Sustainability in the National Development Plan 2007-13

Recommendations from Comhar – the Sustainable Development Council (SDC) as approved by Council 20 September 2006

1 These recommendations will be followed by a note on 'Capital Investment in Key Sectoral areas' following the 'National Development Plan – towards sustainability' conference October 4-6, 2006.
PREFACE

We welcome the decision to formulate and implement a new National Development Plan, recognising that this approach to national investment management might have been shelved now that it is not required as a condition for the drawing down of EU funding.

We regard the investment programme 2007-13 as a once-in-a-generation opportunity to make Ireland a truly productive and sustainable society. If we get it right, we can face all of the challenges, vicissitudes and opportunities that the world has to offer with equanimity and confidence. Our input is to help achieve this fit between what we do and what we most need to do to secure our future economically, socially and environmentally.

The effectiveness of an investment programme is determined by three factors: what is invested in, how it is done, and the quality of maintenance and management once it is in place. Mistake making is part of the human condition, but it is important in implementing NDP 2007-13, that our mistakes be new ones. Our good and bad experience with previous investment programmes provides evidence to inform all three of these dimensions.

This is in a sense an interim report. We have organised a conference to be held October 4-6 2006 – ‘Towards Sustainability in the National Development Plan 2007-13’ wherein where we stand and the options for moving towards sustainability will be presented and discussed in regard to: the macro economy, quality of life, industry, shaping rural life, including agriculture and forestry, energy, transport, and households. However, in preparing this interim view, we have had the benefit of the draft briefing papers, which have been prepared for the conference, and have also got feedback from some members of our Council and others.

This note is structured as follows: A detailed Executive Summary provides key points. The Introduction provides a national and EU context, and then the template provisionally proposed by the Department of Finance (DOF) - Broad Content, Preparation Process and Reporting Arrangements of next NDP as provided to Comhar is used to successively address:

- Economic and fiscal framework
- Investment priorities at sectoral level
- Alignment of NDP with spatial strategy
- Capital investment in key sectoral areas, including housing, transport, aviation, energy, communications, environmental services, education, health, child care, agriculture, tourism, industrial promotion and research and development and other areas
- Role of PPPs
- Investment in human capital
- Social inclusion, aligned with National Action Plan against Poverty and social exclusion
- Factors impacting on efficient infrastructure delivery (capital appraisal, project management, procurement policy, planning, environmental issues etc)
- Environmental impact
- Other horizontal issues including rural impact and gender issues
- North/South and East/West impact
- Monitoring and management/implementation arrangements

As regards Implementation and Reporting Arrangements, it is envisaged by DOF that the NDP will focus on three Strategic Investment Sectors (1) Economic and Social Infrastructure, (2) Human Resources, including non-capital social inclusion schemes (3) Productive sector investment. Reporting would be structured around the three Strategic Investment Sectors, each with an individual Monitoring Committee and Lead Department, reporting to a Central NDP Monitoring Committee. Standardized reporting templates will be developed focused on financial and physical targets and outputs with account taken of horizontal impacts such as promotion of Social Inclusion. Our perspective is embodied in our Executive Summary.
In addition to benefiting from the preparatory work for our conference, Comhar’s previous work, the advice of our Council members, and the European Union policy context, our analysis and recommendations are especially informed by *Towards 2016 – Ten year Framework Social Partnership Agreement 2006-2015*\(^2\), and *NESC Strategy 2006: People, Productivity and Purpose*\(^3\), hereafter referred to as ‘Towards 2016’ and ‘NESC Report’ respectively.

\(^2\) Department of the Taoiseach, Dublin 2, June 2006

\(^3\) National Economic and Social Council, Dublin 1, December 2005.
COMHAR SUSTAINABLE DEVELOPMENT COUNCIL RECOMMENDATIONS FOR NDP 2007-13

EXECUTIVE SUMMARY

Our recommendations follow the chapter outline proposed by the Department of Finance. In this Executive Summary we first outline the elements in which we identify what we consider would characterise excellence in NDP 2007-13 – these are also the criteria by which we propose it be evaluated and monitored. This is followed by the key points we make in regard to each of the chapters proposed by Department of Finance. We are proposing one new chapter, namely one devoted to Environmental (Natural and Built Heritage) Capital. The reader is referred to the detailed responses for more context and justification of our views.

ELEMENTS THAT WOULD CHARACTERISE EXCELLENCE IN NDP 0713

The Right Taxonomy for Evaluation

Replace the 3 part taxonomy proposed by DOF for the investment programme namely (1) Economic and Social Infrastructure, (2) Human Resources, including non-capital social inclusion schemes (3) Productive sector, with the following 4-part taxonomy: Infrastructure; Other physical; human (including social); environmental (natural and built heritage). This would better map the capital stocks model proposed.

Indicators of Excellence

1. Is there Target Setting, output bias and Monitoring?

The main point of investment is to provide a combination of more, or new or better outputs, there need to be a focus, and the investment design, implementation and management needs to have as its primary focus output delivery.

Monitoring and evaluation of progress needs to be broadly based and to cover social and environmental aspects as well as financial and economic criteria. Monitoring and reporting on cross-cutting issues require expert interpretation of properly gathered data referring to objective criteria, all carried out in a transparent and verifiable process.

A key issue in monitoring is identifying the counterfactual or baseline – what would have happened in the absence of the investment in question. Unless this is identified at the outset, there is no fulcrum against which to judge performance over the life of the investment. What can’t be measured can’t be evaluated, so the indicators of performance need to be pre-specified, the means of measurement identified, and credible mechanisms for delivery identified and supported with the requisite logistics and finance.

Comhar proposes that its Principles for Sustainable Development be applied to provide the basis for a sustainability bench-marking tool for policies and programmes. We believe that these Principles can provide the basis for an over-arching assessment mechanism for measuring progress on the implementation of the new NDP.

The organisations identified as driving the monitoring etc need to be identified in the Plan. Comhar SDC will report annually on the effectiveness or otherwise of the mechanisms put in place.

2. Are there mechanisms in place that will deliver Cost Effectiveness?

Our systems should be designed to deliver the investment outcome desired at least cost, consistent with environmental and social objectives.

3. Does the Plan Foster Innovation?

Our cost base is now such that only continuing innovation can save us from becoming a backwater. Notwithstanding having the largest per capita house and road construction industries in the developed world, there are few if any innovations in design, materials, methods or management that are not imported. Likewise, major investments in energy,
health, education and communications infrastructure are not associated with innovation. Each of our major investment programmes should have funds and support ring fenced – 1 to 5 per cent of total expenditure, depending on the potential innovation dividend - to advance the innovation agenda. This would include funding for research development and demonstration, embedding a culture of innovation in some companies, and associated team building in the universities, and the encouragement of pilot projects that would stimulate the generation and testing of new approaches.

