

**Response to the Department of the Taoiseach regarding the public consultation on Ireland's  
National Recovery and Resilience Plan**

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## Introduction

The Irish Congress of Trade Union (ICTU) represents over 40 trade unions in Ireland, north and south, with a combined membership of over 700,000 workers. As such, ICTU is the largest civil society organisation on the island.

This paper represents ICTU's response to the 2 February 2021 request from the Department of the Taoiseach to take part in the public consultation on Ireland's National Recovery and Resilience Plan that is being developed under the EU regulation establishing the Recovery and Resilience Facility (RRF) agreed by the European Parliament and the Council in December 2020. This regulation provides that member states wishing to receive support under the RRF should submit a national recovery and resilience plan (NRRP) no later than 30 April 2021.

ICTU is committed through our mission statement to strive to achieve economic development, social cohesion and justice by upholding the values of solidarity, fairness and equality. These principles guide this response.

ICTU welcomes the establishment of the Recovery and Resilience Facility. We believe this new facility can help to counteract the economic recession caused by the pandemic crisis and represents an opportunity to promote a fair and just green and digital transformation of the European economy. In particular, we believe that the economic recovery and transformation must entail tangible benefits and improvements for workers and their families to achieve

This response is set out as follows. Part 1 sets out our views on the consultation process. Part 2 sets out what our views on the objectives of the RRF. Part 3 sets out our priority areas for investment and Part 4 our priority area for reform. Part 5 is the conclusion.

### 1. The consultation process

ICTU welcome the direct invitation to take part in the consultation process on the development of Ireland's NRRP.

Government will recall that we wrote to the Taoiseach on 8 January 2021 to express our interest in taking part in the consultation process envisaged under Article 18(4) (q) of the regulation agreed by the European Parliament and the Council in December and requesting that we and other stakeholders be given sufficient time to make a meaningful contribution to the development of Ireland's NRRP before it is submitted to the Commission by 30 April.

We wish to begin by making a number of points about the consultation process itself.

#### Ensuring that consultations are in line with the RRF regulation

First, we are concerned that the consultation paper appears to give disproportionate weighting to responses from just one of the social partners and in so doing could risk producing an unbalanced NRRP that is out of step with the agreed RRF regulation itself.

While there has been some discussion on the development of Ireland's NRRP in other fora such as LEEF, by requesting (p.3) that respondents identify themselves as 'business, business professional adviser, representative body or member of the public,' we are concerned that the envisaged consultation process does not appear to reflect the emphasis in Article 18(4) on a broad process, i.e.

local and regional authorities, social partners (i.e. employers and trade unions), civil society organisations, youth organisations and other relevant stakeholders. It would seem from the request that local or regional authorities and trade unions responding would all come under the heading of ‘representative body’ but there clearly is a substantial difference in the nature of such bodies. In making this point, we are reminded of the criticism in the Commission’s country report Ireland 2019, that social dialogue in Ireland is ‘characterised by its mostly *consultative* nature’ and that the social partners are rarely *involved* and consulted in relation to the European Semester process by the government’ (emphasis added). Furthermore, it is not entirely clear who comes under the heading of ‘business professional adviser’ nor why they should be specifically identified.

Second, we note that the consultation paper states (p.7) that the Government ‘value stakeholder input and recognise that it is an important part of the European Semester process and in the development of the National Recovery and Resilience Plan.’ We would have concerns that ‘valuing’ stakeholder input and ‘recognising that is an important part’ in the development of Ireland’s NRRP also risks falling short of the agreed regulation. Article 18(4) provides that the national recovery and resilience plan ‘shall *in particular* set out the following elements’, inter alia:

(q) *‘for the preparation* and, where available, for the implementation of the recovery and resilience plan, a summary of the consultation process, conducted in accordance with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, and how the input of the stakeholders is *reflected* in the recovery and resilience plan;

In short, we believe there is a substantial difference between, on the one hand, ‘*valuing*’ stakeholder input and ‘*recognising that it is an important part*’ in the development of the NRRP and, on the other, ‘*reflecting*’ that input in the NRRP itself. As the Commission’s January 2021 guidance document states (p.47): ‘Member States should in particular...describe how stakeholder inputs have been taken into account and *are reflected in the plan.*’

#### Consulting on Ireland’s draft NRRP(s) before 30 April 2021

Third, the consultation paper states (p.7) that while member states must submit their plans to the Commission by 30 April 2021, ‘this is expected to be preceded by a process of dialogue between the Commission and individual Member States on an iterative basis using draft plans’.

