



**Developing the
Green Economy
in Ireland**
[Key Actions]



**swift
implementation
can increase
and exports
employment**

What's the opportunity?

- The green economy can make a significant contribution to Ireland's economy by creating employment and export opportunities in areas such as renewable energy, energy efficiency and consultancy, waste management, recovery and recycling, and water and wastewater treatment.
- There is also an opportunity to help every business to improve their competitive position – for example through actions to improve energy efficiency, energy security of supply, and better utilisation of waste as a valuable resource.
- The value of the Irish market was conservatively estimated by Forfás at €2.8 billion in 2008. We believe that the green economy in Ireland will continue to grow rapidly. There is potential to create approximately 80,000 jobs in the coming years.
- The global market for environmental goods and services is expected to grow to \$700 billion by 2010 and \$800 billion by 2015.
- Many other countries also see the green economy as a major opportunity to create exports and employment. To realise these opportunities, we will need to be agile and effective in building a business environment that will give Ireland competitive advantages.
- Swift implementation of this report can support the rapid development of an internationally competitive green economy in Ireland.



**we have
significant
advantages
we can
build on**

Why can Ireland succeed in developing a Green Economy?

- Ireland has excellent natural resources (e.g. wind and ocean).
- All businesses in Ireland face an urgent need to reduce business costs such as energy and waste – environmental goods and services that improve resource usage reduce business costs.
- Companies based in Ireland have strengths in a range of related sectors including ICT hardware and software, food, tourism, finance and construction.
- There is a growing international market for environmental goods and services as international regulations become stronger and as public authorities 'green' their procurement expenditure.
- Ireland is making significant investments in improving its environmental performance and is creating the infrastructure and capabilities to support green enterprises.
- Irish investment in R&D, particularly related to energy, is strong.
- We can build on our strong international reputation as a green island.

What's required to deliver on the opportunity?

a. Promote green sectors that can drive exports and jobs

Renewable Energy: Ireland is one of the most favourable locations for wind and ocean energy in the world. An R&D base is emerging, and convergence with ICT offers Ireland huge opportunities.

- Continued development of the electricity grid is essential, both domestically and via interconnection to the UK/Europe.
- We must adopt an ambitious plan to develop the ICT capabilities of the grid (e.g. smart meters).

Energy Efficiency: Opportunities exist in new-build and retrofit (eco-construction), and the development of new products, appliances and services (energy management).

- Energy efficiency standards for buildings should be progressively strengthened.
- Reduce stamp duty on low-carbon homes.
- Introduce a carbon tax as recommended by the Commission on Taxation.
- Use some of the revenues from auctioning of emissions credits in the EU Emissions Trading Scheme (from 2013) and a proposed carbon tax to support the development of the green economy.



**we need to
develop
a green brand
and cluster
that support
growth**

Waste: Waste represents an under-utilised resource of considerable value. The minimisation and better utilisation of waste can also enhance the competitiveness of existing sectors such as the agri-food business.

- A decision on the future regulatory structure for the waste sector needs to be made quickly. Regulation must promote investment.
- Create a single all-island waste market.
- Promote composting and aerobic digestion.
- Consider expanding the scope of the Accelerated Capital Allowances Scheme to include technologies that minimise waste streams.

Water and Wastewater: High levels of public investment and dwindling water sources are creating opportunities globally in leak control, monitoring and supply networks, and water analysis.

- Shift public investment towards reducing allowable levels of unaccounted-for water to develop Irish expertise in leak control, monitoring and supply networks.
- Create a national market for water by establishing a national water authority and introducing volumetric pricing for treated water.

b. Deliver green zones and a green IFSC

Ireland needs to develop green zones in order to create an environment that can support green enterprise and be used to market Ireland overseas. Developing a green IFSC presents an immediate opportunity.

- The Group welcomes a proposal by IDA Ireland to develop a flagship green business park which will be designed and built to the highest green building standards and to retrofit an existing business park to leading energy-efficiency standards.
- Potential also exists for other actors to progress green zone developments. For example, the Dublin Airport Authority is proposing to develop Dublin Airport City as an 'international clean-tech services centre'.

Ireland is already an attractive location for international financial services. Potential exists to develop a green IFSC cluster and brand incorporating green investment vehicles, green fund administration, and carbon-trading and associated professional services.