4. Does it support Quality of life?
Quality of life is a composite of many elements – income, employment, security, productive family and social interaction, romance, good health, mobility, intellectual and cultural stimulation, access to services, high quality natural and built environment, and beauty. The Plan should aim at providing the option of living and working in a relatively stress free and beautiful environment, where we have an attractive and interesting set of mobility choices – walk, cycle, train, bus, car – and where we are facilitated and enabled to work and to enrich ourselves culturally, intellectually and socially to the extent that we wish to do so.

5. Are other Policy Instruments appropriately and effectively mobilised?
The suite of policy instruments that we can mobilise to improve performance and change outcomes is wide, and includes: pricing, taxes and charges; subsidies; regulation (directives, laws and regulations), information that empowers producers and consumers; voluntary and negotiated agreements, whereby agents make voluntary commitments to meet certain targets, procedures or objectives; zoning and land use planning, research and development to create new choices; location decisions and public purchasing decisions. There has to be a ‘fit’ between these and the investment portfolio in NDP 0713, otherwise it will not deliver to its potential.

Coherence between the NDP, the National Spatial Strategy, Towards 2016 forthcoming revisions to the National Climate Change Strategy the Biodiversity Strategy and the National Sustainable Development Strategy will be essential to the delivery of optimal outcomes.

6. Does it Support Fairness?
The investment programme will inevitably favour some interests, individuals and communities more than others. It is important that the beneficiaries be identified, and that where possible investment support those most in need, however defined. The Spatial Analysis will give an indication as to how the benefits are distributed spatially. This should be complemented with indicators, which show how they are distributed as regards income, with the objective of ensuring that those most in need benefit appropriately.

7. Does it Recognise and help Correct for Market Failure?
Markets untrammelled fail to protect environmental and open access natural resource endowments. In belonging to everyone, they belong to no one. There is no price for air and water quality, for the use of the atmosphere to absorb ozone depleting chlorofluorocarbons (CFCs) or climate changing greenhouse gasses that signifies that these are scarce endowments. The (external) costs of disposing of waste can be passed on to society as a whole beauty in buildings and landscapes (external benefits) can’t be captured directly in markets. Without intervention, market forces will drive these life support systems, and open access ocean fishery resources, towards destruction.

By definition, these external costs and benefits are not valued in markets. However, there are a variety of well-developed and tested techniques for providing proxy values that give us guidance as to the magnitude of the losses imposed and the benefits foregone. Carefully done analyses will help direct investment towards where the greatest net benefits to society are likely to be found and the resources to do so should be provided in the Plan.

8. Does it Achieve Low Operating Costs?
The 2007-13 period is likely to be a unique window of relative richness as regards the capacity and willingness to undertake sustained investment. With a less well-endowed future, it is important that the investment we make now be designed and implemented so as to minimise the burden of maintenance and management. If depreciation rates and operating
costs are low, this will facilitate both sustaining the existing investment, and releasing resources for new investment. It will also, in many cases, reduce the environmental burden, e.g. investment in highly energy efficient building. But achieving lower annual costs in the future usually requires more investment up front. We should tend to make the trade-off in favour of low operating costs.

9. Does it Foster Design and Beauty?
The 2007-13 period will be important in determining if, for the rising generations, Ireland is a beautiful place to work and live. But beauty does not happen without encouragement. It takes skills in design and engineering, it takes courage on the part of the investors, it takes a public willing to foster and facilitate, it takes attention to detail, and meeting the challenge of combining good function and positive sensory impact. If the public investment programme in the NDP makes a conscious effort to foster beauty, it can have a positive and transforming effect.

10. Is there effective Linkage to Northern Ireland Plans and Programmes?
The Strategic Investment Board (SIB) in Northern Ireland and the Sustainable Development Commission (NI) are operating a process that provides an ideal opportunity to collaborate in regard to mutually beneficial opportunities.

11. Is there Alignment with Spatial Strategy?
There needs to be constant reference to the spatial dimensions of performance, with investment favouring those locales that are advantageously placed re rail links etc to develop in ways that impose low pressures on environment and other endowments.

A. ECONOMIC AND FISCAL FRAMEWORK

Re-title this chapter Economic and Fiscal Framework and Socio Economic and Environmental Context and address in a very summary fashion environmental and social trends that are linked to the economy and fiscal framework.

It should also identify the three forms of capital and their management as salient to understanding sustainable performance, and that this categorisation will be used later on.

B. INVESTMENT PRIORITIES AT SECTORAL LEVEL

This is an opportunity to lay out the aggregate investments in physical (infrastructure and other), human (including social), and environmental (natural and heritage) capital, what the overall outcomes are expected to be, and how they relate to and re-enforce each other. Charts showing such linkages would clarify understanding.

C. ALIGNMENT OF NDP WITH SPATIAL STRATEGY

Investment and (especially) the outputs associated with the NDP should be directly linked to clusters of gateways and hubs, organised in ways – regions and Provinces – that have some emotional, governance-related and practical relevance in people’s lives. These to be represented as performance criteria in the chapter on monitoring and management/implementation arrangements. The size and speed of delivery of allocations should depend on the quality of the plans and implementation schedules proposed.

D. CAPITAL INVESTMENT IN KEY SECTORAL AREAS

The specifics as regards Comhar’s priorities will be presented after the conference October 4-6.

E. ROLE OF PUBLIC PRIVATE PARTNERSHIPS (PPPs)

Spell out the public interest, and the pre-requisites for success and how they will be assured, and ensure that sustainability concerns – and notably environmental costs and benefits associated with PPPs – are understood and appropriately addressed.
F. INVESTMENT IN HUMAN CAPITAL

Strongly support the proposition that Ireland becomes a leading knowledge society in Europe, and that NDP 2007-13 be focused on achieving this objective. Making Ireland a sustainable society requires that we widen and deepen our educational programmes focused on understanding the concept and how it can be advanced, that these be integrated into our curriculae at all levels, and that we provide all our citizens with the opportunity to enrich their understanding and engagement.

The Sustainable Development ERTDI research programme 2007-13 needs to develop how to integrate environment and social considerations into national accounting and investment planning and decision-making. We need to focus in Ireland on how to link knowledge to empower citizens, create business opportunities from the sustainability agenda, and move to create a critical mass at third level institutions that ensures they become international leaders in selected fields.

There should be an explicit programme designed to invest in human capital at local level addressed to both local authorities and civic society.

G. INVESTMENT IN ENVIRONMENTAL (NATURAL AND BUILT HERITAGE) CAPITAL

(Proposed new chapter)

By natural and heritage capital we mean the support systems that sustain life, including catchments and wetlands that provide us with freshwater, absorb and de-toxify waste and provide water storage to diminish the impact of flood events, air shades that allow us to breathe clean and healthy air and enjoy vistas, wildlife and biodiversity that sustains the web of life and allow us to enjoy nature, open spaces where we can recreate and get away from ourselves; salt marshes that are the main incubation places for our fish stocks, and buffer us against storms and coastal flooding, our oceans that are the ultimate source of life, and our buildings and human artefacts of distinction, that represent the best of what our ancestors have endowed us with.