We would make the point that unlike in previous years when we were consulted on Ireland’s draft National Reform Programme under the European Semester process (albeit it at short notice in some cases as in 2020) it is not clear whether there is an intention to consult all those referenced in Article 18(4)(q) on Ireland’s *draft* NRRP(s) before the final plan is submitted to the Commission. Again, as the Commission’s guidance document states (p.47), the NRRP should indicate ‘whether stakeholders have been consulted selectively on specific components *or whether a general consultation has taken place on a comprehensive draft plan.*’

We would therefore welcome the opportunity to outline our views on the draft NRRP(s) and ask that we be given sufficient time to do so.

## 2. Ireland's National Recovery and Resilience Plan

### Integrating the National Reform Programme into the National Recovery and Resilience Plan

The consultation paper points out (p.4) that Ireland is expected to receive €853 million in grants under the RRF in 2021 and 2022 and that a 'further set of grants is to be allocated in 2023, taking into account economic developments between now and then.' Of this 2021-2022 allocation, a minimum of 37% (€316 million) must go towards the climate target and 20% (€171 million) to the digital target. This leaves a remainder of 43% (€366m.)

While the total allocation is relatively modest and cannot be compared to the levels of EU structural and cohesion funding that Ireland received in the past, it is not an insubstantial amount and is to be welcomed.

The consultation paper states (p.5) that: 'For 2021, Ireland's National Reform Programme will *be integrated in to* our National Recovery and Resilience Plan.' We take this to mean that Ireland's 2021 National Reform Programme (NRP) will reflect the objectives and the underlying principles of the NRRP as set by the RRF Regulation and taking account of the guidance provided by the Commission. We therefore believe that the NRRP could potentially have a greater impact than initially suggested by Ireland's allocation. This underlines our view that it is very important to take the objectives of the RRF fully into account when developing Ireland's NRRP.

### Respecting the objectives of the Recovery and Resilience Facility

As the consultation document acknowledges (i.e. p.6), Article 3 of the agreed regulation provides that the 'scope of application' of the RRF Facility 'shall refer to policy areas of European relevance structured in **six pillars**'.<sup>1</sup>

The consultation paper also acknowledges (p.6) that the NRRP should address the challenges identified in the **European Semester process**, particularly the 2019 and 2020 country-specific recommendations [and]...contribute to the **four dimensions** outlined in the 2021 Annual Sustainable Growth Strategy<sup>2</sup>, and seek to address the **seven flagships** identified as common challenges facing member states in the 2021 Sustainable Growth Strategy.<sup>3</sup>

We would also highlight other aspects of the objectives of the RRF, particularly those relating to implementing the European Pillar of Social Rights.

Though not referenced in the consultation paper, Article 4(1) of the agreed regulation provides that: 'In line with the six pillars..., the coherence and synergies they generate, and in the context of the

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<sup>1</sup> The six pillars are: 1) green transition; 2) digital transformation; 3) smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs; 4) social and territorial cohesion; 5) health, and economic, social and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis response capacity; 6) policies for the next generation, children and the youth, such as education and skills.

<sup>2</sup> The four dimensions are: environmental sustainability; productivity gains; fairness; and macroeconomic stability)

<sup>3</sup> The flagships are 1) Power up, 2) Renovate, 3) Recharge and Refuel, 4) Connect, 5) Modernise, 6) Scale-up and 7) Reskill and upskill.

COVID-19 crisis, the general objective of the Facility shall be to promote the Union’s economic, social and territorial cohesion by’ ...[inter alia]...‘contributing to the implementation of the European Pillar of Social Rights.’

Article 18(4) in turn provides that the NRRP shall ‘in particular’ set out a number of elements, including how: (c) it contributes to the implementation of the European Pillar of Social Rights; and (q) how it contributes to gender equality and equal opportunities, in line with principles 2 and 3 of the European Pillar of Social Rights, and UN SDG 5, and any national gender equality strategy. The RRF regulation also references on a number of occasions the principles 2 and 3 of the European Pillar of Social Rights. This is of particular relevance with regard to our priority area for reform below.

