7 | 3.0 | 1.5 | 1.3 | -0.5 | **5.3** | 16.9 | IE |
| EU | 24.3 | 0.2 | 0.6 | 0.8 | -0.3 | **1.3** | 25.6 | EU |

***Source:*** 2024 Ageing Report (EC/EPC).

Table A2.2: **Supplementary pension schemes - Scope for expansion**

| | Assets in 2024 (% GDP) | Gross replacement rate at retirement: (pps change 2025-2040) | Participation in 2024 (% working-age population) | |
|---|---|---|---|---|
| **IE** | 26.2 | 0.8 | 67.0 | **IE** |
| EU | 32.4 | -2.8 | 55.9 | EU |

***Source:*** European Commission.

is expected to significantly expand the uptake of supplementary pension schemes in the private sector.

**The projected increase in healthcare expenditure will significantly increase the fiscal risk.** Public healthcare expenditure is projected at 4.1% of GDP in 2025, below the EU average of 6.6%, and is expected to increase by 0.6 pps. by 2040 and by a further 0.9 pps. by 2070. Given the comparability issues of Ireland's GDP, an alternative comparison using GNI* would place Ireland among the biggest spenders on healthcare in the EU in 2025 despite its relatively young and healthy population, indicating risks to fiscal sustainability.

**Ireland has made progress in addressing the 2025 CSR to make the healthcare system more cost-effective.** Measures implemented as part of the Productivity and Savings Taskforce action plan led to increased availability of performance data and improved productivity in areas such as outpatient care, consultant workforce, weekend discharges and digital health. Improved governance across 'health regions' enabled the government to better monitor productivity and achieved savings using objective data. Measures contained in the Irish RRP are also expected to have supported cost-effectiveness, including the full deployment of the integrated financial management system and the implementation of the Sláintecare consultant contract. However, there was still an annual budget overrun during 2025, and the Health Service Executive estimated more than half of the savings realised in 2025 to be non-permanent.

**Population ageing will also put pressure on long-term care.** Public expenditure on long-term care is projected at 1.2% of GDP in 2025, below the EU average of 1.7%, although this is affected by the comparability issues of Ireland's GDP. It is expected to increase by 0.4 pps. of GDP by 2040 and by a further 1 pp of GDP by 2070.

## National fiscal framework

**The Irish Fiscal Advisory Council (IFAC) is a relatively small IFI with a relatively narrow mandate, but it has achieved high visibility.** Appointments to the Board are made by the Minister of Finance from a short-list drawn up by a selection committee. The independence of the Board is strengthened by members from a

different nationality being allowed on the IFAC board. The IFAC has autonomy in selecting staff members but needs to have new positions or regrading of existing positions approved by the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation. The right to access information has so far not been protected by legal provisions and is only partly governed by a Memorandum of Understanding. Generally, to obtain the necessary information the IFAC must rely on informal channels. The IFAC has a relatively active dialogue with the Parliament and strong presence in the media. External reviews are done with regular intervals.

**A domestic fiscal anchor would help Ireland to guard against shocks while addressing spending pressures.** Spending by the government has consistently exceeded its own projections in the last years, leading to regular mid-year revisions to the expenditure ceiling. As a result, the non-binding net spending rule introduced by the previous government for the period 2021-2025 was repeatedly breached and has now expired. The IFAC recommended that Ireland set a rule or guide for budgetary policy ([57]). Adopting a domestic fiscal anchor that is both compatible with EU fiscal rules and that takes account of the impact of the multinational sector on standard metrics would strengthen Ireland's fiscal framework ([58]).

**Comprehensive spending reviews are not conducted on a regular basis.** Well established spending review practices were in place until 2023, and since then their number has substantially decreased. The Parliamentary Budget Office noted a decrease in evidence-based policy making and transparency as a result of the loss of this practice ([59]). Moreover, the OECD recommended that the link between spending review findings and the budgetary cycle be strengthened ([60]).

**Ireland is a frontrunner on green budgeting, considering both the revenue and expenditure sides.** The country started tracking climate-related expenditure for the 2020 budget and has since expanded its methodology to systematically quantify climate and environmentally favourable and unfavourable expenditures across the six dimensions of the EU Taxonomy. Complementing this, the same dimensions are analysed for taxes and tax expenditures. To inform budget-related decision-making, an ex-ante climate impact assessment and budget tagging are integrated into the budget cycle. For transparency, annual reports are published alongside updated methodologies and guidance notes ensuring everything is applied consistently.

([57]) Irish Fiscal Advisory Council, 2025, Fiscal Assessment Report, November 2025.

([58]) R. Lam, R. Rozenov, Y. Yang, and Y. Yu, 2025, Considerations for a Stronger Fiscal Framework in Ireland.

([59]) Parliamentary Budget Office, 2025, Budget 2026: Analysis and Key Messages.

([60]) OECD, 2025, OECD Economic Surveys: Ireland 2025

Table A2.3: **Fiscal Governance Database indicators and Public Accounting Maturity**

| 2024 | Ireland | EU Average |
|---|---|---|
| Country Fiscal Rule Strength Index (C-FRSI) | 12.09 | 14.81 |
| Medium-Term Budgetary Framework Index (MTBFI) | 0.67 | 0.72 |
| 2025 Public accounting maturity of general government | 70% | 65% |

(1) "The Country Fiscal Rule Strength Index (C-FRSI) shows the strength of national fiscal rules aggregated at the country level based on i) the legal base, ii) how binding the rule is, iii) monitoring bodies, iv) correction mechanisms, and v) resilience to shocks. The Medium-Term Budgetary Framework Index (MTBFI) shows the strength of the national MTBF based on i) coverage of the targets/ceilings included in the national medium-term fiscal plans; ii) connectedness between these targets/ceilings and the annual budgets; iii) involvement of the national parliament in the preparation of the plans; iv) involvement of independent fiscal institutions in their preparation; and v) their level of detail. A higher score is associated with higher rule and MTBF strength.
The score for public accounting reflects the degree of maturity in relation to the International Public Sector Accounting Standards (IPSAS). Countries with an accounting maturity of 70% or more in relation to IPSAS are deemed to apply accrual accounting. For more information, see the report on public accounting in the EU (COM(2025)746 and accompanying Staff Working Document SWD(2025)396)."
***Source:*** Fiscal Governance Database, European Commission

**The quality of public investment management in Ireland is relatively high, although some barriers remain.** Ireland's vision for long-term development is coordinated across government levels and includes measurable objectives within a fiscal constraint (Country Report 2025). Recent measures have been announced to accelerate project delivery ([61]). Barriers to efficient public spending include shortcomings in capital budgeting and little transparency of maintenance needs. The capital allocations within the National Development Plan are indicative and budgeting for major projects is done on a yearly basis, which limits the efficiency and value for-money of public spending. There is no standard methodology for estimating maintenance costs of public investments, either at planning or budgeting stages, which are critical for sustainable service delivery. Moreover, Ireland does not maintain a central register of infrastructure assets.

([61]) Department of Public Expenditure Infrastructure, Public Sector Reform and Digitalisation, 2025, Accelerating Infrastructure Report and Action Plan.

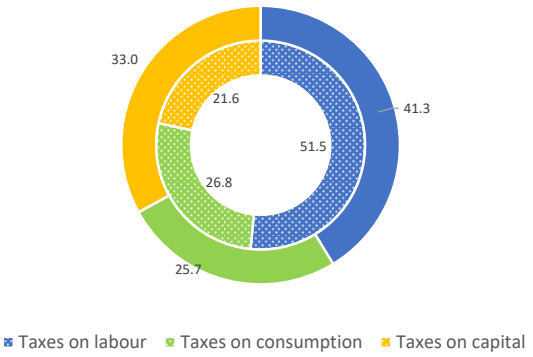
**This annex provides an indicator-based overview of Ireland's tax system**. It includes information on the tax mix, on competitiveness and fairness aspects of the tax system, and on tax collection and compliance. In the area of taxation, the 2025 country-specific recommendations for Ireland highlighted the high degree of concentration in Ireland's tax revenue and invited Ireland to broaden the tax base and review the scope and impact of tax expenditures.

**The Irish tax base is strongly reliant on corporate income taxes (CIT)**. Ireland has a low ratio of tax revenues to GDP (23% of GDP in 2024, very far beneath the EU average of more than 39%). While tax revenues from labour and consumption are relatively low, Ireland receives an unusually high 33% of its total tax revenue from capital (see Graph A3.1). In particular, corporate income tax makes up 23% of total tax revenue (compared to 8% in the EU-27) or 5% of GDP (or almost 9% of GNI*, compared to about 3% of GDP in the EU-27) ([62]).

**Outsized profits of foreign multinational enterprises** (MNEs) are powering Ireland's large corporate tax base. Corporate tax revenues have quadrupled since 2016. In 2025 they increased again, by another 17%, to about EUR 33 billion ([63]). The outsized contribution of corporate tax revenue is explained by a high concentration of the tax base in a few foreign-owned (mainly US-owned) MNEs. Almost 90% of Ireland's corporate tax revenue comes from foreign-owned firms; three firms alone account for 38% of total receipts ([64]).

**Corporate tax revenues are projected to further increase to about EUR 34 billion in 2026**, according to Ireland's medium-term fiscal and structural plan (MTFSP) ([65]). These numbers include large, expected receipts of the new domestic top-up tax, implementing the global minimum tax (Pillar 2) that applies a minimum effective tax rate of 15% for large corporate groups. In recent years, corporate tax revenues were boosted by an additional EUR 13 billion of one-off extra revenue from the fine paid by Apple, after the Court of Justice of the European Union ruled that Ireland granted them unlawful tax benefits. These flowed to the exchequer's accounts in 2024 and 2025. The high CIT yield is driven by the large size of the tax base rather than the tax rate. In fact, the country's forward-looking effective CIT rate was 12.7% in 2025, well below the EU-27 average of around 19%.

Graph A3.1: **Tax revenue by economic function in 2024, Ireland (outer ring) and EU-27 (inner ring)**




***Source:*** Taxation Trends Data, DG TAXUD

**The Irish CIT revenue reliance on foreign-owned enterprises entails risks.** The government's MTFSP reckons that around half of today's corporate tax receipts may be 'windfall profits' in the sense that they are not linked to domestic economic activity and may therefore be transitory. While the MTFSP projects a government budget surplus of just under EUR 4 billion in 2030, it also includes a scenario analysis considering the potential

([62]) Data on tax revenues are based on European Commission: Data on Taxation Trends, edition 2025 (reference year 2023).

([63]) See government press release of 6 January 2026: Tax revenues robust in 2025 and sustained investment in public services and infrastructure – Tánaiste Simon Harris & Minister Jack Chambers.

([64]) According to an October 2022 release by CSO and Irish Fiscal Advisory Council, 2025, More revenue and more concentration.

([65]) Department of Finance, 2025, Medium-Term Fiscal and Structural Plan - December 2025.

Table A3.1: **Taxation Indicators**

| | | Ireland | | | | | EU-27 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2019 | 2022 | 2023 | 2024 | 2025 | 2019 | 2022 | 2023 | 2024 | 2025 |
| **Tax structure** | Total taxes (including compulsory actual social contributions) (% of GDP) | 21.5 | 20.3 | 21.3 | 21.7 | | 39.9 | 39.7 | 39.0 | 39.4 | |
| **By tax base** | Taxes on labour (% of GDP) | 9.3 | 8.4 | 9.0 | 9.0 | | 20.6 | 20.1 | 19.9 | 20.3 | |
| | of which, social security contributions (SSC, % of GDP) | 3.6 | 3.1 | 3.3 | 3.4 | | 13.0 | 12.7 | 12.7 | 13.0 | |
| | Taxes on consumption (% of GDP) | 6.6 | 5.3 | 5.5 | 5.6 | | 11.2 | 10.9 | 10.5 | 10.6 | |
| | of which, value added taxes (VAT, % of GDP) | 4.2 | 3.7 | 3.9 | 3.9 | | 7.1 | 7.4 | 7.1 | 7.1 | |
| | Taxes on capital (% of GDP) | 5.6 | 6.6 | 6.8 | 7.2 | | 8.1 | 8.7 | 8.5 | 8.5 | |
| **Some tax types** | Personal income taxes (PIT, % of GDP) | 6.8 | 6.3 | 6.6 | 6.5 | | 9.6 | 9.4 | 9.3 | 9.6 | |
| | Corporate income taxes (CIT, % of GDP) | 3.0 | 4.4 | 4.6 | 5.0 | | 2.6 | 3.2 | 3.2 | 3.1 | |
| | Total property taxes (% of GDP) | 1.1 | 0.9 | 0.9 | 0.9 | | 2.2 | 2.1 | 1.9 | 1.8 | |
| | Recurrent taxes on immovable property (% of GDP) | 0.5 | 0.4 | 0.4 | 0.4 | | 1.2 | 1.0 | 0.9 | 0.9 | |
| | Environmental taxes (% of GDP) | 1.4 | 0.9 | 0.9 | 1.0 | | 2.6 | 2.1 | 2.1 | 2.1 | |
| | Effective carbon rate in EUR per tonne of $CO_2$ equivalents | na | na | 54.8 | na | | na | na | 84.8 | na | |
| **Progressivity & fairness** | Tax wedge at 50% of average wage (single person) (*) | 19.5 | 20.4 | 19.1 | 18.1 | 17.0 | 32.4 | 31.6 | 31.5 | 31.5 | 31.6 |
| | Tax wedge at 100% of average wage (single person) (*) | 31.3 | 32.4 | 31.6 | 30.8 | 29.7 | 40.1 | 39.7 | 39.9 | 39.9 | 40.0 |
| | Corporate income tax - effective average tax rates (1) (*) | 12.7 | 12.7 | 12.7 | 12.7 | | 20.0 | 19.2 | 19.0 | 19.3 | |
| | Difference in Gini coefficient before and after taxes and cash social transfers (pensions excluded from social transfers) (2) (*) | 16.2 | 15.3 | 15.3 | 14.0 | | 7.8 | 8.0 | 7.9 | 7.8 | |
| **Tax administration & compliance** | Outstanding tax arrears: total year-end tax debt (including debt considered not collectable) / total revenue (in %) (*) | 5.8 | 4.7 | 3.1 | na | | 31.8 | 32.6 | 30.7 | na | |
| | VAT gap (% of VAT total tax liability, VTTL) (**) | 5.5 | 2.3 | 8.3 | na | | 10.5 | 7.3 | 8.2 | na | |

(1) Forward-looking effective tax rate (KPMG).
(2) A higher value indicates a stronger redistributive impact of taxation.
(*) EU-27 simple average.
(**) Forecast value for 2024. EU-27 refers to the median value. For more data on tax revenues as well as the methodology applied, see the Data on Taxation Trends webpage.
***Source:*** European Commission, OECD, ISORA.

effects of a slow down or a decline of corporate tax revenues. The scenario of a gradual decline of CIT revenues down to their 2020 level (EUR 12 billion) would turn today's budget surplus into rapidly expanding deficits ([66]). The risks to the tax revenue stability are compounded by the significant interlinkages between the corporate and personal income tax bases, as foreign-owned MNEs are also a key driver of earnings in the economy and thus key contributors to the income tax revenue ([67]).

**International corporate tax developments may impact the Irish corporate tax base.** Irish tax reforms discouraging aggressive tax planning, global implementation of the anti-BEPS actions and the US global intangible low-taxed income (GILTI), with its low effective taxation in the US, have given rise to global restructuring of MNEs, one result of which is a significant increase in royalty and dividend payments from Irish-based MNE affiliates to related parties in the US ([68]). In that context, it remains to be seen whether the side-by-side system agreed in January 2026 between members of the OECD/G20 inclusive framework on base erosion and profit shifting will have further impact on the profit base of US-controlled companies in Ireland. The agreement provides for domestically implemented provisions for a minimum tax (such as GILTI) to exist side-by-side with the global minimum tax for large MNEs (Pillar Two), which Ireland has implemented.

**Ireland has a very low overall labour-tax burden, but its labour taxation is highly progressive.** Labour taxes as a proportion of GDP are less than half the EU average (see Table A3.1) and remain below the EU average even when measured against GNI*. In 2025, Ireland's labour-tax wedge was well below the EU average at all earnings levels (see Graph

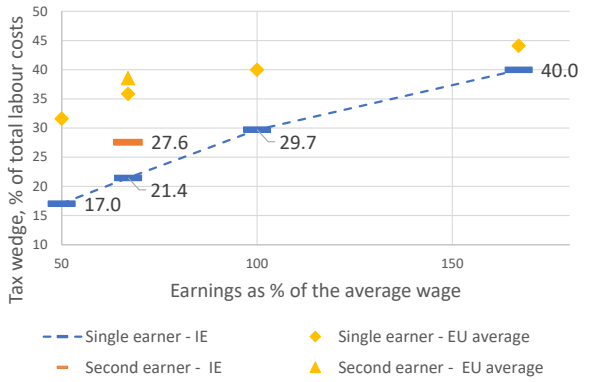
([66]) Department of Finance, 2025, Medium-Term Fiscal and Structural Plan - December 2025.
([67]) Department of Finance, 2025, Fiscal vulnerabilities - Expanding costs, narrowing base.
([68]) Luksic et. al., 2025, Innovation-friendly taxation of multinational enterprises: patents in the context of growth and taxes p. 11-12.

A3.2) ([69]). The gap between tax wedges for high- and low-income earners (167% versus 50% of the average wage) is among the largest in the EU, reflecting the strong progressivity of Ireland's labour-tax system. The strong progressivity of the Irish tax system is also reflected in its high ability to reduce income inequality. The difference in the Gini coefficient before and after taxes and cash social transfers was 14 percentage points in 2024, well above the EU average (7.8 percentage points) ([70]).

**The level of revenue raised from environmental taxation in Ireland is below the EU average.** Total environmental taxes amounted to EUR 4.9 billion in Ireland in 2023, equivalent to 1% of its GDP, or 1.6% of GNI*, compared to an EU average of 2.0%. Additionally, relative revenue from environmental taxation has been on a downward trend since 2016, when it was equivalent to 1.9% of GDP. Energy taxes formed the largest component of environmental taxes, accounting for 0.6% of GDP, or 1% of GNI*, again lower than the EU average of 1.6%.

**Foregone revenue from tax expenditures** stood at EUR 8 billion, or 2% of GNI*, in 2024. As part of its 2026 budget, Ireland has expanded its tax expenditures, notably by: (i) introducing a reduced VAT rate of 9% for food, catering and hairdressing services; (ii) introducing a reduced VAT rate of 9% on the sale of new apartments; (iii) extending the reduced VAT rate of 9% for gas and electricity until 2030; and (iv) increasing the research and development tax credit. Ireland has a transparent and comprehensive documentation of tax expenditures, which lays out information about 117 relief measures. Standardised tax expenditure passports include information about their objectives, targeted beneficiaries, cost, duration, and evaluation plans for each measure.

Graph A3.2: **Tax wedge for single and second earners as a % of total labour costs, 2025**




*Note:* The second earner tax wedge shows a household's tax wedge resulting from the wage that a second earner taking up a job at 67% of the average wage receives. It does not show the total tax wedge of the household. The household is assumed to have a first earner at 100% of the average wage and no children. For the methodology of the tax wedge for second earners, see OECD (2024), Taxing Wages 2024.
***Source:*** European Commission

**However, not all tax relief measures are included in the legislated definition of tax expenditures.** This holds for 108 'other credits, allowances and reliefs' deemed an integral part of the tax system – as opposed to targeted support in favour of a narrow sub-population of taxpayers. Yet, they express a deliberate policy choice to support certain large groups of taxpayers. Their costs outweigh the reported tax expenditures by far as they include certain capital allowances for companies, stamp reliefs on intragroup transactions and reliefs on certain reconstructions of companies (see also Annex 4).

([69]) The tax wedge is an indicator of the tax burden on labour contributions, expressed as a percentage of total labour costs (composed of the net wage, personal income tax, social security contributions, and other mandatory contributions). Tax wedge data in the 2026 country reports are calculated by the Joint Research Centre of the European Commission and based on the EUROMOD model, while past country reports were based on the OECD tax and benefit model. While the underlying methodology is very similar, differences in the assumptions can lead to different results between both models.

([70]) The Gini coefficient measures the extent to which the distribution of income within a country deviates from a perfectly equal distribution. A coefficient of 0 expresses perfect equality where everyone has the same income, while a coefficient of 100 expresses full inequality where only one person has all the income.

**Existing VAT gaps largely stem from policy choices, such as reduced VAT rates.** While the government does not publish official tax gap figures, these 'policy gaps' are frequently analysed, particularly in sectors with known compliance issues. In Ireland's 2023 VAT gap, policy decisions were the primary driver, with reduced VAT rates for certain goods and services costing EUR 9 billion (18% of potential revenue)—well above the EU average of 12%.

**The VAT compliance gap ([71]) is still relatively low.** Despite recent increases following the EU-wide trend ([72]), at 8.3% of the VAT total tax liability ([73]) in [2023], the VAT compliance gap was close to the EU average. The increased use of electronic invoicing and payments and the new 'import one-stop shop' automated VAT reporting system for imports are helping improve VAT compliance. In addition, the Revenue Commissioner's REAP system for VAT risk evaluation, analysis and profiling helps to swiftly identify VAT compliance risks and target interventions. The Revenue Commissioners also provide many additional online tools and services to taxpayers to reduce compliance costs ([74]).

**The digitalisation of the tax administration is well on track, keeping tax arrears low ([75]).** Ireland is one of the Member States with the lowest tax arrears (3.1% of total revenue in 2023, only a fraction of the EU-average of 30.7%). This is due to its IT-supported collection and recovery schemes. Digitalisation of public infrastructure is a priority, as laid out in the 'Public service transformation strategy 2030' ([76]). Core services requiring taxpayers' interaction are largely digitalised. The OECD's 'Tax Administration 2025 report' shows that Ireland scores highly on filing tax electronically. 100% of corporate-income tax and VAT returns and 97% of personal-income tax returns were filed electronically in 2023 ([77]). For personal income tax, pre-filling via dedicated online platform has become the standard. In the context of back-end administration, Ireland is using advanced IT analytics and artificial intelligence in risk evaluation and profiling.

([71]) The VAT compliance gap is an estimate of revenues lost due to VAT fraud, evasion and avoidance, bankruptcies and financial insolvencies, or miscalculations.

([72]) Strong growth of cross-border e-commerce and low-value imports may have contributed to lower VAT compliance. For example, the number of low-value items exploded between 2022 and 2024 from 1.4 billion to 4.6 billion items. The abolishment of the rule allowing goods worth under EUR 150 to enter the EU without customs duties being paid is expected to bring that number down (COM(2025)37 final).

([73]) The VAT total tax liability is the theoretical tax revenue that would be collected in a situation of perfect taxpayer compliance, assuming an unchanged net VAT base.

([74]) These include facilities to request payment arrangements, tax calculators, and secure communication messaging and call services. Taxpayers can also upload files onto the Revenue Commissioners' system, access a personalised taxpayer portal and view taxpayer information collected by third parties (7. Taxpayer service - ISORA – tabs "Online services 1" and "Online services 2").

([75]) European Commission, 2025, Mind the gap - 2025 report.

([76]) Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, Better Public Services – Public Service Transformation 2030 Strategy.

([77]) OECD (2025), Tax Administration 2025: Comparative Information on OECD and other Advanced and Emerging Economies.

**Ireland's research and innovation (R&I) performance remains strong but still faces challenges, especially over the level of public research and development (R&D) investment.** The 2025 European Innovation Scoreboard ranks Ireland as a 'strong innovator', with a performance at 123.1% of the EU average, above the average for strong innovators (114.1%). Faster growth since 2018 has widened Ireland's lead over the EU ([78]). For Ireland, the 2025 country-specific recommendations (CSRs) highlighted challenges in increasing public and business R&D investment to improve the productivity of domestic small and medium-sized enterprises. Ireland's R&D intensity (expenditure on R&D as a percentage of GDP) is below the EU average and fell to 1.38% in 2024. Although Ireland has a solid policy framework for R&I governance and a relatively well-developed science base, its performance in some key indicators has stagnated over time. Business R&D has grown but remains concentrated in large firms, while home-grown SMEs and start-ups still face barriers to scaling up. The uptake of digital technologies by firms in Ireland continues to improve, with measurable progress across Digital Decade indicators.

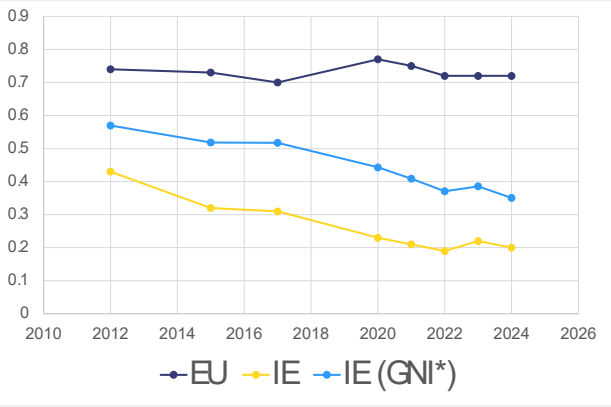
## Excellent science

**Ireland has a relatively well-developed science base but low public R&D intensity.** Overall, Ireland is home to a strong science base, as illustrated by the share of scientific publications within the top 10% most-cited. This is above the EU average in 2022 (11.56% vs 9.44%) but has been stagnating over the last decade. The number of researchers employed by the public sector in terms of active population is also relatively high (5.6 per thousand of the active population vs an EU average of 4.3 in 2024). International collaboration is illustrated by Ireland's increasing share of international scientific co-publications in terms of total publications, which is also above the EU average in 2024 (68.47% vs 57.24%). At the same time, low R&D public expenditure (0.2% of GDP, 0.35% of GNI*, (see Graph A4.1) places Ireland below other countries with a similar level of economic development. In line with the 2025 CSR on *increasing public R&D investment*, the government has made steps towards increasing public support, notably through the updated national development plan and the subsequent tertiary sector capital investment plan 2026--2030, which allocates EUR 2.45 billion in investment to support research and innovation capacity ([79]). While these allocations represent a major step forward, preserving the good science base requires successful and timely implementation, together with sustained public R&D investment.

([78]) European Commission, 2025, *European Innovation Scoreboard, country profile: Ireland*, ec_rtd_eis-country-profile-ie.pdf. The scoreboard provides a comparative analysis of innovation performance in EU countries, including the relative strengths and weaknesses of their national innovation systems (also compared with the EU average).

([79]) Department of Further and Higher Education, Research, Innovation and Science, 2025, Sectoral Investment Plan: Tertiary Sector - Further and Higher Education, Research, Innovation and Science.

Graph A4.1: **Public expenditure on R&D as % of GDP and GNI***




***Source:*** Eurostat

**Strong research performance builds on a solid policy framework for R&I governance.** Ireland has a solid policy framework for R&I, centred on a whole-of-government approach that strengthens collaboration between business, higher education and research bodies, as well as international partners ([80]). This is underpinned by Impact 2030, the national R&I strategy launched in 2022 ([81]). Most of the strategy's flagship initiatives are already under way ([82]) and a review is planned for 2026. The policy response is bolstered by the action plan on competitiveness and productivity ([83]), which prioritises research, innovation and skills as well as the creation and scaling of SMEs, signalling that R&I remains central to Ireland's strategy for economic growth and resilience.

## Business innovation

**Ireland's business R&D is skewed towards large companies.** Business enterprise expenditure on R&D as a share of GDP has slightly decreased compared with last year and remains below the EU average (1.17% vs 1.49% in EU in 2024, 2.05% of GNI*). The number of researchers employed by businesses per thousand of the active population is also below the EU average (5.5% vs 5.9% in 2024). Moreover, in terms of the innovation output of businesses, the level of patenting activity, measured by Patent Cooperation Treaty patent applications per billion GDP, has decreased over time and remains below the EU average. R&I is concentrated in a small number of large, foreign-owned firms (84% of total business R&D in 2023) and is largely oriented towards high-tech manufacturing and knowledge intensive services([84]) while SMEs continue to underinvest in R&I(see Annex 5). Over-reliance on the R&I expenditure of foreign-owned firms leaves Ireland's innovation system vulnerable to economic cycles and global headwinds, especially in areas where long-term, foundational research is required.

**Tax credits are an important tool for stimulating firm-level R&D investments in Ireland.** In 2026, the R&D tax credit headline rate of relief was increased from 30% to 35%. To facilitate better cash flow for smaller claims, the increase was coupled with an increase in the amount a company can claim in the first year (up from EUR 75 000 to EUR 87 500). Tax credits can be effective but, as highlighted in Ireland's current smart specialisation strategy, might not be as helpful to start-ups and innovative young firms in emerging sectors ([85]). While in 2023 87.5% of claimants were micro and SMEs, large firms dominate in terms of the

([80]) European Commission, 2025, Country Report – Ireland.

([81]) Impact 2030: Ireland's research and innovation strategy (2022).

([82]) Department of Further and Higher Education, Research, Innovation and Science, 2023, Impact 2030 Progress Report 2022-2023.

([83]) Department of Enterprise, Tourism and Employment (DETE), 2025, Action Plan on Competitiveness and Productivity.

([84]) R&D business expenditure in the ICT sector accounted for 65.68% of total R&D expenditure in 2023.

([85]) DETE, 2022, National smart specialisation strategy for innovation 2022-2027 (p. 79).

overall cost of the credit and the size of individual claims. The number of claimants for R&D tax credit has grown over the past decade by 14% in total. While the number of companies with 250+ employees claiming R&D tax credit has nearly doubled (from 117 companies in 2013 to 225 in 2023), the number of smaller companies has remained relatively stable (an 8.23% increase, up from 1 459 in 2013 to 1 579 in 2023). This suggests that smaller businesses may still be under-using the incentive relative to their larger counterparts ([86]).

**Tax credits may not be as useful for supporting SMEs as direct funding instruments.** Greater SME engagement with the R&D tax credit could be encouraged through further measures such as reducing complexity, increasing the scope for outsourcing research activities, supporting innovation and expanding eligibility and capital investment rules ([87]). Indirect support (tax credits) remains the main instrument of public support in value terms for business R&I in Ireland (tax incentives accounted for 0.17% of GDP in 2021, while total public support was 0.2%). In line with the 2025 CSR on *supporting the increase of business R&D investment*, as part of the revision of the national development plan, Ireland has announced EUR 1.3 billion for enterprise, innovation and commercialisation programmes over the next five years. There is also support for indigenous businesses through Enterprise Ireland grants (EUR 355 million), and through local enterprise offices and regional enterprise development fund (EUR 350 million) ([88]). Direct funding instruments could help stimulate R&I and improve the productivity of firms, especially start-ups and SMEs (see Annex 18).

**The uptake of digital technologies by firms in Ireland continues to improve, with measurable progress across Digital Decade indicators.** Ireland performs above the EU average in cloud computing adoption (63.0% vs 46.7% in 2025). AI adoption has increased significantly, reaching 19.6% in 2025, broadly in line with the EU average (19.9%), following a higher-than-EU-average uptake in 2024 (14.9% vs 13.5%). Data analytics usage is around the EU average (40.8% vs 39.9%). The share of SMEs with at least a basic level of digital intensity rose from 73.4% in 2024 to 79.3% in 2025, indicating renewed momentum. However, progress towards the Digital Decade 2030 target of 90% has been slower in Ireland (+9.5%) than at EU level (+11%). To support further adoption and effective use of digital technologies, Ireland relies on a mix of national measures and EU-level support, including the continued operation of four European Digital Innovation Hubs, which provide access to expertise, testing facilities and advisory services in areas such as AI, cloud computing and data analytics. Overall, recent progress indicates a strengthening of Ireland's business digitalisation performance, while sustained efforts will be required to maintain this trajectory and close the remaining gap towards the Digital Decade objectives.

**Business-science linkages in Ireland are well-developed but display some weaknesses.** The number of public-private scientific co-publications as a percentage of the total number of publications is above the EU average (10.12% vs 7.62% in 2024). In 2024, 25 new spin-out companies emerged from the higher education institutions supported by KT Boost, maintaining a steady annual output in Ireland's growing academic spin-out ecosystem ([89]). The 2024 Annual Knowledge Transfer Survey confirms positive trends, including year-to-year increases in R&D collaborative projects, licensing, the creation of spin-outs and new R&D consultancy

([86]) Revenue Commissioners, Research and Development Tax Credit statistics.

([87]) Revenue Commissioners, Research and Development Tax Credit and Innovation Compass, February 2026.

([88]) DETE, 2025, Sectoral Capital Plan 2026-2030.

([89]) Enterprise Ireland, 2024, Annual Report.

agreements ([90]). At the same time, further strengthening business-science linkages remains key to closing innovation output gap, as illustrated by the modest levels of patenting activity (see Table A4.1). In line with the 2025 CSR on *supporting the increase of business R&D investment - including through more direct funding instruments*, through the revision of its national development plan Ireland will further support a wide range of actions designed to improve business-science linkages. Such actions include direct support schemes including innovation vouchers, technology centres that develop interactions with companies for knowledge valorisation and the flagship Disruptive Technologies Innovation Fund ([91]). Similarly, the Knowledge Transfer Boost ([92]) and Technology Gateways ([93]) programmes, supported by EU cohesion funding, are designed to improve knowledge valorisation outputs across the R&I ecosystem. In addition, Ireland aims to incentivise and better enable researchers in higher education institutions to pursue commercialisation opportunities by aligning academic progression criteria with activities such as patenting, licensing and spin-out formation ([94]).

## Entrepreneurial dynamism

**Despite strong potential, Ireland's start-up landscape struggles with fragmentation and growth barriers.** Ireland performs well in producing high-growth firms and unicorns ([95]) (0.6 per million inhabitants in 2022), and registers strong start-up survival rates ([96]). However, it lags behind in early-stage start-up formation and venture capital access ([97]). The support landscape is fragmented, particularly in incubation and acceleration services ([98]), and start-ups face additional growth barriers, including talent and regulatory complexity. As part of the government's efforts to reduce fragmentation, it announced in its action plan on competitiveness and productivity: (i) the establishment of Start-up Ireland, a central coordinating body to boost alignment and collaborations across the national start-up ecosystem; and (ii) the launch of a national accelerator programme by the end of 2026 ([99]).

**Access to risk capital remains difficult, particularly for scaling.** Securing funding remains the top concern, as in previous years, with 59.1% of start-ups and scaling businesses identifying it as the biggest challenge, and 80.4% finding it difficult or very difficult to raise private capital. Despite the growth potential of this sector, start-ups and scaling companies are still struggling to unlock investment ([100]). A significant factor driving promising Irish start-ups to relocate or be acquired abroad is the limited availability of scaling finance at home ([101]). In 2024 venture capital in Ireland at 0.057 was slightly below the EU average of 0.063 as a percentage of GDP. The gap in equity financing is estimated to be about EUR 1.1 billion over the next three to five years. The scaling gap is driven by the small size of funds on the supply side, and the tendency of firms on the demand side to ask for less than is needed in practice to scale ([102]) (see Annex 6).

([90]) Enterprise Ireland, 2024, Knowledge Transfer Ireland.

([91]) DETE, 2025, Sectoral Capital Plan 2026-2030.

([92]) KT Boost - Knowledge Transfer Ireland.

([93]) Enterprise Ireland Technology Gateway Network.

([94]) DETE, 2025, Action Plan on Competitiveness and Productivity.

([95]) New companies with a market capitalisation of over one million dollars.

([96]) OECD, 2025, Entrepreneurial Ecosystem Diagnostics.

([97]) DETE, 2025, Action Plan on Competitiveness and Productivity.

([98]) OECD, 2024, Supporting start-up globalisation in Ireland through incubation and acceleration.

([99]) DETE, 2025, Action Plan on Competitiveness and Productivity.

([100]) Scale Ireland, 2025, State of Start-Ups Survey 2025.

([101]) OECD, 2024, Supporting start-up globalisation in Ireland through incubation and acceleration.

([102]) DETE, 2025, SQW Report on Market Demand for and Supply of Scaling Finance in Ireland.

To reduce the funding gap for firms looking for equity finance to scale up, and in line with the 2025 CSR, Ireland announced an increase of EUR 75 million for the seed and venture capital fund, bringing the total allocation to EUR 250 million. The development of an SME Scaling Fund was also announced. Ireland is also exploring policy actions to incentivise pension fund and institutional investor participation ([103]).

**Easing regulatory hurdles to boost SME and start-up innovation remains a challenge.** To reduce regulatory uncertainty and support innovation, the Central Bank of Ireland has developed a thematic innovation sandbox programme. In 2025, seven participant projects developed innovative solutions to protect consumers from financial crime. In 2026 the sandbox will focus on innovative payments ([104]). The government also has plans to establish an AI regulatory sandbox (a secure environment for testing and refining AI) ([105]). Policies on innovation procurement need further improvement. While Ireland shows some strengths in ICT policy and competition in procurement, overall innovation procurement policies remain underdeveloped, with broader adoption limited by gaps in action plans, financial incentives and capacity-building measures ([106]).

**Ireland has a strong and evolving R&I skills base, supported by new initiatives and building on existing strengths.** R&I skills are relatively strong and continue to be developed. In 2023, enrolment in ICT programmes stood at 22.9%, higher than the EU average (20.3%); with 6.3% of PhD students in the ICT field, Ireland has surpassed the proposed EU-level target of 5% ([107]). Moreover, the number of graduates in the ICT field per thousand of the population aged 25-34 is nearly four times the EU average (12.32 vs 3.84 in 2023). The number of new graduates in science and engineering per thousand of the population aged 25-34 is also significantly above the EU average (25.67 vs 16.82 in 2023). At the same time, the growing tech sector, including start-ups and scaling companies, will require even more ICT skills (estimated 89 590 positions by 2023) ([108]) (see Annex 13). Ireland has implemented a wide range of actions to support postgraduate researchers and foster collaboration between academia and industry. The Accelerating Research to Commercialisation (ARC) Hub programme and Innovators' Initiative are aimed at creating highly skilled innovators, to be achieved by accelerating the commercialisation of academic research and through industry engagement. Both initiatives are supported by EU cohesion funding. A new global talent programme designed to attract internationally outstanding researchers to Ireland has been launched by Research Ireland ([109]).

**Entrepreneurship education is recognised in national policy but there is no top-level targeted strategy to support it.** While primary curricula do not refer to entrepreneurship education, they do focus on developing creativity, innovation, managing information and critical thinking, all of which support entrepreneurial thinking. Primary schools are supported mainly by the Junior Entrepreneur programme (JEP). In secondary education, entrepreneurship education is integrated into curricula both as a cross-cutting element, as part of the Transition Year programme, and as a subject, especially in the Leaving Certificate vocational programme and

([103])DETE, 2025, Action Plan on Competitiveness and Productivity.

([104]) CBI, 2025, Innovation Sandbox Programme Insights Report.

([105])DETE, 2025, Action Plan on Competitiveness and Productivity.