And all of these play an important role in providing recreation and fitness opportunities for us and our children, and create a basis for many forms of tourism, both passive and active. Many of the investments to be undertaken in the NDP fall into either protecting or enhancing these endowments. And many of the other investments impact on them also. This categorisation will also facilitate later integration of the Climate Change and Biodiversity strategies into the NDP framework.

This category of investment needs to be recognised separately; otherwise it de facto becomes a residual ‘protective’ category, not given parity of esteem and its role as a key vector of well-being and ultimately of economic and social performance and quality of life is diminished.

H. SOCIAL INCLUSION

Inclusion is achieved by ensuring that all of us have access to the resources capacities and organisational structures to: participate in the democratic process – voting and representing; education and information; employment; start businesses; and participate in decisions about our neighbourhood, including especially its shared resources, spaces and facilities.

The former governor of California Edmund Brown Jr observed: As long as Peter and Paul are in the same room, I think you can make a wise set of choices. It’s only when you rob collective Peter to help selective Paul that you get into your problems. The investments in social inclusion need to always favour – and be seen to favour - collective Peter – the public interest – and in particular those categories not generally at the decision table. We need to find modes of participation that are fair, consistent, informed and time bound, involving Civic Society in all its dimensions.
I. EFFICIENT INFRASTRUCTURE DELIVERY

There are two aspects to delivering infrastructure efficiently. The first is to measure adequately all of the main costs and benefits involved. The second is to have an organisational structure in place with the requisite skills and motivation to deliver the project ‘on the ground’ in time, to the requisite quality and within budget. There has been criticism of the competence with which parts of the 2000-06 programme have been delivered. It is important that for NDP 2007-13 every effort is made to ensure that competence is manifest, and – as important – is seen to be so.

That a mechanism for framing the estimation and evaluation of direct and indirect (internal and external) costs and benefits be put in place to provide insights to the implementing agents on the values appropriate to the estimating of external effects. This work will yield systematic insights to assist the implementing agents.

The government departments, agencies, State organisations, local authorities designated to deliver the programmes should be assessed as to their ability to in effect meet best international practise in their personnel and structures, accepting that many now have the requisite attributes to be licensed to act, and appropriately resourced where there are gaps.

J. ENVIRONMENTAL IMPACT

This chapter should be re-titled ‘Environmental Assessment and Management’ to better capture best practice terminology and procedures. We should adopt Integrated Assessment using the DPSIR framework, recognising that it will take time to develop the requisite data and modelling capabilities. In the interim, a framework linking environment to European policy requirements, the three capital stocks [physical, human, environmental (natural and heritage)], and the economy should be established as a basis for preliminary assessment. The R&D specified above in ‘Human Capital’ should be used to advance the Integrated Assessment objective.

K. OTHER HORIZONTAL ISSUES

The focus here should be ‘Community Engagement’ using the same spatial template proposed to deal with integration with the National Spatial Strategy, accepting that there will be many ‘communities’ in each unit. The recently appointed Task Force on Active Citizenship is a potentially important interface in identifying how to achieve productive interaction as the investment portfolio is rolled out. Ensuring community engagement and involvement of Civic Society that is consistent with the mandate of local and regional elected members and associated staff is important to achieve, and the most effective modalities to employ in this regard are not at all clear. The NDP 2007-13 should specifically create a mandate to find a reasonable solution to this challenge.

L. NORTH/SOUTH AND EAST/WEST IMPACT

See: 10. Is there effective Linkage to Northern Ireland Plans and Programmes? Above.

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4 The Taskforce on Active Citizenship was established in April 2006 to advise the Government on the steps that can be taken to ensure that the wealth of civic spirit and active participation already present in Ireland continues to grow and develop. The Taskforce has been asked to report to Government within 9 months of its first meeting with recommendations on how to ensure the continuation of a healthy civic society.
INTRODUCTION

The Irish Context

The economic performance of Ireland over the life of the 2000-2006 Plan is dramatic and well documented, as is our demographic transformation. Our achievements in the environmental and social domain are also impressive, but there we face a number of real challenges. On the environmental front, while we have substantially reduced gross pollution going into our waters, seas and lakes, and reduced the pollution and energy intensity of our economy per unit of real GDP, in some cases the absolute level of environmental pressure – e.g. greenhouse gas emissions and some air pollutants, continue to rise, and pressure intensifies on some of our networks of wild plants and animals (our ‘biodiversity’) and their living spaces (habitats) and this damages their capacity to act as life support systems and landscapes of beauty. We are facing a considerable bill in 2012 to buy the greenhouse gas related credits required to meet our commitments, and this is a product mainly of rapid growth in road transport and associated congestion, and a steady rise in the consumption of fossil fuel generated electricity. As regards social performance, we have made very impressive gains in employment and this – of all the gains – is the most important and impressive. Most have experienced an increase in absolute real disposable income, but for many, relative income differentials have widened, those least able to participate in the labour force continue to struggle, and there is a sense that community cohesion and mutual support has weakened. These challenges are implicitly and at times explicitly addressed in both the ‘NESC Report’ and ‘Towards 2016’.

It is clear that our ability to sustain economic growth, employment, high environmental quality and community cohesion are interlinked. The future of our food industry and our tourism sector depends on the maintenance of a high quality environment, and the perception of same by local and (especially) international customers. Neither has a future if the perception takes hold that Ireland’s environmental quality and natural assets and historic built endowments are being degraded. The ability to attract high-end internationally traded services and the scarce talents that drive these industries depends on providing the environmental social and cultural qualities that will attract people of discernment who can find employment anywhere in the world and who use quality of life as a key determinant of their location choice. Likewise, a society where sense of community and mutuality of support is weakening is a society where environmental quality is likely to diminish also because it ‘doesn’t pay’ and high quality enterprise will in some cases not get the community support needed to survive difficult times.

This is not to say that economy, environment and social well-being always move in the same direction. At times difficult tradeoffs have to be made. But over the long haul, they need to be mutually supportive or well being overall will suffer.

European and Global Context

‘Sustainability’ is now embedded in the statues and practise of the European Union.

Article 6 of the Amsterdam Treaty states that environmental protection requirements must be integrated into the definition and implementation of the Community policies […] in particular with a view to promoting sustainable development.

The European Union’s recently issued Sustainable Development Strategy aims at continuous improvement of the quality of life and well-being on Earth for present and future generations. To that end, it promotes a dynamic economy with full employment and a high level of education, health protection, social and territorial cohesion and environmental protection in a peaceful and secure world, respecting cultural diversity.

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It sets targets and actions for seven areas: climate change and clean energy; sustainable transport; sustainable consumption and production; conservation and management of natural resources; public health; social inclusion, demography and migration; global poverty and global sustainable development challenges.