Article 19 provides that when assessing the NRRPs, the Commission ‘shall take into account’ how they contribute to the implementation of the European Pillar of Social Rights and in accordance with Annex V, which also emphasises the implementation of the European Pillar of Social Rights.

Finally, Article 17 (3) also provides that the NRRP ‘should be consistent with ... challenges and priorities identified in the most recent Council recommendation on the economic policy of the euro area for Member States whose currency is the euro.’ The most recent of these is the Council’s Recommendation on the economic policy of the euro area, approved in February 2020 (Council, 2020). Again, this is of relevance with regard to our priority area for reform below.

### 3. Priority areas for investments

ICTU has outlined our broad strategy for Ireland’s economic recovery in our ‘No Going Back’ document in 2020 (ICTU, July 2020) and in our pre-budget 2021 recommendations (ICTU, September 2020).

We believe there are significant areas of overlap in both of these documents with the agreed RRF regulation and the Commission’s updated guidance documents of January 2021.

Given the relatively modest nature of this allocation and the fact that at least 37% must go to climate actions and at least 20% to digital actions, we are of the view that there should be a tight and limited focus with regard to the projects that Ireland’s NRRP can and should prioritise for investment.

Our proposals for priority areas for investment therefore come under three headings (1) the green transition; 2) social housing; and (3) the digital transition.

#### Investing in the green transition

ICTU is strongly of the view that a ‘green new deal’ should form the basis of Ireland’s industrial policy and that this deal should be guided by the principle of a just transition for workers and households.

We propose that the 37% (€316m) of Ireland’s allocation under the RRF be should be split in two ways:

(a) Just Transition funding to up-skill and retrain workers whose jobs are negatively impacted by government climate policy, e.g. Bord na Mona workers in the Midlands. For example, funding should be allocated to provide workers with retrofitting skills.

(b) Green retrofitting of the social housing stock.

Such a division would best reconcile the environmental sustainability, fairness and job creation goals of the RRF, and would support a programme of investment in green retrofits to meet environmental needs, as well as new builds, and amenities to build sustainable communities is essential to meet needs and spur national recovery as we restart the economy.

With regard to the second of the two questions posed in the consultation paper, the first priority area would address CSR 2 of the 2020 recommendations to Ireland (i.e. *'Focus investment on the green...transition'*) and CSR 2 of the 2019 recommendations to Ireland (i.e. *'facilitate upskilling'*), while the second priority area would address CSR 3 of the 2019 recommendations (i.e. *'Focus investment-related economic policy on low carbon and energy transition, the reduction of greenhouse gas emissions...and affordable and social housing'*) and would complement CSR 2 of the 2020 recommendations (i.e. *'Increase the provision of social and affordable housing'*).

#### Investing in social housing

Affordable, secure and high-quality housing is pivotal for life chances. Ireland's current housing system fails too many people including the young, individuals on low to middle incomes, those in precarious forms of work and the vulnerable. The ongoing failures in the provision of housing – an essential public service – points to the need for a major public house building programme on public land undertaken through public agencies. The public sector should re-enter the housing market through traditional channels and through new schemes such as cost-rental associations, learning from European best practice.

One impact of the pandemic has been to further delay housing supply. This will increase house prices and make affordable housing even more inaccessible to ordinary families.

We propose that most of the remaining 43% (€366m) of Ireland's allocation under the RRF be used to invest in a programme of 'A-rated' public housing on public land in 2021/22. And we would propose that the State would not go on to sell this housing but would instead rent it out at affordable rates based on the cost rental principle (as introduced by the Commission in its 2019 CSRs to Ireland).

The Commission's updated guidance document (p.25) cites investment in social housing as 'one of examples of typical reforms and investments linked to the green transition'.

This priority area for investment would address CSR 2 of the 2020 recommendations (i.e. *'Increase the provision of social and affordable housing'*) and CSR 3 of the 2019 recommendations (i.e. *'Focus investment-related economic policy on ...and affordable and social housing'*).

#### Investing in the digital transition

Government has a responsibility to ensure that workers are insulated against future shocks and are not left behind by the changing structure of the 21<sup>st</sup> century economy because of lack of digital

skills. The digital transformation will succeed if supported by policies that reinforce labour market inclusiveness and workers' protection.