([106]) European Commission, 2024, Ireland country profile – Benchmarking of national policy frameworks for innovation procurement.

([107])European Commission, 2025, Education and Training Monitor.

([108]) Trinity College Dublin, 2025, Scale Ireland Skills Report.

([109]) Global Talent Ireland - Research Ireland.

as part of business studies in secondary education and in higher education courses and micro-credentials. However, Ireland's top-level teacher competence frameworks in primary and general secondary education make no explicit reference to entrepreneurship education. With a few notable exceptions, there is limited evidence that higher education institutions are integrating entrepreneurship across different courses, particularly within scientific and technical studies. Grants made available in recent years by the Higher Education Authority (HEA) to fund proposals around entrepreneurship education should boost activities in this area. A wide diversity of programmes and activities support enterprise and entrepreneurial skills in Ireland; however, their actual impact has not yet been evaluated. There is an overall need for evidence on the entrepreneurial skills of individuals in Ireland; the HEA Graduate Outcomes Survey and a reinstated School Leavers Survey could play an important role in providing this key evidence.

Table A4.1: **Key innovation indicators**

| Ireland | 2010 | 2015 | 2020 | 2022 | 2023 | 2024 | 2025 | EU average (1) | US |
|---|---|---|---|---|---|---|---|---|---|
| **Headline indicator** | | | | | | | | | |
| R&D intensity (gross domestic expenditure on R&D as % of GDP) | 1.60* | 1.14 | 1.13 | 1.53* | 1.54 | 1.38 | : | 2.24 | 3.44 |
| R&D intensity (gross domestic expenditure on R&D as % of GNI*) | 2.07* | 1.85 | 2.18 | 2.99* | 2.77 | 2.42 | : | : | : |
| **Science and innovative ecosystems** | | | | | | | | | |
| Public expenditure on R&D as % of GDP | 0.50 | 0.32 | 0.23 | 0.19* | 0.20* | 0.20 | : | 0.72 | 0.64 |
| Public expenditure on R&D as % of GNI* | 0.65 | 0.52 | 0.44 | 0.37* | 0.36* | 0.35 | : | : | : |
| Scientific publications of the country within the top 10% most-cited publications worldwide as % of total publications of the country | 11.82 | 12.36 | 11.52 | 11.56 | : | : | : | 9.44 | 12.31 |
| Researchers (FTEs) employed by public sector (Gov+HEI) per thousand active population | 2.9 | 4.9 | 5.4 | 6.0* | 5.6* | 5.6 | : | 4.3 | : |
| International co-publications as % of total number of publications | 48.66 | 57.83 | 63.18 | 64.75 | 65.84 | 68.47 | : | 57.24 | : |
| **R&D investment & researchers employed in businesses** | | | | | | | | | |
| Business enterprise expenditure on R&D (BERD) as % of GDP | 1.1* | 0.82 | 0.89* | 1.34* | 1.33 | 1.17 | : | 1.49 | 2.69 |
| Business enterprise expenditure on R&D (BERD) as % of GNI* | 1.43* | 1.33 | 1.71* | 2.62* | 2.39 | 2.05 | : | : | : |
| Business enterprise expenditure on R&D (BERD) performed by SMEs as % of GDP | : | 0.37 | : | : | 0.29 | : | : | 0.47* | 0.30 |
| Business enterprise expenditure on R&D (BERD) performed by SMEs as % of GNI* | : | 0.6 | : | : | 0.52 | : | : | : | : |
| Researchers employed by business per thousand active population | 3.6* | 5.1 | 5.8* | 4.7* | 5.4 | 5.5 | : | 5.9 | : |
| **Innovation outputs** | | | | | | | | | |
| Patent applications filed under the Patent Cooperation Treaty per billion GDP (in PPS €) | 2.06 | 1.6 | 1.42 | 0.96 | : | : | : | 2.81 | 2.20 |
| Employment share of high-growth enterprises measured in employment (%) | : | : | : | 1.23* | 1.63* | : | : | 0.87 | : |
| **Digitalisation of businesses** | | | | | | | | | |
| SMEs with at least a basic level of digital intensity % SMEs (EU Digital Decade target by 2030: 90%) | : | : | : | : | 66.11 | : | 79.30 | 71.39 | : |
| Data analytics adoption % enterprises (EU Digital Decade target by 2030: 75%) | : | : | : | : | 37.09 | : | 40.79 | 39.85 | : |
| Cloud adoption % enterprises (EU Digital Decade target by 2030: 75%) | : | : | : | : | 53.07 | : | 63.03 | 46.69 | : |
| Artificial intelligence adoption % enterprises (EU Digital Decade target by 2030: 75%) | : | : | : | : | 8.01 | 14.90 | 19.64 | 19.95 | : |
| **Academia-business collaboration** | | | | | | | | | |
| Public-private scientific co-publications as % of total number of publications | 7.50 | 9.86 | 9.4 | 9.35 | 9.88 | 10.12 | : | 7.62 | : |
| Public expenditure on R&D financed by business enterprises (national) as % of GDP | 0.01 | 0.01 | : | : | 0.01* | : | : | 0.06 | 0.02 |
| Public expenditure on R&D financed by business enterprises (national) as % of GNI* | 0.01 | 0.02 | : | : | 0.02* | : | : | : | : |
| **Public support for business innovation** | | | | | | | | | |
| Total public-sector support for BERD as % of GDP | : | 0.39 | : | : | 0.40 | : | : | 0.21* | : |
| Total public-sector support for BERD as % of GNI* | : | 0.49 | : | : | 0.54 | : | : | : | : |
| R&D tax incentives: foregone revenues as % of GDP | 0.16 | 0.33 | 0.24 | 0.33 | 0.36 | : | : | 0.1* | 0.16 |
| R&D tax incentives: foregone revenues as % of GNI* | 0.17 | 0.42 | 0.33 | 0.43 | 0.48 | : | : | : | : |
| BERD financed by the public sector (national and abroad) as % of GDP | : | 0.05 | : | : | 0.04 | : | : | 0.11* | : |
| BERD financed by the public sector (national and abroad) as % of GNI* | : | 0.06 | : | : | 0.05 | : | : | : | : |
| **Financing innovation** | | | | | | | | | |
| Venture capital (market statistics) as % of GDP (calculated as a 3-year moving average) | 0.040 | 0.045 | 0.070 | 0.064 | 0.058 | 0.057 | : | 0.063 | : |
| Seed stage funding share (% of GDP) | 0.000 | 0.000 | 0.004 | 0.004 | 0.004 | 0.005 | : | 0.005 | : |
| Start-up stage funding share (% of GDP) | 0.022 | 0.023 | 0.042 | 0.037 | 0.030 | 0.022 | : | 0.030 | : |
| Later stage funding share (as % of GDP) | 0.018 | 0.022 | 0.025 | 0.023 | 0.024 | 0.030 | : | 0.027 | : |
| **Innovative talent** | | | | | | | | | |
| New graduates in science & engineering per thousand population aged 25-34 | : | 18.23 | 25.59 | 26.50 | 25.67 | : | : | 16.82 | : |
| Graduates in the field of computing per thousand population aged 25-34 | : | 7.28 | 12.42 | 12.30 | 12.32 | : | : | 3.84 | : |

(1) EU average for the last available year or the year with the highest number of country data. * Break in series

***Source:*** Eurostat, DG JRC, OECD, Science-Metrix (Scopus database), Invest Europe, European Innovation Scoreboard

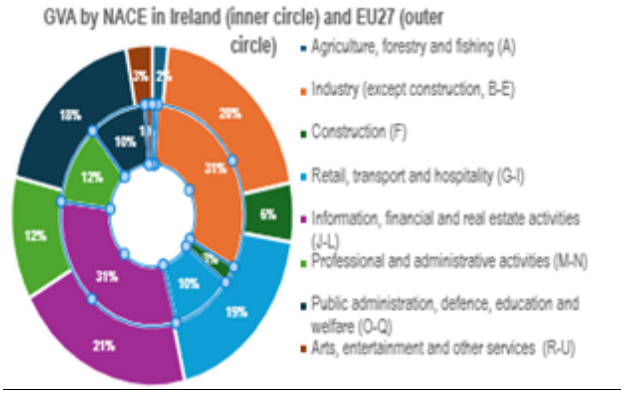
**The Irish business environment has many strengths, evidenced by the scale of inward foreign direct investment.** It is an attractive place to do business, with a highly skilled workforce, but faces several constraints to continued competitiveness. Infrastructure, housing and energy bottlenecks impact on economic performance, and the dominance of FDI has imbalanced the economy. SME business dynamism and the startup rates remain a challenge (albeit with recent improvements in births and deaths of businesses), and Irish SMEs tend not to be that active in international markets. The 2025 CSRs called for measures aimed to improve the business environment by increasing public R&D investment and supporting the increase of business R&D investment, including through more direct funding instruments, to improve the productivity of domestic businesses, particularly of small and medium enterprises (SMEs). The implementation of recent commitments set out in the Government's Action Plan on Competitiveness and Productivity, targeting SMEs financing opportunities, would be instrumental in addressing this CSR.

## Business dynamics

**Ireland is an attractive place to do business**, indicated by numerous studies. This is largely due to its highly skilled workforce and its open, pro-business environment that successfully attracts major amounts of foreign direct investment (FDI). The recent IMD World Competitiveness Rankings ranked Ireland in 7th place, down three places since 2024. Ireland scores particularly well under government efficiency (5th), and under some aspects of business efficiency. Challenges are particularly prominent in infrastructure delivery, primarily due to planning bottlenecks, with Ireland ranking 17th for overall infrastructure and 44th in basic infrastructure. Prices, particularly energy costs, costs of labour and housing, are an important constraint for further economic performance. Irelands ranks a lowly 46th in the prices category.

**Economic performance is closely tied to the stability of international supply chains and trading relationships**, particularly with the EU and the United States. The commitments taken in the September 2025 Action Plan on Competitiveness and Productivity connected with research, innovation, and nurturing SMEs are welcome to better balance the economy. SMEs employ more than two thirds (68%) of the state's workforce but are responsible for only 43% of total turnover according to the Central Statistics Office (CSO).

Graph A5.1: **GVA by NACE in Ireland (inner circle) and EU27 (outer)**




***Source:*** Eurostat

**Ireland has a strong industrial base, representing 34% of GDP in 2025.** The country has a global reputation in manufacturing sectors such as pharmaceuticals and chemicals, medical devices, computers and electronics, and engineering. However, this figure is sizeably inflated by the onshoring of intellectual property from large multinational companies (MNE) with a production base in the country, rather than physical domestic production. National data indicates that real GVA for MNE dominated sectors ([110]) represented approximately 53.1% of total GVA.

([110]) CSO classifies these sectors as pharma and chemical production, computer, electronic and optical device manufacturing, medical instrument production and information & communications, including software publishing.

## Business environment

**Labour productivity continues to differ by size of firm.** Labour productivity is high in Ireland, at 221.6% of the EU average in 2025. However, there is a persistent gap between smaller, Irish-owned SMEs (97% of all businesses) and large multinationals. Positive labour productivity performance is largely driven by firms in two sectors, manufacturing and information and communication. Both sectors are dominated by foreign-owned multinationals ([111]). Associated with is divergent performance on many indicators related to innovation and technology diffusion, R&D spending and patenting activity, with innovation activity is increasingly driven by large firms (see the Annex 4).

**The proportion of Irish firms investing remains high,** at 85%, closely aligning with the EU average of 86%, although a larger proportion of SMEs (21%) say they have no investment planned, and a recent study by the Central Bank of Ireland shows that SMEs report that the euro value of investments is small ([112]). The most significant barriers to investment for Irish firms are the availability of skilled staff (88%) and uncertainty about the future (87%), both of which exceed the EU averages (79% and 83% respectively). 82% of firms perceive energy costs to be a hurdle to investment (75% across the EU) ([113]). Infrastructure gaps are also a barrier as they increase costs for businesses. Housing shortages can be a barrier too, raising accommodation costs and wages.

**Enhancing the SME base and enabling SME scale-up is an opportunity to increase the resilience of the Irish economy to international shocks, balance the economy, and help address the 2025 country specific recommendation on the productivity divide**. Business dynamism and startup rates have been relatively low, and Irish SMEs tend not to be very active in international markets. However, in recent years business churning has been marked by higher levels of both firm births and deaths, suggesting faster and more flexible resource reallocation. Business dynamism is also highlighted by a relatively higher share of high-growth firms compared to the EU average. Ireland allocates less funding than other advanced economies to support SMEs and young firms, only 0.02% of GDP (compared with the EU benchmark of 0.25%) ([114]). Measures in the Irish Medium-Term Fiscal Structural Plan, including the National Digital Strategy, reflect Ireland's ambition to remain a European and global digital leader. This aims to help small businesses benefit from digital opportunities, with a target of 90% of SME at basic digital intensity by 2030 and 75% business take-up in cloud, AI and big data.

**Recent commitments in the government's Action Plan on Competitiveness and Productivity that target better SME financing opportunities go in this direction, but with little indication of a timeline for their implementation**. Notable examples include the proposed establishment of Start-up Ireland as a central coordinating body, the rollout of a new National Accelerator Programme, and the establishment of an SME Scaling Fund to increase public capital for direct and indirect investment to support scaling, to improve access and choice and encourage new private capital.

**Irish SMEs also suffer from late payments.** According to the ECB/EC SAFE survey, the share of Irish firms reporting problems followed a similar trend to that observed across the EU, showing steady improvement between 2019 and 2021 and a progressive deterioration thereafter. 47% of companies surveyed in 2024 reported experiencing delayed payments, a rise

([111]) National Competitiveness and Productivity Council, 2025, Ireland's competitiveness challenges.

([112]) CBI, 2025, The Drivers of SME Investment in Ireland.

([113]) EIB , 2025, EIB Investment Survey 2025.

([114]) OECD, 2022. Quantifying Industrial Strategies.

of four percentage points compared to 2023. Although Ireland's trajectory mirrors the EU-wide pattern, the overall incidence of late payments has remained consistently lower than the European average. On average, there is a gap of nearly 20 days for business-to-business payments and 14 days for payments from the public sector (both longer than the EU average of 17.4 and 13.6 days).

**Labour shortages, high energy costs, infrastructure bottlenecks and access to finance remain significant obstacles for businesses, particularly SMEs.** The cost of borrowing for Irish business has long been above the euro area average and one of the highest in the area.

**Ireland has made notable advances in digital fixed connectivity.** Coverage of fibre to the premises (FTTP) increased substantially from 61.6% in 2023 to 73.5% in 2024, exceeding the EU average of 69.2%. Very high-capacity network (VHCN) coverage rose from 78.5% in 2023 to 87.2% in 2024, remaining well above the EU average (82.5%). On mobile connectivity, 5G coverage increased from 85.3% in 2023 to 89.9% in 2024 but remains below the EU average of 94.3%. Differences are more pronounced for higher-quality 5G deployment: coverage in the 3.4–3.8 GHz spectrum band reached 58.8%, (67.7% at EU level), while rural coverage remained limited (18.5% in Ireland versus 26.2% in the EU). While Ireland performs well in fixed connectivity, acceleration of high-quality 5G rollout is important to support progress towards Digital Decade connectivity objectives by 2030.

## Single Market and barriers

**Irish firms are highly engaged in international trade but could make better use of the Single Market.** Just under eight in ten (77%) Irish firms are involved with international trade, with manufacturers (87%) the most engaged, reflecting Ireland's open, export-oriented economy. However, over the past five years, whilst the share of Irish intra-EU trade has increased, it remains consistently below the EU average, comprising about 33.1% of its GDP (EU 40.7%). While Ireland outperforms many EU Member States in service integration (18.1% compared to the EU average of 7.6%), intra-EU trade in goods constituted only 15% in 2025, compared with the EU average of 18.7%. 2024 SAFE data indicate that 65% of exporting SMEs export to the euro area (below the EU average of 86%) ([115]). By contrast, 82% of Irish exporting SMEs export to the UK and 83% to North America.

**Ireland implements Single Market rules more effectively than most.** The transposition deficit for Single Market directives (directives not transposed into national legislation on time) is at 0.7%, better than both the EU average (1.1%) and the 1% target set by the EU Council. The conformity deficit (directives that are wrongly transposed) is in line with the EU average (1.1%). In 2025 the number of infringement proceedings related to Single Market issues (21) was lower than the EU average (25). Ireland resolved 80.2% of the SOLVIT cases it managed as the lead centre in 2025 (the EU average was 84.6%).

**Compliance of products circulating in the Single Market ([116]) is key for a level-playing field for law-abiding companies and consumer safety.** In Ireland, market surveillance investigations have increased in number compared with 2019. In 2025, authorities reported 160 investigations per million inhabitants in the EU market surveillance system (ICSMS), higher than the EU median (136). Notifications remain limited in absolute terms, which may also be the result of insufficient national IT interoperability with

([115]) European Commission, Survey on the access to finance of enterprises.

([116]) Part of the barriers highlighted in the Single market strategy ('Terrible Ten') and the 2026 Annual Single Market and Competitiveness Report.

the ICSMS system. The revision of the Market Surveillance Regulation will upgrade ICSMS to a fully interoperable EU digital platform.

**The effectiveness of the European Standardisation System relies on the capacity of National Standardisation Bodies to draw on a broad and diverse base of expertise.** It would be beneficial for Ireland to reinforce its support for the National Standards Authority to ensure engagement of a critical mass of stakeholders and experts in standardisation. Rapidly evolving domains such as artificial intelligence and quantum technologies call for wider participation but also upskilling national expertise to keep pace with digital transition. In Ireland's case, bolstering investment in standardisation is crucial to developing a resilient and future-oriented system, helping ensure a more agile and inclusive system, enabling Irish businesses to seize the opportunities offered by the Single Market and reinforcing Ireland's influence within the European and international standardisation landscape.

**Increasing legal costs and lengthy proceedings affect business confidence, acting as a barrier to competitiveness.** Companies trust Ireland's legal system but have concerns regarding extended court proceedings and increasing legal costs. While other legal systems around the world have modernised, some processes and procedures in Irish courts remain largely unchanged. Insurance costs are a significant cost burden. Litigation remains very slow and expensive, with legal fees often equalling or exceeding compensation ([117]).

**Competition in public procurement is healthy**. The share of direct awards is significantly below the EU median (2% vs 6%), as is the share of single bids (26% vs 27%). The national public procurement strategy prioritises procurement aimed at minimising environmental impact and increasing the delivery of community benefit, supporting innovation and SME participation in public procurement and enabling Ireland's transition to the circular economy.

**Businesses' views on corruption risks in public procurement are below the EU average.** In Ireland, 44% of companies (EU average: 53%) consider conflicts of interest in the evaluation of bids in public procurement procedures, and 40% (EU average: 58%) tailor-made specifications for particular companies, 'very' or 'fairly widespread' practice. Among companies that have experience in and participated in a public procurement procedure, none of them (0%) think that corruption has prevented them from winning a public tender or a public procurement contract in practice (EU: 25%). 80% of businesses perceive the level of independence of the public procurement review body (High Court) as 'very' or 'fairly good' when reviewing procurement cases. Ireland has enacted new legislation on planning and development, containing measures to tackle abuse of the planning system, such as dealing with false planning submissions and appeals. In addition to public procurement, other sectors which have been identified as primary areas of risk for corruption are private procurement, public utilities and natural resources, match-fixing and the financial sector. Planning and development sectors have been identified as high-risk areas for corruption.

**Ireland's fragmented eProcurement landscape and data quality issues highlight the need for interoperable systems, common standards, and stronger data governance.** Given a decentralised eProcurement landscape with separate procurement services in operation ([118]), economic operators must use several systems to access public procurement procedures, creating complexity and barriers to participation. This underscores the need for

([117]) European Commission, 2025, Rule of law report.

([118]) As reported in the eProcurement matrix.

introducing interoperability and common standards. The once-only principle is only partially implemented at national level (see Annex 7), and buyers across the EU lack digital access to relevant evidence. Ireland is establishing a public procurement data strategy that defines the processes and objectives in terms of managing and utilising data related to their procurement processes. It is crucial that authorities continue this path. The Irish system would benefit from a dedicated public procurement data collection and analysis service within the government to support data-driven oversight of the procurement lifecycle ([119]).

## Intellectual property

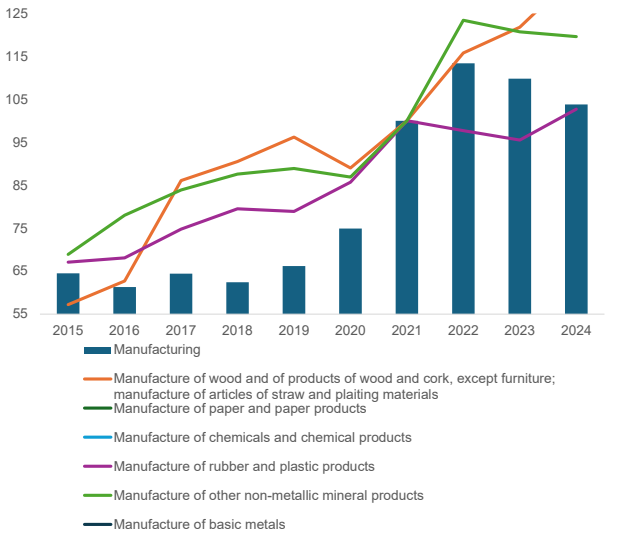
**Ireland has signed but has not yet ratified the Agreement on a Unified Patent Court (UPCA), as ratification requires approval through a constitutional referendum.** Until ratification occurs, Ireland does not participate in the UPC or fall within the territorial scope of Unitary Patents. As a result, Unitary Patents granted by the European Patent Office do not have effect in Ireland, and patentees seeking protection in Ireland must rely on national validation and enforcement mechanisms. All those consequences are detrimental to EU competitiveness, innovation, and growth.

## Industry and economic security

**More Irish firms experience supply constraints.** The percentage of firms experiencing material supply constraints was much higher than the EU average in 2023 (40.8% vs 17%). The main concerns relate to labour shortages, with 37.5% of Irish firms reporting constraints (compared with 20% in the EU). This is particularly prevalent in the construction sector. This along with the escalating costs of construction materials (particularly timber, concrete and cement, and steel) are severely impacting Ireland's housing market, which is characterised by high demand and insufficient supply.

**Ireland relies heavily on imports of critical raw materials.** With an import concentration index (based on a basket of critical raw materials) of 30% in 2025, the country is the most reliant country in the EU on a limited number of sources for most of its imports (EU average 20%), making Ireland particularly vulnerable to supply chain disruptions. Key imports include fertilisers, platinum group metals, wood, aluminium and coking coal. At 2%, the share of material recycled and fed back into the economy (the circular material usage rate) is one of the lowest in the EU. Electricity prices have risen significantly, to high levels compared to other EU Members**.** Persistent capacity constraints for the electricity grid infrastructure limits the deployment of additional renewables, keeping electricity prices high (see Annex 9).

Graph A5.2: **Manufacturing industry production: total and selected sector, index (2021=100), 2015-2024**




***Source:*** Eurostat

**Ireland is yet to designate a single point of contact for implementing the Net-Zero**

([119]) European Court of Auditors, 2023, Public Procurement in the EU.

Table A5.1: **Single Market and Industry**

| Ireland | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **POLICY AREA** | **INDICATOR NAME** | | **2021** | **2022** | **2023** | **2024** | **2025** | **EU-27 average** |
| **Business environment and investment** | | | | | | | | |
| **Productivity and investment** | Labour productivity (GDP per hour worked in PPP terms), % of EU27[1] | | 215.3 | 218.3 | 202.3 | 205.9 | 220.5 | 100.0 |
| | Business investment (share of GDP)[1] | | 18.3 | 17.0 | 19.9 | 12.3 | - | 12.6 |
| | Public investment (share of GDP)[1] | | 2.0 | 2.0 | 2.2 | 2.5 | - | 3.9 |
| **Business environment and simplification** | Impact of regulation on long-term investment, % of firms reporting business regulation as a major obstacle[2] | | 18.4 | 8.8 | 13.4 | 22.6 | 13.0 | 34.0 |
| **SME liquidity** | EIF Access to Finance for SMEs index - loans[3] | | 0.24 | 0.49 | 0.45 | 0.54 | - | 0.43 |
| | EIF Access to Finance for SMEs index - equity[3] | | 0.10 | 0.14 | 0.21 | 0.11 | - | 0.19 |
| **Late payments** | Payment gap - corporates B2B, difference in days between offered and actual payment[4] | | 13.8 | 13.9 | 14.7 | 14.0 | 19.7 | 17.4 |
| | Payment gap - public sector, difference in days between offered and actual payment[4] | | 11.4 | 18.5 | 17.9 | 17.4 | 14.0 | 13.6 |
| | Share of SMEs experiencing late payments, %[5] | from private entities in the previous or current quarter | - | - | - | 44.3 | 42.7 | 47.1 |
| | | from public entities in the previous or current quarter | - | - | - | 13.6 | 14.8 | 15.9 |
| **Single Market** | | | | | | | | |
| **Integration** | EU trade integration, average(intra-EU imports + intra EU exports)/GDP, %[1] | | 33.2 | 36.3 | 35.6 | 35.8 | 33.1 | 40.7 |
| | EEA Services Trade Restrictiveness index[6] | | 0.045 | 0.046 | 0.046 | 0.045 | 0.045 | 0.050 |
| **Public procurement** | Single bids, % of total contractors[7*] | | 15 | 21 | 16 | 16 | 26 | 27 |
| | Direct awards, % of negotiated procedures[7*] | | 4 | 1 | 1 | 1 | 2 | 6 |
| **Compliance** | Transposition deficit, % of all directives not transposed[8] | | 2.2 | 1.2 | 0.5 | 0.4 | 0.7 | 1 |
| | Conformity deficit, % of all directives transposed incorrectly[8] | | 1.2 | 1.6 | 1.5 | 0.8 | 1.1 | 1.1 |
| | SOLVIT, resolution rate per country, %[8] | | 86.96 | 91.9 | 87 | 88.9 | 80.2 | 84.6 |
| | Number of pending infringement proceedings[8] | | 18 | 22 | 23 | 20 | 21 | 25 |
| **Industry and economic security** | | | | | | | | |
| **Energy-intensive industries** | Electricity prices for non-household consumers[1] | | 0.1464 | 0.2087 | 0.2225 | 0.1919 | 0.1953 | 0.1462 |
| | Electrification (electricity as a share of total energy consumption in industry)[1] | | 26.3 | 27.1 | 28.0 | - | - | 32.7 |
| | Share of energy from renewable sources (renewable energy generation as a share of overall energy consumption)[1] | | 12.9 | 13.0 | 15.2 | 16.1 | - | 25.2 |
| **Critical raw materials** | Material import dependency, %[1] | | 31.7 | 30.9 | 30.5 | 31.5 | - | 22.4 |
| | Circular material use rate[1] | | 2.0 | 2.1 | 2.1 | 2.0 | - | 12.2 |
| **Operational cleantech manufacturing capacity in 2025[9]** | - Solar PV (c: cell, w: wafer, M:module), GW | | - | | - Electrolyzer, GW | | - | |
| | - Heat pump assembly | | - | | - Battery, GW | | - | |

***Source:*** (1) Eurostat, (2) EIB Investment Survey, (3) EIF SME Access to Finance Index, (4) Intrum Payment Report, (5) SAFE survey, (6) OECD, (7) data up to 2024: Single Market and Competitiveness Scoreboard, 2025: Commission calculation based on TED data, accessible at the Public Procurement Data Space (PPDS) (*) the value represented here under EU average is the median, (8) Single Market and Competitiveness Scoreboard, (9) European Commission calculations.

**Industry Act (NZIA),** which is crucial for streamlining communication and coordination among stakeholders, and is not currently engaged in a strategic project.

Table A6.1: **Savings and Investment Union summary diagnostics**

Ireland

| *Topic* | *Main features* | *Relative EU positioning* |
|---|---|---|
| **Assets-backed pension schemes** | Assets at 26.2% of GDP (32.3% in the EU)<br>10-year real return of 3.7 (1.4% in the EU) | Medium-high level pension assets yielding a decent return |
| **Households' financial assets** | EUR 104,455 per capita (EUR 85,098 in the EU)<br>o/w 1.8% in listed shares and bonds (7.6% in the EU)<br>o/w 0.4% in investment funds (11.0% in the EU)<br>o/w 13.4% in life insurance (13.4% in the EU)<br>o/w 33.0% in pension claims (13.6% in the EU) | Assets are dominated by life insurance and pension claims, barely any direct investment in financial markets. |
| **Venture capital (VC)**<br>**Private equity (PE)** | VC at 0.057% of GDP (0.064% in the EU)<br>PE at 0.2482% of GDP (0.487% in the EU) | Modest venture capital and private equity investments. |
| **Capital taxation** | 33% tax on capital gains on shares, and a 38% tax on investment funds with tax due on unrealised gains on investment funds every 8 years (deemed disposal rule) | No preferential tax treatment for equity investments, High rates of capital taxation. No savings and investment account. |
| 1-3 4-10 11-17 18-24 25-27 | Colours indicate the country's relative ranking based on five groups, ranging from the three best to the three worst performers. The relative ranking as regards an SIU diagnostic topic derives from a consistent cross-country comparison, the starting point of which is the average of the underlying main features. | |

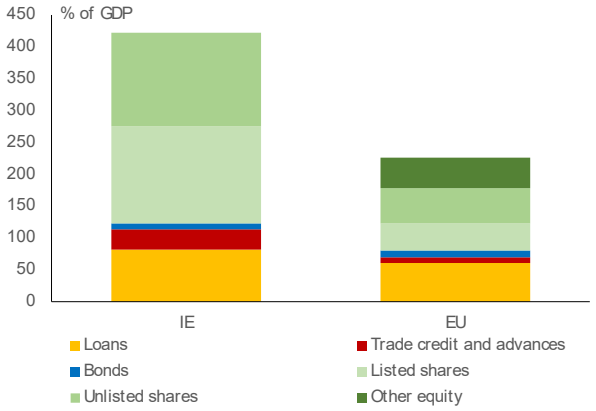
***Source:*** OECD (pensions), Eurostat (households' financial wealth), FISMA CMU dashboard (VC and PE), national sources (capital taxation).

**Ireland's economy is strongly influenced by the presence of large multinational enterprises.** Like the broader Irish economy, the Irish financial sector has a segment of internationally oriented companies, investment banks and market-based finance institutions. Irish retail banks have moved on from the legacy of the financial crisis and are stable, well capitalised and have low levels of non-performing loans. Households barely participate directly in financial markets, with minuscule holdings of equities and investment funds. Most of their assets are held in insurance products and pension claims. This may be due to tax reasons. However, pension funds have a relatively large allocation to equities, most of them via unit-linked insurance contracts. Irish venture capital (VC) funds are relatively small and most active in early-stage financing. There is a substantial gap in the availability of finance for scaling small companies that seems to be more pronounced than in other EU countries.

## Business landscape and company funding

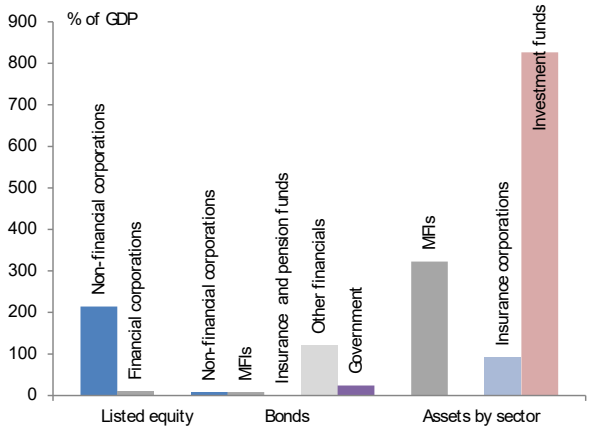
**Multinational enterprises (MNEs) have a significant presence in Ireland with an impact on financial performance.** The presence of MNEs explains: (i) the outsized balance sheet of the NFC sector, which is equivalent to 4.5 times Irish GDP; and (ii) the large share of unlisted equity (equivalent to 146.8% of GDP) on the liability side of the aggregate balance sheet compared with an EU average of 55.5%. This is because multinational enterprises hold ownership rights of their subsidiaries in the form of unlisted equity. Loans also play a significant role in corporate funding, but less so than in other EU Member States, with loans accounting for 19% of Irish firms' balance sheets vs an EU average of 27%. Listed shares accounted for 36% of corporate funding in 2024, compared with an EU average of 19%. Ireland's high market-funding ratio of 87.4% masks a sharp distinction between multinational corporations, which can easily source financing in capital markets, and indigenous companies, predominantly SMEs, that rely almost exclusively on bank loans. Irish NFCs had EUR 58.3 billion in debt securities outstanding in September 2025.

Graph A6.1: **Composition of non-financial corporations' liabilities**




***Source:*** Eurostat and FISMA E2 calculations, end-2024

Graph A6.2: **Capital markets and financial intermediaries**




***Source:*** ECB, EIOPA, AMECO and FISMA E2 calculations, end-2024

## Size and structure of the financial sector

**Ireland functions as a significant international financial centre for investment banks, investment funds and money market funds.** Ireland's market-based finance sector has grown rapidly in recent years, reaching an asset volume of roughly EUR 7.5 trillion in assets in December 2025. Many of the Irish-based financial institutions have only limited exposures to the Irish economy. Their assets and liabilities are located outside Ireland, and they offer services outside Ireland. The sector is composed of a diverse set of institutions, the most significant of which are investment funds with total assets of EUR 5.4 trillion, and money market funds with assets worth EUR 927 billion in December 2025. Another large group are special purpose entities, with assets worth EUR 1.3 trillion. These special purpose entities can be divided into securitisation and non-securitisation vehicles. This sector also includes 'captive' financial institutions, which are mainly treasuries of non-financial corporations and held assets of EUR 1.1 trillion in September 2025.

**Within the Irish financial sector, the banking sector itself is small relative to the size of the Irish economy.** Monetary financial institutions held assets worth 297.6% of GDP in September 2025, above the EU average 246.1% .of GDP), but this is chiefly due to the presence of money market funds. Looking at banks only, their total assets (154% of GDP) are actually below EU average (184% of GDP) relative to the size of the economy, but larger when modified national income is considered (270%).

**Multinational companies choose Ireland as their legal headquarters which inflates statistics on listed stocks.** The market capitalisation of listed shares issued by Irish NFCs stood at 214.3% of GDP at end-2024, which is the highest in the EU, whereas the total market capitalisation of financial corporations is at the lower end at 11.2% of GDP. The high figure for Irish-listed shares is inflated by redomiciled PLCs. These are overseas companies, in particular from the US that move their legal headquarters to Ireland but are largely owned by shareholders that are based abroad. These companies are structured as holding companies with US operations, but they are counted as Irish companies in the statistics, even though their footprint in the country is quite limited, and they list their

shares on US stock exchanges ([120]). In 2020, these companies accounted for about 55% of outstanding listed equity issued by Irish companies ([121]). The outstanding volume of debt securities in Ireland reached 198% of GDP at end-2023, which is also among the highest national scores in the EU.

**The Irish Stock Exchange has only a small number of stock listings, but is an important trading venue for debt securities and investment funds.** The Dublin Stock Exchange became part of the Euronext group in 2018. Euronext Dublin has established itself as a globally leading venue for bond and fund listings. The stock market itself is quite small. The number of companies listed on Euronext Dublin has been declining in recent years, and only 24 companies had their primary equity listing on one of the three markets of Euronext Dublin (Main Securities Market, Euronext Growth Dublin and Euronext Access/Access+) in December 2025. The ISEQ All Share Index captures the performance of all Irish companies that are listed in Dublin. Since 2016, the performance of the ISEQ has been in line with the Stoxx Europe 600. Many Irish companies have chosen to list abroad, in many cases in the expectation that this would facilitate market access. Although the Dublin stock exchange has not seen an IPO since 2021, an Irish company performed a direct listing on Dublin's Euronext Access Market in December 2025 ([122]).

([120]) These redomiciled PLCs also significantly inflate figures for Irish foreign direct investment, listed equity, and even GDP-related metrics. For more details see CSO.

([121]) Central Bank of Ireland, Quarterly Bulletin 2024 Q3.

([122]) A direct listing (also known as a direct public offering or DPO) is a process by which a private company becomes publicly traded by listing its existing shares on a stock exchange instead of issuing new ones. Unlike a traditional initial public offering (IPO), the company does not raise new capital; instead, it provides a way for existing shareholders – such as employees, founders, and early investors – to sell their stock directly to the public.

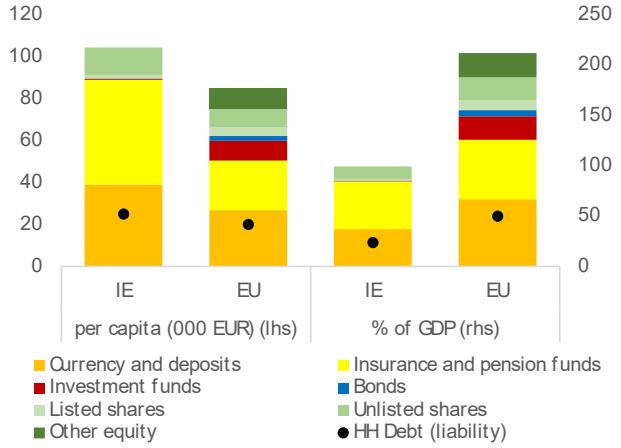
## Households' participation in capital markets

**Irish households' participation in financial markets is dominated by insurance products.** Average financial household wealth in Ireland is estimated at EUR 104 500, and thus above the EU average of EUR 85 100 in December 2024. Households' largest holdings are deposits and insurance and pension funds. Comparing data on the financial assets of Irish households against other EU countries, Ireland has one of the lowest levels of direct participation in capital markets. The share of their wealth that Irish households hold in financial instruments, namely investment funds, listed equities and bonds, is a meagre 2.2%, falling far below the EU average of 18.7%. Although households have higher debt levels than in the EU on average, this is matched by their larger cash holdings.

**The tax system disadvantages households that invest in investment funds.** Despite Ireland's outstanding role as a fund centre, Irish households' holdings of investment funds are unusually low, accounting for less than 1% of the aggregate household balance sheet, compared with an EU average of 10.0%. This could be linked to the tax treatment of fund investments. A 'deemed disposal' rule forces investors to pay taxes on unrealised gains every eight years. While the rule itself has not been changed, the applicable tax rate was reduced to 38% as of January 2026, from 41% previously. The tax rate remains among the highest on investments in the EU. Moreover, losses from investments in one fund cannot be offset with gains in another fund. Irish households get exposure to financial markets mainly through unit-linked insurance plans (investment bonds) because they offer administrative simplicity. A share of 47.9% of household balance sheets is invested in insurance and pension funds in Ireland vs 27.8% in the EU. Furthermore, financial advice in Ireland is heavily geared towards insurance products, which explains the large share of this

type of investment on the household balance sheet. In order to boost households' participation in financial markets, the Irish government is planning to introduce a tax-advantaged savings and investment account (SIA regime) in 2027 ([123]).