It lays out four key objectives as follows:

1. Environmental Protection
Safeguard the earth's capacity to support life in all its diversity, respect the limits of the planet's natural resources and ensure a high level of protection and improvement of the quality of the environment. Prevent and reduce environmental pollution and promote sustainable consumption and production to break the link between economic growth and environmental degradation.

2. Social Equity And Cohesion
Promote a democratic, socially inclusive, cohesive, healthy, safe and just society with respect for fundamental rights and cultural diversity that creates equal opportunities and combats discrimination in all its forms.

3. Economic Prosperity
Promote a prosperous, innovative, knowledge-rich, competitive and eco-efficient economy which provides high living standards and full and high-quality employment throughout the European Union.

4. Meeting Our International Responsibilities
Encourage the establishment and defend the stability of democratic institutions across the world, based on peace, security and freedom. Actively promote sustainable development worldwide and ensure that the European Union’s internal and external policies are consistent with global sustainable development and its international commitments.

Policy guiding principles are identified, including promotion and protection of fundamental rights, solidarity within and between generations, open and democratic society, involvement of citizens, involvement of business and social partners, policy coherence between regional, national and global actions, policy integration (of economic, social and environmental considerations), use best available knowledge, precautionary principle, make polluters pay.

This in effect integrates wider social and environmental issues into the Lisbon Strategy which sets the ambitious objective that the European Union should become: the most competitive and dynamic knowledge-based economy in the world, capable of sustaining growth with more and better jobs and greater social cohesion by 2010.

And so our perspective and recommendations are informed by the EU Sustainable Development Strategy, and the imperatives of the Lisbon Strategy. In 2007 we will work with the various stakeholders in developing the revised Irish Sustainable Development Strategy. For this latter effort to be effective and worthwhile, it is crucial that the NDP 2007-13 be consistent with, and supportive of, sustainable development.
A. ECONOMIC AND FISCAL FRAMEWORK

In addition to addressing the performance of the macro economy and the financial options and opportunities that it implies, it is important that this chapter flag at the outset that this is an integrated assessment and programme. The essence of the investment programme is to support the provision of:

- **Physical infrastructure** that reduces costs, increases convenience, improves environmental quality and enables competitiveness and quality of life to be enhanced.
- **Human capital**, which facilitates all of our residents to fulfil their intellectual, emotional and economic potential.
- **Environmental Capital (Natural and Heritage)**, which enhances the life support systems that make existence worthwhile, which providing the basis for economic and social development.

This categorisation is worth doing because the essence of a successful and sustainable country is one that keeps growing its various forms of capital. Gross Domestic Product only measures annual flow – the value of goods and services provided in a year. It also ignores the external costs and benefits that are not mediated via markets and therefore do not register in national accounting calculus. This template begins to allow us to track how we are doing as regards our stock. It is especially important that we recognise environmental (natural and heritage) capital in this context. Later on we discuss how to deal with externalities.

**Comhar SDC Recommendations**

We propose that this chapter be re-titled *Economic and Fiscal Framework and Socio Economic and Environmental Context* and address in a very summary fashion environmental and social trends that are linked to the economy and fiscal framework. The text in the ‘Irish Context’ in the Introduction above is the type of stage setting we have in mind. It should also identify the three forms of capital and their management as salient to understanding sustainable performance, and that this categorisation will be used later on.

B. INVESTMENT PRIORITIES AT SECTORAL LEVEL

**Comhar SDC Recommendations**

This is an opportunity to lay out the aggregate investments in physical (infrastructure and other), human (including social), and environmental (natural and heritage) capital, what the overall outcomes are expected to be, and how they relate to and re-enforce each other. Charts showing such linkages would clarify understanding.

C. ALIGNMENT OF NDP WITH SPATIAL STRATEGY

The decision to address this is a very important and welcome decision. Up to now, there has been no formal evidence of a commitment to transform the aspiration of the National Spatial Strategy (NSS) - which was launched in 2002 as a coherent national planning framework for Ireland for the next 20 years – into verifiable realities on the ground. In terms of deliverables, it was argued at the launch of the NSS that ‘It (NSS) will mean better quality of life - less congestion, less long distance commuting, more regard to the quality of the environment and increased access to services like health, education and leisure. By making the most of our cities, towns and rural places, we will get the growth and development to reach our potential.’

It is important to relate these indicators of performance for the NSS – better quality of life, less congestion, more regard to the quality of the environment etc. etc. – to the NDP. There should be no necessary assumption that all gateways and hubs should be equally treated. Those

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7 See http://www.irishspatialstrategy.ie/
that are especially well served with rail and related infrastructure and produce the plans and implementation proposals that are most likely to succeed in advancing quality of life should be favoured.

**Comhar SDC Recommendations**

We propose that the investment and (especially) the outputs associated with the NDP be directly linked to clusters of gateways and hubs, organised in ways – regions and Provinces – that have some emotional, governance-related and practical relevance in people’s lives. These to be represented as performance criteria in the chapter on monitoring and management/implementation arrangements. The size and speed of delivery of allocations should depend on the quality of the plans and implementation schedules proposed.

**D. CAPITAL INVESTMENT IN KEY SECTORAL AREAS**

[including housing, transport, aviation, energy, communications, environmental services, education, health, child care, agriculture, tourism, industrial promotion and research and development and other areas]

The specifics as regards Comhar’s priorities will be presented after the conference October 4-6

**E. ROLE OF PUBLIC PRIVATE PARTNERSHIPS (PPPs)**

We welcome the addressing of this issue, for a number of reasons: most members of the public don’t understand why PPPs are done or how they are done, and it takes a high level of skill and experience on the government side to achieve real gain for the citizenry. The only reason to support PPP is to advance the public interest, and this should be defined for all proposed schemes. Success is more likely if there are a rolling series of investments, if there is substantive competition to undertake the investments, if the objectives and standards are specified unambiguously and verifiably, if external environmental and other costs and benefits are identified and addressed, and if it is clear how risk is to be distributed in the event of underperformance.

**Comhar SDC Recommendations**

This chapter should spell out the public interest, and the pre-requisites for success and how they will be assured, and ensure that sustainability concerns - and notably environmental costs and benefits associated with PPPs - are understood and appropriately addressed.

**F. INVESTMENT IN HUMAN CAPITAL**

Continuing to enhance our knowledge, our ability to absorb new knowledge, and – perhaps most fundamentally – our capacity to innovate and create choices that did not exist before is fundamental to our future well being, and our ability to meet tomorrow’s personal, economic and environmental challenges. It is important that this chapter continually link the investment in human capital with the associated physical and environmental (natural and heritage) capital; if either side of this coin is inadequate, the result will be ineffectualness, and that it address every strand of capacity building, i.e. pre-school, first, second, third and fourth level, and – of particular importance – those already out of the formal educational system who wish to enrich their personal and vocational capacities. As regards sustainability, there are many organisations – including ENFO, Sustainable Energy Ireland, Eco-Unesco, Cultivate, Green Schools (via An Taisce) – that provide a range of courses and activities that develop understanding of scientific, economic and social underpinnings, how to understand and interpret evidence, and the capacity to act effectively and responsibly at a personal level. Research (the fourth level) is crucial to understanding both the realities of our choices, and new ways and better ways to proceed.