- An IFSC group is exploring the opportunities and actions required. We would strongly encourage the IFSC Clearing House Group to progress recommendations which emerge.



achieving
excellence in R&D
requires
critical mass
in niche areas

C. Create world-class research centres in niche areas

The challenge for Ireland is to develop a small number of world class centres for research and development. R&D in the Irish green sector is fragmented and is not generally at the scale necessary to be internationally competitive.

- The pooling of research expertise and / or the development of formal (national, all-island and international) research alliances must be advanced. This could entail the merging of existing initiatives or the creation of an umbrella group to develop a networked European energy research centre bringing together the best of Irish capabilities to create critical mass.
- An assessment should be carried out on the merits of consolidating and aligning the range of R&D funding programmes.
- Irish research in the green sector lacks an over-arching strategy. Much of the focus to date in the green area has been on energy research and development. An R&D research strategy for the wider environmental goods and services sector which includes a strong focus on waste and water is required.
- A whole-of-Government drive is required to market Ireland as a test-bed centre in those areas (such as wind and marine renewable energies) where Ireland demonstrates a clear competitive advantage.

d. Remove basic hurdles to the green economy

Before Ireland can advance to becoming a leading player in the green economy, a number of basic hurdles need to be addressed without delay. In addition to there being practical problems for firms, the lack or slow pace of progress damages Ireland's credibility as a base for the green sector. Many of the recommendations can be implemented immediately.

- The length of time required for renewable energy projects to connect to the grid has acted as a major impediment to market development. We need to address technical, regulatory and planning barriers that are delaying the development of renewable energy projects.
- Green public procurement in Ireland and internationally can create significant opportunities for enterprises. We need to implement green public procurement as a matter of priority (annual public expenditure on goods and services amounts to approximately €10 billion with a further €7 billion on works).
- While measures aimed at improving the general finance environment will also benefit green enterprises, consideration should be given to introducing reduced interest rate loans to companies investing in producing environmentally friendly products.
- Ireland has a strong reputation as a 'green island' which has been used extensively to market Ireland's tourism and agricultural industries. Potential now exists to extend this brand into the environmental goods and services sector. One initiative that could be used to market Ireland would be to introduce an annual prize for green innovation.



**we need to be
agile
in building
competitive
advantage**

Making implementation happen

To realise these opportunities, we need as a country to be agile and effective in building a business environment that will give Ireland competitive advantages.

Given current budgetary constraints, the Group has endeavoured to minimise additional demands on the exchequer. Many of the recommendations can be implemented at little or no cost in a very short time period. Where recommendations have cost implications, we believe that the incremental costs of these recommendations are critical to leveraging the significant investments we are already making to support the development of the green economy and associated employment opportunities. We have also endeavoured to ensure that these recommendations do not impose costs on our existing enterprise base.

- The Group recommends that a Minister or Minister of State be charged with responsibility for implementation of this report's actions, and that a Cabinet Committee chaired by the Taoiseach should support responses to the actions required to develop the green economy, commencing with the recommendations set out in this report.

Table 1 in the report provides a summary of all the recommendations, the party responsible for implementation, and an approximation of the likely cost and timeline for action.

Group Membership

Joe Harford, Chairperson

Mary Doyle, Department of the Taoiseach,

Clare Dunne, Department of Enterprise, Trade and Employment

Martin Eves, Enviro Grind Ltd

Mike Feeney, Enterprise Ireland

John Fitzgerald, ESRI

Colin Gordon, Glanbia

Declan Hughes, Forfás

Richard Kennedy, Kedco Ltd

Colm Lavery, Department of Environment, Heritage and Local Government

J Owen Lewis, Sustainable Energy Ireland

Rosheen McGuckian, NTR plc

David Moloney, Department of Finance

Denis Molumby, IDA Ireland

Declan Murphy, the Ecology Foundation

Eddie O'Connor, Mainstream Renewable Power Ltd

Clare O'Grady-Walsh

Brendan Tuohy

Sara White, Department of Communications, Energy and Natural Resources

Secretariat

Adrian Devitt, Jonathan Healy, Alan Quirke/
Christopher Ryan, Forfás

Nina Brennan, Department of Enterprise, Trade and Employment

Developing the Green Economy in Ireland

[Key Actions]

Report of the High-Level Group
on Green Enterprise

November 2009



An Roinn Fiontar, Trádála agus Fostaíochta
Department of Enterprise, Trade and Employment

Forfás



Wilton Park House
Wilton Place
Dublin 2

T: +353 1 607 3000
F: +353 1 607 3030
W: www.forfas.ie