Graph A6.3: **Composition of households' financial assets**




***Source:*** Eurostat and FISMA E2 calculations, end-2024

## The banking sector: resilience and financing of the economy

**Ireland's banks can be grouped into internationally oriented investment banks and domestically focused retail banks.** The total assets of credit institutions amounted to EUR 799.8 billion on a consolidated basis in September 2025, equivalent to about 142% of GDP, which is below the EU average, but the sector appears large when GNI* is used as a measure of the size of the economy (249%). The structure of the Irish banking sector mimics the structure of the Irish non-financial corporation sector, with a strong presence of international investment banks on one side and domestically oriented retail banks on the other. Ireland's three domestic retail banks hold assets worth EUR 312.9 billion or 39.1% of total banking assets. Besides the retail banks, there are also 192 credit unions with EUR 20.9 billion in assets servicing retail customers ([124]). Credit unions are supervised by the central bank but do not fall under EU banking regulation. They provide basic banking services to their members within a specified geographical area or for specific professions. They mainly offer consumer loans but increasingly also offer mortgages and small business loans. The retail space is further served by some branches of foreign banks. In addition, a number of smaller non-bank retail lenders have entered the Irish market. As a legacy of the financial crisis, the Irish government still owns a share in one of the Irish retail banks.

**Irish retail banks are well capitalised and not constrained in their role of providing finance for the economy**. The retail banks in Ireland operate with a relatively high cost base, chiefly due to high staffing levels and high capital costs. Relative to the size of the population, Irish banks have fewer branches than in the EU on average, but the number of retail bank employees relative to the population is actually greater than the EU average. Irish banks' aggregate common equity tier 1 (CET1) ratio stood at 20.4% in September 2025, comfortably above the EU average of 16.8%. When additional tier 1 and tier 2 capital instruments are included, the total capital ratio reached 23.6%, compared with an EU average of 20.2% (see Table A6.2). Capital ratios have declined in recent years as banks took on the assets of two foreign-owned banks leaving the country. In the adverse scenario of the 2025 EBA stress test, the end-of-period CET 1 ratio would remain above the regulatory minimum for all five Irish banks included in the test. Two investment banks saw their capital ratios falling quite steeply in this scenario, albeit from a high base. At the end of 2024, Irish banks' aggregate MREL level (minimum requirement for own funds and eligible liabilities) stood at 32.2%,

([123])See also the EU Recommendation 2025/2029 on increasing the availability of savings and investment accounts with simplified and advantageous tax treatment.

([124]) Central Bank of Ireland, 2026, Financial Conditions of Credit Unions 2025.

which was 340 basis points above the required MREL.

**Irish retail banks have successfully worked out their legacy non-performing loan (NPL) exposures and lowered them to slightly below the EU average.** The retail banks' NPL ratio peaked at 31.9% in 2014-Q1. Since then, Irish retail banks have reduced their NPL exposures, mainly through portfolio sales and securitisations. By mid- 2025 their NPL ratio had dropped to 1.8%, 0.5 pps lower than a year earlier and also below the EU average of 2.0%.

**The quality of Irish mortgages remains solid, but the commercial property sector continues to face strong headwinds.** The Irish residential property market remains very tight, with supply shortages supporting house prices and thus mitigating banks' risks on outstanding mortgages. The commercial real estate (CRE) sector, and the office sector in particular, is showing signs of stabilisation after the downturn in recent years. The NPL ratio in the CRE lending segment was still elevated at 5.0% in September 2025, albeit down from 7.0% a year earlier. Irish banks' CRE loan book is worth EUR 15.5 billion in March 2025 and is thus much smaller than the EUR 86.5 billion for the residential real estate sector. The Irish central bank points out that many CRE loans were granted under more conservative lending standards than was the case before the global financial crisis, and that this should limit banks' losses if borrowers default.

## Role of non-bank financial intermediaries

**Ireland is the second largest domicile for investment funds in the EU after Luxembourg**. Ireland is home to a significant market-based finance sector, comprising investment funds, money market funds and special purpose vehicles. In December 2025, there were over 9 000 funds domiciled in Ireland holding EUR 5.3 trillion in assets. About two thirds of these assets are held by UCITS ([125]) funds and one third by alternative investment funds. This sector includes equity funds (EUR 2 491 billion), bond funds (EUR 1 519 billion), mixed funds that hold both equities and bonds (EUR 362 billion), hedge funds (EUR 356 billion), real estate funds (EUR 37 billion), and other funds (EUR 571 billion). The largest group within the 'other' category are liability-driven-investment funds. Liability-driven investment funds are typically pension funds, which have a well-defined profile of future liabilities. Ireland's role for property funds is less dominant as it is only the sixth largest domicile in the EU for this fund type.

**Ireland is a hub for insurance companies active in the EU markets from their Irish base.** Ireland's importance for the international insurance business explains the large size of the insurance sector relative to GDP (assets of EUR 517 billion or 97.0% of GDP vs an EU average of 53.8%, Q4-2024). Ireland hosts the fourth largest sector of insurers in the euro area by nominal assets. Most Irish insurers are foreign-owned ([126]), with less than 30% of total premiums written for domestic Irish customers. Ireland is one of Europe's primary hubs for unit-linked products serving wealthy individuals and pension savers across Italy, France, Germany and the UK. An Irish specificity is its large number of reinsurers and captive insurers, with 26 and 69 firms, respectively. In the life insurance sector, the market has consolidated in recent years, driven by the low-interest-rate environment and the introduction of Solvency II, leading to larger entities and more complex business models.

**Due to the prevalence of unit-linked products, Irish insurers generally invest less conservatively than insurers in other jurisdictions.** Of their assets, 34.2% are

([125]) Undertakings for collective investment in transferable securities

([126]) IMF, 2022, Financial Sector Assessment Programme.

invested in debt securities or bond funds, a considerably lower share than in other EU jurisdictions. The share of equity or equity funds in their portfolios is 35.7%, which is relatively high. Given the predominance of unit-linked insurance products where the risk is borne by the policy holder, Irish insurers tend to invest less conservatively than in other countries. Irish insurers are highly diversified geographically. They hold significantly more US-denominated assets (about 34% of their portfolios as of mid-2025) than their EU peers.

**Ireland's state pension is complemented by occupational pension schemes and private self-invested pension schemes.** Ireland's state pension scheme works on a pay-as-you-go basis and covers all workers who have worked in Ireland and have paid social insurance contributions. The basic state pension is complemented by occupational pension schemes. For public sector workers, there is a separate government-run scheme that is financed on a pay-as-you-go basis ([127]). Private-sector workers are usually members in occupational schemes that are capital based. The occupational pension landscape in Ireland is fragmented but has seen considerable consolidation in recent years. In December 2022, there were still 85 864 active pension schemes. 85 228 of which were defined contribution schemes and 636 were defined benefit schemes. A lot of these schemes had only one member. In recent years, many of these schemes have been wound up or consolidated into 17 'master trusts'. Consolidation is ongoing and the Irish Pensions Authority expects the number of schemes to go down further. The occupational pension schemes held total assets of EUR 145.1 billion in September 2025. Direct investments in equities or equity funds are only 6.8% of their portfolio, while fixed income securities account for 20%. But the total equity exposure is likely much higher because 57.5% of their assets are insurance technical reserves, which are essentially unit-linked claims on insurance companies, and these in turn have reportedly a high share of equity investments. Other assets in their portfolio are real estate (1.5%) and alternative investments (9.1%). The Irish Venture Capital Association estimates that less than 1% of VC investments in Ireland are sourced from Irish pension funds ([128]) and points out that the move from defined benefit to defined contribution schemes has reduced the capital available for VC in Ireland.

**In January 2026, Ireland launched a new auto-enrolment retirement savings scheme.** The new scheme is called MyFutureFund and covers all private-sector workers in Ireland who do not benefit from an occupational pension. MyFutureFund enrols eligible employees automatically, with obligatory contributions paid by the employee, the employer, and the Irish government. The National Automatic Enrolment Retirement Savings Authority is the administrative body that oversees management of the scheme, with major Irish pension providers managing the funds. Although employees will be auto-enrolled, the scheme will not be fully mandatory. Therefore, employees will be able to opt out of the scheme at certain points in time. After two years, any employee who opted out of the scheme and who still meets the eligibility criteria will be automatically re-enrolled. The scheme became operational on 1 January 2026.

**There is currently no pensions-tracking system available in Ireland that links all private and public providers.** With the launch of MyFutureFund, the government is creating a website that allows individuals to see their state pension and the newly launched auto-enrolment scheme in one place. The aim is to allow people to keep track of their pension claims easily when they move jobs. This website

([127]) In the European Commission 2024 Ageing Report Ireland has been flagged as one of the Member States projected to face a substantial increase in ageing-related costs.

([128]) Pension fund savers should have opportunity to invest in Irish tech sector – IVCA.

will not include private pension providers and there is no pension-tracking system in place providing a holistic overview of individuals' public and private pensions ([129]). Workers with separate private-sector pensions will therefore have to log onto separate pension portals.

## Venture capital ecosystem

**Ireland's availability of growth capital is broadly in line with the EU average, but with a significant scale-up gap.** Although Ireland has a lively start-up scene, Irish VC faces a scale-up financing gap that seems to be more pronounced than in other EU countries. VC investments were equivalent to 0.06% of GDP in the three years to 2024, the same as in the EU as a whole (see Annex 4). However, the average size of transactions remained persistently below the European benchmark, particularly for later stage investments. In 2024, the mean, Irish, late-stage VC deal amounted to about EUR 8 million, compared with a European average of around EUR 12 million. Irish firms therefore face increasing difficulty in securing domestic lead investors for funding rounds in the EUR 10–50 million range. Overall, the Irish government estimates that the scale-up financing gap will be EUR 1.1 billion over the next three-to-five years ([130]). As a result, high-growth firms frequently turn prematurely to UK- or US-based investors, and this can contribute to the relocation of headquarters and a loss of future economic value for Ireland (see Annex 5).

**Irish funds remain small by international standards.** The Irish VC market comprises around 50 active private funds. The average fund size of EUR 60-70 million falls below the EU average of over EUR 120 million ([131]).

**Privately managed Irish VC funds typically benefit from public co-investment, mainly through Enterprise Ireland and the Ireland Strategic Investment Fund (ISIF).** Enterprise Ireland, a government agency tasked with supporting the development and internationalisation of Irish enterprises, operates several programmes targeting early-stage and high-growth firms. These include the Competitive Start Fund, which provides up to EUR 50 000 in equity funding to early-stage start-ups, and the High Potential Start-Up Fund, which supports firms with strong scaling potential through investments typically ranging from EUR 500 000 to EUR 5 million. In addition, Enterprise Ireland's seed and venture capital scheme seeks to mobilise private capital by co-financing VC investments. By August 2024, cumulative public commitments under the scheme exceeded EUR 700 million, leveraging total investment of approximately EUR 3.3 billion, with a new allocation of EUR 250 million planned for 2026 to 2029 ([132]). The ISIF, managed by the National Treasury Management Agency, focuses primarily on firms in the scale-up phase. Its mandate is to support economic activity and employment in Ireland, with priority investment areas including the climate transition, housing, regional development, indigenous enterprise, and agri-food. The ISIF invests both directly and through fund-of-funds structures and plays a key role in addressing financing constraints for scaling firms. In addition to equity, it also provides senior debt, mezzanine finance, or revolving credit facilities. By early 2025, the fund had committed EUR 8.8 billion across 248 investments. For every EUR 1 invested by the ISIF, it has attracted approximately EUR 1.4 to EUR 1.6 in private co-investment.

([129]) See also the EU Recommendation 2025/2384 of 20 November 2025 on pension tracking systems, pension dashboards and auto-enrolment.

([130]) DETE, 2025, SQW Report on Market Demand for and Supply of Scaling Finance in Ireland.

([131]) ibid.

([132]) Department of Climate, Energy and the Environment, 2025, Sectoral Capital Plan 2026-2030.

Table A6.2: **Financial Sector Indicators**

| | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025-Q3 | EU |
|---|---|---|---|---|---|---|---|---|---|---|
| Banking sector | Total assets of MFIs, % of GDP | 328.8 | 344.2 | 363.2 | 315.8 | 301.3 | 304.0 | 322.5 | 297.6 | 246.1 |
| | Common equity Tier 1 ratio | 22.9 | 22.3 | 22.3 | 22.2 | 21.3 | 20.8 | 20.4 | 20.4 | 16.8 |
| | Total capital adequacy ratio | 25.4 | 24.9 | 25.4 | 25.5 | 24.5 | 23.9 | 23.5 | 23.6 | 20.2 |
| | Overall NPL ratio, % of all loans | 5.5 | 3.4 | 3.4 | 2.4 | 1.7 | 1.3 | 1.1 | 0.9 | 1.9 |
| | NPL ratio, loans to NFCs | 5.7 | 3.2 | 6.2 | 6.1 | 5.1 | 3.9 | 3.1 | 3.3 | 3.5 |
| | NPL ratio, loans to HHs | 10.1 | 7.2 | 6.8 | 4.7 | 3.0 | 2.5 | 2.1 | - | 2.1 |
| | Return on equity ratio[1] | 4.9 | 3.7 | -2.2 | 4.5 | 3.3 | 7.6 | 9.2 | 9.1 | 9.6 |
| | Loans to NFCs, % of GDP | 12.2 | 10.6 | 8.9 | 6.8 | 5.9 | 5.7 | 5.1 | 4.5 | 29.3 |
| | Loans to HHs, % of GDP | 33.8 | 29.8 | 27.8 | 23.5 | 19.5 | 19.5 | 18.5 | 17.6 | 43.6 |
| | NFC credit growth rate, % | 1.7 | 0.0 | -4.6 | 1.6 | 4.1 | -0.9 | 1.4 | 2.9 | 2.5 |
| | HH credit growth rate, % | -0.8 | 0.1 | -1.5 | -1.6 | -1.3 | 1.8 | 3.0 | 4.7 | 2.6 |
| Non-banking sector | Stock market capitalisation, % of GDP | 165.8 | 206.5 | 204.1 | 237.2 | 169.7 | 195.7 | 224.7 | 195.2 | 69.9 |
| | Initial public offerings, % of GDP | 0.03 | 0.09 | 0.00 | 0.04 | 0.00 | 0.00 | 0.00 | - | 0.06 |
| | Market funding ratio | 84.5 | 85.0 | 86.2 | 88.2 | 87.8 | 87.8 | 87.0 | - | 49.7 |
| | Private equity, % of GDP | 0.241 | 0.268 | 0.252 | 0.473 | 0.436 | 0.431 | 0.248 | - | 0.487 |
| | Venture capital, % of GDP | 0.074 | 0.064 | 0.071 | 0.051 | 0.063 | 0.058 | 0.057 | - | 0.064 |
| | Financial literacy, composite index | - | - | - | - | - | 45.5 | - | - | 45.5 |
| | Bonds, % of HHs' financial assets | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | - | 2.8 |
| | Listed shares, % of HHs' financial assets | 2.2 | 2.4 | 2.1 | 2.1 | 1.6 | 1.6 | 1.6 | - | 4.8 |
| | Investment funds, % of HHs' financial assets | 0.7 | 0.7 | 0.7 | 0.9 | 0.5 | 0.4 | 0.4 | - | 11.0 |
| | Insurance/pension funds, % of HHs' financial assets | 46.0 | 47.7 | 46.5 | 47.2 | 43.7 | 45.3 | 47.9 | - | 27.8 |
| | Total assets of insurers, % of GDP | 106.2 | 128.3 | 127.9 | 120.3 | 93.8 | 92.0 | 92.0 | 85.8 | 53.9 |
| | Pension assets, bn EUR | - | - | - | 144.4 | 128.0 | 133.3 | 147.4 | - | 5813.8 |
| | Pension assets, % of GDP | - | - | - | 32.2 | 24.6 | 25.4 | 26.2 | - | 32.3 |
| | 10y real return average of pension assets, % | - | - | - | - | - | 3.2 | 3.7 | - | 1.4 |
| | Pension funds assets, ECB (% of GDP) | - | 33.2 | 33.2 | 30.6 | 22.5 | 25.4 | 25.9 | 22.5 | 23.0 |

1-3 | 4-10 | 11-17 | 18-24 | 25-27 — Colours indicate performance ranking among the 27 EU Member States.

(1) Annualized data.

EU credit growth and the EU pension funds (ECB) data refer to the euro area average.

Private equity and Venture capital, % of GDP is calculated 3 year moving average.

Pension assets consist of pension providers' assets and public pension reserve funds' assets (OECD data).

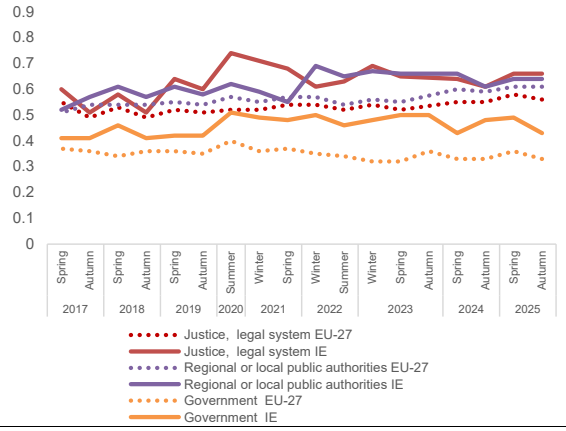
***Source:*** ECB, Eurostat, European Insurance and Occupational Pensions Authority, DG FISMA CMU Dashboard, AMECO

**Policy discussions have recently shifted towards increasing the participation of domestic institutional investors in Irish private equity and venture capital.** In particular, attention was focused on mobilising part of Ireland's pension assets to reduce reliance on public and foreign capital. The recently introduced national auto-enrolment pension scheme MyFutureFund is expected to generate a sustained increase in long-term investable assets, potentially strengthening the institutional base of the domestic VC market and supporting its further development over the medium term.

**An effective institutional framework is essential for competitiveness.** This requires public trust built on integrity, quality legislation, regulatory simplification and efficient services for people and businesses.

## Public trust

Graph A7.1: **Trust in justice, regional / local authorities and in government**




(1) EU-27 since 2019; EU-28 before
***Source:*** European Commission, Standard Eurobarometer surveys

**Public trust in government in Ireland remains well above the EU average** (Graph A7.1). Trust in the justice and legal system and in the regional and local authorities is relatively strong and stable, closer to the EU average. Both businesses and the general public retain a high level of confidence in the public administration's ability to handle their data securely and responsibly ([133]).

## Quality of lawmaking

**Ireland scores rather low in comparison to the EU average in oversight and quality control of legislation** (Table A7.1). There is scope to improve the Regulatory Impact Assessment (RIA), the *ex post* evaluation and stakeholder engagement, which remains weak. The government is required to assess the impact of primary laws and some subordinate laws on competitiveness, small and medium-sized businesses, and specific social groups and regions ([134]). Non-regulatory options are considered, and their impact is assessed, as well as the cost and benefits of regulations, but not systematically for all laws. There is no government body outside the Ministry sponsoring the regulation to review the quality of RIA, nor one to review the quality of *ex post* reviews. Monitoring and enforcement of legislation is embedded early on in the policymaking process, but not systematically. Ireland's consultation process when developing final primary and subordinate laws scores low and remains well below the EU average. Currently, the government is not required to consider consultation comments, nor to publish a response to them**.** Ireland carries out principle-based, in-depth reviews of specific regulatory areas periodically (every few years), though not systematically ([135]).

## Public service delivery and digitalisation

**Though Ireland scores fairly high on people's and business satisfaction with public administration, there is scope to improve the efficiency of public services delivery and the 'once-only' principle.** Some 55% of people and 63% of businesses are satisfied with public administration services, which is well above the EU average ([136]). However, 42% of people perceive services as slow (equal to the EU average), with a sharp

([133]) European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

([134]) OECD, 2025, Better Regulation Practices across the European Union 2025.

([135]) European Commission, 2025, Environmental Implementation Review Country Report.

([136]) European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

Table A7.1: **Ireland. Selected indicators on better regulation practices for primary legislation**

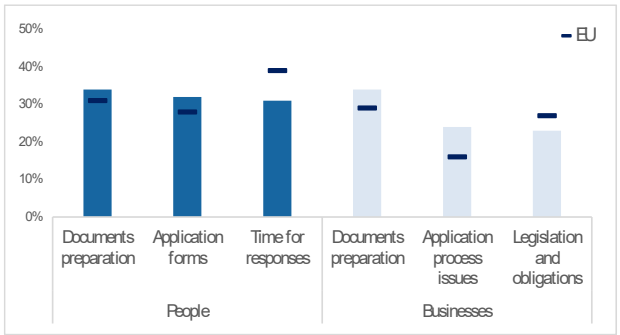
| | |
|---|---|
| **Tools for smart legislation:** | |
| Share of possible impacts assessed for all primary laws when developing legislation | ● |
| Regulators are required to identify and quantify the benefits of a new primary law | ● |
| Regulators are required to identify and assess the impacts of alternative non-regulatory options | ● |
| **Tools for effective implementation:** when developing laws, regulators are required to: | |
| Assess the level of compliance | ● |
| Identify and assess potential enforcement mechanisms | ● |
| Specify the methodology of measuring progress in achieving the law's goals | ● |
| **Oversight of better regulation:** | |
| There is an external body responsible for reviewing the quality of RIAs and of ex post evacuations | ● |
| There are publicly available assessments of the effectiveness of RIA in modifying regulatory proposals | ● |
| There are reports on the level of compliance by government department with the requirements of RIA | ● |
| There are indicators on the percentage of ex post evaluations that comply with guidelines | ● |
| The effectiveness of ex post evaluations in improving the regulatory stock has been assessed in the last five years | ● |

● High / yes / for all primary laws ● Medium / in part / for major primary laws ● Low / for some primary laws ● Very low / no / never

***Source***: OECD, 2025, Regulatory Policy Outlook 2025 and Better Regulation across the European Union 2025.
***Source:***

increase of 13 percentage points since 2023. At the same time, 45% believe that the public administration plays a central role in people's live in Ireland (EU: 33%). Respondents (46%) consider that clearer information about procedures and services, and more channels to directly contact the administration, including in-person, could improve interaction. The share of businesses that face increased operational costs due to challenges with public administration services in Ireland is above the EU average. Moreover, in the area of environmental and safety compliance, 35% of businesses face the most difficulties when interacting with public administration services, which is above the EU average of 21%.

Graph A7.2: **Most time-consuming aspects of service delivery**




***Source:*** European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

**Ireland is one of the EU's top performers in providing digital public services, especially for businesses** (Table A7.2). The country achieved a score of 87 out of 100 for digital public services for people, well above the EU average of 82, and a significant improvement from 81, as well as a perfect score of 100 for both domestic and cross-border digital services for businesses, with a strong focus on human-centric design ([137]).

**Ireland has made measurable but uneven progress in digitalising its permit systems in 2025–2026.** A national e-planning portal now covers 30 of 31 local authorities, while the Environmental Protection Agency's Environmental Data Exchange Network serves as the digital backbone for approximately 4 000 EPA-authorised entities across industrial emissions, waste, wastewater discharge, EU ETS, radiation protection and GMO licensing. However, the inability to file planning appeals online and lengthy timelines indicate the need to address institutional and procedural efficiency. Under the Technical Support Instrument, Ireland is taking measures to digitalise the permit system for renewable

([137]) European Commission, 2025, Digital Decade: eGovernment Benchmark.

Table A7.2: **Digital Decade key performance indicators: availability of digital public services**

| | Ireland | | | EU-27 |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2025 |
| **Digital public services for citizens** (0 to 100) | 81 | 81 | 87 | 82 |
| **Digital public services for businesses** (0 to 100) | 100 | 100 | 100 | 86 |
| **Access to electronic health records** (0 to 100) | 0 | 11 | 25 | 83 |

(1) Digital Decade target by 2030: 100. (2) Publishing year, data were collected in the previous year
***Source:*** European Commission, State of the Digital Decade report 2025

energy and industrial permits, business registration and business inspections.

**The percentage of individuals interacting with public authorities online (91%) remained high, and well above the EU average (76%)**. However, the share of people who consider that the public administration repeatedly asks for the same personal data stands at 78%, which is considerably above the EU average of 63% ([138]). Ireland is addressing this challenge through interoperability standards, building on the 'only once' principle.

**Despite big improvements since 2022, Ireland's score in technical deployment of electronic health records stands at 25 out of 100**, which is far below the EU average of 83 out of 100. Ireland is taking measures to address this structural challenge through the creation of a national electronic health record. In addition, Ireland is using EUR 75 million from the Recovery and Resilience Facility to invest in e-health tools, such as hospital e-pharmacy systems and an integrated financial management platform.

**The share of e-government users increased from 90% in 2024 to 91% in 2025 and remains significantly above the EU average of 76%.** The share of eID users reached 73.8% in 2024, well above the EU average of 41.1% ([139]). The MyGovID system has been widely adopted and continues to, however its use is limited to welfare-listed services. Ireland is taking steps to anchor the system within the legal framework.

**Ireland is technically ready to enable the cross-border exchange of data and documents between authorities through the EU Once-Only Technical System (OOTS)([140])**. When services become accessible, people and businesses will no longer have to search for their data, download and upload documents manually across e-government portals in different Member States. Ireland is not yet fully actively involved in the OOTS Community to continue the Irish roll-out of the Single Digital Gateway regulation([141]).

## Civil service

**In terms of gender balance, women occupy 45% of senior civil servant positions in Ireland, which is below the EU average of 48%** ([142]). The ratio of 25–49 year-olds to 50-65 year-olds in the Irish civil service is above the EU average in all three sectors: healthcare, education and public administration ([143]). The

([138]) European Commission, 2026, Flash Eurobarometer surveys 567 and 568 on satisfaction with administrative services.

([139]) European Commission, 2025, Digital Decade: eGovernment Benchmark.

([140]) European Commission, *Once-Only Technical System Acceleratormeter*, Ec.europa.eu.

([141]) Procedure types under Annex II of the SDGR (2018/1724/EU) and directives 2005/36/EC, 2006/123/EC, 2014/24/EU and 2014/25/EU.

([142]) European Institute for Gender Equality (EIGE), 2025, Gender Statistics Database.

([143]) European Commission, Eurostat, 2026, European Union Labour Force Survey, Employed persons by economic activity (NACE Rev. 2) (2008-2026).

share of civil servants with tertiary education is 73%, well above the EU average of 55% ([144]). Civil servants' participation rate in adult learning has decreased and is now 17% down from 19% in 2024 and is below EU average (19%,) with an important gap between the rate in the public administration field at 17% and the education sector at 24% ([145]).

**In terms of recruitment, three capability frameworks (CFs) were developed primarily for recruitment and promotion to guide selection decisions**. The three CFs are prominent on the publicjobs.ie website, along with extensive supporting guidance (including in relation to the recruitment process itself), which allows potential applicants to familiarise themselves with the competency requirements and prepare themselves accordingly. The 2024 CF comprises 42 competencies in line with the seniority of the grade and the nature of the role. This enables the CF to be sufficiently flexible to encompass both general and specialist capabilities. The CF is also designed to take account of a wide range of factors that can influence performance, as a more holistic approach to understanding a person's capability, including values, skills ('hard' and 'soft'), knowledge, behaviours, strengths, interests and motivation.

## Integrity

**Although perceived corruption risks when doing business in Ireland are relatively low, reported experiences of corruption are in line with the EU average**. 30% of companies consider that corruption is widespread (EU: 63%) and 60% state that overly close links between business and politics lead to corruption (EU: 76%) ([146]). Only 8% of businesses consider that corruption is a problem when doing business (EU average: 35%). Sectors particularly vulnerable to corruption in Ireland are the planning and development sector, public and private procurement, utilities and natural resources, and the financial sector ([147]), (see also Annex 5). 10% of companies (equal to the EU average) report having been asked or expected to offer a gift, a favour or extra money for permits, services or procurement. In Ireland, a lower proportion of companies indicate that people and businesses caught bribing a senior official are appropriately punished, compared to the EU average ([148]) (Ireland: 25%; EU: 33%).

**Ireland maintains a largely effective framework to prevent and detect corruption.** Awareness-raising activities and training measures on integrity improved, and new structures and processes are being set up to improve policy integrity and police accountability. A reform of the existing framework for ethics in public office, including digitalising asset declarations, is under preparation. The lobbying register was extended to include information about lobbying activities at the level of senior officials in high-level bodies. However, publication of the draft multiannual anti-corruption strategy has been delayed. New legislation aims to mitigate corruption risks in the planning and development sectors.

**Ireland's response on investigating and prosecuting corruption is effective, although resources and specialisation remain a challenge**. Although cooperation among competent authorities is smooth,

([144]) European Commission, Eurostat, 2026, European Union Labour Force Survey, Employees by educational attainment level and NACE Rev. 2 activity (2008-2026).

([145]) European Commission, Eurostat, 2026, European Union Labour Force Survey, Participation rate of employees in education and training (last 4 weeks) by NACE Rev. 2 activity (2008-2026).

([146]) European Commission, 2025, Flash Eurobarometer survey 557 on Businesses' attitudes towards corruption in the EU

([147]) European Commission, 2025, Rule of Law Report.

([148]) European Commission, 2025, Flash Eurobarometer survey 557 on Businesses' attitudes towards corruption in the EU.

insufficient resources and specialisation remain a challenge for investigating and prosecuting corruption cases. The 2023 legislative changes are expected to streamline prosecution of bribery of foreign public officials, but the police report difficulties in investigating foreign bribery.

## Justice

**A detailed overview of the efficiency of justice remains unavailable due to a persistent lack of data on court proceedings based on defined indicators**. In 2024, the clearance rate for non-criminal cases was 83%, the lowest in the EU, meaning that the courts resolve fewer cases than they receive, leading to an increasing backlog. Ireland continues to face high litigation costs ([149]), which hampers effective access to justice, but the Civil Reform Bill is expected to introduce several key reforms aimed at reducing litigation costs. Ireland has rolled out several digital strategies which may help to fill outstanding gaps in the digitalisation of justice. Recent announcements to update procedural rules to allow the use of digital technology in courts are intended to modernise and streamline the justice system, placing greater emphasis on victims' rights. Ireland significantly lags behind in digital solutions to initiate and follow proceedings in civil/commercial and administrative cases, as well as regarding arrangements for producing machine-readable judicial decisions ([150]).

([149]) The implementation of the 2024 Planning and Development Act has raised concerns about the continued lack of clarity regarding rules on costs, and new concerns in relation to the additional hurdles being added to environmental claimants. European Commission, 2025, Environmental Implementation Review Country Report., p. 52.

([150])For a more detailed analysis of the performance of the justice system in Ireland, see the upcoming 2026 EU Justice Scoreboard and the 2025 Rule of Law Report.

# ANNEX 8: INDUSTRY DECARBONISATION, CIRCULARITY AND CLIMATE MITIGATION

**Ireland is making progress on industry decarbonisation and on reducing emissions from the effort sharing sectors, but it faces challenges regarding waste management and the shift to a circular economy.** In 2025 Ireland received recommendations on sustainable transport and charging points for zero-emission vehicles, and on waste and the circular economy. Further action is needed to improve sustainable transport and zero-emission mobility in road transport, also in view of compliance with the Effort Sharing Regulation. Ireland's recycling rates are stagnant, while waste generation is still high and the use of secondary materials continues to be very limited.

## Industry decarbonisation

### Greenhouse gas emissions from industry

**Ireland's manufacturing sector is among the least greenhouse gas (GHG) intensive in the EU ([151]).** Manufacturing accounts 9% of total national GHG emissions, one of the lowest shares in the EU ([152]). In 2024, emissions from manufacturing amounted to 46 g $CO_2$eq per euro of gross value added (GVA), making Ireland the best performer in the EU on this indicator. Since 2018, the GHG emission intensity of manufacturing fell by 34%. As in the EU overall, most manufacturing emissions stem from energy use (59%), with the remainder largely attributable to industrial processes. Between 2018 and 2023, energy-related emission intensity fell by 35%, among the largest reductions in the EU. Over the same period, the share of electricity and renewables in final energy consumption of the manufacturing sector remained broadly stable at around 35%, while energy intensity fell markedly to 0.16 GWh per euro of GVA in 2024.

### Policies to promote industry decarbonisation

**Ireland has developed a range of policies to decarbonise industry, but further action is required.** Industrial emissions are lower due to fuel switching and decarbonisation, but greater progress could be achieved through changes in technology and substituting fossil fuels with alternative, sustainable fuels. Ireland's climate action plan for 2025 sets out the progress made and the measures planned to decarbonise industry. In 2024, the government published the roadmap for the decarbonisation of industrial heat to set out the sector's emission reduction trajectory. The Department of Enterprise, Tourism and Employment will provide EUR 300 million to support decarbonisation and is tackling barriers across the system. Public bodies have been issued guidance to reduce embodied carbon in construction materials and carry out whole life-cycle greenhouse gas assessments. Industry engagement continues through the Cement and Construction Sector Decarbonisation Working Group and the Timber in Construction Steering Group. Task forces on carbon capture, utilisation and storage and on hydrogen, supported by the updated National Hydrogen

([151]) This Annex discusses the transition of Ireland's manufacturing industry, specifically its energy-intensive industries, to low-carbon and net-zero modes of production, which is key to preserving competitiveness on the path towards climate neutrality as mandated by the European Climate Law. A broader perspective on the current competitiveness challenges facing Ireland's manufacturing industry is provided in Annex 5. For a more detailed description of greenhouse gas emissions from industry, see European Commission (2025), 2025 Country Report - Ireland, Commission staff working document, SWD (2025) 205 final, Brussels, 4.6.2025, Annex A7. Clean industry and climate mitigation.

([152]) Data on the manufacturing sector exclude the NACE division C19 – manufacture of coke and refined petroleum products, for better match of the sectoral data from Eurostat (gross value added) with those from the UNFCCC under the Common Reporting Format. Also see further indicators on industry decarbonisation, as well as the annotation for further information, in table A8.1 at the end of this Annex.

Programme, are developing policies and regulatory frameworks.

**In heavy industry, the emissions generated by cement manufacturing remain a major challenge.** Solutions include increased clinker substitution, greater use of alternative fuels and stronger low-carbon procurement standards, as well as carbon capture and storage on a longer-term basis. Progress on industrial heat decarbonisation is constrained by high electricity costs, grid connection delays and infrastructure limitations. Tackling these barriers will require wider deployment of electrification technologies such as industrial heat pumps for low- and medium-temperature processes, alongside investment in electricity grid capacity, lower connection costs and shorter timelines ([153]).

## Reduction of effort sharing emissions

### Compliance with effort sharing limits with domestic measures

**Ireland's effort sharing emissions are projected to be above its target in 2030. Earlier years' unused emission allocations will not suffice to cover the gap to achieve compliance with the Effort Sharing Regulation** ([154]). In 2024, based on approximated data, greenhouse gas emissions from Ireland's effort sharing sectors were 11% below 2005 levels. By 2030, current and planned policies and measures are projected to deliver a 21.7% reduction, leaving a gap of 20.3 percentage points to the 2030 target, of a 42% reduction. Ireland could bridge part of this gap with own unused annual emission allocations from earlier years but would also need transfers of allocations from other Member States in order to comply with the Effort Sharing Regulation. Progressing towards climate neutrality will require swift implementation of Ireland's additional measures and the identification of new measures.

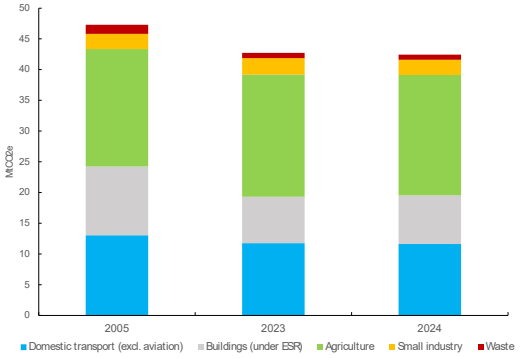
**In 2024, agriculture generated 46% of the emissions from Ireland's effort sharing sectors, a 3% increase on 2005 levels.** By contrast, EU-wide, agriculture generated 18% of EU's effort sharing emissions on average in 2024, an 8% reduction on 2005 levels. Ireland recognises this challenge and has developed measures to reduce emissions such as greater uptake of low-emission feeds and fertilisers, investments under the CAP strategic plan in low-emission slurry spreading technologies and slurry storage, genetic improvements under the suckler carbon efficiency scheme, expanded use of cover crops and other measures to reduce emissions from farming. However, mitigation potential depends on how livestock emissions are managed ([155]).

([153]) Climate Change Advisory Council (2025), *Built Environment, Industry and Waste Sectoral Review: Annual Review 2025*. https://www.climatecouncil.ie/councilpublications.

([154]) The national GHG emission reduction target is set out in Regulation (EU) 2018/842 (the Effort Sharing Regulation). It applies jointly to buildings (heating and cooling), road transport, agriculture, waste and small industry (known as the effort sharing sectors). The emissions from effort sharing sectors for 2024 are based on approximated inventory data. The final data will be established in 2027 after a comprehensive review. Projections about the impact of current policies ('with existing measures', WEM) and additional policies ('with additional measures', WAM) as per Ireland's 2025 reporting under Article 17 of Regulation (EU) 2018/1999 (the Governance Regulation). Also see European Commission (2025), Climate Action Progress Report 2025 – Technical Information, Commission staff working document, Brussels, Chapter 9 (pp. 111ff.), and in particular Tables 25 and 26.

([155]) See Annex 10 on climate adaptation, resilience and environment for more information.

Graph A8.1: **Greenhouse gas emissions in the effort sharing sectors, 2005, 2023, and 2024**




***Source:*** European Environment Agency.

### Sustainable transport

**Road transport is the second largest source of emissions in the effort sharing sectors in Ireland, requiring substantial shifts in technology and infrastructure.** Road transport generates 27 % of Ireland's effort sharing emissions, a reduction of around 11% since 2005, and falling by 1.2% from 2023 to 2024 ([156]). Ireland's 2025 country-specific recommendations (CSRs) highlighted challenges concerning investment levels and regional disparities in sustainable transport, including public transport and the availability of public charging points for zero-emission vehicles. Despite a growing rate of public transport use, the sector remains highly energy-intensive with rising demand, volatile electric vehicle sales and slow roll-out of publicly accessible charging capacity ([157]) ([158]). After sales of zero-emission cars dropped in 2024 (14.2% of newly registered passenger cars in 2024 down from 18.5% in 2023), the share rose again to 18.9 % in 2025 ([159]).

**Ireland's policy also seeks to reduce car dependence through modal shift and demand management, underpinned by more integrated spatial and transport planning**. Ireland's spatial planning and transport policies, guided by the Revised National Planning Framework (NPF) and implemented through Regional Spatial and Economic Strategies (RSES) and the National Development Plan (NDP), include goals to enhance sustainable mobility, reduce car dependence and align housing and transport planning. It is encouraged to accelerate the deployment of electric charging infrastructure for both cars and trucks. Ireland is close to meeting its current AFIR fleet-based targets for charging infrastructure (2025). However, only 25% of the charging infrastructure along the TEN-T-road network that is required by 2030 is currently in place. Substantial effort is required to be compliant in the future.