**Comhar SDC Recommendations**

We strongly support the proposition that Ireland becomes a leading knowledge society in Europe, and that NDP 2007-13 be focused on achieving this objective. We prefer ‘knowledge
society’ to knowledge economy’ because intellectual advancement and fulfilment comes from a range of motivations and sources and what seems ‘non economic’ can be the most economic in surprising ways. Our investments in knowledge and human capacities should be as wide as it takes to meet our motivations. Making Ireland a sustainable society requires that we widen and deepen our educational programmes focussed on understanding the concept and how it can be advanced, that these be integrated into our curriculae at all levels, that we provide all our citizens with opportunity to enrich their understanding and engagement.

The ERTDI research programme 2000-06 has made very important contributions to our understanding of both our performance in regard to sustainability, the underlying causes, and how to maximise our contribution and potential. For 2007-13, it needs to continue and expand on this work, but focus also on how Ireland to link knowledge to empower citizens, create business opportunities from the sustainability agenda, and move create a critical mass at third level institutions that ensures they become international leaders in selected fields.

Local authorities are key actors in implementing and managing infrastructure. There should be an explicit programme designed to invest in human capital at local level, in the context of sharing resources, which ensures these capacities are in place. See also ‘Efficient Infrastructure Delivery’.

G. INVESTMENT IN ENVIRONMENTAL (NATURAL AND HERITAGE) CAPITAL  
(Proposed new chapter)

By environmental (natural and heritage) capital we mean the support systems that sustain life, including catchments and wetlands that provide us with freshwater, absorb and de-toxify waste and provide water storage to diminish the impact of flood events, air sheds that allow us to breathe clean and healthy air and enjoy vistas, wildlife and biodiversity that sustains the web of life and allow us to enjoy nature, open spaces where we can recreate and get away from ourselves; salt marshes that are the main incubation places for our fish stocks, and buffer us against storms and coastal flooding, our oceans that are the ultimate source of life, our buildings and human artefacts of distinction, that represent the best of what our ancestors have endowed us with.
And all of these play an important role in providing recreation and fitness opportunities for ourselves and our children, and create a basis for many forms of tourism, both passive and active. Many of the investments to be undertaken in the NDP fall into either protecting or enhancing these endowments. And many of the other investments impact on them also.

Comhar SDC Recommendations

This category of investment needs to be recognised separately; otherwise it de facto becomes a residual ‘protective’ category, not given parity of esteem and its role as a key vector of well-being and ultimately of economic and social performance and quality of life is diminished. It will also facilitate linking the NDP to the implementation of the National Climate Change Strategy and the Biodiversity Strategy.

H. SOCIAL INCLUSION

Inclusion is achieved by ensuring that all of us have access to the resources, capacities and organisational structures to: participate in the democratic process – voting and representing; education and information; employment; start businesses; participate in decisions about our neighbourhood, including especially its shared resources, spaces and facilities. All of these are easier for those who are already well resourced in terms of education, income and ability to communicate and reach those in the decision-making process. Those who tend not to be at the table include young people, the very old, recent emigrants, and those with very limited income. Therefore, the inclusion agenda needs to focus particular attention on those. Civic Society, represented by a wide range of non-governmental organisations, is a primary vehicle to foster and support such inclusion. These often lack the resources to play an effective and timely role. Achieving effective participation in decisions about what is done and how is a major challenge. But, as Clement Attlee put it: Democracy is government by discussion, but it is only effective if you can stop people talking. We seem to struggle with finding the balance
between talk and action, ranging between endless discussion and no action, to action with no participation and discussion.

**Comhar SDC Recommendations**

The former governor of California Edmund Brown Jr observed: *As long as Peter and Paul are in the same room, I think you can make a wise set of choices. It’s only when you rob collective Peter to help selective Paul that you get into your problems.* The investments in social inclusion need to always favour – and be seen to favour – collective Peter – the public interest – and in particular those categories not generally at the decision table noted above.

We need to find modes of participation that are fair, consistent, informed and time bound, involving Civic Society in all its dimensions.

I. EFFICIENT INFRASTRUCTURE DELIVERY

(capital appraisal, project management, procurement policy, planning, environmental issues etc)

There are two aspects to delivering infrastructure efficiently. The first is to measure adequately all of the main costs and benefits involved. The second is to have an organisational structure in place with the requisite skills and motivation to deliver the project ‘on the ground’ in time, to the requisite quality and within budget. There has been criticism of the competence with which parts of the 2000-06 programme have been delivered. It is important that for NDP 2006-13 every effort is made to ensure that competence is manifest, and - as important – is seen to be so.

**Measuring the Main Costs and Benefits**

The first challenge is estimating the financial capital and operating costs effectively. This needs careful estimation. Many of the ‘overruns’ – and perhaps some of the savings. – in the 2000-2006 Programme are likely due to inadequacies in this regard. The second is estimating the benefits to be yielded. These are both internal to the project, and external, and both categories need to be recognised. By *internal*, or direct, we mean those benefits that are the main products yielded by the investment. E.g. in the case of a railway investment, the kilometres of track, the estimated passenger numbers and person kilometres travelled, the value of travel costs and reduced travel time etc. The *external* benefits include the value of green house gas emission reduction achieved and its value\(^8\), other environmental benefits, including reduction in NOx and particulates, impact on settlement – numbers of dwellings that can be clustered at nodes, numbers of businesses enabled etc. Not all of these can be valued, but some can, and a framework that works systematically and rigorously to develop monetised and qualitative information will over time enhance our understanding of at least the magnitudes of internal and external costs and benefits that are projected.

**Delivery Mechanisms**

Delivering an investment programme of the scale and sophistication envisaged is not easy. The organisation charged with its delivery must have a mix of qualities and skills, operating to the highest international level. These include:

- Management skills – ability to identify priorities, to interface effectively with the policy and political system, to develop and motivate a team that can operate under time stress and with integrity and efficiency.

- Team with the requisite technical skills – finance, accounting, marketing, engineering, economics, planning, environmental sciences, research management, human resources – to be able to match intellectually and practically their peers in the contracting world. This becomes especially important where Public Private

\(^8\) The price of a tonne of CO\(_2\) in the European Union Emissions Trading Scheme on 14 September 2006 was €16.38 (http://www.pointcarbon.com/)
Partnership (PPP) projects are envisaged; if key skills are not in house, then it is likely that the public interest in such partnerships will not be best served.

- Delivery mechanisms - e.g. turn key contracts – that strongly incentivise contractors to deliver on or before time and within budget. Paying a competitive risk premium in the bid award, with the contractor carrying the risk, seems in most circumstances to be a good investment.

