

# BUDGET 2025

## Budget 2025: Infrastructure, Energy and Climate Highlights

Ireland's Budget 2025 is characterised by its significant investment in infrastructure which has been described as an 'absolute priority' for the Irish Government. Strategic investment in water, electricity, transport and housing (the so-called 'strategic investment pillars') are central to Budget 2025, as the means to ensure continued growth in the Irish economy and to achieve our climate goals.

We have set out below an overview of key developments for infrastructure stakeholders.



### Infrastructure, Climate and Nature Fund ("ICNF") / Climate

- The ICNF is a new fund established to manage Ireland's windfall tax receipts. The ICNF will be used to:
  - (1) invest in the climate transition. €3.15 billion will be set aside for this purpose between 2026 and 2030. Details as to which designated environmental projects will receive funding are awaited. It is anticipated that funding will be provided to projects which reduce greenhouse gas emissions, improve water quality or enhance nature restoration. The Minister for the Environment, Climate and Communications emphasised the importance of the development of renewable heat supply and demand markets and building energy efficiency; and
  - (2) ensure the continued long-term availability of resources to invest at times when the economy is weaker. €2 billion has been placed in the ICNF for this purpose in 2025, which is a tangible forward-looking commitment to long-term investment in infrastructure and climate objectives in Ireland.
- The Department of the Environment, Climate and Communications has been allocated a record €1.4 billion to invest in climate action including energy efficiency and renewable energy.



## The National Development Plan (“NDP”) and Recent Developments

- The NDP (also known as Project Ireland 2040) remains the Government’s long-term strategy for the development of Ireland’s infrastructure and has led to infrastructure investment levels exceeding the EU average.
- In addition to the sums allocated under the NDP for infrastructure in 2025, €750 million will be allocated to advanced-stage critical infrastructure projects and to the existing Climate Action Fund, with a further €1.25 billion to be made available in 2026. This expenditure aims to boost the effective delivery of infrastructure projects in Ireland and advance climate goals.
- The Irish Government has agreed in principle that the funds from the Apple Escrow Fund (estimated at €14.1 billion) should be invested to expand water, electricity, transport and housing infrastructure. The Department of Finance’s investment framework for this infrastructure expenditure is awaited.



## Electricity Grid Infrastructure / Offshore

- The continued development of Ireland’s energy infrastructure and offshore grid infrastructure will be supported by an additional Exchequer contribution of €750 million.
- The Marine Area Regulatory Authority (“**MARA**”) is to receive additional resources to accelerate the development of Ireland’s offshore wind industry and to support MARA’s regulatory functions.
- Part of the €619 million allocated to Ireland’s energy transformation will be used to build capacity across the Department of the Environment, Climate and Communications and State agencies to support onshore and offshore wind development, and solar electricity generation.
- The importance of developing Ireland’s port infrastructure was recognised with the announcement of a €99 million financing package to extend the Port of Cork and to develop the port infrastructure to meet the needs of Ireland’s growing offshore renewable energy sector.



## Connectivity and Communications

- The National Broadband Plan will receive €400 million to accelerate the roll-out of Ireland’s high speed broadband network.
- In order to facilitate Ireland’s implementation of the Network and Information Systems (NIS2) regulatory framework, Budget 2025 provides funding to support the continued expansion of the National Cyber Security Centre (NCSC) to strengthen cyber-security resilience and enhance the cyber-security industry.



## Transport

€2.9 billion of capital funding will be invested in transport services including funding for the:

- Carbon Reduction and Public Transport Programme to develop transport infrastructure including the heavy and light rail network, projects under the DART+ programme, continuing Phase 1 of the Cork Area Commuter Rail Programme and rail station upgrades. Significantly, funding has been provided to enable MetroLink to proceed to the construction phase; and
- Road Networks and Road Safety Programme to develop and maintain roads, and provide financial support for electric vehicle charging infrastructure. This will involve:
  - continued work on major work projects (eg, M50 Traffic Control and Management upgrade, the N5 Ballaghaderreen to Scramoge project, the proposed N21/69 Limerick to Foynes project and the proposed M28 Cork to Ringaskiddy project); and
  - vehicle and infrastructure grants to support the use of light electric vehicles and to implement the delivery of infrastructure schemes under the remit of the Zero Emission Vehicles Ireland Office.



## Housing

In the area of housing, the following developments are of note:

- capital investment will focus on new builds, with funding supporting the delivery of 10,000 new social houses in 2025. As part of this aim, €627 million under the Social Housing Current Expenditure Programme will be available to support the delivery of 7,400 new social houses in 2025;
- an investment of €1.25 billion in the Land Development Agency (“LDA”), funding support via the Affordable Housing Fund (€110 million) and the Secure Tenancy Affordable Rental Investment Scheme (€90 million) all aim to support the delivery of 3,000 houses for affordable purchase and cost rental by local authorities, the LDA and private operators;
- €300 million under the Cost Rental Equity Loan mechanism and funding from the Housing Finance Agency will support the delivery of over 1,000 cost rental homes by Approved Housing Bodies;
- retrofitting will be accelerated with a boost of €90 million funding to support retrofitting 2,500 social homes to a Building Energy Rating of B2 or equivalent; and
- €80 million will be provided to the Croí Cónaithe Towns Scheme to support the refurbishment of vacant and derelict properties in cities, towns and rural areas.



## Health

- An allocation of €1.46 billion for gross capital expenditure will be used to support further development of Health Information and Communication Technology infrastructure and other major projects including the New National Children's Hospital, National Maternity Hospital and elective hospitals.



## Education

- The continued development of approximately 350 major building projects which are currently under construction in the education sector will be supported with the allocation of capital funding. Approximately 200 additional major school building projects will be funded via the rollout of the NDP with construction to commence over 2025 and early 2026.

## Commentary

Following Budget 2025, total capital investment in 2025 will near €15 billion, representing Ireland's highest ever capital spend. Ireland's continued commitment to achieving its climate goals and investment in strategic infrastructure, along with the keen emphasis on longer term support for these objectives, is significant and will likely be widely welcomed by industry stakeholders and those looking to invest in Ireland.

If you have any questions on Budget 2025 and would like to discuss any Irish project that may be of interest to you, please feel free to get in touch with the contacts listed below or your usual Matheson contacts.



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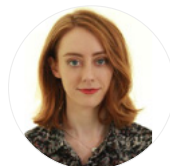


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