## Sustainable industry

### Circular economy

**Ireland's circular economy strategy is ambitious, but implementation remains uneven, with slow uptake of secondary materials and challenges for businesses in implementing circular practices effectively.** In response, Ireland has set up CIRCULÉIRE, the national platform for circular innovation. This act underpins national strategies, such as the EPA's 2021-2027 Circular Economy Programme ([160]) or Ireland's National Waste Policy 2020–2025. The 'Waste Action Plan for a Circular Economy' provides a roadmap of measures for Ireland to transition to a circular economy. The key measures are bringing in a waste recovery levy to encourage recycling (which entered into force in September 2023) and ensuring all packaging is reusable or recyclable by 2030. In

([156])See Graph A8.1, and Table A8.1 at the end of this Annex.

([157])See Climate Change Advisory Council (2025), Annual Review 2025 - Transport.

([158])See Climate Change Advisory Council (2025), Annual Review 2025 - Transport. Also see New zero-emission vehicles by type of vehicle and type of motor energy: [road_eqr_zev] New zero-emission vehicles by type of vehicle and type of motor energy.

([159])Vehicles and fleet | European Alternative Fuels Observatory;

([160]) The Circular Economy Programme 2021-2027 | Environmental Protection Agency.

addition, in 2021, Ireland set out its first 'Whole of Government Circular Economy Strategy 2022' which mandates better waste segregation, moving Ireland from a linear "take-make-waste" model to one focused on resource retention and reduction. A new Circular Economy Strategy has been adopted in early 2026, accompanied by a Circularity Roadmap for the construction sector later in 2026. Concrete targets and commitments are expected in an upcoming statutory action plan. The Circular Economy Fund will support the reuse and recycling ecosystem.

**Despite all these acts, Ireland's recycling rates have plateaued.** 41.9% of municipal waste is recycled (against the EU average of 47.9%) in 2023 ([161]). While a significant percentage of construction and demolition waste is recovered ([162]), only 39.4% is recycled (against the EU average of 79.7%) in 2022 ([163]). Unauthorised quarries operating without proper planning permission and bypassing local taxation undermine incentives for recycling and reusing construction materials. Failing to curb unauthorised quarries disadvantages compliant operators, who incur the costs of obtaining permissions, site monitoring and development fees for extracted materials. Ireland had a rather low number of patents related to recycling and secondary raw materials. In 2019, it filed 5.42 patents, falling to 3.83 in 2020 ([164]). The country would benefit from boosting the innovation pace that would translate into an increased number of patent applications, especially needed in the reuse of waste materials.

**There has been a 24% decrease in the number of people now employed in the circular) economy sector ([165]).** The circular economy sector accounted for only 1.3% of total employment in 2023 (down from 1.7% in 2014), trailing the EU average of 2%. Per capita material consumption has decreased over the past five years by 25.3% ([166]) and resource productivity has in parallel nearly doubled (rising by 47% from 2019 to 2024, except for a slight decrease in 2024.

**At the same time, waste generation in Ireland is still very high ([167]).** The use of secondary materials has plateaued, at 2% in 2016 and remaining at 2% in 2024, with only small variations underscoring the persistent reliance on primary sources ([168]).

**In addition, Ireland's fiscal tools for circular practices remain underdeveloped, limiting the potential to raise revenue and reduce waste.** Total environmental tax revenue is lower than the EU average (0.9% of GDP in 2022, EU average of 2.0% ([169]). Out of these, taxes on pollution and resources were not available. The impact of the new waste recovery levy, which aims to incentivise the segregation of waste for recycling, remains to be seen, and so does the impact of economic instruments such as incineration taxes to incentivise recycling and reduce dependency on waste incineration. Implementing further economic instruments could encourage recycling and reduce dependency on waste incineration while

([161]) Eurostat, Recycling rate of municipal waste. Link.

([162]) Techno-economic and environmental assessment of construction and demolition waste management in the European Union, JRC, 2024, Link.

([163]) Techno-economic and environmental assessment of construction and demolition waste management in the European Union, JRC, 2024, Link. Data for 2020 are not available for Ireland.

([164]) Patents related to recycling and secondary raw materials, Eurostat.

([165]) Circular economy sector covers the recycling sector, repair and reuse sector and rental and leasing sector. Eurostat definition code [cei_cie011].

([166]) Eurostat, Material footprints, 2024.

([167]) Out of this, municipal waste incineration remains stable at EUR 6.2 billion annually, reflecting a reliance on consumption-driven materials.

([168]) Eurostat, circular material use rate.

([169]) European Commission: Directorate-General for Environment, Camboni, M., Markandya, A., Tyrer, D., Goonesekera, S. et al., *Greening the European Semester – Resource and pollution taxes. Annex 6, Country factsheets*, Publications Office of the European Union, 2026, Link.

generating additional revenue ([170]). Meeting environmental objectives on the circular economy and waste requires additional investment estimated at EUR 749 million per year, with an additional EUR 78 million for waste management action, not related to the circular economy. Combined, this amounts to EUR 827 million per year ([171]).

**Ireland has made limited progress on waste management.** Moving away from incineration and increasing the capture rates of recyclable waste in the separate collection system would be required. The incineration rate increased from 4% to 42% between 2010 and 2020 ([172]). Ireland is at risk of missing the recycling target for plastic packaging waste. General trends remain challenging, as the waste recycling rate has only slightly improved since 2018 and Ireland is at risk of missing the 2025 recycling targets for municipal waste. In addition, the circular material use rate remains significantly lower than the EU average.

### Bioeconomy industry

**Ireland's bioeconomy presents a mixed picture of sectoral strength alongside structural productivity challenges.** Bioeconomy value added has remained positive but lagged behind domestic GDP growth in recent years ([173]). Employment trends are somewhat more encouraging, with food and beverages and wood products and furniture both recording growth above the average of all other sectors. Labour productivity in the bioeconomy, however, represents a significant area of concern, having declined from 70.3% of the national average in 2018 to 63.2% in 2023. This same dynamic helps explain the striking R&D gap, where bioeconomy-relevant sub-sectors grew at just 5.8% compared to 16.7% for overall national R&D expenditure ([174]) ([175]). Structurally, Ireland's bioeconomy is anchored by a food and beverage sector. These developments are guided by the National Bioeconomy Action Plan 2023–2025 ([176]).

### Zero-pollution industry

**Over the past decade, Ireland has made significant progress in reducing major air pollutants due to cleaner fuels and power, phasing out polluting fuels (peat/coal), and electrifying transport.** Despite these advancements, Ireland continues to grapple with significant air pollution costs ([177]). EEA estimates for 2023 indicate that 110 years of life are lost per 100 000 inhabitants attributable to air pollution due to PM2.5 concentrations that exceed the World Health Organization's air quality guidelines levels. Around 600 deaths can be attributed to air pollution in the form of fine particulate matter (PM2.5) and ozone exposure alone ([178]) ([179]).

([170]) EEA, Early warning assessment related to the 2025 targets for municipal waste and packaging waste.

([171]) European Commission, Environmental Implementation Review (2025), Ireland *country report*. Link.

([172]) Eu Eurostat, Municipal waste by waste management operations, Link.

([173]) Joint Research Centre, Developments of Economic Growth and Employment in Bioeconomy Sectors across the EU, Link.

([174]) Bioeconomy subsectors: food and beverages; bio-based textiles; wood products and furniture; bio-based chemicals and plastics.

([175]) Joint Research Centre, Business expenditure in Research and Development (R&D) in the EU bioeconomy, Link,.

([176]) Bioeconomy-Action-Plan-2023-2025.pdf.

([177]) NEC evaluation support study final report (https://op.europa.eu/en/publication-detail/-/publication/f2e22a18-cccf-11f0-8da2-01aa75ed71a1/language-en), Table 2-36.

([178]) European Commission, 2025, *State of Health in the EU Ireland Country Health Profile 2025*, p.4, d60096f1-f4e8-4a47-881a-a826895a4525_en.

([179]) Dechezleprêtre A. & Vienne V, 2025, *The impact of air pollution on labour productivity: Large-scale micro evidence from Europe*, p. 36, Table 13, OECD Science, Technology and Industry Working Papers 2025/14, Link.

**Ireland ranked among Europe's best performers on air quality ([180]).** The highest damage estimates for individual pollutants have been associated with $NH_3$ (ammonia) but based on emissions data for 2023, Ireland met its 2020-2029 national emission reduction commitments, including for $NH_3$ ([181]). While Ireland applies a range of energy and transport taxes that indirectly contribute to air quality improvements, it has not introduced a specific air pollution tax targeting emissions from industrial or other stationary sources. On industrial air pollution, Ireland has the second lowest emission intensity in the EU. The main IED sectors contributing to emissions to air pollution are the energy sector and the mineral industry for $NO_x$, dust and $SO_2$ emissions, and the energy sector for heavy metals, especially nickel ([182]).

**Water pollution from industry, agriculture and untreated sewage also remains a concern**. Agriculture remains one of the sectors affecting the highest percentage of surface water bodies. Positive developments on water pollution in Ireland include a 57% reduction in industrial heavy metal releases (cadmium, mercury, nickel and lead). However, in 2022 there was a 25% increase in nitrogen pollution, a 43% increase in total organic carbon and a 14% increase in phosphorus emissions to water since 2010, as reported under the Industrial Emissions Directive (IED) ([183]). Since then, Ireland has adopted several measures aimed at reducing run-offs of nutrients from agriculture. Water pollution by industry imposes direct and indirect costs of EUR 1 million annually ([184]), not yet sufficiently borne by polluters. Adjusting wastewater charges for households and charges for industrial and agricultural use of water could raise additional revenue that could be used to fund wastewater infrastructure upgrades and to improve compliance with the Water Framework Directive.

**The total economic cost of industrial pollution in Ireland was EUR 2.6 billion in 2021,** encompassing healthcare expenses, lost productivity and environmental degradation ([185]). Costs include healthcare expenses, lost productivity and environmental degradation. To meet national and EU targets for pollution prevention and control, Ireland would need to spend an additional EUR 847 million annually (about 0.17% of GDP), mostly related to clean air and noise, particularly in areas where solid fuel is burnt for home heating, and on urban transport corridors ([186]).

([180]) Report "Update of the costs of not implementing EU environmental law". The damage cost is computed as VOLY.

([181]) EEA, Air pollution in Europe - 2025 reporting - Distance in reaching commitments in 2020-2029 and in 2030.

([182]) 2025 Environmental Implementation Review, EUR-Lex - 52025DC0420 - EN - EUR-Lex.

([183]) European Environmental Agency (EEA) - Water pollutant releases changes from 2010 to 2022 for the EU Member States.

([184]) European Commission: Directorate-General for Environment, IEEP, Green taxation and other economic instruments – Internalising environmental costs to make the polluter pay (p. 35, Table 5), 2021. Link.

([185]) The cost to health and the environment from industrial air pollution in Europe, 2024 update. EEA. The costs reported are computed in terms of Value of Statistical life (VSL).

([186]) Environmental Implementation Review 2025 (SWD(2025) 310 final), Country Report Ireland.

Table A8.1: **Key clean industry and climate mitigation indicators: Ireland**

| Climate mitigation | Ireland | | | | | | | Trend | EU | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Industry decarbonisation** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | | **2018** | **2023** |
| GHG emissions intensity of manufacturing production, g/€ (1) | 70 | 70 | 50 | 50 | 40 | 46 | 46 | ↘ | 330 | - |
| Share of energy-related emissions in industrial GHG emissions (2) | 59.5 | 59.2 | 62.2 | 58.8 | 59.1 | 59.5 | - | ↗ | 55.5 | 57.9 |
| Energy-related GHG emissions intensity of manufacturing and construction, g/€ (3) | 45.4 | 43.6 | 36.0 | 29.0 | 23.6 | 28.3 | - | ↘ | 203.9 | 163.0 |
| Share of electricity and renewables in final energy consumption in manufacturing, % (4) | 33.1 | 33.0 | 32.7 | 32.8 | 33.9 | 35.7 | 35.5 | ↗ | 42.8 | 43.9 |
| Energy intensity of manufacturing, GWh/€ (4) | 0.24 | 0.23 | 0.19 | 0.15 | 0.13 | 0.16 | 0.16 | ↘ | 1.27 | 1.05 |
| Share of energy-intensive industries in manufacturing production, % in GVA (5) | - | - | - | - | - | - | - | | - | - |
| GHG emissions intensity of production in sector [...], g/€ (6) | | | | | | | | | | |
| - paper and paper products (NACE C17) | 104 | 45 | 88 | 51 | 43 | 26 | 24 | ↘ | 722 | 619 |
| - chemicals and chemical products (NACE C20) | - | - | - | - | - | - | - | | - | - |
| - other non-metallic mineral products (NACE C23) | 4,486 | 4,146 | 3,800 | 4,545 | 4,258 | 3,637 | 3,482 | ↘ | 2,495 | 2,352 |
| - basic metals (NACE C24) | 4,251 | 3,903 | 4,499 | 9,741 | 11,475 | 5,521 | 3,435 | ↘ | 2,842 | 3,099 |
| **Reduction of effort sharing emissions** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | | **2018** | **2023** |
| GHG emission reductions relative to base year, % | | | | -5.9 | -7.2 | -10.4 | -11.0 | | | |
| - domestic road transport | -5.8 | -5.7 | -20.4 | -15.1 | -10.0 | -9.7 | -10.8 | ↗ | -1.4 | -5.6 |
| - buildings | -17.9 | -20.3 | -16.6 | -19.9 | -28.0 | -32.7 | -29.3 | ↘ | -20.3 | -33.5 |
| | **2005** | | | **2021** | **2022** | **2023** | **2024** | **Target** | **WEM** | **WAM** |
| Effort sharing: GHG emissions, Mt; target, gap, % | 47.7 | | | 44.9 | 44.3 | 42.7 | 42.4 | -42.0% | -9.5% | -21.7% |
| **Sustainable road transport** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | | **2018** | **2021** |
| New zero-emission vehicles, electricity motor, % (7) | 0.97 | 2.91 | 4.41 | 8.47 | 14.75 | 18.47 | 14.23 | | ↗ | 1.03 | 8.96 |
| Number of publicly accessible AC/DC charging points (8) | - | - | 1065 | 965 | 2220 | 2825 | 3588 | 3890 | ↗ | 446956 | n/a |
| Share of electrified railways, % of total (9) | 2.59 | 2.59 | 2.59 | 2.59 | 2.59 | 2.59 | 2.59 | | ↘ | 55.47 | 56.49 |

| Sustainable industry | Ireland | | | | | | | Trend | EU-27 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Circular economy transition** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | | **2018** | **latest data** |
| Material footprint, tonnes per person | 17.6 | 21.5 | 19.0 | 16.0 | 17.5 | 18.9 | 22.3 | ↗ | 14.8 | 13.7 |
| Circular material use rate, % | 1.9 | 1.8 | 1.8 | 2.0 | 2.1 | 2.1 | 2.0 | ↘ | 11.6 | 12.2 |
| Resource productivity, €/kg | 2.7 | 2.9 | 3.2 | 3.8 | 4.2 | 4.2 | 4.2 | ↗ | 2.1 | 3.0 |
| Employees in circular economy | 1.7 | 1.7 | 1.6 | 1.9 | 1.1 | 1.3 | - | | 2.1 | 2.0 |
| Patents in circular economy | 3.05 | 2.4 | 4.0 | 3.8 | | | | | 12.3 | 12.0 |
| Recycling rate | 37.7 | 37.4 | 40.8 | 41.3 | 41.5 | 41.9 | : | | 46.40 | 48.1 |
| Plastic recyling | 31% | 28% | 29% | 28% | 32% | 30% | - | | 41% | 42% |
| Construction and demolition waste (CDW) recovery | 100 | - | na | | | | | | 88 | 89 |
| **Bioeconomy industry** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | | **CAGR 2018-2023** | **2018** | **2023** |
| Value added, million EUR | 18,550 | 17,609 | 18,560 | 21,011 | 24,114 | 24,067 | - | | 4.4% | 642,438 | 863,436 |
| Employment, total number of people employed | 189,671 | 189,005 | 189,167 | 198,860 | 202,533 | 204,773 | - | | 1.3% | 17,649,040 | 17,085,642 |
| Productivity | | | | | | | | | | | |
| Valued added per worker, thousand EUR | 97.8 | 93.2 | 98.1 | 105.7 | 119.1 | 117.5 | - | | 3.1% | 36.4 | 50.5 |
| Valued added per worker, % of national average | 70.3 | 63.4 | 62.3 | 60.7 | 62.2 | 63.2 | - | | - | 62.2 | 70.7 |
| R&D business expenditure | | | | | | | | | | | |
| Total bioeconomy (biomass producing and converting sectors) | 453 | 442 | 409 | 380 | 509 | 633 | | | 5.8% | 15,672 | 23,335 |
| Total R&D business expenditure | 2,778 | 3,256 | 3,391 | 3,879 | 6,995 | 7,004 | - | | 16.7% | 196,587 | 259,525 |
| **Zero pollution industry** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | | | **2018** | **2021** |
| Damage cost for industrial pollution | 2.7 | 2.4 | 2.2 | 2.6 | - | - | - | | | 414.9 | 352.7 |
| Water industrial pollutants releases | Cd, Hg, N, Pb | | nitrogen | | TOC | | Phosporus | | | | |
| | 2021 | change (2010) | 2021 | change (2010) | 2021 | change (2010) | 2021 | change (2010) | | | |
| | 1,666 | -60% | 6,338,629 | 36% | 10,465,388 | 46% | 771,122 | 5% | | | |
| Water chemical status | | Good | 159 | Good (%) | 0.0 | | Poor | 163.0 | Poor (%) | | 4% |

***Sources and notes:*** **Industry decarbonisation:** All data are from Eurostat; data following the UNFCCC Common Reporting Format (CRF) are from the European Environment Agency (EEA), republished by Eurostat. (1) Sectors covered: all divisions of section C - Manufacturing - of the NACE Rev. 2 statistical classification of economic activities, except C19 (manufacture of coke and refined petroleum products). (2) GHG emissions as per UNFCCC Common Reporting Framework (CRF) categories 1.A.2 - fuel combustion in manufacturing in industries and construction (that broadly correspond to the broadly correspond to the NACE sections C - Manufacturing and E - Construction, excluding C-19), and CRF2 - industrial processes and product use. The figures shows the emissions in the 1.A.2 category as a share of the sum of CRF1.A.2. and CRF2 emissions. (3) Sectors covered: CRF 1.A.2 as described above. Gross value added (GVA) data in the denominator aligned in sectoral coverage, in 2020 prices. (4) Sectors covered: NACE section C excluding C19. (5) Nominator: NACE divisions C17, 20, 23, 24; denominator: NACE section C excluding C19 (see above). (6) GVA (denominator) in 2020 prices. **Reduction of effort sharing emissions:** Data source: European Environment Agency, greenhouse gas data viewer; European Commission, Climate Action Progress Report, 2025. For details, see the footnote in the "Reduction of effort sharing emissions" section. **Sustainable road transport:** (7) Source: Eurostat; (8) Source: European Alternative Fuels Observatory; (9) Source: Eurostat. For all climate mitigation indicators, the trend arrows compare the latest available data (year t) with the data four years earlier (t-4). **Sustainable industry**: Bioeconomy value added, employment and productivity: JRC, Developments of Economic Growth and Employment in Bioeconomy Sectors across the EU. Bioeconomy R&D business expenditure: JRC, Business expenditure in Research and Development (R&D) in the EU bioeconomy. Damage cost for industrial pollution: EEA, The costs to health and the environment from industrial air pollution in Europe, 2024. Water industrial pollutants releases: EEA, Industrial releases of pollutants to water and economic activity in the EU-27, 2024. Water chemical status: WISE, Surface water bodies: Chemical status, 2024 and WISE Groundwater bodies: chemical status, 2024. Other indicators: Eurostat. For circular economy indicators, the trend arrows compare the latest available data (year t) with the data two years earlier (t-2).

**This annex outlines the progress made and the ongoing challenges faced in increasing energy affordability, while advancing the transition to net zero.** It reflects the implementation of past energy-related country-specific recommendations.

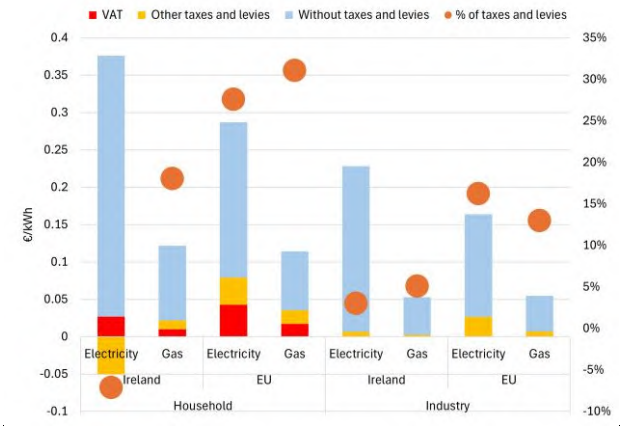
**Ireland's 2025 energy-related country-specific recommendations highlight the need to reduce overall reliance on fossil fuels and accelerate the deployment of renewables, including by streamlining the planning and permitting framework.** They also call on Ireland to increase efforts to improve the flexibility of the electricity grid and modernise and expand capacity to reduce curtailment, to develop and implement a strategy to promote demand-side response, to implement additional measures that support energy efficiency in private and public buildings to reduce energy bills and energy system costs, and lastly, to ensure that the connection of large energy users to the electricity grid is linked to additional renewable capacity and system flexibility.

Despite ambitious targets and notable efforts to support the deployment of renewable energy sources and accelerate permitting, Ireland continues to lack grid flexibility and its energy demand is on the rise driven by large energy consumers, hampering the decarbonisation of the country's energy mix and leading to growing reliance on gas, which is keeping energy prices high.

## Energy prices and costs

**Despite continued government support to help lower final energy prices for consumers, retail electricity prices in Ireland for both household and non-household consumers were up substantially compared to 2024, remaining above the EU average, while retail gas prices remained stable.** In the first half of 2025, household electricity prices in Ireland increased significantly on 2024, remaining above the EU average at EUR 0.3260/kWh. However, household gas prices decreased slightly although still remained above the EU average at EUR 0.1218/kWh (see Annex 12). Retail electricity prices for industrial consumers also increased and remain the highest in the EU – well above the EU average - whereas industrial gas prices remained broadly stable and close to the EU average. Nevertheless, final energy prices in Ireland in the first half of 2025 continued to demonstrate a significant imbalance. For large businesses, electricity was 4.3 times more expensive than gas in the first half of 2025 despite taxes and levies (excluding VAT) accounting for 3% of electricity bills and 5% of gas bills ([72]). Excluding taxes and levies, the electricity-to-gas price ratio would have increased to 4.4, meaning that Irish fiscal measures have a certain balancing effect. For household consumers, taxes and levies had a far greater effect on the electricity-to-gas price ratio, which would have increased from 2.7 to 3.5 if taxes and levies were excluded, implying that higher taxation on household gas bills has a certain balancing effect ([73]).

Graph A9.1: **Electricity and gas prices for household and non-household consumers, first half of 2025**




(i) For household consumers, the consumption band is DC for electricity and D2 for gas.
(ii) For non-household consumers, the consumption band is ID for electricity and I4 for gas. VAT and recoverable charges are not displayed for non-household consumers as these are typically recovered by businesses. This also applies to the '% of taxes and levies', which is shown excluding VAT and recoverable charges for non-household consumers.
(iii) 'Without taxes and levies' indicates the retail price excluding all taxes and levies. It always includes the energy/supply and network cost components, which are not disaggregated in Eurostat's six-monthly price dataset.
***Source:*** Eurostat

**Due to Ireland's continued dependence on natural gas for electricity generation, limited non-fossil flexibility and lack of interconnection capacity, average wholesale electricity prices in 2025 hit EUR 116/MWh, above the EU average of EUR 85/MWh ([74]) and the second highest in the EU.** In 2025, fossil fuels accounted for 51.4% of Ireland's electricity generation - the fourth highest share of a country's electricity mix in the EU - while natural gas retained its structural role as the dominant marginal price-setting technology, keeping costs elevated. Average day-ahead electricity prices increased by 5% in 2025 amid rising natural gas procurement costs. Short run marginal costs ([75]) of natural gas in the EU increased from EUR 96/MWh in 2024 to nearly EUR 103/MWh in 2025. Although daytime prices have fallen in recent years due to the growing incorporation of solar power, Ireland remains vulnerable to severe price spikes during peak-demand hours. Low renewable output in the evening and morning, coupled with insufficient non-fossil flexibility and Ireland's structural lack of interconnectivity, required gas-fired generation to be significantly ramped up to maintain system balance. As a result, price spreads ([76]) in Ireland averaged EUR 111/MWh in 2025, up 10% on 2024.

Graph A9.2: **Low-carbon electricity generation vs. electricity wholesale prices, 2025**


Unavailable data for Cyprus and Malta. Wholesale price is given as average of day-ahead electricity prices over 2025. EU-27 average is calculated as consumption-weighted. EU low-carbon share is calculated out of total EU electricity generation. Low-carbon share by country is calculated out of total public electricity generation. Low-carbon includes renewables and nuclear.
***Source:*** Eurostat

## Flexibility and electricity grids

**Ireland has not been connected to the EU electricity network since the United Kingdom withdrew from the EU.** Ireland's interconnection capacity currently comprises two sub-sea connections with Great Britain and a number of land-based connections with Northern Ireland ([187]). The Celtic Interconnector Project of Common Interest which is currently under construction will restore a direct connection between Ireland and the EU, strengthening supply security and the

([187]) Greenlink Go-Live

integration of renewables. However the project has been hit by substantial delays, now expected to be operational in Q4 2028 rather than 2026. Ireland has other new projects included on the second Union list of Projects of Common Interest and Projects of Mutual Interest which will further strengthen interconnections with the UK, including Northern Ireland. It remains crucial for these projects to be completed.

**Another priority for Ireland is to continue modernising its national grid, both at transmission and distribution level.** In July 2025, Ireland announced its largest investment yet in electricity grid infrastructure, with a EUR 3.5 billion injection of equity in 2025, of which EUR 1.5 billion will help connect offshore wind projects. If these investments are to materialise, challenges related to grid construction and connection processes will need to be addressed. Ireland has started streamlining its permitting processes, building on recent reforms such as its fast-track permit-granting process, known as strategic infrastructure development (SID) for strategic energy infrastructure projects. In addition, the 'Accelerating Infrastructure' action plan adopted in December 2025 also announced a set of legal and planning reforms to accelerate the delivery of infrastructure, including electricity networks.

**Ireland has set ambitious goals in relation to energy storage and demand response in order to address the 2025 country-specific recommendation which calls on the country to increase efforts to improve the flexibility of the electricity grid in order to reduce curtailment, as well as to develop and implement a strategy to promote demand-side response.** Nevertheless, Ireland's legislative and regulatory framework to enable flexibility remains incomplete, leading to high levels of renewables 'dispatch-down', i.e. power that is produced but cannot be used due to grid congestion. In line with its national energy demand strategy, Ireland aims to achieve 20-30% flexible electricity demand by 2030. However, dispatch-down of renewable energy sources remains a significant issue in Ireland: in 2025, total renewables dispatch-down was 10.5%, with 12.8% of total solar generation and 11.4% of total wind generation in Ireland being dispatched down, an increase compared to 2024. Ireland has not yet fully developed the necessary legislation for enabling demand-side response (DSR) to sell and buy electricity on the day-ahead and intraday markets in a non-discriminatory manner. The regulator is still carrying out its flexibility-needs assessment. Currently, Ireland has 400 MW installed capacity and a cumulative 1.7 GWh of battery energy storage system capacity. Although Ireland has a considerable stream of storage projects in the pipeline, investment is restricted by a lack of a defined support mechanism for small scale storage projects. As network tariffs have not been revised, connection tariffs for storage remain high, further slowing down investments in battery energy storage. Nevertheless, equal participation in the balancing market is ensured, with battery storage participating in the ancillary services market. Long-term energy storage capacity is expected to reach 500 MW by 2030, in line with Ireland's electricity storage policy framework.

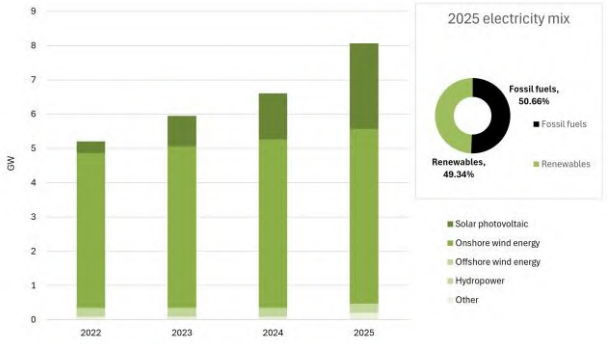
**The figures paint a mixed picture regarding the empowerment of consumers and their participation in the energy system.** In 2024, 84% of Irish households were equipped with a smart meter providing near real-time consumption data at 30-minute intervals. However, in 2025 household consumers still did not have access to dynamic-price contracts, the introduction of which has been tentatively scheduled for 2026. The development of sustainable energy communities is progressing, with over 1000 registered with the Sustainable Energy Authority Of Ireland (SEAI). However, only 5% of households (67 GWh overall) and 5% of non-household consumers (5 GWh overall) generate their own electricity in Ireland, despite the Clean Export Guarantee (24). Ensuring easier access to smart meter data would help more households to become prosumers.

**In 2024, electricity accounted for 25.2% of Ireland's final energy consumption (FEC) (slightly above the EU average of 23.4%), a share which has been gradually increasing over the last decade ([188]).** Electricity accounted for 27.4% of household FEC and 27.4% of industrial FEC (see Annex 8). In the transport sector, the share of FEC accounted for by electricity remained negligible at 0.9%. Further progress in electrification across sectors would help to cost-effectively decarbonise the economy and bring the benefits of affordable renewable generation to consumers.

## Renewables and long-term contracts

**Ireland has taken measures to address the 2025 country-specific recommendation to accelerate the deployment of renewables, including by streamlining the planning and permitting framework**. Although Ireland has increased its renewables capacity, it is still at risk of missing its 2030 target. In 2025, renewables accounted for 48.6% of Ireland's electricity mix (vs EU average of 47%), up slightly on 2024([44]). Installed capacity for renewables represented 8 063 MW in 2025.([189])(). Installed solar capacity came close to 2,5 GW, around half of which is rooftop solar capacity, continuing the steady upward trend (+1005 MW in 2025). While installed wind capacity rose above 5000 MW in 2025, this represented only a 4.3% increase compared to 2024. Ireland has ambitious plans to reach more than 10 GW of installed wind capacity by 2030. More than 5 GW of this will be offshore, supported by the Offshore Renewable Electricity Support Scheme (included as a reform measure in Ireland's recovery and resilience plan), but it will come on stream only in 2033. Most of the new offshore capacity is indeed expected to be deployed in the early 2030s. Ireland is thus likely to miss its intermediary target under the Renewable Energy Directive. Auctions in 2025 under the Renewable Electricity Support Schemes saw far lower subscription than in 2024. While the 2025 auction resulted in lower award prices for PV, the price of awarded wind capacity was higher than in 2024. While Ireland has been overhauling its planning and permitting system and moving towards a more centralised system, the full impact of its reforms still remains to be seen. Ireland is currently developing a National Designated Maritime Area Plan (DMAP) for Offshore Renewable Energy (ORE) which aims to designate sufficient maritime area to deliver a target of 20GW of offshore renewable energy by 2040 taking account of the existing ORE projects and sites already designated by the South Coast ORE DMAP and Phase 1 project. Ireland is one of the front runners in the EU in terms of power purchase agreements, with 629 MW of contracted capacity, mostly utility PPAs, as of July 2025.

Graph A9.3: **Ireland's installed renewable capacity vs electricity generation mix**




Electricity mix is given as net electricity generation (gross electricity production minus consumption of power stations' auxiliary services). Electricity produced in pumped hydro plants is excluded from total net electricity production, as it was previously counted as electricity produced from another source.
"Other" includes renewable municipal waste, solid biofuels, liquid biofuels, and biogas.
***Source:*** IRENA, Eurostat

([188]) The CAGR (compound annual growth rate) was 1.96% between 2015 and 2024. The minimum/maximum shares were 20.8% and 25.2% respectively (Source: Eurostat).

([189]) International Renewable Energy Agency (IRENA) - Renewable Capacity Statistics 2026.

## Energy efficiency

**Ireland has taken some action to address the 2025 country-specific recommendation to ensure that the connection of large energy users to the electricity grid is linked to additional renewable capacity and system flexibility, however it has made insufficient progress towards improving energy efficiency**. In 2024, final energy consumption (FEC) increased by 2.2% to 12.239 Mtoe, as compared to 2023, continuing the upward trend observed since 2020 and almost reaching 2019 levels. While in industry and the residential sector FEC has decreased substantially since 2019 (-4.2% in industry and -10.3% in the residential sector), services have seen a significant increase in FEC (+16.7%), driven by data centres. Energy demand is increasing faster than renewables availability, undermining decarbonisation objectives. Ireland's recently adopted Large Energy User Action Plan is a step in the right direction as it requires data centres to source up to 8O% of their electricity demand from renewable sources within six years. However, its scope and impact are limited as this requirement only applies to new or expanding facilities and is conditional on the availability of power purchase agreements.

**The aforementioned decrease in residential FEC since 2019 was mostly driven by technical energy savings, such as renovation works.** However, an increase of 4.7% was observed between 2023 and 2024, which may prevent Ireland from reaching the objective set in its national energy and climate plan to reduce the residential sector's primary energy consumption by 23.7 TWh by 2030. Moreover, this could mean Ireland is not in line to deliver its national long-term renovation strategy, which envisages a 12% reduction in the energy consumption of buildings by 2030, as compared to 2020.

**Ireland has taken steps to address the 2025 country-specific recommendation to implement additional measures that support energy efficiency in private and public buildings to reduce energy bills and energy system costs, however the decarbonisation of the heating sector continues to pose a major challenge, despite encouraging signs.** Heating and cooling account for 78% of Ireland's residential final energy consumption, with renewables supplying 8% of the total energy used for heating and cooling across all sectors. Approximately 570 000 households use a gas boiler to heat their homes. In terms of the electrification of heating systems, 38 000 heat pumps were sold in 2024, an increase of 19% compared to 2023, taking Ireland's total stock of heat pumps to around 150 000. Support for developing district heating systems, in conjunction with the European Investment Bank, is also envisaged, however progress so far has been slow. While introducing the Renewable Heat Obligation scheme will be an important step in boosting the bioenergy market for heating as a complement to heat pump deployment, the adoption of the Renewable Heat Obligation Bill is however still pending.

**Ireland has put in place broad and generous energy renovation support programmes.** Ireland has expanded its range of energy renovation support programmes, launching the Home Energy Upgrade Loan Scheme and setting up actions to support the renovation of vacant local authority buildings, which will help ramp up activities to meet the goal of carrying out 500 000 retrofits by 2030 and supplying additional housing. However, by the end of 2025, deep retrofits had only reached around 17% of the 2030 target. Retrofitting support appears overly focused on homeowners, at the expense of renters and social housing. Ireland is encouraged to submit its draft national building renovation plan pursuant to the recast of the Energy Performance of Buildings Directive in order to ensure a clear and predictable pathway towards an energy efficient and decarbonised building stock.

## Security of supply and diversification

**Despite making progress in deploying renewables, Ireland's overall energy mix in 2024 remained heavily based on fossil fuels.** Oil and natural gas accounted for 50% and 30% of gross inland consumption respectively ([190]). Renewables (including biofuels) accounted for only 14.7% ([191]). Ireland's continued reliance on fossil fuels underscores the importance of its ongoing energy transition efforts to diversify energy sources and strengthen energy security. Ireland does not import Russian fossil fuels.

**In response to the regional crisis in the Middle East, Ireland has introduced a €750 million support package**, including excise duty cuts of 32 cents/litre on diesel and 27 cents/litre on petrol, an extended winter fuel allowance, and a €100 million Fuel Subsidy Scheme for farmers and fishers. Ireland has also increased the Diesel Rebate Scheme to 12 cents/litre for transport operators and suspended the NORA levy until June 2026.

## Fossil fuel subsidies

**In 2024, environmentally harmful ([192]) fossil fuel subsidies without a planned phase-out before 2030 represented 0.31% ([193]) of Ireland's GDP ([194])**. However, Ireland's 2023 Effective Carbon Rate ([195]) averaged EUR 54.82 per tonne of $CO_2$, below the EU weighted mean of EUR 84.80 ([196]).

([190]) Electricity and heat are excluded to avoid double counting focusing on primary energy sources.

([191]) Gross Inland Consumption, 2024 Energy Balances - Eurostat.

([192]) Explicit fossil fuel subsidies (e.g. direct transfers) and implicit fossil fuel subsidies (i.e. tax expenditures linked to forgone tax revenues that have an identifiable fiscal impact for the central budget) that support fossil fuel energy production, transmission and/or consumption.

([193]) European Commission calculation based on underlying data from the Study on energy subsidies and other government interventions in the EU – 2025 edition, Enerdata.

([194]) 2024 Gross Domestic Product at market prices, Eurostat.

([195]) The Effective Carbon Rate is the sum of carbon taxes, ETS permit prices and fuel excise taxes, representing the aggregate effective carbon rate paid on emissions.

([196]) OECD (2024), Pricing Greenhouse Gas Emissions 2024.

**Ireland has continued to strengthen its climate resilience, adaptation governance and sectoral planning framework, but significant challenges remain in addressing increasing climate risks and ensuring effective policy implementation.** Ireland is highly exposed to storms, extreme wind, coastal erosion and flooding. These are increasingly affecting people's livelihoods, critical infrastructure across energy, transport, communications, water systems, forests and coastal areas, and are causing rising economic losses. Extreme precipitation and storms are also affecting marine life, with negative consequences for fisheries and aquaculture and increased pollution of freshwater and coastal waters. Ireland has a comprehensive and legally binding national and local adaptation framework, but implementation gaps persist (notably in financing, monitoring and delivery at regional and local levels). Climate adaptation investment needs are substantial and rising. Systematic climate-proofing and the uptake of nature-based solutions remain uneven. Ireland's land use, land-use change, and forestry (LULUCF) sectors remain a net source of emissions when combined with agricultural activities, so Ireland is off track to meet its 2030 LULUCF target.