- Ability to effectively address the criteria identified below in ‘Monitoring and Management arrangements’.

- Benchmarking to best practice peers internationally.

Over the 2000-2006 period, there has been much learning by doing, and many organisations at national, regional and local level have developed the requisite skills and processes. But we need to be sure that this prevails across the board, that there are no major gaps, and if there are, that we have a means of correcting for same.

**Comhar SDC Recommendations**

That a mechanism for framing the estimation and evaluation of direct and indirect (internal and external) costs and benefits be put in place to provide insights to the implementing agents on the values appropriate to the estimating of external effects. This work will yield systematic insights to assist the implementing agents.

The government departments, agencies, State organisations, local authorities designated to deliver the programmes should be assessed as to their ability to in effect meet best international practise in their personnel and structures, accepting that many now have the requisite attributes to be licensed to act. Resources need to be earmarked to bring capacities up to international standards where they are not already in place.

**J. ENVIRONMENTAL IMPACT**

In the previous proposed new chapter - Investing in Environmental (Natural and Heritage) Capital (see above) - we highlight the importance of recognising positively the investments in enhancing air quality, water quality and supply, conserving natural areas and landscapes, biodiversity and open and recreation space, reducing toxicity of waste, facilitating its minimisation, re-use, recycling and final disposal.

In this chapter, the focus is on how to address the positive and negative environmental ‘side effects’ of other investment programmes identified in ‘D’ – ‘Capital Investment in Key Sectoral Areas’, with the focus on housing, transport, aviation, energy, communications, environmental services, education, health, child care, agriculture, tourism, industrial promotion and research and development and other areas (See above)9.

Modern approaches to environmental assessment and management of investment and other programmes involve adopting the DPSIR (Drivers, Pressure, State, Impact, Response) approach comprising developing an understanding of:

- Drivers - Consumption and production patterns; Population demographics; Scientific and technological innovation; GDP growth, markets and trade
- Pressure - Emissions etc. generated from investment in the sectors in question, e.g. agriculture, fisheries and forestry; energy, transport and housing, finance and trade
- State - GHG and acid deposition; particulate concentrations in the atmosphere, species richness and habitat, eutrophication of fresh water, estuarine water quality, heavy metals in land, air and water.

9 Note that specifics in this regard will be provided to DOF later on in a separate document.
Impact – Changes in water and air quality, stocks of buildings, fish, forest and other resources, sea level change, land use change and soil quality, biodiversity changes. Changes in income and employment

Response - Formal and informal adaptation to and mitigation of environmental change by altering human behaviour within and between these stages, using mix of policy instruments (taxes and levies, investment support and subsidy, regulation, voluntary agreements, research and development to create new choices, information, voluntary agreements, development of policy, law and institutions; and capacity-building).

Integrated Environmental Assessment – wherein models are used to address the DPSIR framework, and link cross-sectorally to economy and social impacts – is now being used to provide policy makers and managers with an integrated view of positive and negative impacts and their economic and social impacts.

There is European Union policy addressed to most environmental Pressures, which determines the emissions allowed (e.g. greenhouse gasses, acid precursors, via Kyoto and the Emissions Trading Directive, National Emissions Ceiling Directive respectively), the State (e.g. fresh and estuarine water quality objectives via Water Framework Directive, Urban Wastewater Directive) and the Response (information, regulation, emissions trading)

Comhar SDC Recommendations

This chapter should be re-titled ‘Environmental Assessment and Management’ to better capture best practise terminology and procedures. We should adopt Integrated Assessment using the DPSIR framework recognising that it will take time to develop the requisite data and modelling capabilities. In the interim, a framework linking environment to European policy requirements, the three capital stocks [physical, human, environmental (natural and heritage)] and the economy should be established as a basis for preliminary assessment. The R&D specified above in ‘Human Capital’ should be used to advance the Integrated Assessment objective.

K. OTHER HORIZONTAL ISSUES

[including rural impact and gender issues]

The whole point of NDP 2007-13 is to have a significant positive impact on communities, but there will be a phasing effect – many communities will experience short-term pain as the investment is undertaken, and longer term gain, once it is in place. Therefore it is important to specify the time horizon relevant for assessing impact.

Many of the indicators proposed for evaluation noted below in 'Monitoring and Management and Implementation Arrangements' are very relevant, i.e. target setting, output bias and monitoring, cost effectiveness, fostering innovation, supporting quality of life, policy instrument complementarity, supporting fairness, correcting for market failure, achieving low operating costs, fostering design and beauty, links to Northern Ireland, effective linkage to Northern Ireland, alignment with spatial strategy, distribution of benefits. The mobilisation of Civic Society as a creative force is a key pre-requisite to ensuring that these wider agendas are met.

Comhar SDC Recommendations

The focus here should be ‘Community Engagement’ using the same spatial template proposed to deal with integration with the National Spatial Strategy, accepting that there will be many ‘communities’ in each unit. The recently appointed Task Force on Active Citizenship[^10] is a potentially important interface in identifying how to achieve productive

[^10]: The Taskforce on Active Citizenship was established in April 2006 to advise the Government on the steps that can be taken to ensure that the wealth of civic spirit and active participation already present in Ireland continues to grow and develop. The Taskforce has been asked to report to Government within 9 months of its first meeting with recommendations on how to ensure the continuation of a healthy civic society.
interaction as the investment portfolio is rolled out. Ensuring community engagement that is consistent with the mandate of local and regional elected members and associated staff is important to achieve, and the most effective modalities to employ in this regard are not at all clear. The NDP 2007-13 should specifically create a mandate to find a reasonable solution to this challenge.

L. NORTH/SOUTH AND EAST/WEST IMPACT

There is a gradual accretion of activity linking policy with that of Northern Ireland were there is mutual advantage in doing so. We observe this in the decision to create a single energy market, inter alia involving the enhancement off interconnection and shared regulation, and in the design, planning and execution of the rail and road corridors, notably Dublin-Belfast. The principle of cost effective sharing infrastructure and services applies also in other areas including health and education. But there is much opportunity for mutually beneficial sharing of information and lessons in effective implementation across all areas.

The Strategic Investment Board (SIB) in Northern Ireland has responsibility for shaping its investment portfolio1 and there is also a NI sustainability strategy, which posits principles - living within environmental limits, ensuring a strong healthy and just society and sustainable economy, promoting good governance, using science responsibly, creating opportunity and innovation, addressed to 6 priorities – climate strategy and energy, sustainable consumption and production, natural resource protection and environmental enhancement, sustainable communities, governance for sustainable development, and communications and learning.2

Comhar SDC Recommendations

There should be a separate chapter focused on maximising the potential for all island collaboration where there is mutual gain in so doing. This chapter would identify the main areas of current or likely future collaboration, and the means whereby the potential can be maximised. This should include linkage with the Sustainable Development Commission in the Northern Ireland, and Comhar Sustainable Development Council in the Republic. The representation on implementation and monitoring bodies should reflect this opportunity.