The pandemic has shown in particular the need to upgrade the quality of Ireland's digital infrastructure and connectedness in the healthcare system. Such a program of modernisation is of particularly important as part of the transition towards Sláintecare.

In addition, ICTU believes that funding for digital education and training should be included within the envelope of the €171m in funding under the digital transition heading, particularly

This area for priority investment would address CSRs 2 and 3 of the 2020 recommendations to Ireland (i.e. including by responding to the health workforce's needs a '*Address the risk of digital divide*', and '*Focus investment on the...digital transition, in particular on [inter alia] digital infrastructure*') and CSR 3 of the 2019 recommendation to Ireland (i.e. *Focus investment-related economic policy on... ..digital infrastructure*). It would also complement CSR 1 of the 2020 recommendations, (i.e. *Improve accessibility of the health system and strengthen its resilience, including by responding to the health workforce's needs and ensuring universal coverage for primary care.*).

#### 4. Priority area for reform

##### Strengthening social dialogue and promoting collective bargaining

The Commission's updated guidance document states (p.14) that: 'All types of reforms should be considered under the Facility, including those that do not require any specific funding.'

ICTU would identify the strengthening of social dialogue and the promotion of collective bargaining as the priority area for reform in order to help achieve the objectives of the RRF.

First, this reform would be in line with the emphasis in the RRF on contributing to the implementation of the European Pillar of Social Rights, particularly principle 8 which promotes social dialogue and the involvement of workers.<sup>4</sup>

Second, such a reform is envisaged in the agreed RRF regulation and in the Commission's guidance document. Recital 14 of the regulation provides that 'Reforms and investments in social and territorial cohesion should [inter alia] *enable the strengthening of social dialogue...*', while the guidance document gives (p.34) as one example of an appropriate milestone the signing' of a tripartite agreement with the social partners.<sup>5</sup>

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<sup>4</sup> 'The social partners shall be consulted on the design and implementation of economic, employment and social policies according to national practices. They shall be encouraged to negotiate and conclude collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action. Where appropriate, agreements concluded between the social partners shall be implemented at the level of the Union and its Member States. Workers or their representatives have the right to be informed and consulted in good time on matters relevant to them, in particular on the transfer, restructuring and merger of undertakings and on collective redundancies. Support for increased capacity of social partners to promote social dialogue shall be encouraged.'

<sup>5</sup> As opposed to merely stating that "tripartite discussions with social partners well advanced"

Third, it would be consistent with the most recent Council Recommendation on the economic policy of the euro area (Council, February 2020), which *inter alia* calls on euro area Member States to take action, individually and collectively within the Eurogroup to: ‘*Enhance the effectiveness of social dialogue and promote collective bargaining.*’ Furthermore, the Commission’s November 2020 draft Council Recommendation on the economic policy of the euro area now calls on euro area Member States to take action, individually, *including through their Recovery and Resilience Plans*, and collectively within the Eurogroup over 2021–2022 to: ‘Ensure the effective involvement of social partners in policy making, strengthen social dialogue and collective bargaining’ (Commission, November 2020:7)

Fourth, it would contribute to achieving other key objectives of the RRF regulation. For one, the Commission has recently highlighted that strengthening collective bargaining helps to reduce the gender pay gap (Commission, October 2020:65) and has estimated that achieving adequate minimum wages including by promoting collective bargaining could reduce Ireland’s gender pay gap by 10%. This would also incidentally be in line with Ireland’s current National Strategy for Women and Girls, which commits to tackling the gender pay gap ‘*including by initiating dialogue between union and employer stakeholders to address the gender pay gap...*’ (Department of Justice and Equality, 2017:35).

Furthermore, it would contribute to achieving the green transition objectives of the RRF. A 2019 US study of 34 OECD countries (including Ireland) over the period 1970 and 2014 found that higher membership of trade unions is positively associated with lower national carbon dioxide emissions per capita, and visa versa (Alvarez, C. H. *et al*, 2019).

## 5. Conclusion

This response represents ICTU’s response to the 2 February 2021 request from the Department of the Taoiseach to take part in the public consultation on the development of Ireland’s NRRP. It outlines in particular what we see as the priority areas for investment and the priority area reform that should be included in Ireland’s NRRP to be sent to the Commission by the end of April.

We would be willing to engage further with Government on our response and, as stated above, we would keen to take part in a general consultation on a comprehensive draft plan before it is finalised.

ENDS

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