**Ireland faces challenges related to inefficiencies in water management.** Ireland is rich in water resources, but inefficiencies in water management could impair water resilience and management in the long term and have an impact on sustainable economic growth. Ireland's water leakage rate is one of the highest in the EU and the ecological status of its surface waters remains problematic. Ireland received a CSR in 2025 on water quality and water infrastructure but has made only limited progress so far. Ireland has plans to invest significantly in water infrastructure, but this will take time to materialise. Ireland is still facing pollution from different sectors. Diffuse pollution from agriculture affects the highest percentage of surface water bodies. Reversing this trend requires continuing investment in water infrastructures and nature-based solutions for water retention (in order to keep the aquatic ecosystem in a good status) and continuing investment in sustainable agricultural practices.

## Climate adaptation and preparedness

**Ireland is highly exposed to climate change impacts that will require significant investments across different sectors.** Ireland has low-lying coastal regions, which have been identified as a hot spot for climate risks such as flooding, erosion and salt-water intrusion ([197]). Ireland is facing significant climate risks that require immediate additional action and include extreme wind, coastal erosion and coastal flooding. These are increasingly affecting critical infrastructure in the energy, communication and transport systems ([198]). The benefits of avoiding flooding are estimated to significantly outweigh the costs of coastal protection ([199]). Ireland's low climate protection gap indicates a good rate of insurance coverage (including insurance against floods and coastal floods) ([200]).

**Investment needs related to climate adaptation will be significant in the future**. Identifying adaptation funding can be complex, but it is estimated that about EUR 3.9 billion of 2025 public service expenditure had a component deemed favourable to adaptation (up from around EUR 2.6 billion in 2024) ([201]). A recent study commissioned by DG CLIMA

([197])EEA, 2024, *European Climate Risk Assessment*, Link.

([198]) Ireland's Environmental Protection Agency (EPA), 2025, *National Climate Change Risk Assessment (NCCRA), Main Report*, NCCRA Main Report [pdf].

([199]) Nature in 2020, Economic motivation for raising coastal flood defences in Europe.

([200]) European Commission, 2025, *Commission Staff Working Document 2025 Country report – Ireland,* SWD(2025) 313 final..

([201]) The Central Bank of Ireland and the Climate Change Advisory Council, 2025, *Funding Climate Adaptation in Ireland*, p. 14, Link.

estimates that Ireland will need to invest almost EUR 1.7 billion per year up to 2050 (0.2% of annual GDP, lower than the EU average of 0.5%) ([202]): first and foremost in ecosystems restoration (more than 33% of the total), followed by infrastructure retrofitting and reinforcement (more than 32%) and agricultural resilience (25%) ([203]).

**Ireland's forests were significantly damaged by windblow during storms Éowyn and Darragh in 2024 and 2025.** A Forest Windblow Taskforce has been established, bringing together forest owners, forestry companies, Teagasc (the Agriculture and Food Development Authority) and Coillte (Ireland's state forestry company) to coordinate responses and provide practical support to landowners dealing with clean-up and recovery. A EUR 55 million reconstitution scheme for private forest owners is expected to get underway in early 2026 to support the replanting and restoration of damaged forest areas. Extreme precipitation and storms directly influence marine life and damage for fisheries and aquaculture; lead to infiltration of pollutants into freshwater and coastal waters; and endanger life and marine and seafood infrastructure in coastal areas ([204]).

**A comprehensive and legally binding policy framework is in place, but its implementation to address key challenges such as storms and flooding remains an issue.** Ireland has continued to strengthen its adaptation and disaster risk management policy framework at national level. The Environmental Protection Agency (EPA) has published the National Climate Change Risk Assessment (NCCRA), which sets out Ireland's major climate risks and priority action areas. In November 2025, the government completed the sectoral adaptation plans (SAPs) as part of the 2024 National Adaptation Framework (NAF) ([205]). However, the Climate Change Advisory Council (CCAC) notes that the SAPs lack detail, financial resources, and clarity regarding delivery responsibilities and commitments to act ([206]). The delivery of stand-alone, dedicated climate risk assessments reports is one of the SAPs' requirements ([207]). Ireland has a comprehensive reporting structure involving various reviews and annual and periodic reports ([208]), but there is still room to improve actual implementation, as well as monitoring and evaluation.

**At the sub-national level, the Climate Action and Low Carbon Development (Amendment) Act 2021 sets the legal framework for Ireland to achieve a climate-neutral economy, and mandates local authorities to create five-year local authority climate action plans (LACAPs).** All

([202]) European Commission, 2026, *Assessment of EU and Member States adaptation investment needs*, Table 25, Link. The study provides detailed estimates of adaptation investment needs at the level of the EU and individual Member States per type of measure. It relies on a common methodology that makes estimates comparable across the EU. Four accompanying methodological reports provide a detailed description of how the results were estimated to ensure full transparency.

([203]) Typical investments in ecosystems include soil restoration, wildfire prevention, biodiversity protection and coastal ecosystems restorations while typical investments in health are linked to occupational health and safety, wastewater treatment facilities upgrade and wildfire disaster response.

([204]) Ireland's Environmental Protection Agency (EPA), 2025, *National Climate Change Risk Assessment (NCCRA), Main Report*, NCCRA Main Report [pdf].

([205]) The SAPs intend to integrate climate resilience into sectoral decision making by addressing key risks and opportunities (including those raised by the NCCRA), strengthening coordination, and ensuring fair, evidence-based, and monitored implementation across sectors.

([206]) Climate Change Advisory Council, 2025, *Review of Statutory Sectoral Adaptation Plan Making 2025*, Link.

([207])EEA, 2025, *From adaptation planning to action: Insights into progress and challenges across Europe*, https://www.eea.europa.eu/en/analysis/publications/from-adaptation-planning-to-action.

([208]) ETC-CA Report, 2024, *Characteristics and conditions of adaptation policy in European Environment Agency member and cooperating countries*, p. 27, https://www.eionet.europa.eu/etcs/etc-ca/products/etc-ca-products/etc-ca-report-2-2024-characteristics-and-conditions-of-adaptation-policy-in-european-environment-agency-member-and-cooperating-countries.

31 LACAPs include adaptation measures but only 508 of the LACAPs' total 3 282 actions (around 15%) relate to adaptation ([209]). Mitigation actions can also have adaptation co-benefits and the preliminary assessment determined that 49% of actions relate to both adaptation and mitigation ([210]). The LACAPs demonstrate that adaptation is getting attention at local government level in Ireland (with a focus on infrastructure resilience, flood and coastal risk management and nature-based solutions). However, more progress and effective implementation will require clearer action classification, stronger community engagement, sustained capacity and funding, and deeper integration into planning and investment decisions (see also Annex 19). Government funding for the four climate action regional offices has increased to EUR 2.5 million in 2026. The share of Ireland's population covered by the EU Covenant of Mayors signatories has been increasing and stood at 46% (EU-27: 34%) in 2024. 58% of signatories have submitted a sustainable energy and action plan (SECAP) on time (i.e. within two years of their initial commitment to the EU Covenant) and 17% of signatories have submitted at least one monitoring report within the recommended timeframe (i.e. at least two years after submission of their SECAP) ([211]). This indicates a growing commitment among Irish municipalities to increase climate resilience, but it also shows that implementation of policies is lagging behind at the local level.

**Climate risks have a direct and significant effect on Ireland's economy, but insurance coverage remains low.** Between 1980 and 2024, Ireland recorded EUR 4.8 billion in economic losses ([212]) caused by weather and climate-related extreme events. It nevertheless has a relatively low ratio of natural catastrophe damage to GDP (less than 0.05%) ([213]). Extreme weather events such as storms and floods in Ireland are causing increasing economic losses, so greater adaptation investments and finance can help to build a more resilient economy and reduce risks to the financial system ([214]). For the period 1980-2024, Ireland has recorded a 17% rate of insurance coverage against weather-related and climate-related extreme events (EU: 19%) ([215]). Ireland's current insurance protection gap for the main risks of windstorms, floods and coastal floods is not generally expected to be relevant but may be problematic for specific high-risk regions where no insurance against flooding is offered ([216]).

**Climate-proofing has partially been applied across sectors and key infrastructure.** More frequent and intense windstorms, freezing conditions and snowfall have damaged electricity distribution systems (particularly overhead powerlines), leading to disruptions in electricity supply and difficulties in accessing key sites. A wetter climate with more intense rainfall is expected to increase flooding risk to electricity transmission assets ([217]). Ireland is increasingly integrating lessons from climate impacts into planning – particularly in coastal zone management, where risks of erosion, flooding and storm surge now inform development decisions. These considerations

([209]) The Climate Action Regional Offices, 2024, *Local Authority Climate Action Plans, Adaptation Sectoral Report*, p. 4, Link.

([210]) Ibid., p. 6., Link.

([211]) European Commission, Link.

([212]) EEA, 2024, *Economic losses from weather- and climate-related extremes in Europe*, Link.

([213]) ECB and EIOPA, 2024, *Towards a European system for natural catastrophe risk management*, p 9, Chart 2, Link. This figure includes earthquakes which happened in 2020-2023.

([214]) The Central Bank of Ireland and the Climate Change Advisory Council, 2025, *Funding Climate Adaptation in Ireland*, p. 4, Link.

([215]) EEA, 2024, *Economic losses from weather- and climate-related extremes in Europe*, Link.

([216]) The estimated protection gap score for 2025 is 3 (high) for floods and 2.5 for forest fires (medium high). EIOPA, 2025, *Dashboard on insurance protection for natural catastrophes*, Link.

([217]) EEA Climate Adaptation, 2025, *Ireland Country Profile*, https://climate-adapt.eea.europa.eu/en/countries-regions/countries/ireland.

are embedded earlier in planning processes through development and local area plans, alongside growing use of nature-based solutions. Climate resilience is also being strengthened in critical infrastructure, with Uisce Éireann and the energy sector incorporating resilience standards and emergency preparedness into planning and operational frameworks. Extreme weather has also affected transport by damaging infrastructure and disrupting road, rail, aviation, maritime and coastal transport networks. These impacts have resulted in route inaccessibility, unsafe travel conditions and service interruptions ([218]). The transport vulnerability index of the TEN-T network to climate change has been assessed to be medium ([219]). The highest costs are expected for adaptation to coastal floods. Estimates show that a total of around EUR 4 billion will need to be invested until mid-century in TEN-T – mostly in roads (EUR 1.4 billion) and railways (EUR 1.3 billion) ([220]). Ireland reported EUR 90 million in investment in TEN-T adaptation until 2023 and plans to invest around a further EUR 350 million until 2030 ([221]).

**Ireland has started to integrate nature-based solutions (NbS) into its adaptation policies, but this has not been systematic across sectors.** The National Adaptation Framework highlights the need for increased focus on NbS, including guidelines for developing sectoral adaptation plans. Ireland has also developed a strategy to implement NbS in urban design, in particular to manage rainwater ([222]). In addition, the local authority climate action plans incorporate some NbS for flood management and coastal resilience, and for the assessment and protection of natural, cultural and infrastructural assets. However, there are barriers to implementing NbS, and adaptation policies in Ireland are generally not mainstreamed across sectors, have limited resources, and suffer from gaps in costing information together with insufficient or incomplete data for risk assessments as well as indicators. The new governmental Task Force on Adaptation has been set up to advance adaptation policies more effectively.

## Water resilience

**Ireland is relatively water-rich.** This is confirmed by the low 0.99% value of the national water exploitation index plus (WEI+) in 2023 ([223]). Public water supply and cooling for electricity production are the main sectors abstracting water (70% and 18% respectively). However, emerging local and seasonal water scarcity issues (e.g. the recent drought episode in 2022) are prompting Uisce Éireann to implement conservation measures. Pressure on local water resources is also increasing in the Greater Dublin Area, compounded by ageing distribution infrastructure with high leakage. As evidenced by the JRC European Drought Risk Atlas, a decrease in drought is projected for Ireland. Wetlands are predicted to be less affected by increased variability, but forest ecosystems will suffer to a greater extent ([224]).

**Water productivity in Ireland ([225]) stood at EUR 238 per m$^3$ of abstracted water in 2022**

([218]) Ibid.

([219]) European Commission, 2024, *Support study on the climate adaptation and cross-border investment needs to realise the TEN-T network*, Publications Office of the European Union, Link.

([220]) Ibid.

([221]) Ibid.

([222]) Irish Department of Housing, Local Government and Heritage, 2024, *Nature Based Management of Urban Rainwater and Urban Surface Water Discharges – A National Strategy*, Link.

([223]) The national water exploitation index (WEI+) is a measure of how much water is being used compared with the total renewable freshwater resources available for a given territory and period.

([224]) JRC, European Drought Risk Atlas.

([225]) Water productivity is a metric that is calculated by dividing GDP (in chain-linked volume) by total water

**(above the EU-27 average of EUR 151 per $m^3$).** This reflected a good performance in sectors like industry and services. However, water quality faces challenges and nearly half of surface waters need improvement despite abundant water resources. Ireland's legal framework has not sufficiently addressed pressures from water abstraction and hydromorphology, although legislation has now been adopted for abstraction controls. The situation is currently being monitored. These inefficiencies jeopardise competitiveness, especially during peak seasons. In 2023, public water supply accounted for 70.2% of freshwater abstraction, with energy production at 18.4% ([226]). Abstraction has risen by 25% in 2018. This may be linked to the fact that the legislation underpinning the abstraction register in Ireland was introduced in 2018, leading to a difference in capture rate.

**Ireland's third river basin management plan (RBMP) shows that only around half of Irish water bodies are in good ecological status overall.** A comparison of the changes in surface water status between the 2013-2018 assessment and the 2016-2021 assessment shows there has been little net change in status overall, and a slight net decline in the number of water bodies that are meeting their environmental objectives. Th 3.7% of SWBs were reported as being in good chemical status, compared with 6.9% in the previous assessment, but 92.6% of SWBs were reported as being in unknown chemical status. Groundwater bodies (GWBs) have largely retained a good quantitative status; The slight decrease in the proportion of GWBs with a good quantitative status is due to two GWBs having a poor quantitative status in 2021 (compared with one GWB in 2015). The chemical status of GWBs is reported as largely good, with a slight increase between the second and third RBMPs (from 91.4% of GWBs to 91.8%) ([227]). Overall, pollution from agriculture, industry and sewage is the main problem. The Irish authorities have indicated in the RBMPs that overall reductions had not resulted in improvements in ecological status. Ireland is promoting the adoption of practices to improve water quality by reducing chemical nitrogen use, creating riparian zones and planting trees in riparian buffers to minimise run-off from agriculture. The European Innovation Partnership for Water, which was launched in 2024 with a EUR 60 million budget and in which Ireland participates, aims to promote sustainable nutrient management.

**Ageing infrastructure exacerbates challenges.** Ireland's drinking water system is ageing, but investments have so far focused on network expansion rather than pipe renewal. Major water expansion projects in Ireland (led by Uisce Éireann) focus on securing supply for the Greater Dublin Area and boosting national housing development. The primary envisaged project is the Water Supply Project (Eastern and Midland Region). It would cost EUR 6 billion and pipe water from the River Shannon to Dublin for around 170 km. However, the costly nature and environmental impact of such long-distance water transfer points to the need to first focus on addressing the high rate of leakage from the existing aged distribution network.

**Ireland is implementing a modernisation programme to address these issues with national funding.** The national leakage rate fell from 49% in 2014 to 36% in 2024 but is still significant. The Irish authorities aim at further reducing the leakage rate to 31% by 2034 (and the greater Dublin leakage rate from the current 30% to 24%), through a proposed investment of EUR 1.37 billion under the

abstraction. It indicates the average economic value (GDP) a Member State creates for each unit of water it takes from nature.

([226]) 2025, Water abstraction by source and economic sector in Europe.

([227]) The Water Action Plan 2024, River Basin Management Plan 2022-2027.

national leakage reduction programme ([228]). This will curb significant water losses by fixing leaks and replacing pipes between 2025 and 2029 as well as by active leakage management. Further efforts are therefore needed to achieve the target ([229]). Measures to better target water efficiency as well as promote water reuse and metering merit further consideration. Ireland has been a significant beneficiary of growth in sectors with high-water use (e.g. pharmaceuticals, agri-food, manufacturing and hospitality). This is also the case for the IT sector, with data centres requiring large amounts of water to cool processing units ([230]). Water supply is also under pressure from housing expansion. Given Ireland's high leakage rate, it is problematic that the Irish authorities have decided to drop the implementation of the excessive use charge which has been legislated for and long promised. This will mean that there are no financial incentives to reduce domestic wastage or look for serious leaks.

**Ireland's compliance rate with the Urban Wastewater Treatment Directive (UWWTD) has not improved since 2020.** In 2022, 46.35% of Ireland's generated load was compliant with the UWWTD ([231]), mainly due to the non-compliance of the main and biggest urban wastewater treatment plant in Ringsend, which serves Dublin city and treats just over 40% of national wastewater. It is currently undergoing upgrading works that should achieve compliance. In this sector, Ireland relies mainly on national investment to increase compliance. More than EUR 500 million have been invested in upgrading the Ringsend plant in recent years, whose completion was announced by Uisce Éireann in February 2026. Ireland is currently envisaging other projects, such as the Greater Dublin Drainage project.

**The total forecast investment needs for 2025-2035 amount to EUR 902 million (EUR 244 million for non-compliant treatment plants and EUR 658 million for collection systems).** For 2025-2029, the expected annual investment costs amount to EUR 363 million for collecting systems (new and renewal) and EUR 559 million for treatment plants (new and renewal). To address the needs, the Sectoral Plan for Water Services and Water Quality sets out the annual capital allocations under the revised NDP for the Water Sector. The plan outlines how the investment - €10.2bn from 2026 to 2030 with an additional €2bn equity injection to ÚE in 2025 – will be allocated to modernise water services, enhance quality and support housing growth. Over 95% of this funding (approximately EUR 11.7 billion) has been allocated to Uisce Éireann, supporting infrastructure and operations, and supplemented by EUR 230 million for rural water systems ([232]).

## Nature restoration

**Ireland's economy is structurally exposed to nature loss because it has rather a high level of dependency on ecosystem services ([233]).** Close to 40% gross value added is directly reliant on the ecosystem (38%) – below the EU average of 44%. This vulnerability is particularly acute in the agriculture, biodiversity and aquatic resources, forestry, construction, water and healthcare sectors. Pressures from human activities have significantly altered the state of the environment and ecosystems. In Ireland,

([228]) National Leakage Reduction Programme, Leakage reduction programme | Projects | Uisce Éireann (formerly Irish Water).

([229]) Ibid.

([230]) European Commission, In focus: Data centres – an energy-hungry challenge - Energy.

([231])EEA compliance dashboard accessed on 23/2/2026: Register – UWWTD.

([232]) NDP Sectoral Investment Plan: Water Services and Water Quality.

([233])Hirschbuehl et al. (JRC), 2025, *The EU economy's dependency on nature*, Vasilakopoulos, P. editor(s), European Commission, Link.

the main pressures include agriculture, commercial forestry, energy, industry, fisheries, peat mining and tourism ([234]). Climate risks related to marine and coastal ecosystems (e.g. changes to ecosystem functioning and species distribution, and the emergence of harmful algal blooms) can cascade onto food security and human health, with clear repercussions for the blue economy (particularly fisheries and aquaculture).

**The role of Ireland's coastal ecosystems as carbon sinks (particularly seagrass beds and saltmarshes) is an area of active research ([235]).** This research aims to improve understanding of how the conservation, management and restoration of these ecosystems can protect carbon stores and contribute to climate change mitigation and adaptation efforts. Additionally, maintaining and restoring biodiversity within agricultural landscapes is essential for enhancing ecosystem resilience and ensuring long-term environmental sustainability.

**Ireland has a rich and diverse array of unique habitats (especially within its marine environments and peatlands) but is relatively biodiversity-poor by comparison with other Member States.** This is largely due to significant historical habitat loss and human pressures. 13.9% of Ireland's territory is currently designated as protected areas under the Birds and Habitats Directives, but habitat degradation is widespread. Much of Ireland's richest biodiversity is found in the marine environment. There are still insufficiencies in the designation of Natura 2000 sites for marine habitats and species, as well as slow progress in identifying, selecting and classifying marine special protection areas under the Birds Directive. This is particularly concerning given the ambitious plans for developing renewable energy in offshore waters. Peatlands provide essential ecosystem services (including water retention, carbon storage and climate). Several EU funded projects are addressing peatland rehabilitation, but further action would contribute to restore degraded habitats areas and secure their long-term ecological function. Peatlands are increasingly threatened by energy development (including wind farm construction on sensitive upland sites), which causes drainage and habitat fragmentation and can increase net carbon emissions. The fact that approximately 25% of Ireland's economy is directly dependent on natural systems underlines the importance of protecting and restoring these vital resources ([236]).

**Invasive alien species are further exacerbating nature degradation.** In 2024, 25 were recorded in Ireland ([237]), causing an estimated EUR 230 million in damage, primarily affecting agriculture and public health. Eutrophication – a threat to biodiversity and ecosystem integrity – has declined only marginally from 53% to 45% since 2005. Levels remain particularly high in the South-East, Eastern and Midland, and West regions, largely due to excess nutrient (nitrogen and phosphorus) input from agricultural and forestry run-off ([238]).

**Under the common agricultural policy (CAP) strategic plan, Ireland is implementing measures to enhance and restore biodiversity, notably through the Agri-Climate Rural Environment Scheme (ACRES), and the results-based payments schemes launched in 2023.** ACRES covers approximately 25% of agricultural land, supports habitat restoration and promotes sustainable land management practices. It reflects Ireland's commitment to strengthening

([234]) Ireland's State of the Environment Report 2024.

([235]) https://www.tcd.ie/geography/research/research-groups/coastal-research-group/current-projects/

([236]) The EU economy's dependency on nature, JRC140304_01 (1).pdf.

([237]) European Commission, 2025, *Environmental Implementation Review, Ireland Country Report*, Link.

([238]) EEA, 2024, Eutrophication caused by atmospheric nitrogen deposition in Europe.

biodiversity protection while maintaining agricultural sustainability.

**Ireland's fourth national biodiversity action plan (NBSAP) for 2023–2030 was adopted in January 2024 ([239]).** The NBSAP outlines 194 actions to be implemented by a broad range of government bodies, civil society and private sector stakeholders in order to achieve Ireland's national vision for biodiversity. It represents a whole-of-government and whole-of-society approach to biodiversity conservation and restoration.

**Ireland has a persistent biodiversity finance gap, with an estimated shortfall of EUR 700 million in funding ([240]). Initiatives such as the recovery and resilience plan (RRP) and the EU Just Transition Fund have supported peatland restoration, but this shortfall highlights the urgent importance of increasing investment in habitat restoration.**

## Sustainable agriculture and land use

**Ireland's carbon removals rate falls short of the level of ambition needed to meet its 2030 target for land use, land-use change and forestry (LULUCF).** Ireland has never had negative emissions since data collection started in 1990. To meet its 2030 LULUCF target, additional carbon removals of 0.63 million tonnes of $CO_2$ equivalent ($CO_2$-eq) are needed ([241]). The latest available projections show a shortfall of 2.1 mt$CO_2$-eq for 2030 ([242]). Additional measures in the land sector are therefore needed to achieve the 2030 target.

**Agriculture remains a major source of greenhouse gas emissions, but Ireland is making some progress in strengthening land use monitoring and investing in sustainable practices.** Most of Ireland's land is agricultural, so farming activities have a significant impact on carbon removals and greenhouse gas emissions from land use.

**Further investment in healthy forests and soils is key to building resilient, bio-based product value chains and enabling a growing, competitive EU bioeconomy.** Continuing improvements to the system for monitoring net removal data and projections will be crucial in supporting timely and effective action in the sector. Ireland is developing a national carbon farming framework and final implementation is planned for 2026 (following public consultations). Tools and schemes that help support farmers to take action include (i) the AgNav digital platform, which provides farm-level environmental assessments with nutrient balances, soil carbon estimates and carbon footprinting; (ii) the Agri-Climate Rural Environment Scheme under the CAP strategic plan; and (iii) measures that make it easier to transfer and apply organic manure to cropland through grant aid, financing supports and planning provisions.

**Land use monitoring and greenhouse gas reporting are being strengthened through updated forest modelling that is calibrated with new National Forest Inventory data.** This includes a more detailed representation of species, management and semi-natural forests, as well as improved parameters for organic soils. Targeted research into, and monitoring of, peatlands and soils includes (i) the Peat for project on emissions from peat soils; (ii) the RePEAT project to map former peatlands and assess agricultural land-use intensity; and (iii) the D-TECT project to map the drainage status of peatland grasslands. Further nationwide initiatives include greenhouse gas flux tower networks; soil carbon and flux measurement programmes across mineral and peat soils; a national soil sampling programme;

([239]) https://www.npws.ie/sites/default/files/files/4th_National_Biodiversity_Action_Plan.pdf.

([240]) EU Commission, *2025 Environmental Implementation Review Country Report – Ireland*, Link.

([241]) National LULUCF targets of the Member States in line with Regulation (EU) 2023/839, Link.

([242]) European Commission, *Climate action progress report 2025*, Link.

the Teagasc Signpost advisory programme; and a national soil moisture monitoring network.

**Ireland's share of agricultural land that is organically farmed is increasing very slowly.** Between 2012 and 2024, it rose from 1.16% to 4.97% ([243]). Ireland has an objective under the CAP Strategic Plan to more than triple the area used for organic farming by 2027 (i.e. to reach 7.5%). However, Ireland is not currently making a sufficient contribution to achieving the target of 25% of the EU's agricultural land being used for organic farming. By 2030, 7.49% of Irish agricultural land will feature landscape elements like single trees, hedges or buffer strips (with a slightly lower figure of 5.8% for arable land). The estimated rate of soil loss by water erosion is higher than the threshold of 2t/ha in the Southern and Northern regions ([244]) but Ireland is not so affected by wind erosion and tillage erosion. Ireland's functional urban area (FUA) has expanded in the last few years. Net land taken in 2018-2021 accounted for 792 ppm/year of Ireland's total urban surface. Most land has been taken from pastures (83%) ([245]). This ongoing 'land take' and the associated soil-sealing reduces the resilience of ecosystems, decreases carbon sequestration and impairs flood protection. The highly inefficient use of land in Ireland is the result of an increasing trend in the amount of artificial surface per capita ([246]).

**Water quality pressures persist, highlighting the need for ongoing improvement.** According to data from the latest reporting of Ireland under the Nitrates Directive for 2020-2023, Ireland's waters were generally of good quality. 99% of all monitoring stations for groundwater in Ireland had mean nitrate concentrations below 50 mg/l ([247]), the EU threshold for safe drinking water, and 78.5% of mean nitrate concentrations below 25 mg/l. 27.5% of the surface water monitoring stations reported eutrophication or a risk of eutrophication. Regarding trends for groundwater, 29.7% of groundwater monitoring stations reported an increase of nitrate concentrations, 56.4% reported stable trends and 13.8% reported decreasing trends. 14.5% of surface water monitoring stations reported an increase in nitrate concentrations, 74.9% reported stable trends and 10.6% reported decreasing trends. These trends underscore some agricultural pressures, in conjunction with Ireland's relatively high livestock density of 1.38 ([248]) (EU average: 0.75). Trends in nitrate concentrations have on balance been more towards deterioration of groundwaters and surface waters than towards improvements in recent years. Nevertheless, data for nitrogen loads in major rivers in 2022-2024 have shown progress towards reaching the objectives under the Water Framework Directive – even if there is still some way to go. Ireland faces environmental water quality challenges in certain areas due to the run-off of nutrients from agricultural land. Reports from the Environmental Protection Agency indicate that water quality deteriorated in the South and South-East regions due to excess nitrogen in transitional water and phosphorus in freshwaters (mainly due to the impact of agriculture) ([249]). A 4% reduction in agricultural ammonia emissions between 2018 and 2022 underscores slight improvements in emission control ([250]).

**Pesticide contamination remains a critical issue in Ireland.** According to EEA assessment,

([243]) Eurostat, *Area under organic farming*, Link.

([244]) European Commission, *EUSO Soil Degradation Dashboard*, https://esdac.jrc.ec.europa.eu/esdacviewer/euso-dashboard.

([245]) Net land take in cities and commuting zones in Europe | Maps and charts | European Environment Agency (EEA).

([246]) EEA, 2022, *Land take and land degradation in functional urban areas*, Link.

([247])EEA, 2025, *Nitrate in groundwater in Europe*, Link.

([248]) Livestock density index, Eurostat.

([249]) EPA-Water-Quality-in-Ireland-Summary-Report.

([250]) Source: Eurostat, *Ammonia emissions*, Link.

the most recent data available (covering 2018-2023) ([251]), reveals that pesticide contamination remains a pressing concern. 56% of reported river water bodies and 51% of reported lake water bodies exceed the regulatory thresholds for pesticide residues. These figures significantly exceed the EU averages (27% for rivers and 18% for lakes). Pesticides not only threaten aquatic ecosystems but also pose long-term risks to human health through contaminated drinking water and food chains. Ireland ranks poorly in the EU on specific soil contaminants. In particular, it has the highest mean concentration of cadmium (Cd) in grasslands and high Cd levels in croplands. 59% of Irish soils are considered unhealthy, mostly due to excess nitrogen. A significant part of Irish soil is deficient in phosphorus, leading to high fertiliser dependency and contamination risks. One or more pesticide substances were detected in seven of the 19 soil samples taken in Ireland (a lower incidence of pesticides in agricultural soils than the EU average of 3 473) ([252]). Furthermore, two of the 19 samples exceeded concentrations of 0.05 mg/kg.

([251])EEA, 2024, *Pesticides in rivers, lakes, and groundwater in Europe*, Link. The assessment process of the EEA comprises a single threshold across all the reported data, allowing a comparative assessment across Europe and giving the opportunity to Member States to discuss the approach.

([252]) Vieira et al. (JRC), 2023, Pesticides residues in European agricultural soils – results from LUCAS 2018 soil module, Publications Office of the European Union, Link.

## Table A10.1: **Key Adaptation Indicators**

| Climate adaptation and preparedness: | | | | | | | EU-27 |
|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | latest data |
| **Drought impact on ecosystems** *[area impacted by drought as % of total]* | 0.03 | 0.05 | 0.35 | 7.24 | 0 | - | 2.76 |
| **Forest fires burned area** (1) *[burned area in ha. per year]* | 2,820 | 3,103 | 3,189 | 2,982 | 4,302 | 133 | 354,510 |
| **Economic losses from extreme events** *[EUR million at constant 2022 prices]* | 53 | 222 | - | - | 272 | 214 | 40,452 |
| **Insurance protection gap** (2) *[composite score between 0 and 4]* | - | - | - | 1 | 1 | 1 | - |
| **Sub-national climate adaptation action** *[% of population covered by the EU Covenant of Mayors for Climate & Energy]* | 43 | 42 | 46 | 45 | 45 | 46 | 34 |

| Water resilience: | | | | | | | EU-27 |
|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | latest data |
| **Water Exploitation Index Plus, WEI+** (3) *[total water consumption as % of renewable freshwater resources]* | 1.15 | 0.78 | 0.98 | 1.15 | 0.99 | - | 4.53 |
| **Water productivity** *[EUR per $m^3$]* | - | - | - | 238 | - | - | 151 |
| **Water abstraction** | | | | | | | |
| *Water abstraction by source (% from surface water)* | - | - | - | - | - | | - |
| *Water abstraction by sector* | Agriculture | Electricity cooling | Manufactu-ring | Public water supply | Mining and Quarrying | Constru-ction | |
| | 2.77% | 18.35% | 2.77% | 70.19% | 5.91% | 0.02% | |
| **Status of water bodies** (4) *[% of water bodies in a good status]* | | | | | | | |
| Surface water bodies (ecological) | - | - | - | - | - | 54% | 38% |
| Groundwater bodies (quantitative) | - | - | - | - | - | 100% | 93% |

| Nature restoration: | | | | | | | EU-27 |
|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | latest data |
| **Ecosystem dependency** *[% of direct dependency]* | - | - | - | 38% | - | - | 44% |
| **Protected area** *[% of terrestrial protected areas]* | 14 | 14 | 14 | 14 | 13.9 | - | 26.4 |
| **Invasive alien species (IAS)** *[number of IAS of Union concern]* | - | - | - | - | - | 25 | 29.2 |
| **Damage cost of IAS** *[EUR billion]* | - | - | - | - | 0.23 | | 1.69 |
| **Eutrophication** *[AAE of area at risk of euthrophication]* | | | | 83 | 83 | | 295 |

| Sustainable agriculture and land use: | | | | | | | EU-27 |
|---|---|---|---|---|---|---|---|
| | | | 2012-2018 | | 2018-2021 | | latest data |
| **Yearly net land taken by Member State** *[ppm of total urban surface per Member State]* | | | 550 | | 792 | | 670 |
| **Land conversion in functional urban area** *[% of total land taken from 2018-2021]* | | | | | | | |
| Arable land | | | | | 7% | | |
| Complex and mixed cultivation | | | | | 0% | | |
| Forests | | | | | 4% | | |
| Herbaceous vegetation associations | | | | | 5% | | |
| Open spaces with little or no vegetation | | | | | 0% | | |
| Pastures | | | | | 83% | | |
| Permanent crops | | | | | 0% | | |
| Water | | | | | 1% | | |
| Wetlands | | | | | 0% | | |
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | latest data |
| **Nitrates in groundwater** (5) *[mg$NO_3$/l]* | 12.1 | 12.3 | 12.4 | 12.5 | 12.7 | | |
| **Livestock density** *(number of livestock units per hectare of utilised agricultural area)* | | 1.41 | | | 1.38 | | 0.75 |
| **Ammonia emissions** *[% of total utilised agricultural area]* | 99% | 99% | 99% | 99% | 99% | - | 94% |
| **Pesticide contamination on rivers and lakes water bodies** *[% of monitoring sites with pesticides exceeding thresholds, 2018-2023]* | | | | rivers | 56% | | 27% |
| | | | | lakes | 51% | | 18% |
| **Pesticide contamination in soil** *[% of samples with a concentration over 0.5 mg/Kg$^{-1}$]* | | | | | 11% | | 57% |
| **Net greenhouse gas removals from LULUCF** (6) *[kt$CO_2$-eq]* | 4126.5 | 4706.6 | 4302.9 | 3655.3 | 3894.5 | - | -198,421 |

(1) EFFIS (European Forest Fire Information System). Link

(2) The climate protection gap refers to the share of non-insured economic losses caused by climate-related disasters, based on modelling of the risk from floods, wildfires and windstorms, and on the insurance penetration rate. Scale: 0 (no protection gap) – 4 (very high gap). EIOPA, 2025, Dashboard on insurance protection gap for natural catastrophes.

(3) This measures total water consumption as a percentage of the renewable freshwater resources available for a given territory and period. Values above 20% are generally considered to be a sign of water scarcity, while values equal to or greater than 40% indicate severe water scarcity.

(4) European Commission, 2024, *Seventh Implementation Report from the Commission to the Council and the European Parliament on the implementation of the Water Framework Directive (2000/60/EC) and the Floods Directive (2007/60/EC) (Third River Basin Management Plans and Second Flood Risk Management Plans)*.

(5) Indicator refers to concentrations of nitrate ($NO_3$) in groundwater, measured as milligrams per litre (mg$NO_3$/L). Nitrate can persist in groundwater for a long time and accumulate at a high level through inputs from anthropogenic sources (mainly agriculture). The EU drinking water standard is limited to 50 mg$NO_3$/L to avoid threats to human health.

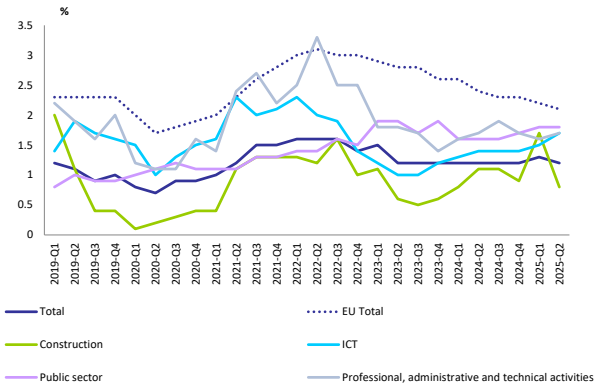
(6) Net removals are expressed in negative figures and net emissions are expressed in positive figures. Reported data are from the 2025 greenhouse gas inventory submission. The 2030 value of net greenhouse gas removals is taken from Regulation (EU) 2023/839 – Annex IIa.

***Sources:*** Eurostat, EEA and JRC.

**Ireland's labour market continues to perform strongly, but structural challenges persist.** Employment outcomes have continued to improve for most groups, and the national 2030 employment target has already been surpassed. Although some sectors continue to face labour shortages, there are untapped resources of underrepresented groups that could be included in the labour market. The government is currently developing a successor to the Pathways to Work Strategy, to be adopted in 2026, which will set out a strategic vision and plan for the next four years. The 2025 country-specific recommendation for Ireland highlighted the need to strengthen the labour market and social inclusion of disadvantaged groups, in particular persons with disabilities and single parents, by putting in place better targeted outreach and upskilling.

**Employment and labour market participation are at historically high levels but are highly concentrated in the capital**. The employment and labour force participation rates reached 79.9% and 83%, respectively, in Q3-2025, both considerably surpassing the EU averages (76.2% and 80.3%). The employment rate also exceeded the national 2030 employment target of 78.2%. Unemployment fell to 4.6% in December 2025 (EU: 5.8%), with youth and long-term unemployment standing at 12.9% and 1.2%, respectively, in Q3-2025, well below the EU averages of 15.2% and 1.9%. The labour force is projected to increase further ([253]), supported by a relatively young population, demographic growth and net inward migration ([254]). Employment is heavily concentrated geographically: Dublin City and County account for 35% of all people employed in the country (2023), followed by Cork City and County at 12%. In contrast, Galway City and County accounted for 6% of all people employed in the country, followed by Limerick at 5% and Waterford at 2% ([255]). Dublin remains the best performer. The Mid-East, essentially the region that surrounds Dublin, is the only other region where the labour force participation rate is above the national average of 66%. This trend is a concern as the national average is largely held up by the Dublin region, while much of the rest of the country underperforms ([256]). Regional disparities in unemployment rates are moderate, with 4.1% of the working force unemployed in the Southern region, 4.2% in the Northern and Western region, and 4.4% in the Eastern and Midland region (2024) ([257]) (see also Annex 19).

Graph A11.1:**Job vacancy rate, Ireland**




(1) Job vacancy rate, seasonally adjusted
Sectors NACE rev2.;
***Source:*** Eurostat [ei_lmjv_q_r2]

**Despite a relatively low aggregate vacancy rate, many employers expect labour shortages to affect their business**

([253])Eurostat, Short-term population projections 2024-2050, proj_stp25.

([254]) Population and Labour Force Projections 2023-2057 - Central Statistics Office.

([255]) https://www.cso.ie/en/releasesandpublications/ep/p-cirgdp/countyincomesandregionalgdp2022-2023/keyfindings/.