As regards ‘East/West’, the links and potential synergies with the UK should be identified. This is likely to be especially relevant in regard to energy interconnection.

M. MONITORING AND MANAGEMENT/IMPLEMENTATION ARRANGEMENTS

[Reporting on three Strategic Investment Sectors (1) Economic and Social Infrastructure, (2) Human Resources, including non-capital social inclusion schemes (3) Productive sector investment each with an individual Monitoring Committee and Lead Department, reporting to a Central NDP Monitoring Committee. Standardized reporting templates focused on financial and physical targets and outputs with account taken of horizontal impacts such as promotion of Social Inclusion.]

This is a key aspect of the NDP. It establishes how priorities are going to be judged, how progress will be assessed, and will provide a basis for adapting the programme as it is rolled out. This section comprises an elaboration of the themes used in ‘Elements That Would Characterise Excellence In NDP 0713’ in the ‘Executive Summary.’

1 The Strategic Investment Board Limited (SIB) vision is to help the public sector to deliver major value-for-money infrastructure programmes in Northern Ireland - at speed. In practice, that means using our extensive experience of funding and implementing major investment projects, and deploying specialist skills and approaches. SIB acts as a bridge between the public and private sectors. It works with NI departments and agencies to help them accelerate the delivery of major public-infrastructure projects. In parallel, SIB works with the private sector to generate confidence and stimulate market interest, thus improving competition and delivering value for money for the taxpayer. SIB’s work supports the government’s priorities: to deliver economic competitiveness and better public services. By delivering an infrastructure fit for the 21st century, SIB is a key driver for economic growth See: http://www.sibni.org/

Comhar SDC Response

**Taxonomy**
The 3 part taxonomy proposed by DOF for the investment programme namely (1) Economic and Social Infrastructure, (2) Human Resources, including non-capital social inclusion schemes (3) Productive sector investment is not a happy division – it inadvertently implies that ‘economic and social infrastructure’ and ‘human resources’ are non-productive! We prefer the following 4-part taxonomy: Infrastructure; Other physical; human (including social); environmental (natural and heritage). This would better map to the capital stocks model proposed.

**Monitoring**
The monitoring approach proposed - Monitoring Committee and Lead Department, reporting to a Central NDP Monitoring Committee, using standardized reporting templates focused on financial and physical targets and outputs with account taken of horizontal impacts, is fine, but the quality, nature and timeliness of the data, indicators and information and background analyses provided to this system will determine if this structure can be effective. The recently issued Progress Report on the National Development Plan 2000-2006\(^\text{13}\) highlights the problem, wherein the predominance of indicators presented focus on expenditure, with limited focus on outputs and implications for economic, social and environmental well-being.

It is proposed by Comhar SDC that a substantial and on-going budget be provided to relevant organisation(s) to generate the relevant information, and that this feed the monitoring process.

**Indicators of Performance**
Comhar proposes that the key elements to be addressed include: target setting, output bias and monitoring, cost effectiveness, fostering innovation, supporting quality of life, policy instrument complementarity, supporting fairness and participation, correcting for market failure, achieving low operating costs, fostering high quality design and beauty, links with National spatial development strategy, links with Northern Ireland plan, distribution of benefits.

**Target Setting, output bias and Monitoring**
Inputs and intermediate outputs are relatively easy to document – kilometres of road and rail or number of schoolrooms built, or length of pipe laid. It is much more difficult to estimate what this translates into in terms of enhanced mobility and reduced environmental pressure, more or better education, water supplied or waste treated. But, since the only point of investment is to provide a combination of more, or new or better outputs, these need to be a focus, and the investment design, implementation and management needs to have as its primary focus output delivery.

Comhar’s earlier submission\(^\text{14}\) on the drafting of the new NDP emphasized that the monitoring and evaluation of progress needs to be broadly based and cover social and environmental aspects as well as financial and economic criteria. Monitoring and reporting on cross-cutting issues requires expert interpretation of properly gathered data referring to objective criteria, all carried out in a transparent and verifiable process.

A key issue in monitoring is identifying the *counterfactual or baseline* – what would have happened in the absence of the investment in question. Unless this is identified at the outset, there is no fulcrum against which to judge performance over the life of the investment. What can be measured can't be evaluated, so the indicators of performance need to be pre-specified, the means of measurement identified, and credible mechanisms for delivery identified and supported with the requisite logistics and finance.

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\(^{13}\) Report for the Joint Committee on Finance and the Public Service – *Progress on the National Development Plan 2000-2006*, Department of Finance, Dublin, June 2006

\(^{14}\) Letter and submission to the Minister for Finance, dated 7\(^{th}\) March
Comhar proposes that its *Principles for Sustainable Development* be applied to provide the basis for a sustainability bench-marking tool for policies and programmes. We believe that these Principles can provide the basis for an over-arching assessment mechanism for measuring progress on the implementation of the new NDP. In collaboration with the Department of Finance, we propose that an organisation be given the responsibility to set up and operate a system for monitoring and reporting on performance for the life of NDP 2007-13. Comhar will continue to evaluate and report on the effectiveness of such monitoring for the life of NDP 2007-13.

**Cost Effectiveness**

Our systems should be designed to deliver the investment outcome desired at least cost, consistent with environmental and social objectives discussed later on.

Our competitive position globally, our social cohesion, and our environment are all damaged if investment programmes cost more than they need to, take longer than is necessary, and yield less in terms of quality than is warranted. Every Euro that is spent on project X that is wasted, is a resource not available to invest in Y – we get less economic, social and environmental performance as a society than we could.

Competition in the provision and management of the investment is a crucial mechanism for ensuring cost minimisation. And our implementation of EU procurement rules has ensured that this principle applies. However, the quality and effectiveness of competition is significantly influenced by how the process is conducted. Where the following apply, competition will be enhanced, and where they do not, the converse applies.

- **Scale** – is the investment big enough to attract the attention of serious providers
- **Duration** - is the period of the funding envelope provided sufficiently long to allow phasing that minimises costs
- **Continuity** – is there a rolling series of projects that convinces prospective bidders to invest the time and effort in serious bids on a continuing basis
- **Management Professionalism** – does the overseeing authority have the technical and managerial skills and the ambition to quickly make and implement decisions? (See ‘K’ below)

We have made considerable progress in some areas – e.g. road transport - in ensuring that these provisions apply, and these need to be generalised to the investment programme as a whole.