([256]) Unemployment Blackspots Opening Statement to the Joint Committee on Enterprise, Trade and Employment, Social Justice Ireland 2024.

([257])Eurostat, Unemployment rates by educational attainment level and NUTS 2 region.

**operations.** In 2024, the job vacancy rate stood at 1.3%, well below the EU average of 2.8%, yet shortages were in public administration and defence (4.8%), followed by finance, insurance and real estate. Shortages in some sectors such as construction, are expected to increase greatly in the face of demand in the coming years (see Annex 16).Shortages vary considerably by region. The Eastern and Midland region faces the most pressure, with 51% more vacancies per unemployed person than the national average. By contrast, shortages in the Southern region are the least severe, with 77% fewer vacancies per unemployed person ([258]). In 2025, 34% of companies in the services sector (EU: 23.1%) and 46.4% of companies in industry (EU: 17.5%) expected shortages to affect their operations. 42% of SMEs stated difficulties in recruiting staff with the required skills. Time constraints (43%) and cost (32%) are cited by employers ([259]). Ireland is increasingly relying on attracting and retaining workers, activating individuals outside the labour force and promoting lifelong learning to address its labour and skills shortages.

**Inward labour migration has increased.** The 2023 expansion of the permits system, which only applies to non-EEA nationals, increased the salary thresholds for permit holders and expanded the list of eligible roles. New increases are planned to be gradually introduced up to 2030. Renewals of work permits are highest in the healthcare sector, where shortages have existed for years. In the 12 months to April 2025, 125 300 people immigrated, including 68 500 from outside the EU. This was the fourth successive 12-month period in which immigration exceeded 100 000 people.

**Increasing labour market participation among women could significantly expand the labour supply**. As of Q3-2025, 1.5 million people aged 15 and over were inactive, with 738 000 over the age of 65. Those of prime working age (25-54) make up 18% of the inactive population, and inactivity among this group is highly gendered: 72% are women. 70% report that they do not want to work, often due to family or household responsibilities, with women making up 90% of those citing this reason. Health or disability is the second most cited reason. Over half of those reporting an unwillingness to work live in rural areas, reflecting possible barriers such as limited access to transport or childcare and job opportunities. Female employment has increased in recent years, reaching the historically high level of 75.2% in 2024, well above the EU average (70.8%). However, there is still a gender employment gap of 9.3 pps. Single parents, mostly women, face greater challenges in accessing the labour market with a 69.3% employment rate (EU: 75.3%) and a 21.5% in-work poverty rate. Subsidies from the National Childcare Scheme help ease financial stress for single parents, but limited training, employment support and childcare options hinder the return to schooling and poverty prevention. Several factors will be key to closing the gender employment gap and helping single parents access quality jobs, such as expanding support that allows single parents to return to education, further improving childcare provision and affordability and offering more flexible work opportunities (see also Annex 12). In Ireland, 31% of women working in jobs that can be done remotely never work from home, compared with 24% of men ([260]). Remote work presents a structural opportunity to support inclusivity. Increasing labour market participation among women and

([258]) OECD (2024), Job Creation and Local Economic Development 2024: The Geography of Generative AI, OECD Publishing, Paris.

([259]) Ireland's Talent Landscape, Skillnet 2025.

([260]) Eurofound (2024), Quality of life in the EU in 2024: Results from the Living and Working in the EU e-survey.

persons with disabilities could add around 100 000 workers to the labour force ([261]).

**There is significant potential to increase the labour market participation of persons with disabilities ([262]).** The disability employment gap reached 38.2 pps in 2024, one of the highest in the EU. It dropped however to 30.5% in 2025. It remains to be seen how much of the sharp drop in the latest data is due to a change in the methodology([263]) and how much is due to new measures that Ireland put in place recently. These measures include a public sector employment target, wage subsidies and reasonable accommodation, with their full impact yet to be seen ([264]). 40% of young persons with disabilities are not in employment, education or training. Moreover, 60% of unemployed persons with a disability are long-term unemployed, rising to 72% among those with more severe, long-lasting conditions. This persistent gap is mirrored in education and skills. 14.4% of persons with disabilities aged 15 and over leave education after primary school – almost double the rate of the general population (7.4%). Insufficient access to reasonable workplace accommodation and facilities remains a barrier. Other challenges include a lack of suitable housing near employment opportunities and inaccessible transport options. The 'Work and Access' programme, launched in 2024, offers targeted recruitment support and incentives for both employers and employees ([265]). However, uptake has been slow and concentrated among larger organisations. Similarly, awareness and use of the expanded Workplace Equipment Adaptation Grant has been limited([266]). Disability advocacy groups also highlight the risk of losing benefits, such as medical cards, social housing support and disability allowances, if income rises after taking up work. Adjusting income thresholds across all relevant welfare schemes ([267]) could help reduce this 'benefits trap' and support higher labour market participation among persons with disabilities ([268]).

**Ireland's WorkAbility programme funds local, regional and national projects that provide progressive pathways into employment (including self-employment).** These projects provide a combination of education, training, skills development and in-work support for persons with disabilities based on their needs, their abilities and their potential. The programme is co-financed by the European Social Fund+ (EUR 15 million).

**In September 2025, the government launched the National Human Rights Strategy for Disabled People 2025-2030.** The strategy includes a dedicated employment pillar, with priority actions for 2025-2026 focused on expanding work opportunities for persons with disabilities in the civil and public service. Meaningful progress will require consistent implementation of concrete, targeted measures, underpinned by sufficient

([261]) Nevin Economic Research Institute "Very low work Intensity households In Ireland" Research in Brief No. 80, December 2021.

([262]) Strengthen the labour market and social inclusion of disadvantaged groups, in particular persons with disabilities…, by putting in place better targeted outreach and upskilling.

([263]) Waves 1 to 4 of the IE-SILC 2025 sample were selected using a new methodology, while waves 5-6 were based on the former one.

([264]) European Semester 2025-2026 Country fiche on disability equality: Ireland, https://ec.europa.eu/social/BlobServlet?docId=28085&langId=en.

([265]) Alternative Report For Ireland On the Convention on the Rights of Persons with Disabilities | Disability Federation of Ireland, 2025.

([266]) WEAG was one of four Reasonable Accommodation Fund grants. The RAF was replaced by Work and Access in July 2024. It has seven supports, two of which are Work Equipment and Workplace Adaptation.

([267]) Ibid.

([268]) Assessing the policies to assist disabled people to access employment in Ireland, Geary Institute for Public Policy, 2023.

funding and supported by robust monitoring and evaluation mechanisms.

**Travellers and Roma continue to experience barriers to employment.** Only a minority of Roma and Traveller adults are employed (22% of Travellers and 49% of Roma), which is strongly related to low levels of educational attainment ([269]). However, discrimination also plays a role: 16% of the Irish Travellers and Roma stated they had experienced discrimination while looking for work in the previous two years, compared with just 3% of white Irish people ([270]). Other direct and indirect barriers include language and literacy difficulties, access to transport and childcare services, and poor health ([271]). Success in tackling these challenges will depend on an effective implementation of the second National Traveller and Roma Inclusion Strategy and other initiatives such as the 2025 Inclusive Employer Guide will help break long-standing barriers that perpetuate disadvantages.

**Wage growth has been broadly in line with EU trends, with the minimum wage increasing relatively faster.** Wage growth reached 4.2% in 2024 and 3.3% in 2025. In turn, real wages grew by 3.1% in 2024 and 1.3% in 2025. This follows a sizeable decrease in 2022 (4%) and a rebound in 2023 (2.1%). Real wages recovered due to robust wage growth and rapid disinflation ([272]). The statutory minimum wage increased by 28% between January 2022 and January 2025, a 10% rise in real terms. Unit labour cost (ULC) growth has fluctuated significantly since 2010, which partially reflects volatile GDP trends. In 2024 ULC growth was close to the EU average.

**Several factors weaken job quality.** In 2022, nearly 20% of employees were low-wage earners (EU: 14.7%), and 16.3% of people in persistent poverty were employed. Irish workers also report higher rates of very long hours (7.4% vs EU: 6.5%) and atypical hours (38.6% vs 33.9%). Collective bargaining was at 34% (2017, latest available data ([273])), a drop of 19 pps from 2003. Trade union density also decreased to 22.2% in 2024, while employer organisation density was at 71.2% (2018, latest available data([274])). Low membership numbers in labour organisations weakens these organisation's ability to negotiate fair wages and working conditions (see 2025 country report). In November 2025, the government published an Action Plan to Promote Collective Bargaining 2026-2030. The plan focuses on examining options and improving the evidence base for future action, building capacity and providing financial incentives, all while maintaining Ireland's voluntarist industrial relations model. However, the model is not fully voluntary, as sectoral employment orders and employment regulation orders even apply to non-negotiating employers. There is potential for improving collective bargaining coverage by considering measures such as requiring employers to engage with unions when they attain a certain level of representativeness. Social dialogue structures remained unchanged in 2025, with the Labour Employer Economic Forum (LEEF) continuing its work. However, trade union dissatisfaction with the process grew in 2025 due to slow progress on industrial relations reforms set out in the 2022 LEEF report, and the absence of primary legislation to transpose the EU Directive on Adequate Minimum Wages. The Directive was transposed in Ireland by S.I. 633/2024 (15 Nov 2024), rather than by primary legislation.

([269]) European Union Agency for Fundamental Rights (2025): Rights of Roma and Travellers in 13 European countries.

([270]) Equality and Discrimination Survey, ESO 2024.

([271]) Pavee Point Traveller and Roma Centre and Applied Social Studies, Maynooth University (2023) Roma in Ireland: Access to Fair and Decent Work.

([272]) Consumer Price Index November 2025 - Central Statistics Office.

([273]) OECD and AIAS (2025), Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts, OECD Publishing, Paris.

([274]) Ibid.

**Ireland's strong economic and labour-market progress masks significant problems related to poverty, access to services and social inclusion.** While poverty and social exclusion have decreased overall since 2021, this general trend conceals large disparities between specific population groups: single parents, persons with disabilities, and the Roma and Traveller minorities are still facing acute poverty and deprivation risks. Also, older people living alone, those in low work intensity households and children have consistently higher than average poverty rates. Access to social services remains uneven, particularly for housing, childcare and healthcare. Demand for long-term care (LTC) is projected to rise substantially in the coming years, in a sector already struggling with workforce shortages. Access to social and affordable housing remains a pressing challenge, while homelessness continues to increase([275]) (see Annex 16). Addressing these challenges will be crucial for mobilising the full potential of the above groups in support of inclusive growth and competitiveness.

**The AROPE rate for the general population is rising again, with some groups facing considerably higher poverty risks ([276]).** In 2024, the 2030 national poverty reduction target of 90 000 fewer people in poverty was reached, however in 2025 there were 109000 more persons in poverty again. Single-parent families remain among the most socially disadvantaged groups however (see Graph A12.1). Their at-risk-of-poverty or social exclusion (AROPE) rate remains far worse than for other Irish cohorts (52.4% vs 18.8%) and than the EU average for single-parent households (44.3%). High housing costs weigh heavily on single earners with dependent children. Half of them are at risk of poverty after deducting housing costs, and they make up 23% of all households on social-housing waiting lists. Over half of the homeless families accessing emergency accommodation are one-parent families, even though they make up just a quarter of all families with children ([277]). Recent evidence indicates that systemic barriers, such as the cost of housing, childcare and inadequate financial support, continue to prevent single parents from pursuing education ([278]). There is therefore room for tailored support for this group. Increasing welfare payments, providing automatic entitlement to the fuel allowance for those receiving the 'Working Family Payment' ([279]) and reducing costs for children's schooling in the 2026 budget will relieve some financial pressure for single parents ([280]).

([275]) 2025 CSR 6.1 Further increase the supply of social and affordable housing.

([276]) ESRI, Community Foundation Ireland, 2025, Poverty, income inequality and living standards in Ireland: Fifth annual report.

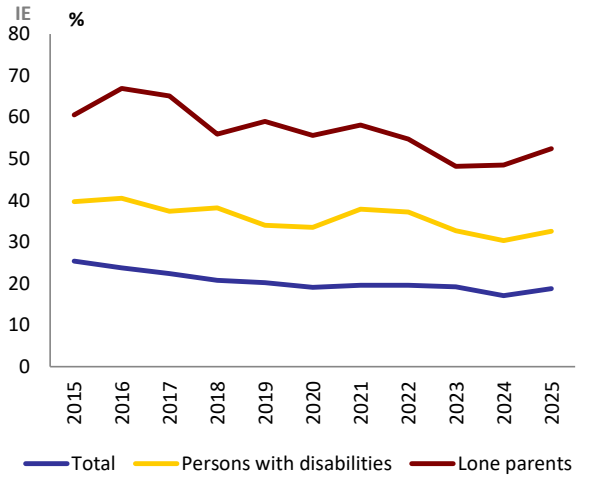
([277]) One Family, 2025, Addendum to Budget 2026.

([278]) Dukelow, F. et al., 2025, Education first? Lone parents' lived experience of the challenges and benefits of participating in higher education.

([279]) A weekly tax-free payment for employees with children.

([280]) 2025 CSR 6.3 Strengthen the labour market and social inclusion of disadvantaged groups, in particular persons with disabilities and single parents, by putting in place better targeted outreach and upskilling.

Graph A12.1:**At-risk-of-poverty or social exclusion rate, Ireland**




(1) AROPE: At-risk-of-poverty or social exclusion rate (% of total population).
***Source:*** Eurostat, EU-SILC [ilc_peps01n, hlth_dpe010, ilc_peps03n]

**Persons with disabilities still face much higher poverty risks.** At 32.6% in 2025, the AROPE rate for this group increased by more than 2pps, well above the EU average (28.8%). Also, poverty among those with severe activity limitations increased, from 41.1% to 45.1%. The 2026 budget eliminated the one-off cost-of-living payments, and there were limited changes to welfare payments for persons with disabilities, which might lead to increased poverty risks. To address the situation, some measures have been launched with the adoption of the 2026 budget. For instance, after taking up work, persons with disabilities can qualify for the back-to-work family dividend. These measures incentivise entering the labour market, without the risk of losing some of the much-needed social support right away. Still, consistently high poverty rates for this group reaffirm that reliable and broad support (including income support and services) are necessary even after taking up work to compensate for the costs of disability. The government recently adopted the National Human Rights Strategy for Disabled People 2025–2030, which covers employment, education, independent living, health and mobility. Stakeholders broadly welcomed ([281]) its collaborative, comprehensive, rights-based approach, but cautioned that rigorous monitoring, sufficient resources and concrete actions will be essential for success. However, the strategy does not commit to specific targets, as set for the 2020-2025 period in the roadmap for social inclusion for specific vulnerable groups.

**Roma and Travellers are still socially excluded, with little improvement in their situation.** The 2025 EU Fundamental Rights Agency report ([282]) found that three quarters of Travellers and 60% of Roma felt discriminated against in core areas of life because of their ethnic origin. This is the highest rate among the European countries surveyed. On the positive side, there was a 21-percentage point (pp.) increase since 2019 in awareness of equality bodies and human rights institutions: 70% of Travellers and 41% of Roma knew of such organisations. However, this did not result in higher rates of reporting discrimination, which is likely related to their very low level of trust in legal institutions and the police. Over 90% of respondents from both minorities had incomes below the poverty threshold, with children even more affected ([283]). During the recent first National Traveller and Roma Forum under the National Roma and Traveller Inclusion Strategy 2024-2028, stakeholders welcomed the dedicated funding in the 2026 budget. Multi-annual budgets, measurable targets, and the collection of disaggregated ethnic data could further improve the situation. These measures could help not only to monitor

([281]) Independent Living Movement Ireland, 2025, Reaction to National Human Rights Strategy for Disabled People 2025–2030.

([282]) European Union Agency for Fundamental Rights, 2025, Fundamental Rights Report 2025.

([283]) Fundamental Rights Agency, 2025, Rights of Roma and Travellers in 13 European countries.

delivery of results, but also to design future policies ([284]).

**The risk of poverty or social exclusion among children has decreased but some disparities persist for disadvantaged groups.** The AROPE rate for children sharply increased from 20.9% to 23.7% in 2025, now nearing the EU average (24.3%). Risks are more pronounced for children from single-parent households, children with disabilities and children from Traveller and Roma communities. The rate of children at risk of poverty stood at 15.1% in IE in 2024. After accounting for housing costs, the child poverty rate rises to 30.5%, more than double the level measured before housing costs, underscoring the significant financial pressure that housing expenses place on families. A recent study confirmed that Irish people who grew up in poverty are more likely to be materially deprived, unemployed or inactive and in bad health ([285]). In 2022, the OECD estimated that the costs associated with the above consequences amount to around 4% of Irish GDP annually ([286]). Welfare spending, income support for families, and investment in social services, particularly inclusive education, not only provide social benefits, but also deliver economic returns, as they bring social support costs down. In general, social benefits in Ireland have a high impact in terms of reducing poverty (16 pps above the EU average). The government has recently increased the welfare rates of various child-related benefits, but it is yet to be seen if these are enough to compensate for the elimination of one-off cost-of-living allowances. Policymakers have announced they are examining a second-tier child benefit scheme for children in poverty. This will be subject to public consultation in 2026."

**Access to social services**, **in particular access to early childhood education and care, remains a challenge.** An increasing number of children are on social housing waiting lists and in emergency accommodation (see Annex 16), despite heavy public investments in housing provision. Cost-related obstacles to healthcare are still not fully addressed. Many low-income families and children cannot access free healthcare, because they do not qualify for the means-tested medical card. This card offers free medical services, hospital care and prescription medicines. However, the income thresholds for eligibility have remained unchanged for two decades, creating barriers for those in need. Access to early childhood education and care (ECEC) is slowly improving with many reforms in the pipeline or in the process of implementation. Lowering fees, increasing cost subsidies, especially for lower-income families, and expanding access, including through state-led provision, are all on the agenda for 2026. To support quality in the sector, the government ring-fenced funding to support staff training, recruitment and retention, and wage increases. Yet Ireland still had one of the lowest participation rates for children under 3 in ECEC (27.0% vs EU 40.5%) in 2025, and ECEC services remain predominantly private-based, resulting in high fees. Access to ECEC continues to be a significant issue, both in terms of affordability and availability with over 40 000 children under 3 on waiting lists, especially with insufficient coverage in rural areas and urban centres ([287]). Travellers are particularly affected ([288]). The European Social Fund Plus supports the social inclusion of children, including through funding the

([284]) Pavee Point, 2025, First National Traveller and Roma Forum under the NTRIS II.

([285]) ESRI, Community Foundation Ireland, 2025, Poverty, income inequality and living standards in Ireland: Fifth annual report.

([286]) OECD, 2022, The economic costs of childhood socio-economic disadvantage in European OECD countries.

([287]) Early childhood Ireland, 2025, The Early Years care needs of parents who work atypical hours or live in rural communities.

([288]) ESRI, Community Foundation Ireland, 2025, Poverty, income inequality and living standards in Ireland: Fifth annual report.

Youthreach programme, which delivers social services to early school leavers.

**Ireland is the only EU country that does not have earnings-linked maternity leave.** Introducing appropriate parental leave during the first year of a child's life could support parenting during this important developmental phase and reduce strain on the overstretched childcare sector. In this context, full implementation of the European Child Guarantee should be further explored with a view to providing free (where applicable) and effective access to key services for vulnerable children, building on the recently introduced Hot School Meals programme in all primary schools.

**The provision of care relies strongly on community and family support.** This is mostly unpaid and carried out by women. Ireland has the highest percentage of people not working because of care duties in the EU (26.1% of the inactive population). This percentage is particularly high among women (37.6%), indicating care provision is insufficient to meet demand. This has implications for access to employment and social protection (e.g. pensions, though since 2024 long-term carers can also access contributory state pensions). Furthermore, demand is expected to rise significantly: the number of people aged 85 years and over who use a substantial amount of long-term residential care and home-support resources is projected to more than double by 2040. At the end of 2023, more than 5 800 people approved for funding were waiting for home support because no home-care worker was available. This was entirely due to the lack of capacity and not to a lack of funding. LTC costs in Ireland are relatively high, but the public social protection system is one of the most comprehensive, eliminating out-of-pocket costs for home care and thus reducing the poverty risk. Nursing home beds are in short supply, and the nature of provision (i.e. provider ownership and operator) has changed considerably, with larger, private, for-profit provision dominating the LTC sector now. Extended public provision, particularly in rural areas with low care supply, could improve access. In addition, pension adequacy concerns (particularly for the self-employed such as farmers) are still present, with Ireland displaying one of the lowest aggregate replacement ratios for pensions in 2024 (0.4 vs 0.6 for the EU).

**The situation in the care sector is further aggravated by poor working conditions.** The Irish Strategic Workforce Advisory Group identified numerous issues relating to the pay and conditions of home carers and nursing home healthcare assistants, including: low rates of pay; the lack of a standardised approach to remuneration for travel time and expenses across public, private and voluntary providers; financial insecurity; a lack of entitlement to sick pay and the minimal provision of paid annual leave. Moreover, high housing costs are further reducing the attractiveness of low-paid professions. LTC workers in the public sector receive significantly better wages and conditions than their counterparts in the for-profit sector. However, the majority of LTC workers are employed by the for-profit sector, which provides 74% of nursing home services. Improving pay and working conditions and investing in workforce upskilling could help improve the situation.

**Energy poverty is relatively low but increasing among vulnerable households.** In Ireland, energy poverty among those at risk of poverty or social exclusion has increased sharply, more than doubling from 6.8% in 2020 to 14.8% in 2024, pointing to a growing concentration of the burden on poorer households, in a period where energy poverty remains comparatively low and broadly stable for the general population (rising from 3.6% to 4.9%). Ireland has introduced measures to improve energy efficiency in its housing stock. More than 50% of the total spend of the Sustainable Energy Authority of Ireland (SEAI) on residential and community energy efficiency schemes went to homes in or at risk of energy poverty over the 2022-2024 period. From 2019

to e end-2025, almost EUR 1.7billion was invested through SEAI schemes to support 244,000 home energy upgrades. This included almost 32 700 fully funded upgrades for households at risk of energy poverty under the Warmer Homes scheme ([289]), and 18,000 heat pump installations. The upcoming extension of the EU emissions trading system to fuel combustion in buildings (ETS2) will create additional pressure on vulnerable households highlighting the need for targeted support measures. Ireland has a derogation from the ETS2 until 31 December 2030 due to its national Finance Bill 2025, which aligns Ireland's domestic carbon tax regime with the scope of ETS2. In Ireland, ETS2-covered fuels, primarily oil and gas, account for 68% of the final energy consumption of households, compared with just 42% across the EU. As a result, the expected expenditure increase in the building sector is considerably higher than the EU average. The Irish Social Climate Plan will provide support for the most vulnerable households, including through energy-efficiency investments.

**Transport poverty, measured by the share of people unable to afford a car, is below the EU average and decreasing.** In 2024, nearly a quarter of the population (EU average: 10.8%) reported that they did not use public transport regularly because of the unavailability of the service. The Border, West, Mid-West, South-East, Mid-East and Midlands regions, where approximately 14% of the population is at risk of poverty, are particularly poorly served by public transport ([290]) (see also Annex 19 for rail connectivity). Improving the affordability and availability of public transport and support measures in areas with limited public transport provision – prioritising zero-emission vehicle options such as social leasing schemes – could help address the situation.

([289]) Department of Climate, Energy and the Environment, 2025 National Energy Affordability Taskforce Interim Report, p. 27.

([290]) European Commission Joint Research Centre, 2025, Transport Poverty Hub.

**Education is of high quality and overall equitable, with close links to the labour market.** Irish students' basic skills are among the best in international comparisons, and the tertiary educational attainment level is the highest in the EU, playing a significant role in supporting competitiveness and growth. However, children from disadvantaged socio-economic backgrounds and students with disabilities continue to fall behind their peers. The still limited access to quality early childhood education and care (ECEC), in particular for those under three years old, affects mainly children with disadvantaged background and hampers parents' participation in the labour market. Ireland has recently launched new curricula at primary and secondary levels to further improve quality and equity, however, girls and disadvantaged students in some schools may face barriers to access science, technology, engineering and mathematics (STEM) education. Despite continued efforts, teacher shortages persist. The expansion of special schools and classes for children with a disability may affect the inclusiveness of the education system. The continuation of policies focusing on equity and excellence in education, as well as STEM education, in particular in vocational education and training (VET) programmes, is important to meet the high demand for digital, scientific and green skills.

**Access to ECEC has improved but still displays large gaps.** Participation of children under three increased from 24.4.% in 2024 to 27.0% in 2025, but this is still well below the EU average of 40.5.%. The enrolment of children aged three and above slightly decreased from 95.6% in 2023 to 95.3% in 2024. The new 'Equal Start' scheme helps disadvantaged families to participate in ECEC services through universal and targeted measures. In 2024/2025, 18% of the total number of settings, serving 35 000 children, received higher funding. However, there is still no legal entitlement to a public ECEC place, and free provision is limited to three hours per day (the lowest in the EU). Although the National Childcare Scheme provides support for childcare costs, stakeholders underline the need for additional resources to increase supply and affordability and improve staff retention in the sector ([291]). According to the OECD TALIS 2024 (Starting Strong), more ECEC staff in Ireland (49% in pre-primary education, and 61% in childcare settings) than in other participating countries report experiencing work-related stress also due to having too many tasks to do at the same time. Furthermore, cooperation between childcare settings and social and health services, and schools remains limited, which affects childcare quality and inclusiveness ([292]). Looking ahead to 2030, 2 200 additional places are projected, while stakeholders estimate a 14 000 shortfall of places for children under the age of five. Children of migrant origin under three are less likely to be in formal childcare, which may affect their mothers' participation in the labour force and skills development ([293]) (see Annex 12).

**New curricula aim to boost students' skills but ensuring equitable access to STEM education will be crucial**. Ireland has the lowest underachievement rate among 15-year-olds in reading in the EU (11.4%; EU average: 26.2%), and in mathematics and science it is close to the EU-level target (15%) ([294]). However, the top performance in mathematics has dropped since 2012 and remains below the EU average (7.2% vs 7.9% in 2022) (graph) (ibid.). At primary and lower secondary level, Irish students have similarly good results, however, boys outperform girls in mathematics (by 14 score points) and science (by 9 score points) at the lower secondary level. Also, the gap between the lowest- and highest-achieving

([291]) Eary Childhood Ireland, 2025, Budget 2026 will not relieve pressures on settings.

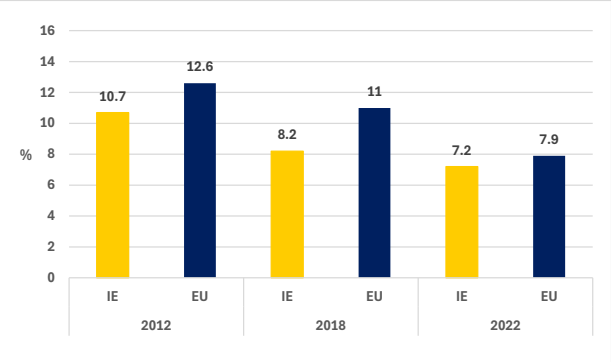
([292]) OECD, 2024, Results from TALIS Starting Strong 2024.

([293]) ESRI, 2023, Differences in childcare use between Irish-born and immigrant households in Ireland.

([294]) OECD, 2023, PISA 2022.

students has widened since 2015 (ibid.). Equal access to STEM subjects is a concern, with only 68% of all-girls schools offering STEM subjects beyond mathematics and science, compared with 87% of mixed schools and 96% of all-boys schools ([295]). The new curricula aim to enhance STEM education at primary and upper secondary levels, focusing on both equity and excellence. However, a shortage of STEM teachers, particularly for mathematics, is a major challenge for schools, and providing necessary equipment for STEM education will also be essential.

Graph A13.1:**Share of top performers in mathematics (IE vs EU) 2012-2022**




***Source:*** OECD PISA 2012, 2018, 2022

**Ireland aims to better support the most disadvantaged students to unlock their potential.** At 3.6%, the rate of early leavers from education and training remained low in 2025 (EU average: 9.1%). Yet, vulnerable groups, including Travellers, face challenges in accessing and remaining in education. The 2024-2030 Traveller and Roma education strategy aims to increase the upper secondary education completion rate of this group ([296]). The scheme to address educational disadvantage in schools, Delivering Equality of Opportunity in Schools (DEIS), currently supports approximately 250 000 students, in almost 1200 schools. However, according to PISA 2022 and TIMSS 2023, students in DEIS schools on average perform lower than those in non-DEIS schools ([297]). A new DEIS-Plus scheme was established in March 2026 to better support schools facing the highest levels of disadvantage. It remains to be seen whether disadvantaged students in schools not covered by the scheme will receive the necessary supports.

**Expansion of special schools and classes puts inclusive education at risk.** The number of special educational settings is increasing, with around 3 735 special classes for nearly 23 000 students in 2025/2026 – a doubling since 2020. Sixteen new and expanded special schools now accommodate over 9 500 students (an 18% increase in the total number of students in special schools since 2020). Although driven by increased diagnostics, this growth conflicts with international research and recommendations on inclusion (UNCRPD). In parallel, inclusion is also being supported in mainstream schools, with nearly 15 000 special education teachers and 12 500 special needs assistants employed for 2025/2026. The Access and Inclusion Model supports children with disabilities to fully participate in ECEC from the age of three. However, a recent study found that only 25% of parents and over 33% of teachers of autistic students see the system as fully inclusive ([298]). Improving coordination and specialist support in mainstream settings could alleviate burdens on families and schools ([299]). The EU's Technical Support Instrument has supported Ireland in its efforts to improve specialist provision to support inclusive education in mainstream education settings. Ireland aims to enhance inclusive education by

([295]) I Wish, 2024 survey report.

([296]) Department of Education and Youth, 2023, Traveller and Roma Education Strategy 2024–2030.

([297]) Education Research Centre, 2024, TIMSS 2023: Insights into mathematics and science achievement in Ireland.

([298]) McNally, S., Sweeney, M.R., Keenan, L., Lynam, A.M., Ramsbottom, C., & Radhakrishnan, A., 2025, Autism-Friendly Schools: Including the Voices of Autistic Students in Primary and Post-Primary Education in Ireland.

([299]) OECD, 2024, Review of Resourcing Schools to Address Educational Disadvantage in Ireland.

maximising children's and students' access to mainstream primary and post-primary education settings.

**Despite new measures to address teacher shortages, the challenge persists.** While still faring well internationally, in real terms (i.e. adjusted for inflation), Irish teachers' salaries decreased by 6% between 2015 and 2023 ([300]). A range of measures relating to teacher professional learning and teacher supply are detailed in the Plan for Education 2025 ([301]), including bursaries for STEM student teachers, free upskilling programmes for post-primary teachers in high-demand subjects, and measures to improve recruitment and retention and encourage teachers to return to the profession. From September 2025, new teachers are eligible for a permanent teaching contract already after one year of teaching (instead of formerly two). However, recent surveys on teacher shortages show that 51% of secondary schools had to limit student access to certain subjects and 19% had to drop a subject due to lack of teachers ([302]). Furthermore, 43% of Irish-medium schools, 35% of DEIS Band 2 and 32% of DEIS Band 1 (most disadvantaged) schools reported long-term vacancies ([303]). A lack of substitute teachers continues to affect many schools. Supported by the EU's Technical Support Instrument, Ireland aims to develop a more effective workforce planning.

**Few students choose vocational education despite its strong labour-market relevance ([304]).** The share of learners enrolled in medium-level vocational education (ISCED 3-4) has slightly declined in recent years, reaching 32.7% in 2023, well below the EU average of 52.4%. An increasing number of VET learners participate in work-based learning (48.7% in 2024), but this is significantly below the EU average (65.2%). Based on labour-market relevance, the Irish vocational education system is among the more effective in the EU: in 2024, 89.9% of people who had recently completed VET were in employment. SOLAS, the state agency for further education and training (FET), is expected to publish the new sectoral strategy in the first quarter of 2026. After extensive public consultations, three priorities have emerged and will be covered: (i) deliver on Ireland's skills needs with a more balanced skills provision; (ii) widen participation; and (iii) ensure inclusivity for all learners. Ireland's recovery and resilience plan provides over EUR 110 million in funding for SOLAS to equip learners with skills under the Skills to Compete initiative. Additionally, a specialized sectoral strategy, Green Skills 2030, was launched by SOLAS on October 15, 2024, to address green transition skills, with its implementation plan launched in September 2025.

**Support for disadvantaged learners in vocational education is available but could be further expanded**. Courses in the FET sector are free or heavily subsidised, and eligible learners receive direct financial support. The 'Access to Apprenticeship' initiative and the 'Inclusion Bursary' programme support young people from disadvantaged backgrounds with a EUR 3 000 grant per participant. The Traveller Apprenticeship Incentivisation Programme provides bursaries to both employers and learners. The programme met with high interest on the side of Travellers. The number of expressions of interest, high above the number of bursaries granted, indicates room for a further extension of the scheme ([305]). Post-secondary non-tertiary students with disabilities are also eligible for

([300]) OECD, 2025, Education at a Glance: Ireland.

([301]) Department of Education and Youth, 2025, Plan for Education 2025.

([302]) Teachers' Union of Ireland, 4 March 2026 press release.

([303]) International National Teachers' Organisation, 2025, Teacher shortage survey: Special schools, DEIS and Irish-medium education continue to be worst hit.

([304]) The vocational education sector is known as FET in Ireland, or further education and training.

([305]) 189 bursaries allocated against 488 expressions of interest between 2023 and 2025, source: Irish Traveller Movement.

assistance through the Fund for Students with Disabilities in FET. The course has a 72.5% certification rate for students with disabilities in FET and an 89% completion rate for Roma ([306]), highlighting room for further support in this area. EU co-financed initiatives help disadvantaged learners, including the 'WorkAbility' programme, supported by the European Social Fund Plus, which provides tailored support to enable people with disabilities to access education, training or employment, depending on their needs and abilities.

**Tertiary educational attainment is high and further increasing, as is demand for skilled workers, particularly in STEM.** In 2025, 66.8% of those aged 25-34 held a tertiary degree, up by 1.6 pps compared with 2024 and the highest level in the EU. The increase over the past five years (2021-2025) by 4.6 pps has been higher than the EU average of 3.3 pps). During 2020-2024, employment growth in science and engineering occupations exceeded the national average rate of employment growth, and information and communications technology (ICT) was the sector with the highest average rate of annual employment growth (9.8%) ([307]). Skills shortages are most acute in areas that require digital skills and scientific knowledge ([308]). The employment rate of recent STEM tertiary graduates is high (95.5%; EU average: 89.6%) ([309]). In 2023, 28.5% of all tertiary education students (ISCED 5-8) were enrolled in STEM programmes (EU average: 26.9%). However, the proportion of STEM graduates is lower (25.2%), partly due to high dropout rates, particularly in ICT. The number of STEM tertiary graduates per 1 000 population (25.6 in 2023) is the highest in the EU. However, the number for VET STEM graduates is very low (5.4; EU average: 11.8), reflecting the small size of Ireland's VET sector. Women represent 9% of VET STEM programme students, significantly below the proposed EU-level 2030 target of 25%.

**More and more adults engage in lifelong learning, but there is much room for improvement, particularly to attract those with low educational attainment.** According to the adult education survey, 48.3% of adults participated in learning in 2022, well above the EU average of 39.5%. The government is developing a new scheme to support the upskilling of workers in small and medium-sized enterprises, financed by the National Training Fund, including reimbursing costs and paid training leave. FET and craft apprentices receive supplementary allowances for food, travel and accommodation, but these have not been updated since 2002, despite high inflation. Adjusting the supplementary allowances would allow more disadvantaged people to participate in training. As shown by longitudinal studies, participation in adult learning depends on the level of educational attainment, and people with higher levels of education attainment are more likely to participate in new learning opportunities ([310]). Engaging adults with lower education attainment is essential to reach the 2030 adult learning participation target. Community adult education caters for the needs of many disadvantaged learners. It promotes personal and flexible training, as well as the necessary support for participation, such as guidance, mentoring and childcare. Besides personal development, it addresses community advancement and inclusion. Community education serves 20% of all FET learners yet is currently receiving only 2% of the FET budget ([311]).

([306]) European Commission, 2025, Education and Training Monitor.

([307]) SOLAS, 2024, National Skills Bulletin.

([308]) OECD, 2022, Skills For Jobs 2022.

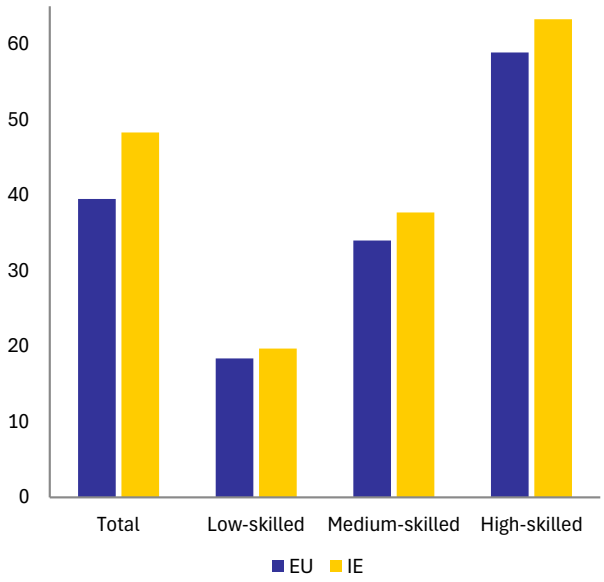
([309]) Higher Education Authority, 2024, Graduate Outcomes Survey 2023.

([310]) OECD (2025): Education at a glance 2025.

([311]) Better Europe Alliance: European Semester 2026 Submission.

**Ireland's performance on digital and green skills is strong, but further efforts are needed.** At 22.9% in 2023, enrolment in ICT programmes is higher than the EU average (20.3%) ([312]). The share of ICT specialists in total employment is high (6.3% in 2024), but the current pace of increase (+0.1 pps year-on-year) is largely insufficient to reach the 9.2% target by 2030. Demand for advanced digital profiles continues to outpace supply. Ireland has the widest gender gap in advanced digital skills in Europe, due to particularly high rates of advanced digital task use among men This disparity has wide-ranging implications, as it restricts women's access to higher-skilled positions and top leadership roles, thereby reinforcing existing inequalities in the labour market ([313]). Most people have at least basic digital skills (83%; EU average: 60%), yet with a very high disparity between those with tertiary education (88%) and those with low or no formal education (14%) ([314]). In parallel to supporting the continued digitalisation of services, the needs of those with low digital and artificial intelligence literacy need to be taken into account in the design of essential services, ensuring that these have also non-digital access points. Sectors relevant to the green transition had relatively low levels of labour shortages in 2024 compared to the EU average. Persistent shortages have been reported though for mechanical engineers, engineering professionals not elsewhere classified and systems analysts.

Graph A13.2:**Adult participation in learning, 2022 (%)**




(1) Participation in learning in the last 12 months (excluding guided on-the-job training), % of population aged 25-64

***Source:*** Eurostat - adult education survey (AES)

**Skills intelligence is collected across multiple sources, but fragmented datasets and coordination gaps limit its effectiveness.** A broad range of national and international agencies is responsible for collecting, exchanging and using skills information in Ireland ([315]). However, significant opportunities exist to strengthen coordination between the bodies responsible for collecting such data. A new National Skills Observatory, under the umbrella of the National Skills Council, is being developed, but not yet operational.

([312])Eurostat: educ_uoe_enrt03.

([313])ESRI, 2026, Squandered skills? Bridging the digital gender skills gap for inclusive growth in Ireland - A comparative European perspective.

([314])European Commission, 2025, Digital Decade Country Reports.

([315])2019 OECD Skills Strategy report.

Table A14.1: **Social Scoreboard for Ireland**

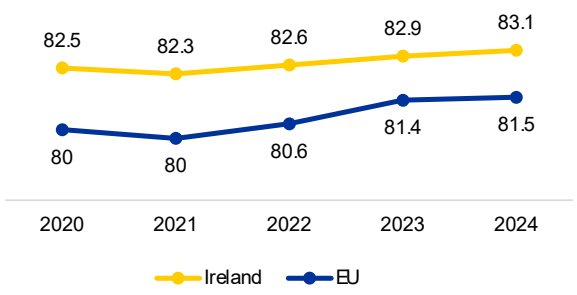
| | | |
|---|---|---|
| Equal opportunities and access to the labour market | Adult participation in learning (during the last 12 months, excl. guided on the job training, % of the population aged 25-64, 2022) | 48.3 |
| | Early leavers from education and training (% of the population aged 18-24, 2025) | 3.6 |
| | Share of individuals who have basic or above basic overall digital skills (% of the population aged 16-74, 2025) | 82.8 |
| | Young people not in employment, education or training (% of the population aged 15-29, 2025) | 8.1 |
| | Gender employment gap (percentage points, population aged 20-64, 2025) | 9.0 |
| | Income quintile ratio (S80/S20, 2025) | 3.89 |
| Dynamic labour markets and fair working conditions | Employment rate (% of the population aged 20-64, 2025) | 80.2 |
| | Unemployment rate (% of the active population aged 15-74, 2025) | 4.7 |
| | Long term unemployment (% of the active population aged 15-74, 2025) | 1.1 |
| | Gross disposable household income (GDHI) per capita growth (index, 2008=100, 2024) | 114.9 |
| Social protection and inclusion | At risk of poverty or social exclusion (AROPE) rate (% of the total population, 2025) | 18.8 |
| | At risk of poverty or social exclusion (AROPE) rate for children (% of the population aged 0-17, 2025) | 23.7 |
| | Impact of social transfers (other than pensions) on poverty reduction (% reduction of AROP, 2025) | 51.5 |
| | Disability employment gap (percentage points, population aged 20-64, 2025) | 30.5 |
| | Housing cost overburden (% of the total population, 2025) | 5.3 |
| | Children aged less than 3 years in formal childcare (% of the under 3-years-old population, 2025) | 27.0 |
| | Self-reported unmet need for medical care (% of the population aged 16+, 2025) | 2.7 |

| Critical situation | To watch | Weak but improving | Good but to monitor | On average | Better than average | Best performers |
|---|---|---|---|---|---|---|

Update of 4 May 2026. Members States are categorised based on the Social Scoreboard according to a methodology agreed with the EMCO and SPC Committees. Please consult the Annex of the Joint Employment Report 2026 for details on the methodology (https://employment-social-affairs.ec.europa.eu/joint-employment-report-2026_en).
***Source:*** Eurostat

**Ireland's health system performs comparatively well across several key dimensions, yet it faces systemic sustainability, accessibility and fiscal challenges driven by a hospital-focused model and age-related spending pressures.** While life expectancy is high, Ireland faces significant challenges in ensuring universal coverage, addressing health workforce shortages and persistent budgetary overspends. Addressing these challenges could place the country in a better position to ensure the health of its population, social fairness and productivity. The 2025 country specific recommendations (CSRs) highlighted the need to *address the expected increase in age-related spending by making the healthcare system more cost effective*.

Graph A15.1:**Life expectancy at birth, in years**




***Source:*** Eurostat (indicator: demo_mlexpec)

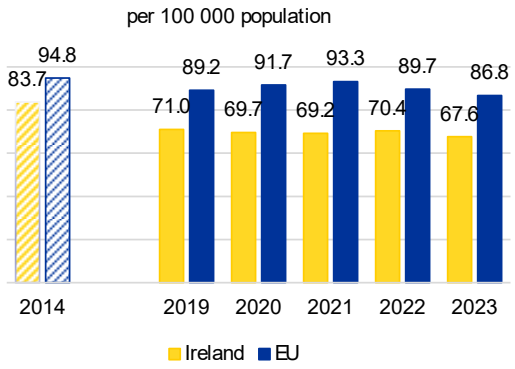
**The Irish population is characterised by both a high life expectancy and a notably slower rate of demographic ageing compared to the EU average.** As of 2024, life expectancy at birth stood at 83.1 years (see Graph A15.1), a figure ranking among the best performing EU countries. Ireland's healthy life years for both sexes exceed the EU average, with a narrow six-month gap between men and women. The proportion of the population aged above 65 is low (16% in 2024) but is projected to reach 25% by 2050 ([316]). Although treatable mortality is consistently below the EU average and the death rate has fallen by 16% between 2014 and 2023 (see Graph A15.2), there is still room for improvement. Cancer and cardiovascular diseases remain the leading causes of death, accounting for over 50% of all deaths in 2022. Mental health is a focus of national policy. The suicide rate is 8.88 per 100 000 residents, which stands below the EU average and reflects a 17.7% reduction over the 2014-2023 decade. However, financial barriers to accessing primary mental healthcare persist for some segments of the population.

**Preventable mortality in Ireland is below EU average and has dropped over the last decade.** Although expenditure in prevention is historically below the EU average and in 2024 dropped to its pre-COVID levels, representing 2.6% of current health expenditure (see Table A15.1), Ireland's preventable mortality has improved by 14% between 2014 and 2023 and currently ranks among the better performing EU countries. Various strategies planned for 2026 ([317]) aim to further implement preventive measures (roll out of the Health Service Executive (HSE) Health App and introduction of a population-based funding model) and address the mortality rate (ongoing National Cancer Strategy 2017-2026 and National Stroke Strategy 2022-2027), particularly in high-mortality regions (via the Sláintecare Healthy Communities initiative).

([316])OECD/European Observatory on Health Systems and Policies, 2025, Country Health Profile 2025: Ireland. State of Health in the EU.

([317])HSE, 2026, National Service Plan

Graph A15.2:**Treatable mortality**




Age-standardised death rate - mortality that could be avoided through optimal quality healthcare.
***Source:*** Eurostat (indicator: hlth_cd_apr)

**Over one fifth of all deaths in Ireland are caused by behavioural and environmental risk factors.** Despite the relatively healthy lifestyle of adults and adolescents, behavioural and environmental risk factors still accounted for 26% of all deaths in 2021 ([318]), attributable mostly to tobacco smoking and dietary risks. Of particular concern, however, is the 19.4% share of the population that is obese, significantly above the 14.6% share of the EU average. To address obesity, Ireland plans to integrate brief lifestyle interventions into routine clinical visits, provide community-led nutrition programmes and social prescribing initiatives ([319]).

**Ireland's health spending is among the highest in the EU, yet infrastructure capacity and spending control remain critical.** Current health expenditure (CHE) reached 4 799 purchasing power standards (PPS) per inhabitant in 2024 (see Table A15.1), placing Ireland in the top EU tier. Despite such high investment in CHE, hospital bed availability (258.6 per 100 000) is among the lowest in the EU and remains a challenge to be addressed. Low bed availability results in strained seasonal pressure of Irish hospitals (with the onset of winter flu, for example) ([320]), which leads to constrained access and longer waiting times. Ireland aims to tackle this issue through the expansion of acute virtual wards to provide home-based care and the establishment of integrated community health networks to reduce the overall demand for acute hospital admissions. Moreover, to address inefficiencies and medication costs, the HSE has established a dedicated unit for medication pricing and is exploring joint procurement measures. These efforts, combined with regional productivity improvements, are central to meeting the requirement for increased cost-effectiveness in health spending.

([318])Country Health Profile 2025: Ireland – see earlier footnote.

([319])HSE National Service Plan 2026 – see earlier footnote.

([320]) Equivalent of two large hospitals needed to deal with expected Irish flu surge, doctors warn – The Irish Times.

Table A15.1: **Key health indicators**

| | 2020 | 2021 | 2022 | 2023 | 2024 | 10-year change** | EU average* (latest year) |
|---|---|---|---|---|---|---|---|
| Cancer mortality per 100 000 population | 255.5 | 248.0 | 248.2 | 242.9 | n.a. | 0.84 | 233.1 (2023) |
| Mortality due to circulatory diseases per 100 000 population | 245.3 | 248.2 | 266.5 | 250.5 | n.a. | 0.79 | 313.0 (2023) |
| Current expenditure on health, purchasing power standards, per capita | 3 655 | 3 991 | 4 236 | 4 474 | 4 799 | 1.52 | 3834.9 (2023) |
| Public share of health expenditure, % of current health expenditure | 77.6 | 76.7 | 76.5 | 76.6 | 77.7 | 1.08 | 80.6 (2023) |
| Spending on prevention, % of current health expenditure | 3.2 | 5.8 | 4.6 | 2.6 | 2.6 | 0.99 | 3.7 (2023) |
| Available hospital beds per 100 000 population*** | 254 | 253 | 256 | 259 | n.a. | 1.23 | 440 (2023) |
| Doctors per 1 000 population* | 3.4 | 4.0 | 3.3 | 3.8 | 3.9 | 1.32 | 4.3 (2023)* |
| Nurses per 1 000 population* | n.a. | 12.5 | 13.0 | 13.7 | 14.3 | | 7.6 (2023)* |
| Mortality at working age (20-64 years), % of total mortality | 16.3 | 16.4 | 15.5 | 15.6 | 15.9 | 0.91 | 14.3 (2023) |
| Consumption of antibiotics in the community and hospital sectors, defined daily doses per 1 000 inhabitants | 18.6 | 17.8 | 23.1 | 22.4 | 23.0 | 1.00 | 20.3 (2024) |

*The EU average is weighted for all indicators except for doctors and nurses per 1 000 population, for which the EU simple average is used based on 2023 data (or latest available). Doctors' density data refer to practising doctors in all countries except Greece, Portugal (licensed to practise) and Slovakia (professionally active). Density of nurses: data refer to practising nurses (EU recognised qualification) in most countries except Portugal (licensed to practice) and Slovakia (professionally active). Latest data update on nurses for Belgium and Sweden: 2022; for France: 2021; for Luxembourg: 2017.

** latest available 10-year trend: ratio 2023/2014 or 2024/2013; a factor of 2.00 means that it has doubled in 10 years.

***'Available hospital beds' covers somatic care, not psychiatric care.

***Source:*** Eurostat

**To improve Ireland's access to healthcare, it would be beneficial to address the lack of universal coverage and the population's relatively high reliance on voluntary health insurance.** The public share of health expenditure is 76.6%, and out-of-pocket payments account for only 11.3% of total costs – well below the EU average. Beyond the direct health benefits, healthcare coverage acts as a vital tool for reducing poverty rates and income inequality. For instance, analyses suggest that in the case of Ireland, income inequality as measured by the Gini coefficient, would increase by 26% in the absence of public coverage for healthcare ([321]). However, in 2025, self-reported unmet medical needs stood at 2.7%, an indicator that raises concerns as it has remained above the EU average over recent years. In 2023, Ireland was among the EU countries with lowest share of the population (40%) living within a 10-minute drive from a hospital ([322]). Therefore, distance to hospital and looming long waiting times (caused by the high occupancy rate of hospital beds) are two contributing factors to the relatively high self-reported unmet medical needs. Moreover, the Irish population is driven to circumvent the long waiting times by seeking out voluntary health insurance which currently stands at a high 12% of total spending, among the highest rates in the EU. While eligibility for general practitioner (GP) visit cards has been significantly extended to over 2 million people, national authorities note that uptake is not yet optimal. Information campaigns are currently underway to improve coverage and ensure fairer access to primary care.

**The healthcare workforce is characterised by a high density of nurses yet a shortage of doctors.** Ireland maintains one of the highest nurse-to-population ratios in the EU, with 13.7 nurses per 1 000 inhabitants. While the density of physicians (3.8 per 1 000) is slightly below the EU average, Ireland saw one of the most marked improvements in doctor availability between 2022 and 2023. Despite boasting of

([321])European Commission: Directorate-General for Health and Food Safety, Cruces et al. (2025), The role of healthcare in reducing inequalities and poverty in the EU. As regards health coverage, poverty and income refer in the present analysis to a different measure than the usually reported one that is defined for instance in the Annex 12. Indeed, here it also estimates the impact of benefits in kind, while the standard measure only accounts for cash transfers.

([322]) TomTom Multinet 2022, Geostat population grid 2021, Eurostat-GISCO hospital locations 2023, as reported by Eurostat.

one of the best graduating doctor's rates, retention of locally trained doctors is a challenge, and the health system relies on a significant proportion of foreign-trained doctors. Both these factors are potential vulnerabilities to the health system's sustainability and service continuity. Nonetheless, efforts to manage payroll costs efficiently have been successful, with savings in consultant contract costs helping to maintain budget integrity while expanding the workforce.

**While Ireland possesses a highly digitally literate population, the deployment of integrated digital health tools is entering a new phase of acceleration.** In 2025, over 82.8% of the Irish population possessed basic or above-basic digital skills, yet patient use of electronic health records (EHR) remains comparatively low at 14.6%, and Ireland's e-health maturity score of 25% is the among the lowest in the EU (see Annex 7). As part of the recovery and resilience plan (RRP) which includes the digitalisation of the public sector as a key measure, Ireland's strategic roadmap includes the roll out of a dedicated Health App and the deployment of a maternity EHR system. Furthermore, a Centre for Excellence focusing on automation and AI is being established, with a dedicated framework – AI for Care 2026-2030 – published March 2026. Telehealth projects, including six virtual wards, have already shown promising results in reducing acute admissions, with 70% of participants not requiring further in-person assistance.

**Ireland's pharmaceutical sector is a global powerhouse and a primary pillar of the national economy.** The sector's economic significance is exceptional, with pharmaceutical manufacturing employment rising to 2.5% of the total workforce - more than double the EU average. This represents a gain of 0.6 percentage points since 2018, the most significant improvement in the EU. The sector is a vital trade engine, accounting for 54.2% of extra-EU pharmaceutical exports in 2025. Ireland's high number of granted patents ([323]) places it as a high-innovation hub. However, its below-average clinical research activity is of concern as it is decreasing at a faster rate than the EU average ([324]). Inward foreign direct investment continues to play a prominent role, supported by the new dedicated medications pricing unit which aims to balance innovation with fiscal sustainability (see Annex 2).

**Ongoing reforms, particularly the Sláintecare programme, are focused on achieving full care integration and long-term resilience.** Ireland is leveraging EU4Health joint actions to boost health workforce planning (DDS-MAP to address the digital competency gap) ([325]) and chronic disease management (JACARDI for cardiovascular disease ([326]) and JAPreventNCD for NCDs and cancer ([327])). A core pillar of the 2026 roadmap and a part of Ireland's RRP, several efforts are planned on the digital transition front, including improvements to the health system's EHR, introduction of a national shared care record and expanding HSE's Health App functionality. Moreover, the HSE's reform structure of Community Health Networks and Health Regions are now in place. This reorganisation aims to move care into the community and reduce the reliance on hospital-based services that contributes to long waiting times. A key strategic focus remains the publication of a roadmap by the end of 2027 to eliminate existing coverage gaps and ensure more timely access to care. These structural improvements aim to address the 2025 CSRs and the rising structural spending needs (see Annex 2).

([323])European Patent Office: Statistics & Trends Centre.

([324]) U.S. National Library of Medicine, https://clinicaltrials.gov.

([325])EASPD, 2026, DDS-MAP - Dynamic Digital Resilience for Medical and Allied Professions in Health Services.

([326]) Jacardi.eu.

([327])JA PreventNCD.

**Good progress has been made in addressing the 2025 country-specific recommendations, but important challenges remain as the supply of affordable and social housing is insufficient.** Ireland received two country-specific recommendations on housing in 2025: (1) further increase the supply of social and affordable housing; and (2) tackle capacity constraints in the residential construction sector by improving enabling infrastructure, land management and planning, financing conditions, labour supply and productivity.

**Construction of new dwellings and related infrastructure has struggled to keep pace with population growth.** This is partly due to the planning process, labour supply constraints, rising construction costs and low productivity in the construction sector. Infrastructure deficits, in terms of water management, the electricity grid and transport in particular, limit the pace and scale of housing supply.

**Housing affordability and quality** a**re concerns.** While social and affordable housing construction is increasing, it has fallen short of the targets set in the previous national housing plan. The government's housing plan 'Delivering Homes, Building Communities 2025-2030' puts an emphasis on the delivery of social, cost-rental and affordable-purchase homes.

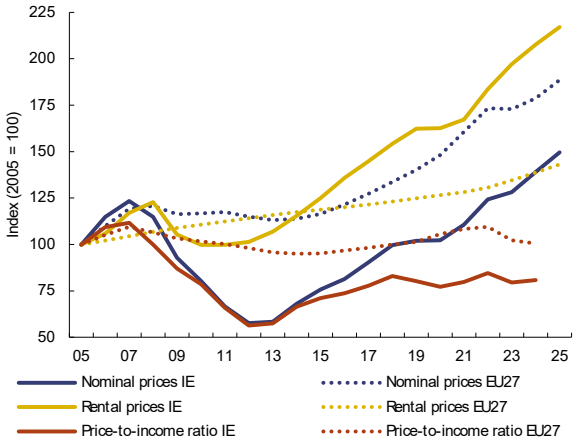
**Homelessness figures are reaching new records**. The number of persons in emergency accommodation remains a challenge and has increased significantly over the last three years. Prevention measures have had some impact but have not halted the rise in homelessness, largely due to housing shortages – especially in the rental sector. The government is implementing a three-year Youth Homelessness Strategy to prevent and tackle homelessness among young people (see also Annex 12).

## Housing market developments

**Strong house-price increases over the last decade have resulted in low housing affordability.** Following a significant decline after the 2008 global financial crisis, house prices in Ireland increased by 83% in the decade up to 2025, driven by strong economic and demographic growth amid constrained housing supply. Over this period, house prices outpaced household income growth by 24%, with house-price levels relative to incomes remaining among the highest in the EU, particularly in greater Dublin. Consequently, with strict Central Bank rules on borrowing limits, half of the population has been effectively priced out of the housing market. House prices grew slightly faster outside Dublin, slowly narrowing the gap with Dublin levels. Persistent household demand is likely to continue to exert upward pressure on house prices in the medium term.

**The private rental market remains rather small.** Rents relative to incomes have increased significantly over the last decade. The introduction of 'rent pressure zones' has helped moderate rents for existing tenants but has weighed on private investment in rental stock. Since 2022, the national stock of properties available for rent has been half of the 2015-2019 average.

Graph A16.1:**House prices, rents and price-to-income evolution in IE and EU27 since 2005**




***Source:*** Eurostat

**Construction of new dwellings and related infrastructure has not kept pace with housing needs.** Ireland's population increased from 4.5 million in 2011 to 5.5 million in 2025, adding significantly to housing demand. The collapse of the Irish property market in the late 2000s led many construction firms to exit the market and skilled workers to emigrate, drastically reducing construction sector capacity. Housing stock declined from 434 units per 1 000 adults in 2011 to 411 units in 2024, the third lowest in the EU. Annual housing completions are increasing but delivery remains far below the estimated average requirement of around 50 000 housing completions per year ([328]) planned by the government.

**The Irish construction sector operates with comparatively high construction and land costs, low productivity and labour shortages.** While data are scarce, some studies based on industry data show that construction costs in Dublin are 15-30% higher than in comparable peer cities. It would be beneficial to improve construction cost transparency and reporting to understand better what drives prices. Limited land availability and hoarding result in high land acquisition costs. 37.5% of Irish firms report labour shortages (compared with 20% in the EU). Notwithstanding recent growth in construction employment, analysts have suggested that around 80 000 additional construction workers ([329]) will be needed in a context of competing retrofitting and infrastructure needs.

## Structural policies

**Key infrastructure constraints, such as deficiencies in the electricity grid, water and transport, limit the pace and scale of housing supply.** Investment in infrastructure has increased and further additional spending is envisaged under the National Development Plan, but the provision of new infrastructure still lags behind demand. With the labour market expected to stay near full employment and forecasts pointing to moderate economic growth, failure to address infrastructure constraints in a timely manner could worsen the imbalance between demand and supply.

**The role of delays, objections and bottlenecks in the planning system is difficult to quantify**. A more efficient planning and authorisation system may unlock substantial housing supply ([330]). Planning reforms in 2025 included restructuring, additional funding and increased staffing capacity at the local planning authorities and An Coimisiún Pleanála. Yet the planning and authorisation system is still perceived as a brake on the delivery of infrastructure and housing. The December 2025 'Accelerating Infrastructure Report and Action Plan' ([331]) envisages further reforms, beginning in 2026.

([328]) Balouktsi et al., 2026, Housing investment needs in the EU.

([329]) Irish Fiscal Advisory Council, 2024, Ireland's Infrastructure Demands.

([330]) Mitchell McDermott InfoCards, 2025, Key Insights.

([331]) Department of Housing, Local Government and Heritage, 2025, Accelerating Infrastructure Report and Action Plan.

**Increased construction, land and financing costs are commonly reported challenges in relation to social housing provision.** Without improving productivity in the construction sector, by harnessing economies of scale, using modern methods of construction more widely, or enhancing skills, it will be very difficult to increase supply substantially above existing levels. Efforts to improve productivity include the government's introduction of a new target of at least 25% use of modern methods of construction for all new-build social and affordable housing. Increased productivity and construction cost reductions are also being pursued via mandatory standardised designs and layouts for social housing, as well as by encouraging standardisation in the delivery of private housing.

**Rules on rent pressure zones were extended in June 2025 to all private tenancies and student-specific accommodation, and rent controls were further amended from March 2026.** The cap on rent increases to 2% or to inflation, whichever is lower, was extended nationwide, while new-build apartments and student-specific accommodation were capped at the level of inflation. Rent resets will only be allowed for tenancies created after 1 March 2026 if the current rent is below market level at the end of a six-year tenancy or if the tenant leaves the property voluntarily. The possibility of landlords to terminate tenancies before the end of a six-year tenancy period is restricted. These policy measures are designed to increase security for renters, address no-fault evictions and foster investment in the rental sector. However, smaller-scale and existing landlords might find the evolving regulatory environment less attractive. This may lead to further market exits, which could temporarily impact rental for supply. Even with improved policy certainty, there will be a time lag before new developments materialise and begin to address current supply shortages.

**The delivery targets set by the government in its 2025 housing plan ([332]) will be challenging.** The recently published housing plan, for 2025-2030 aims to deliver 300 000 new homes by the end of 2030, including 72 000 social homes and 90 000 affordable housing supports, averaging 50 000 completions per year in each of the six years of the plan. The plan includes regulatory reforms, tax incentives and significant investment in infrastructure: EUR 275 billion over 10 years through the National Development Plan.

## Vulnerable groups

**Social and affordable housing construction is increasing but demand continues to outstrip supply.** However, it still falls short of the targets set in the previous national housing plan 'Housing for All' (2021). The social housing stock (owned by local authorities and approved housing bodies) is estimated to be around 12.7% of the total housing stock ([333]). The Housing Commission recommended increasing the size of the social and cost-rental housing sectors to 20% of the national housing stock ([334]). Social housing provision is almost entirely publicly funded, with local authorities owning the largest share of the social housing stock. Yet, some factors are limiting the growth of the social housing stock: First, local authority dwellings can be sold to tenants at below market rate, thereby contributing to a need to constantly renew the stock of available units. Second, local authorities rely mainly on public subsidies to fund, renovate and maintain social housing (debt financing is very limited). This makes it difficult for them to plan their funding for social housing in the long-run. Third, social

([332])Department of Housing, Local Government and Heritage, 2025, Delivering Homes, Building Communities 2025-2030.

([333])OECD, Social Rental Housing Stock.

([334])Department of Housing, Local Government and Heritage, 2024, Report of the Housing Commission.

housing output varies significantly between local authorities, depending on the complexity of delivery, the processes to secure central funding and local authorities' capacity and staffing to deliver. Fourth, it is challenging for local authorities to maintain their stock of social housing, with some finding it difficult to secure funding for planned maintenance and upgrading of dwellings, which sometimes results in poor living conditions for tenants. The income-related rent model has significant benefits in the context of keeping rents affordable and in enabling low-income households to take up employment. The new housing strategy does not include targets for cost-rental homes, even though it has the advantage of providing secure and affordable rents to a wider mix of households, while also covering operational costs.

**There are long waiting lists for social housing and rapidly increasing levels of homelessness.** The provision of affordable and social housing for vulnerable groups, as well as efforts to reduce homelessness, are hindered by housing supply constraints, particularly in the rental market. Around 60 000 households are on waiting lists for social housing, with a further 84 000 households on other rent supplement schemes ([335]). The waiting list is 31 659 households smaller than in 2016, notably due to a 73% increase in rent supplement recipients. There is a particular shortage of appropriately sized homes for small, large and special-needs households. Reliance on private providers for the provision of housing is very high, with nearly EUR 1 billion of housing benefits going to the private sector (e.g. through the Housing Assistance Payment (HAP) scheme or the Rental Accommodation Scheme (RAS). Limited private rental options also make it hard for HAP recipients to find accommodation and very few dwellings are available within the financial limits of the HAP scheme ([336]). Increasing the share of social housing in the overall housing stock could create a more stable housing system.

**Homelessness is at a record high and continues to rise, with more than 17 500 people in emergency accommodation in March 2026, nearly one third of whom were children ([337]).** The Housing First programme is the core response to homelessness among people with complex needs, with plans for it to be expanded to 2 000 tenancies. At end Q4 2025, 1 059 individuals were in a Housing First tenancy. The government is also implementing a three-year Youth Homelessness Strategy (2023-2025) to prevent and tackle homelessness among young people (aged 18-24) This group represents 17.7% of adults in emergency accommodation, despite accounting for only around 10% of the population.

([335])Housing Agency, 2025, Summary of Social Housing Assessments 2024.

([336])Simon Communities in Ireland, Locked Out of the Market, June 2025.

([337])Department of Housing, Local Government and Heritage, Monthly Homelessness Report October 2025.

Graph A16.2:**Housing affordability selected indicators**

| | | EU27 | | | | IE | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | unit | 2000-25 avg. | 2023 | 2024 | 2025 | 2000-25 avg. | 2023 | 2024 | 2025 | unit | 2023 | 2024 | 2025 |
| House price to income ratio | *2000-25 avg = 100* | 100.0 | 102.0 | 100.2 | | 100.0 | 95.8 | 97.4 | | YoY% | -6.0 | 1.6 | |
| Rent to income ratio | *2000-25 avg = 100* | 100.0 | 85.1 | 83.5 | 84.5 | 100.0 | 107.2 | 105.6 | 106.4 | YoY% | -2.0 | -1.4 | 0.7 |
| Overburden rate, total | % | 9.9 | 8.8 | 8.2 | | 4.4 | 4.7 | 4.5 | | PPS/y | 1.0 | -0.2 | |
| Overburden rate, tenant with market rent | % | 23.8 | 20.3 | 19.2 | | 18.9 | 19.1 | 18.3 | | PPS/y | 6.2 | -0.8 | |
| Overvaluation gap | % | | | | | 5.1 | -2.8 | -1.0 | 1.3 | | | | |
| Deflated construction production price | *2010 = 100* | 102.2 | 112.2 | 111.8 | 110.5 | 102.4 | 110.8 | 110.9 | 110.9 | YoY% | 0.2 | 0.1 | 0.0 |
| Building permits | *$m^3$ per ths persons* | 483.5 | 376.9 | 362.9 | 379.9 | 1068.8 | 868.6 | 742.8 | 767.9 | YoY% | 7.5 | -14.5 | 3.4 |
| Residential construction investment | *% GDP* | 5.5 | 5.8 | 5.1 | 5.0 | 5.2 | 3.6 | 3.4 | 3.6 | YoY% | 33.3 | -5.6 | 5.9 |
| Share of ownership | % | 70.0 | 69.1 | 68.4 | | 72.5 | 69.4 | 69.3 | | PPS/y | -1.6 | -0.1 | |
| Share of people living in overcrowded homes | % | 17.7 | 16.8 | 16.9 | | 4.0 | 3.9 | 5.0 | | PPS/y | -0.3 | 1.1 | |

***Source:*** Eurostat and European Commission calculations. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

**Current prevention measures have had some impact but have not halted the rise in homelessness.** A major cause of homelessness has been the termination of tenancies in the private rental sector. The Residential Tenancies Board has been criticised for lengthy dispute resolution and weak enforcement of compliance with tenancy law, limiting its effectiveness and pointing to the need to further strengthen its capacity and enforcement powers. The government has approved measures ([338]) to strengthen security of tenure and to facilitate tenant-in-situ sales, as recommended by the Housing Commission. In the short term, EUR 100 million has been allocated to purchase second-hand homes for families longest in emergency accommodation. The long-term solution remains speeding up the delivery of social and affordable housing. Moreover, single homeless men stay homeless for longer on average, as the current social housing system mostly offers units for large families. The government is currently analysing the different cohorts of homeless persons and those on social housing waiting lists.

**Children, older people, persons with disabilities and other disadvantaged groups are increasingly impacted by the lack of affordable housing.** The 65+ population has risen 35% since 2013, accelerating demand for accessible housing. Around 92 000 children are in need of social housing. The 2024 Housing Commission recommended targeted policies in both social and private housing. Further efforts are needed to provide adequate and affordable housing for vulnerable children, in line with the Child Guarantee objectives. (see Annex 12). The National Housing Strategy for Disabled People 2022-2027 sets out the government's plan to deliver accessible housing for disabled people. A 2024 report ([339]) found that institutionalisation was on the rise for persons with disabilities in all age groups, including inappropriate placements for persons with disabilities in nursing homes ([340]), as well as homelessness, both driven by the lack of accessible (social) housing to meet needs.

**The Traveller and Roma communities continue to face housing disadvantages**. These include inadequate accommodation, overcrowding and high levels of homelessness.

([338])Residential Tenancies (Amendment) (No. 2) Bill listed for priority publication in the government's Legislation Programme Autumn Session 2025.

([339])Eurofound, 2024, Paths towards independent living and social inclusion in Europe.

([340]) Flynn, E., Burns, E. and Iuppa, J., 2025, European Semester 2024-2025 country fiche on disability equality – Ireland.

**This annex assesses Ireland's progress on the sustainable development goals (SDGs) along the dimensions of competitiveness, sustainability, social fairness and macroeconomic stability**. The 17 SDGs and their related indicators provide a policy framework under the UN's 2030 Agenda for Sustainable Development. The aim is to end all forms of poverty, fight inequalities and tackle climate change and the environmental crisis, while ensuring that no one is left behind. The EU and its Member States are committed to this historic global framework agreement and to playing an active role in maximising progress on the SDGs. The graph below is based on the EU SDG indicator set developed to monitor progress on the SDGs in the EU.

**Ireland is improving on some SDGs on *competitiveness* (SDGs 4 and 8) but still needs to catch up further with the EU average for SDG 9 (Industry, innovation and infrastructure).** The percentage of adults with at least basic digital skills (SDG 4; 82.8% in 2025) is above the EU average (60.4%). On SDG 8 (Decent work and economic growth), the percentage of young people neither in employment, education nor training aged 15-29 dropped from 11.4% in 2019 to 8.2% in 2025 and is below the EU average (11% in 2025). However, Ireland is lagging behind the EU average on SDG 9 (Industry, innovation and infrastructure). There is scope to increase investment in the Irish research and innovation system, as shown by gross domestic expenditure on R&D (SDG 9; 1.38% of GDP in 2024 compared to the EU average of 2.24%). However, when looking at modified gross national income (GNI*), R&D expenditure (2.42% of GNI*) ([341]) was above the EU average.

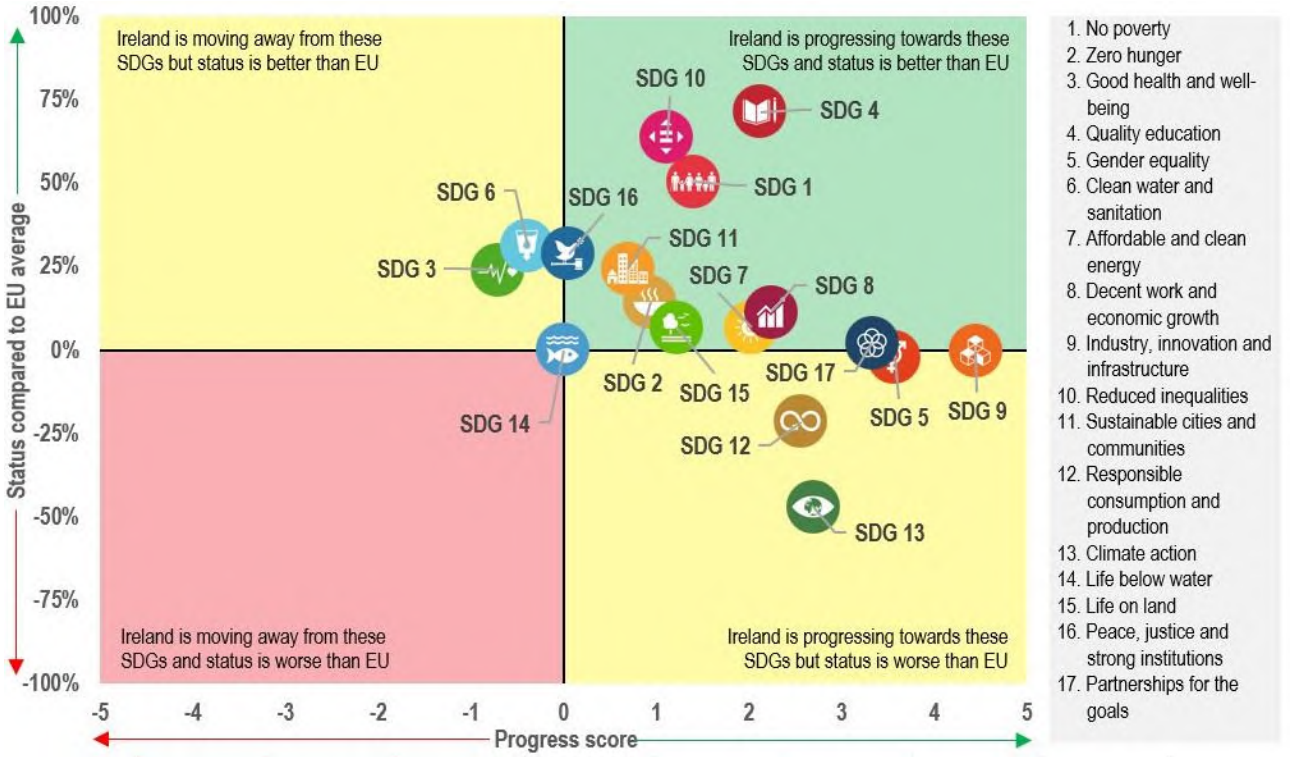
**The Irish recovery and resilience plan (RRP) includes significant reforms and investments to boost innovation and digital skills.** In particular, the 'national grand challenge' programme' incentivises innovation in green, climate and digital solutions.

**While Ireland is improving on most SDGs related to *sustainability*, it needs to catch up with the EU average in some areas, in particular on SDG 13 (Climate action).** It has made progress on climate mitigation (SDG 13), including reducing net greenhouse gas emissions (from 12.6 tonnes per capita in 2019 to 10.5 tonnes in 2024). Nevertheless, it remains above the EU average (6.5 tonnes per capita in 2024). Net greenhouse gas emissions from land use, land use change and forestry decreased slightly (from 41.5 tonnes $CO_2$ equivalent per $km^3$ in 2019 to 35.9 tonnes in 2024) but they remain significantly higher than the EU average (net reductions of 54.7 tonnes per $km^3$ in 2024). This is despite the ambitious targets for addressing climate challenges outlined in Ireland's climate action plans. On waste generation and management (SDG 12), the circular material use rate increased marginally, from 1.8% in 2019 to 2.0% in 2024, but remains significantly lower than the EU average (12.2% in 2024). Ireland's material footprint increased slightly (from 21.5 tonnes per inhabitant in 2019 to 22.3 tonnes in 2024), above the EU average (13.7 tonnes in 2024).

**Ireland is improving on SDG 11 (Sustainable cities and communities) due to reduced exposure to particulate matter and better access to public transport.** It is improving on the number of premature deaths due to exposure to fine particulate matter (6 per 100 000 people in 2023 against 18 in 2018), significantly below the EU average (41 per 100 000 in 2023). In addition, the share of buses and trains as a percentage of total inland passenger transport has increased (20.5% in 2023 compared to 18.3% in 2018), above the

([341]) GNI* excludes globalisation effects and more accurately reflects the income standards of Irish residents than GDP. See Central Statistics Office, Modified GNI for more details.

Graph A17.1:**Progress towards the SDGs in Ireland**




For a detailed progress assessment towards the various SDGs, see the annual Eurostat report 'Sustainable development in the European Union'; for extensive data on the short-term SDG progress of EU countries, see Key findings – Sustainable development indicators; for an interactive visualization of SDG progress of EU countries, see SDG country overview. A high status does not mean that a country is close to reaching a specific SDG, but signals that it is doing better than the EU on average. The progress score is an absolute measure based on the indicator trends over the past five or six years. The calculation does not take into account any target values, as most EU policy targets are only valid for the aggregate EU level. Depending on data availability for each goal, not all 17 SDGs are shown for each country.

***Source:*** Eurostat, latest update of 29 April 2026. Data refer mainly to the period 2019-2024 or 2019-2025. Data on SDGs may vary across the report and its annexes due to different cut-off dates.

EU average (16.9% in 2023), reflecting a better coverage of public transport.

**On SDG 6 (Clean water and sanitation), Ireland is moving slightly away from the target but remains above the EU average**. Ireland has a lower percentage of the population connected to at least secondary wastewater treatment (SDG6; 65.7% in 2023 against an EU average of 80.7% in 2023), although this has increased from 2018 (62.7%). Ireland is improving marginally on the target for SDG 15 (Life on land), as the percentage of total land area covered by forests increased slightly from 11.1% in 2018 to 11.8% in 2023, however significantly below the EU average at 39%.