**Fostering Innovation**

Henry Ford observed: *If you need a new machine and don’t buy it, you pay for it without getting it.* The sustainability of Ireland’s economy depends on moving quickly to be knowledge-led. Our cost base is now such that only continuing innovation can save us from becoming a backwater. Up to this point, our investment programmes have been singularly lacking in innovation. Notwithstanding having the largest per capita house and road construction industries in the developed world, there are few if any innovations in design, materials, methods or management that are not imported. Likewise, major investments in energy, health, education and communications infrastructure are not associated with innovation. When the volume of investment activity inevitably falls in Ireland, unless companies have developed some combination of new approaches, technologies and products that will give them competitive advantage, they will have nothing to offer globally that would give them comparative advantage in other markets. The universities likewise do not have critical mass of international calibre to complement and support corporate initiative. Each of our major investment programmes should have funds and support ring fenced – 1 to 5 per cent of total expenditure, depending on the potential innovation dividend - to advance the innovation agenda. This would include funding for research development and demonstration, embedding a culture of innovation in some companies, and associated team building in the
universities, and the encouragement of pilot projects that would stimulate the generation and testing of new approaches.

Supporting Quality of life
Quality of life is a composite of many elements – income, employment, security, productive family and social interaction, romance, good health, mobility, intellectual and cultural stimulation, access to services, high quality natural and built environment, beauty. The mix and emphasis varies by community, family and individual, with some seeking to live and work in an isolated place far removed from others, and others seeking gregarious living and working conditions, and these preferences can change over time. Spatial relationships are important. Where we live, work and recreate, and how these are linked, have a considerable bearing on our sense of well-being. Oliver Goldsmith observed:

How small of all that human hearts endure
That part which laws or kings can cause of cure. (The Traveller)

We cannot look to investment and the NDP to make us happy. But it can shape our potential for happiness, but providing the option of living and working in a relatively stress free and beautiful environment, where we have an attractive and interesting set of mobility choices – walk, cycle, train, bus, car – and where we are facilitated and enabled to work and to enrich ourselves culturally, intellectually and socially to the extent that we wish to do so. Linking the national Spatial Strategy and the NDP investment programme to address this dimension in our national personality is important.

Policy Instrument Complementarity
The suite of policy instruments that we can mobilise to improve performance and change outcomes is wide, and includes: pricing, taxes and charges; subsidies; regulation (directives, laws and regulations), information that empowers producers and consumers; voluntary and negotiated agreements, whereby agents make voluntary commitments to meet certain targets, procedures or objectives; zoning and land use planning; research and development to create new choices; location decisions and public purchasing decisions.

A firm commitment to coherence between the NDP, the National Spatial Strategy, Towards 2016 and the forthcoming revisions to the National Climate Change Strategy and the National Sustainable Development Strategy will be essential to the delivery of optimal outcomes.

For investment to maximise its contribution, these other policy instruments must be synchronised so that they all work in tandem. Thus, maximising the potential of the road investment and the public transport investment will require demand side management for both modes, investment in high quality and timely information for the managers and consumers of both services, research and development and associated piloting of new ways of maintaining and managing the assets etc.

Supporting Fairness and Distribution of Benefits
Most of us would agree with the sentiment in the old Music Hall song ‘You ain’t poor if you’re poor by choice.’ Less certain is agreement on how to measure disadvantage and fairness. The great achievement of the past decade has been to raise the absolute standard of living of almost all – in this sense the rising tide has lifted almost all boats - but we have widened the gap between the richer and the poorer, and this adversely affects the well being of some of the latter notwithstanding the fact that their absolute standard has risen. Defining ‘poor’ can also be problematic. With the dramatic rise in land and property prices, there are substantial numbers of people who are capital rich – in some cases multi-millionaires in asset terms – but income poor, in that their income may not be much above subsistence. How should these be categorised, and treated when it comes to transfers?

The investment programme will inevitably favour some interests, individuals and communities more than others. It is important that the beneficiaries be identified, and that where possible investment support those most in need, however defined. There are likely to be tradeoffs to be made here with the cost-effectiveness criterion. In situations where small scale and local
involvement is necessary to foster fairness, but this can only be achieved at higher delivery cost, then choices have to be made.

The Spatial Analysis will give an indication as to how the benefits are distributed spatially. This should be complemented with indicators that show how they are distributed as regards income, with the objective of ensuring that those most in need benefit appropriately.

**Correcting for Market Failure.**
Markets untrammelled fail to protect environmental and open access natural resource endowments. In belonging to everyone, they belong to no one. There is no price for air and water quality, for the use of the atmosphere to absorb ozone depleting chlorofluorocarbons (CFCs) or climate changing greenhouse gasses that signifies that these are scarce endowments; the (external) costs of disposing of waste can be passed on to society as a whole Beauty in buildings and landscapes (external benefits) can’t be captured directly in markets. Without intervention, market forces will drive these life support systems, and open access ocean fishery resources, towards destruction. There are market mechanisms, including environmental taxes and charges, emissions trading such as the European Union Emissions Trading Scheme (EU ETS) for CO$_2$ which has prices trading at about €20 per tonne of CO$_2$ that can introduce market signals that correct for such failure. Other policy instruments, including voluntary approaches, information and regulation can also be mobilised. But in the context of the NDP, there is also a special case for investment support to make good the failure of the market. If the public sector does not step in, the failure will continue and intensify.

By definition, these external costs and benefits are not valued in markets. However, there are a variety of well-developed and tested techniques for providing proxy values that give us guidance as to the magnitude of the losses imposed and the benefits foregone. We can use prices from carbon markets as in the EU ETS, we can estimate the value of health losses and mortality, the losses in crops and productivity; we can use contingency valuation techniques and choice experiments, visualisation and experimental economics to derive credible values concerning the aesthetic and option value of environment. Carefully done analyses will help direct investment towards where the greatest net benefits to society are likely to be found.

**Achieving Low Operating Costs**
The 2007–13 period is likely to be a unique window of relative richness as regards the capacity and willingness to undertake sustained investment. With a less well-endowed future, it is important that the investment we make now be designed and implemented so as to minimise the burden of maintenance and management. If depreciation rates and operating costs are low, this will facilitate both sustaining the existing investment, and releasing resources for new investment. It will also, in many cases, reduce the environmental burden, e.g. investment in highly energy efficient building. But achieving lower annual costs in the future usually requires more investment up front. We should tend to make the trade-off in favour of low operating costs.

**Fostering Design and Beauty**
The 2007–13 period will be important in determining if, for the rising generations, Ireland is a beautiful place to work and live. But beauty does not happen without encouragement. It takes skills in design and engineering, it takes courage on the part of the investors, it takes a public willing to foster and facilitate, it takes attention to detail, and meeting the challenge of combining good function and positive sensory impact. Ugliness, conscious or otherwise, is what we will get unless we positively foster its converse. In many of our remaining built endowments and landscapes from the Medieval, Georgian and Victorian periods, there are examples of beauty manifest. In the modern era, outstanding examples exist, but are rare. If the public investment programme in the NDP makes a conscious effort to foster beauty, it can have a positive and transforming effect.

**Effective Linkage to Northern Ireland Plans and Programmes** - See ‘L’ earlier

**Alignment with Spatial Strategy** - See ‘C’ earlier