**Ireland performs well on SDGs related to *social fairness* (SDGs 1, 4, 7, 8, 10).** Ireland performs better than the EU average and is making progress on several indicators related to inequality, inclusive growth, and education, but performance on poverty and health have worsened. Ireland performs well on the severe material and social deprivation rate (SDG 1), which fell from 6.5% of the population in 2019 to 4.5% in 2024 (EU average of 6.4%). Similarly, the in-work at-risk-of-poverty rate decreased slightly from 6.5% in 2019 to 5.3% in 2024 (below EU average of 8.2%) and the housing cost overburden rate decreased from 5.2% in 2019 to 4.5% in 2024 (below EU average of 8.2% in 2024).

**The country has almost caught up with the EU average in some areas, such as SDG 5 (Gender equality).** Ireland has improved on several social fairness-related indicators such as early leavers from education and training (SDG 4; 3.6% in 2025 against 5.1% in 2019 and EU average of 9.1% in 2025). There was a slight improvement in the percentage of the population unable to keep their homes adequately warm (SDG 7; down from 5.1% in 2019 to 4.9% in 2024, better than the EU average of 9.2% in 2024) and in the self-reported unmet needs for medical care (SDG 3; 2.9% in 2024 against 2% in 2019). The long-term unemployment rate also improved (SDG 8; 1.1% in 2025 against 1.6% in 2019 and EU average of 1.9%).

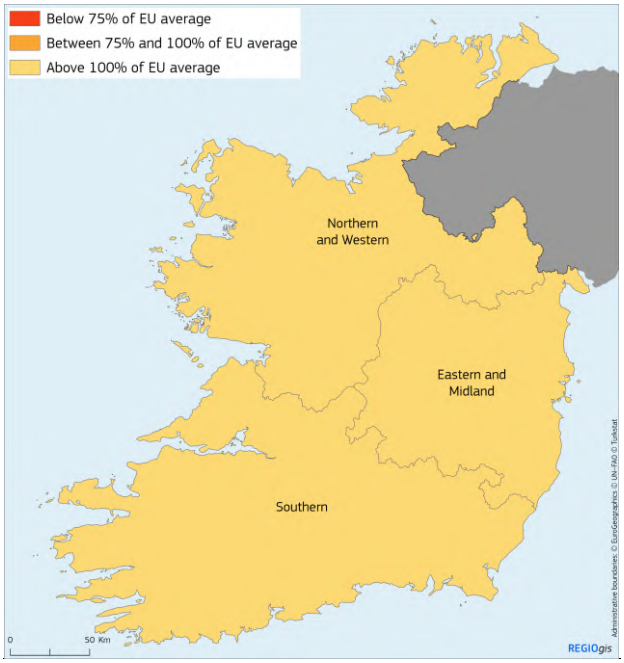
**Ireland performs well on SDGs related to *macroeconomic stability* (SDGs 8 and 16).** Ireland has enjoyed significant growth in real GDP per capita (SDG 8; from EUR 71 720 in 2019 to EUR 97 990 in 2025). On access to justice (SDG 16), the general government total expenditure on law courts has increased (from EUR 138.4 in 2018 to EUR 154.5 per capita in 2023 (EU average EUR 121.7 in 2023).

As the SDGs form an overarching framework, any links to relevant SDGs are either explained or depicted with icons in the other annexes.

## Regional development trends

**Irish long-term growth has been uneven with the Dublin NUTS 3 region driving up growth between 2004 and 2014, and both the Dublin and the South-West regions driving up growth since 2015.** All other regions have been diverging from the national average, with the partial exception of the West and Mid-West regions in recent years. Over this 20-year period, the Eastern and Midland region has grown from 181% of the EU average (in GDP per head, purchasing power standards (PPS)) to 268%. Meanwhile the Northern and Western region has remained close to the EU average (97% in 2004 and 100% in 2024), punctuated by a period of relative decline to below the EU average during and after the 2008 financial crisis. Despite stark differences persisting between the Northern and Western region and Ireland's other two regions, all regions are classified as more developed regions based on GDP per head averages (Map A18.1).

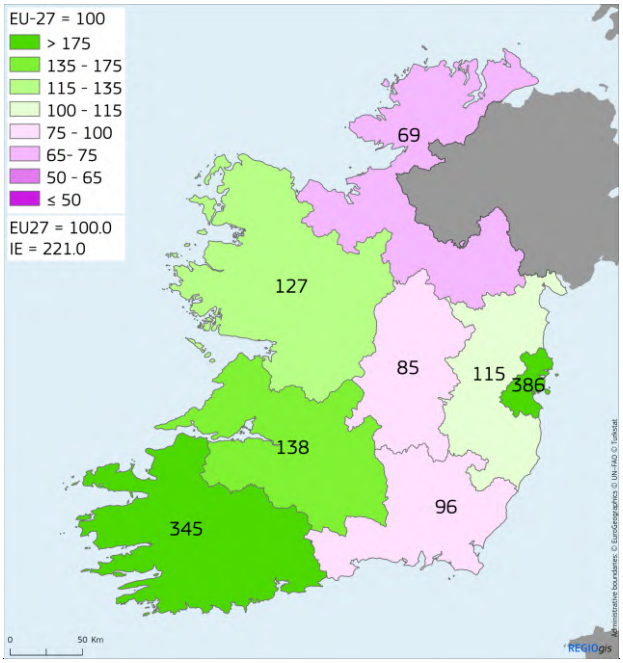
Map A18.1: **GDP per head compared with the EU average**




2021-2023 average GDP per head in purchasing power standard compared with the EU average.
***Source:*** Commission calculations based on 16 July 2025 Eurostat data

**Growth and productivity figures around Dublin and Cork are boosted by multinational companies.** In 2004, the gross value added (GVA) of sectors dominated by foreign-owned multinational companies was about 22% of the overall GVA; in 2024, this was more than 45% of the overall GVA. A large share of the growth around Dublin and Cork was therefore generated in multinational companies.

Map A18.2: **GDP per head (PPS – EU average=100), 2024**




***Source:*** Calculations by the Directorate-General for Regional and Urban Policy (REGIO) based on Joint Research Centre (JRC) (ARDECO) data

**Despite strong economic performance overall, regional disparities are significant at lower levels of territorial aggregation (NUTS 3 level).** In 2024, disparities between the most urban NUTS 3 regions – the Dublin area (Eastern and Midland region) and the Cork area (Southern region) and other areas – were at roughly one to four: the GDP per head in the Dublin area was 386% of the EU average and the GDP per head in the Cork area was 345%, whereas the GDP levels per head in the Border, Midland and South-East regions were 69%, 85% and 96%, respectively, of the EU average (Map A18.2). This illustrates stark disparities between territories and within the two richest NUTS 2 regions. While the National Planning Framework sets out a vision for more balanced territorial growth, the full delivery of the framework's vision is still to be realised.

**While Ireland's population growth exceeds that of the EU average, it has been uneven across territories.** At the NUTS 2 level, population growth was greatest in the Eastern and Midland region, which includes Dublin. Between 2015 and 2024, the increase was highest in rural areas (+17.7%), followed by urban areas (+13.6%) and towns and suburbs (+8%). As well as a clear trend of growth in rural areas, population growth has led to a further concentration of people in wider commuter belts around the main urban centres. Ireland's youth dependency ratio is also higher in these areas, whereas the old-age dependency ratio is highest in lagging behind counties on the western coast. The revised National Planning Framework identifies this pattern and aims to achieve balanced population growth by 2040 between: (i) the Eastern and Midland region; and (ii) the Southern region and Northern and Western region combined.

Table A18.1: **Main development trends, challenges and the concentration of resources**

| | Main development trends |
|---|---|
| **More developed regions (population 5.3 million)** | All three Irish NUTS 2 regions are more developed regions based on average GDP per head between 2021 and 2023, compared with the EU average. However, there are still huge regional disparities, both at the NUTS 2 level and at lower levels. At NUTS 3 level, there are significant disparities. The weakest territories in each of the regions have GDP levels ranging from 75% to 100% of the EU average: this is on par with transition regions (for the Midlands and South-East regions). In the Border region, some areas even fall below 75% of the EU average.<br>Ireland's strong economic performance in the last decade has fuelled regional disparities rather than leading to convergence, in a large part due to the concentration of economic activities and population around the main cities and territories hosting multinational companies. Other territories are being left behind with large unaddressed gaps in connectivity and accessibility that bring about significant competitiveness challenges. |
| **Specific territories** | Just transition: Ireland's Midlands region is still facing challenges linked to the transition away from peat-powered electricity generation. The region's GDP per capita is still below the EU average (85% of the EU average), and the territory still needs more economic diversification and more employment opportunities for former peat communities. The territory is also facing connectivity challenges and specific challenges linked to the green transition (including decarbonising heating and improving energy efficiency), as described in the territorial just transition plan.<br>Specific territorial needs and challenges identified in smart specialisation strategies: there are bottlenecks in regional innovation ecosystems and in strengthening interlinkages between the (indigenous) SME base, higher education institutions and wider research and innovation networks in regions that are significantly underperforming. The green transition is also creating opportunities that could be seized on by further developing R&I renewable energy ecosystems. In addition, the Northern and Western region and parts of the Southern region have structural connectivity problems that are hampering their competitiveness.<br>Urban challenges: urban territories are facing distinct challenges in developing integrated approaches to sustainable transport and sustainable housing, including tackling housing dereliction in town centres. |

***Source:*** European Commission based on Eurostat data; categories of regions based on Map A18.1

## Key challenges for regional competitiveness

**Ireland has been focusing on improving its competitiveness profile through a number of initiatives and plans, but regional innovation ecosystems in the least performing areas are still insufficiently developed.** Ireland's Action Plan on Competitiveness and Productivity highlights the innovation gap between foreign-owned and indigenous firms and the need to boost innovation ecosystems for the benefit of indigenous firms. The plan involves a broad range of actions related to infrastructure delivery, regulatory reform and regional enterprise development. Ireland also has multiple schemes aiming to create linkages between SMEs and higher education institutions. However, achieving fully fledged research and innovation (R&I) visions and networks in the least performing territories is a challenge. Fully linking regional enterprise plans, regional spatial and economic strategies, smart specialisation strategies ([342]) and department-led sectoral strategies on the ground would be key to enabling truly local visions and regional enterprise ecosystems to develop. In addition, all existing direct support schemes for companies and R&I support schemes have a national scope.

([342]) Smart specialisation strategies are strategic, territorially based frameworks for innovation and industrial policy that help Member States and regions identify and leverage their unique comparative advantages to address structural challenges, foster economic transformation and enhance competitiveness.

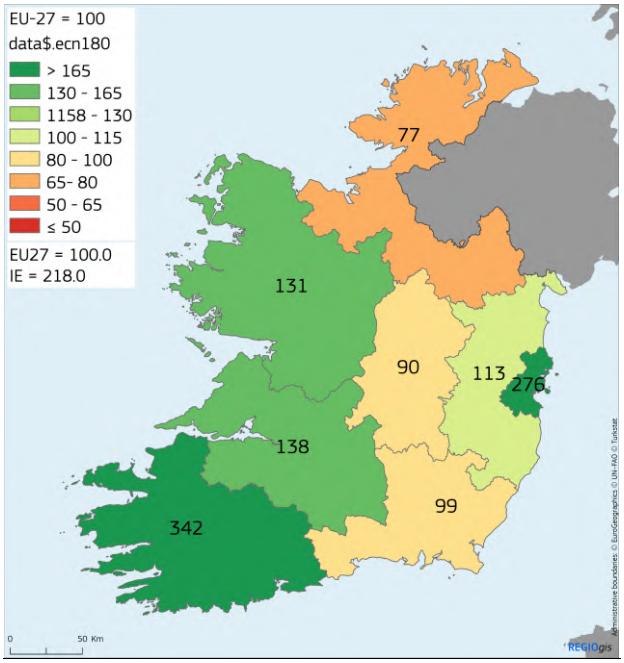
Table A18.2: **Key regional indicators (at NUTS 2 level) for Ireland**

| | GDP per head (PPS, index) | Real GDP per head growth | Real productivity growth (per hour worked) | Employment in high-technology sectors | Employment in knowledge-intensive services | Population growth | Population aged 25-34 with high educational attainment | Productivity in industry (PPS, index) | Access to primary schools - Rural areas | Access to healthcare - Rural areas | Access to alternative fuel infrastructure | Greenhouse Gas Emissions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | EU27=100 | Average annual % change | Average annual % change | % of total employment | % of total employment | Average annual change per 1000 residents | % of population aged 25-34 | EU27=100 | Children under 15 within 15-minute walk to primary school (%) | Population within 10 minutes by car from nearest hospital (%) | Electric vehicles charging points within 10 km | tCO2 equivalent per head |
| | 2024 | 2014-2024 | 2013-2023 | 2025 | 2025 | 2015-2024 | 2025 | 2024 | 2023 | 2023 | 2022 | 2024 |
| EU | 100 | 1.4 | 0.7 | 5.1 | 41.7 | 1.8 | 44.8 | 100 | 34 | 30 | 288 | 7.0 |
| Ireland | 221 | 6.1 | 5.2 | 9.9 | 49.7 | 15.1 | 66.8 | 473 | 24 | 29 | 73 | 10.7 |
| Northern and Western | 100 | 3.4 | 3.6 | 6.3 | 42.9 | 14.0 | 61.2 | 203 | 21 | 22 | 9.4 | 13.2 |
| Southern | 217 | 8.4 | 8.3 | 9.1 | 44.3 | 14.2 | 63.4 | 730 | 25 | 38 | 18 | 14.0 |
| Eastern and Midland | 268 | 5.4 | 3.7 | 11.6 | 55.6 | 16.2 | 70.4 | 351 | 28 | 32 | 132 | 7.4 |

Dark green – the indicator is at least 120% of the EU average.
Light green – the indicator is at least 100% but less than 120% of the EU average.
Yellow – the indicator is at least 90% but less than 100% of the EU average.
Light red – the indicator is at least 75% but less than 90% of the EU average.
Dark red – the indicator is less than 75% of the EU average.
This colour scale applies to 'positive' indicators where higher values are favourable.
For 'negative' indicators (where higher values are unfavourable), the colours are reversed.
***Source:*** Eurostat data

**Disparities in productivity levels between regions reflect Ireland's growing productivity gap between indigenous firms and large multinational corporations.** Labour productivity in sectors dominated by domestically-owned companies is one sixth of that in sectors where foreign-owned companies are dominant, particularly in manufacturing and the information and communication sectors. These differences in productivity levels are reflected at regional level, with the Dublin and Cork NUTS 3 regions having very high levels of productivity per hour, while productivity levels in the Border region are only 77% of the EU average, with the Midlands at 90% (Map A18.3).

Map A18.3: **Labour productivity per hour worked (GDP PPS – EU average=100), 2023**



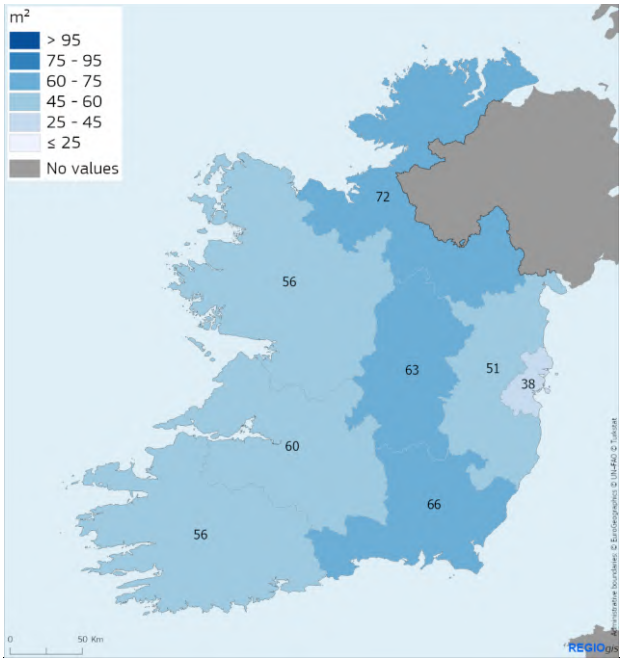

***Source:*** Commission calculation based on Eurostat data

**Skill shortages pose additional risks to regions that already have low productivity, particularly the Northern and Western region.** Ireland performs strongly in highly skilled employment overall, with the Eastern and Midland region having the highest share of

highly skilled jobs in the country (52.9%) ([343]) (see Annex 11). Skill deficits are the highest in the Northern and Western region (36%), while they are the lowest in the capital region ([344]).

**R&D expenditure is highly concentrated around Ireland's big cities, and business R&D is dominated by just a couple of companies.** In 2023, 83% of business sector R&D was concentrated in the Eastern and Midland region. The regional distribution of business R&D is also strongly linked to the regional distribution of multinationals. Foreign-owned companies accounted for 84% of R&D expenditure in Ireland's business sector, with 10 enterprises accounting for 58% of this expenditure, compared with 37% in 2021 ([345]).

Map A18.4: **House rent capacity relative to income, Ireland, 2024**




***Source:*** ESPON-H4ALL

**Affordable housing is of particular concern in urban areas around Dublin, Cork and Galway.** Rental rates are highest and rising fastest in and around these cities ([346]). Median house prices in these areas currently doubles those in the Border and West regions ([347]). This acute housing crisis in cities and commuter belt areas around cities has led to a strong government focus on how to serve housing needs in these areas, including by prioritising big infrastructure projects. However, housing programmes are often hampered by issues with connections to utilities: the World Bank Subnational B-READY in the European Union 2025 survey highlights that the time to obtain an electricity connection ranges from 50 days in Waterford to 227 days in Dublin ([348]).

**Key regional towns and rural regions face distinct challenges in securing the right to stay.** These areas face an undersupply of social and affordable housing, while experiencing a lack of attractiveness and high rates of dereliction. The National Planning Framework targets population growth for Ireland's regions across a network of regional centres by 2040 ([349]). However, the declining attractiveness of these areas is a bottleneck to population growth. This is partly due to insufficiently coordinated investments across a number of sectors, including in the local economy, in connecting infrastructure and in the availability of vital services (including healthcare and schools). In addition, these territories face challenges in: (i) managing zoning land; (ii) ensuring connection to utilities; (iii) accessing

([343])OECD, 2024, Job Creation and Local Economic Development 2024 - Country Notes Ireland.

([344]) OECD, 2024, Job Creation and Local Economic Development 2024 - Country Notes Ireland.

([345])Ireland's Central Statistics Office, 'Business Expenditure on Research and Development 2023'.

([346]) Ireland's Central Statistics Office, 'Census of Population 2022- Housing in Ireland'.

([347])Ireland's Central Statistics Office, 'Residential Property Price Index- September 2025'.

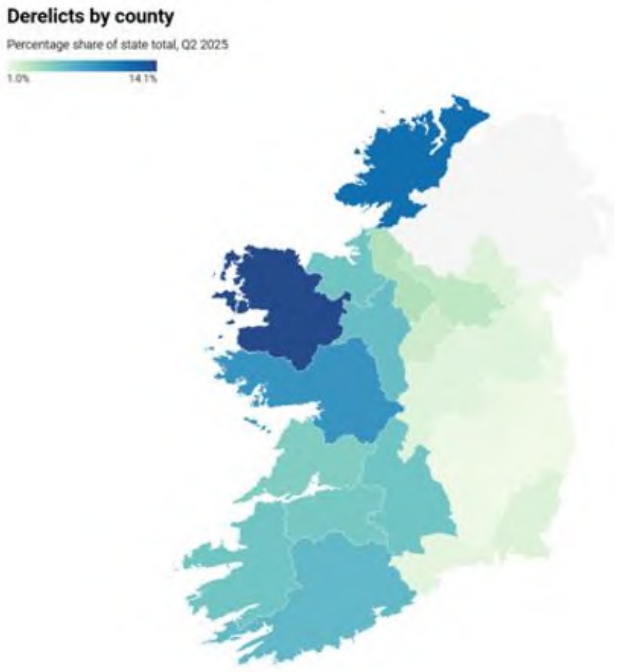
([348]) Ireland's Central Statistics Office, 'Residential Property Price Index- September 2025'.

([349]) Of Ireland's almost 20 000 derelict properties, 49% are located along the west coast in specific counties of the NUTS 3 West and Border regions. (Geo Directory - Residential Buildings Report Q2 2025 | GeoDirectory Insight).

funding; and (iv) building capacity to deliver social and affordable housing ([350]). Regional and local involvement is critical for ensuring adequate housing development in less attractive territories. Implementing the vision of the National Planning Framework will also require tackling the high rate of dereliction (Map A18.5) in less attractive areas to enable compact growth, including in regional centres and small towns. Territories particularly impacted by dereliction include the Northern and Western region, the Southern region and areas outside Dublin and Cork.

**Insufficient investment in connectivity infrastructure is a major bottleneck for competitiveness, especially in the Northern and Western region and in parts of the Southern region.** On the Regional Development Index's 'Infrastructure Pillar', the Northern and Western region scores 65% below the EU average, on par with many 'less developed' EU regions. The Southern region scores 50% below the EU average. There are acute needs for connecting roads both between and within regions: the Northern and Western region is in the bottom 20% of EU regions in terms of transport accessibility (Table A18.2). Accessibility by train is even more uneven across the country. While Ireland as a whole lags behind in rail connectivity, the Southern and the Northern and Western regions perform even worse. Rail connectivity is almost completely non-existent in the Northern and Western region and in the Southern region: the share of people that can be reached by train within a 120 km radius in 1h30 is 0.8% and 1.7% respectively.

Map A18.5: **Derelict properties by county, percentage share of state total in Q2-2025**




***Source:*** GEO Directory Residential Buildings Report Q2-2025

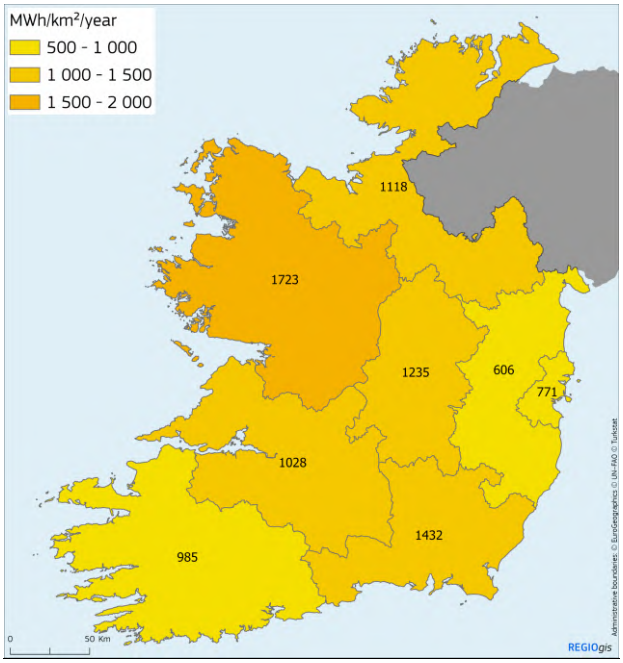
**Stark differences in connectivity between regions lead to significant gaps in access to services, particularly in the Northern and Western region.** In rural areas, accessibility to primary schools by foot is one of the worst in the EU. In the Northern and Western region, only 21% of children under 15 are within a 15-minute walk to school (25% in the Southern region and 28% in the Eastern and Midland region) against an EU average of 34% (Table A18.2). On ease of access to hospitals, these shares are above the EU average of 30% in the Southern region (38%) and the Eastern and Midland region (32%) but significantly lower in the Northern and Western region (22%). Despite convergence between regions on digital connectivity, fixed broadband connection (cable, fibre) is significantly higher in households in Dublin (90%) than in the Border region (78%).

**The Southern region and the Northern and Western region are more acutely exposed to the impact of climate change**. All Irish NUTS 3 regions, apart from Dublin, are expected to register GDP loss ranging from 0.1-1% due to

([350])Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation, 2025, Accelerating Infrastructure Report and Action Plan, pp. 60-61.

climate change (+2°C scenario). Ireland's coastal regions are particularly at risk due to rising sea levels, more frequent storms and heavier precipitation. Ireland's major cities are all on the coast, and the share of the population living in coastal areas is 62% ([351]). Similarly, much of Ireland's industry and general infrastructure, particularly power stations and communication and transport hubs, are coastal.

Map A18.6: **Untapped potential for solar, wind and hydro power**




**Source**: JRC (2024)

**Ireland's western counties have high untapped potential for wind energy production.** The technical and untapped potential for onshore wind energy production is at its highest in counties in the West and Border regions, creating new opportunities for regional enterprise development (Map A18.6). Permitting delays are a major bottleneck as shown in Annex 9 ([352]). While most offshore wind projects are planned for the East and South-East coasts, there is significant potential for their development in deeper waters off the West region's coast, provided marine biodiversity is carefully considered (see also Annex 10) ([353]).

**Sustainable transport needs vary by types of territory, with connectivity gaps most impacting the West and Border areas**. Public transport connections are underdeveloped both between and within regions, especially in the West and Border areas. This is true for all types of public transport; as mentioned earlier, rail is completely lacking in some of these areas ([354]). This constitutes a competitiveness gap for rural territories and small towns, particularly in the West and Border regions. Sustainable transport in urban areas is also lagging behind. The transport performance score ([355]) of Ireland's five metropolitan areas is considerably below the OECD average ([356]). The result is an over-reliance on private cars, with over 60% of commuter journeys completed by car in Dublin in 2019 ([357]). There are metropolitan transportation strategies, but these still fall short of reaching the objective of real integrated urban sustainable transport ([358]).

**The transition to sustainable private transport is suffering delays, particularly in the Border and Midlands regions**. Except in Dublin, the number of electric vehicle (EV) charging points within a 10 km radius ([359]) at

([351])OECD, 2025, Economic Surveys 2025 - Ireland.

([352])OECD, 2025, Diagnostic Toolkit for Reducing Regulatory Barriers to Solar, Wind and Pumped Hydro Storage in the European Union.

([353])Wind Energy Ireland, 2024, Building our Potential: Ireland's Offshore Wind Skills and Talent Needs.

([354])Department of Transport, 2024, All-Island Strategic Rail Review.

([355])Public transport performance per functional urban area (FUA) is the average share of inhabitants reachable in 30 minutes by public transport within each 8 km radius of the FUA.

([356])OECD, 2024, Regions and Cities at a Glance: Ireland.

([357])International Energy Agency, 2019, Energy Policies of IEA Countries: Ireland 2019 Review.

([358])OECD, 2023, Towards balanced regional attractiveness in Ireland - 'A more collaborative approach should be established to involve the [regional] assemblies as leaders in the design and delivery of transport solutions.'.

([359])Indicators of access to alternative fuel infrastructure are based on calculations by DG REGIO and the JRC, using

NUTS 3 level is significantly lower than the EU average of 287: the figure sits at just 7 and 10 in the Border and Midlands regions respectively, compared with 216 in Dublin. Barriers to the uptake of EV charging points clearly exist and are the drivers of uneven, delayed uptake across the country. The need for grid upgrades and faster connection processes are further barriers to the electrification of transport (see Annex 9) ([360]).

**Greenhouse gas emissions from the residential sector have started to decrease, but challenges remain, particularly in the Northern and Western region.** The use of electricity for heating (instead of fossil fuels) is still low, with significant disparities between territories: it ranges from close to 17% in Dublin to only 7% in the Border region. Energy efficiency performance is weak, with a large share of the residential stock having an energy rating of between C and G ([361]). There are clear territorial disparities: the Northern and Western region have only close to 40% of its buildings with an energy rating A or B, compared with more than 50% in the Eastern and Midland and the Southern regions.

**The wider Midlands area continues to face challenges in its just transition ([362])**. Despite the success of the EU Just Transition Fund, the Midland's economic performance remains weak: GDP per head and productivity levels are far below the EU and national averages. In addition, emissions per capita in the territory remain much above the Irish average, driven by emissions from degraded peatland, transport and the residential sector. The share of the population in the Midlands region using peat as a principal home-heating fuel stands at 17% compared with negligible figures in Dublin and the South-East.

**Subnational actors face capacity challenges that are barriers to delivering on the green transition.** Ireland has a number of initiatives to tackle climate change and green transition needs at local level, including local authority climate action plans. However, whereas there is budget for staff to help and oversee the coordination and management of these plans, the actual implementation of actions under the plans (in particular those involving capital expenditure) depend on local authorities' own budget capacity or their capacity to source budget from government sectoral plans (for example, as part of transport policy, energy efficiency policy, rural development policy) ([363]).

**The blue economy in Ireland faces several regional challenges.** In the Northern and Western region, the blue economy sectors with the highest rates of employment are coastal tourism, marine living resources and maritime transport ([364]). However, the long-term competitiveness of the seafood sector and local coastal economies and livelihoods are at risk from: (i) the high seasonality of tourism; (ii) increased pressure on fish stocks and ecosystems; (iii) limited access to waters for fishing; (iv) environmental and climate change impacts on fisheries and aquaculture; and (v) low generational renewal ([365]).

data from the European Alternative Fuels Observatory (EAFO), Eurostat, TomTom and Eco-Movement.

([360]) OECD, 2025, Economic Surveys 2025 - Ireland.

([361])Central Statistics Office Census, 2016, Small area population statistics.

([362]) As first outlined in Ireland's territorial just transition plan.

([363])OECD, 2025, Policy Coherence Scan of Ireland.

([364]) European Commission, EU Blue Economy Observatory - Ireland.

([365])EPA, 2025, National Climate Change Risk Management.

This Transport Annex presents the state of play, and the challenges Ireland is facing with the implementation of the trans-European transport network (TEN-T), the European Railway Traffic Management System (ERTMS) and road safety.

**The Atlantic and North Sea – Rhine – Mediterranean European transport corridors both cross Ireland.** The TEN-T in Ireland comprises 1 796 km of rail (446 of which are on the core network) and 2 202 km of road (501 of which on the core network). Ireland has no inland waterways on the TEN-T and has eight airports (including two core airports), six ports (including three core ports) and four urban nodes ([366]).

**The country's connection to the TEN-T network is via air and maritime connections, rendering the upgrading of ports and the development of alternative fuel infrastructure essential for the greening and development of intra-EU transport.** In this context, projects aimed at enhancing the competitiveness and sustainability of the maritime sector, such as upgrading basic port infrastructure and the deployment of alternative fuel technologies, are crucial.

**The ERTMS is essential to digitalising the railways and to modernising and harmonising railway operations across Europe.** The ERTMS ensures the safety of rail networks by providing a unified signalling system that significantly reduces the risk of accidents. It also provides interoperability between national rail systems, improving cross-border train movements. Finally, the ERTMS enhances network capacity and operational efficiency, increasing the competitiveness of the rail sector.

**Ireland is currently rolling out European Train Control System (ETCS) Level 1 Train Protection System (TPS) across its rail network and rail fleet.** This will replace older technology which is nearing the end of its service life. It is planned that that the TPS National Rollout will be delivered over the period from 2026 to 2032.

**Ireland is currently advancing the electrification of the heavy rail network in the Greater Dublin Area, under the DART+ Programme, and in the Cork metropolitan area, under the Cork Area Commuter Rail Programme.** New electric and battery-electric fleet have also been ordered to operate on the expanded electrified network, as well as a new tri-mode (battery/electric/diesel) fleet to operate on the Dublin-Belfast line. Ireland has broader plans to electrify its core TEN-T network, which it hopes to advance over the medium term. On rail freight, the reinstatement of the rail connection to Shannon-Foynes port is well advanced and should be completed in 2026, with rail freight services planned to commence in 2027.

**Advancing MetroLink is also a key priority for Ireland.** MetroLink will provide a connection to Dublin Airport in the medium term and will also provide interchange with the heavy rail network. In addition, Ireland intends to advance a direct heavy rail connection to the airport in the longer-term and to advance capacity enhancements on the Northern rail line from Dublin to Belfast, through the FourNorth project. The Western Rail Corridor project (Athenry-Claremorris section) is a proposed reinstatement of the rail line aimed at strengthening regional connectivity in the west of Ireland. The electrification and upgrade of the Dublin-Belfast and Dublin-Cork corridors to speeds of up to 200 km/h are important, as they will form the backbone of a future Irish high-speed rail network. The east coast rail infrastructure protection project is also significant; as a

([366]) European Commission, TENtec Information System.

Table A19.1: **ERTMS deployment in Ireland.**

| ERTMS in Ireland | | | | |
|---|---|---|---|---|
| TEN-T rail network | ERTMS (trackside) in operation | | | Min. estimated cost of additional deployment until 2035 |
| | year | length | % of total TEN-T | |
| 1 796 km | end 2024 | 0 km | 0 % | |
| | by 2035 | 250 km | 14 % | EUR 60 million |

***Source:*** Based on ERTMS – Third work plan of the European Coordinator Matthias Ruete.

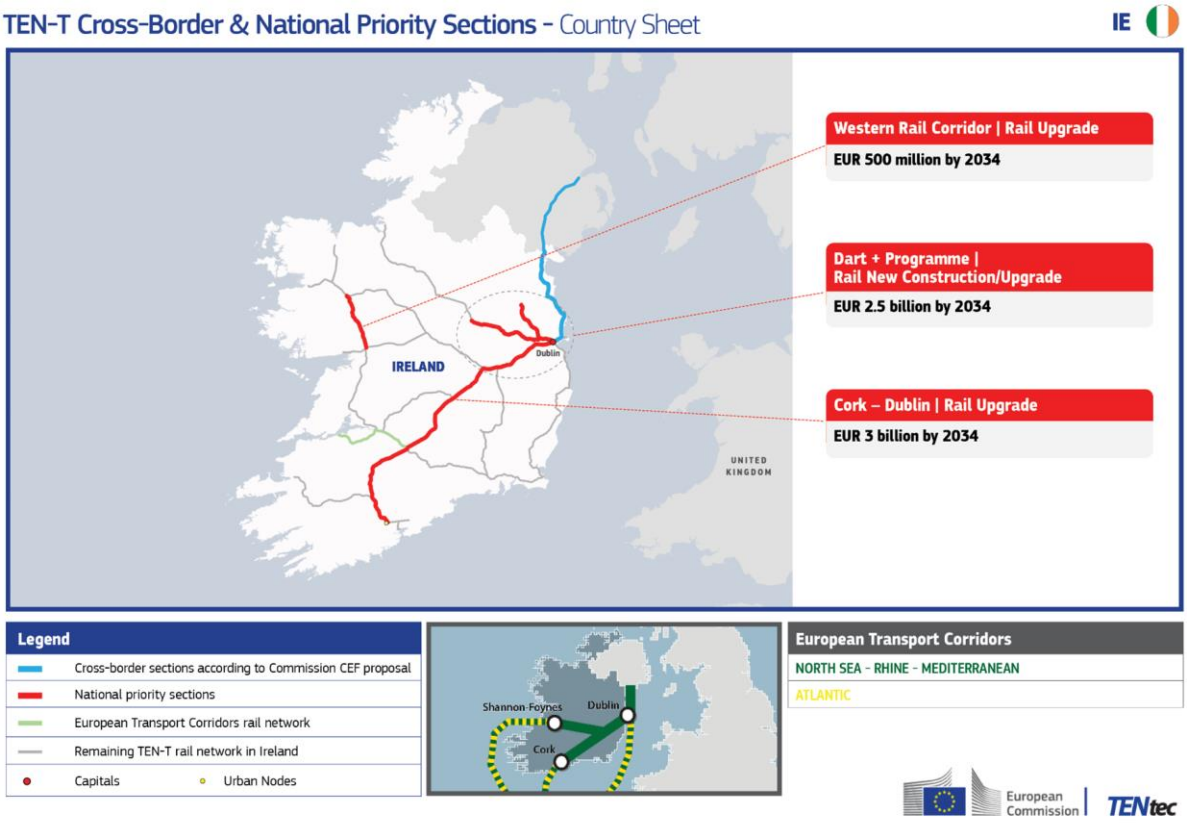
critical climate adaptation programme focused on improving the resilience of the Dublin–Rosslare rail corridor in response to coastal erosion, flooding, and climate change impacts.

**The main difficulties affecting the timely implementation of infrastructure projects in Ireland are related to planning and permitting.** Lengthy permitting and planning procedures – together with evolving environmental and other standards – often extend the approval and execution timelines of infrastructure projects.

**In particular, the amendment of the statutory consenting process following the establishment of a new regulatory body in 2023 (Maritime Area Regulatory Authority MARA) has introduced additional procedural steps and led to project redesign or reprioritisation in some cases.** In addition, procurement and tendering processes have in some cases slowed down the implementation of projects.

**The Irish government has begun reforms to streamline the planning and permitting framework, through the Planning and Development Act, as well as other ongoing proposals.** However, it is still too early to draw conclusions on its effectiveness.

Map A19.1: **TEN-T Cross-Border & National Priority Sections in Ireland.**




**Road crashes impose an enormous social, economic and health burden on the EU economy.** The external socio-economic costs of fatal, serious and minor injuries have remained persistently high despite the progress made in reducing crash frequency and severity. These resources could otherwise fuel innovation, education, healthcare and other crucial public investments([367]).

**In 2024, Ireland recorded 171 road fatalities. While the fatality rate per million inhabitants is comparatively low (32/million versus the EU average of 45/million), Ireland's road safety performance has worsened in recent years.** Between 2019 and 2024, the number of fatalities increased by 22% (see graph A19.1). Increases were observed especially among powered-two-wheeler riders, pedestrians and inside urban areas.

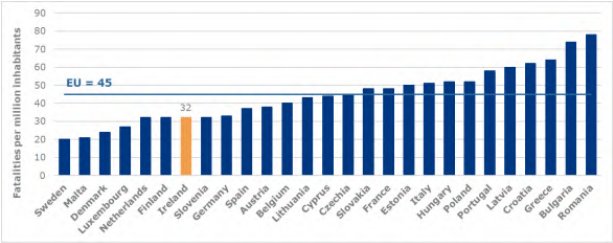
**The main gap reported in the implementation of Ireland's first road safety action plan is funding constraints.** This was reported as the main reason for delaying or deferring various actions across all pillars, such as enforcement activities, the establishment of Road Safety Working Together Groups in several local regions, the expansion of the active travel infrastructure, the development of an online system that allows the access to vehicle testing history, etc. Another important gap reported in the

([367])European Commission, 2026, Report on the implementation of the EU Road Safety Policy framework at the Mid-Point.

implementation of some measures concerns legislative changes.

**As a result, Ireland is currently not on track to meet the EU targets of halving the numbers of road fatalities and serious injuries by 2030.** A possible way to address this could be by accelerating implementation of the delayed measures from the road safety action plan and identifying relevant actions in phase 2 of the plan, ensuring that the focus is on transformative actions that are resourced adequately to deliver in the timeline proposed.

Graph A19.1:**Ireland's road fatalities per million, 2024**




***Source:*** Report at the Mid-Point - Ireland, SWD(2026) 46 final.

The map below presents the roads where the safety of the infrastructure is poor and thus where urgent action is required.

Map A19.2:**Ireland's road safety map**


***Source:*** TENtec Information System and TEN-T map library – European Commission