

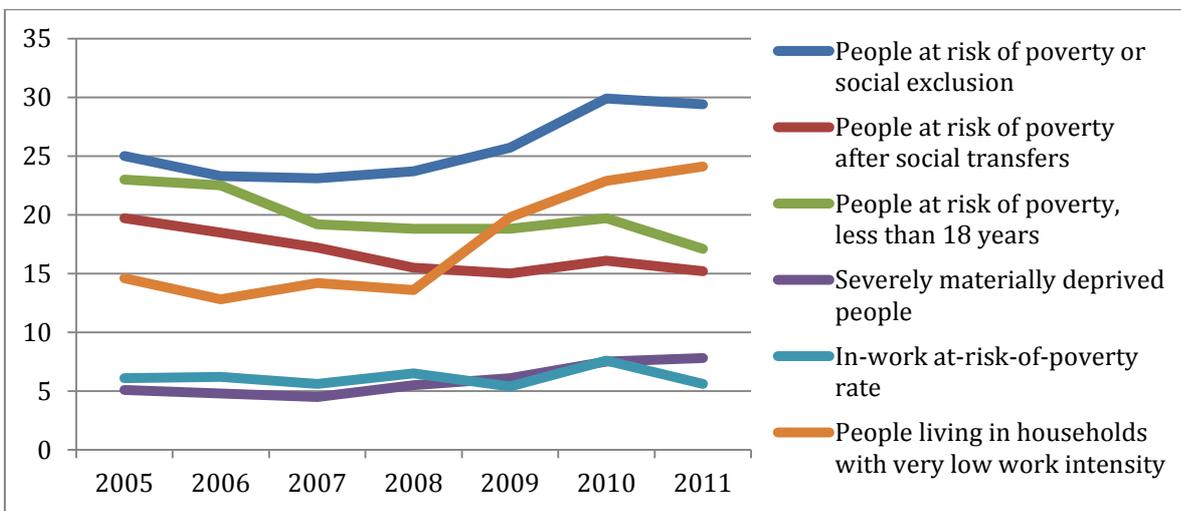
1. POVERTY

1.1. Recent trends

Developments of poverty and social exclusion in Ireland based on Eurostat:

- Most poverty indicators were on the rise during the observation period. The highest increase occurred in the share of **people living in households with very low work intensity, which rose by 10.5 p.p. to 24.1% in 2011** – by far the highest rate in the EU and more than twice as much as the EU average (10%)
- Severe material deprivation rose from 5.5% in 2008 to 7.8% in 2011, bringing the **rate of people at risk of poverty or social exclusion to a new high of 29.9%** in 2010.

Poverty trends in Ireland (% of population):



- The poverty indicators and rate in Ireland have been rising since the beginning of the crisis, and the policies being followed as part of the MOU have simply exacerbated this process. **Ireland is moving further away from the Europe 2020 Poverty target** despite having revised the target for Ireland downwards from that originally set in 2010. (for revised targets see ‘recent policy developments’).
- **The number of people in consistent poverty rose from 4.2% in 2008 to 6.9%¹ in 2011**, and is likely to continue to rise. The revised target is unacceptable and highlights the Government’s lessening commitment to reducing poverty as well as their failure to protect those who are vulnerable in Irish society in these difficult times.
- Ireland has approximately 100,000 households on waiting lists for social housing and no credible plans to address this issue on any scale. There is a clear association between being in housing need and low income. In 2011, over three quarters of households in need of social housing had incomes below €15,000 per annum. Low income and low accommodation standards are associated with poor health levels and poor future educational and life opportunities. **The area of social housing requires urgent attention given that over 44 per cent of the households in need of housing support consist of household with children.** The allocation for social housing in Budget 2013 to increase the number of housing units by 5,000 was totally inadequate and will go nowhere near having a major impact on the social housing waiting lists.

¹ Central Statistics Office Ireland, 2013, *Survey on Income and Living Conditions (SILC) 2011*. URL: http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/silc_2011.pdf

1.2. Recent policy developments

Since last year the following policy developments have been registered:

The measures identified to tackle poverty are those outlined in the National Action Plan for Social Inclusion (NAPS) 2007-2016. Implementation reports and progress updates from 2009 onwards are unavailable. A 'Social Inclusion Monitor' published in March 2013, however does assess the cumulative impact of adjustment measures or the reduction in services as a result of the adjustments undertaken by Governments as part of the bailout programme. **The Central Statistics Office data shows the measures outlined in the NAPS were unable to cope with the aftermath of the financial crisis and the current economic crisis** with Government debt as a percentage of GDP is expected to peak at over 120% in 2013. The strategy outlines **targets on income support to children and adults; however, funds assigned have been reduced in recent budgets.** In the 2013 NRP Update Government states that the NAPS is the strategy for meeting the poverty reduction target through three policy component's (i) adequate minimum income (ii) activation and inclusive labour market policies and (iii) access to quality services. However, in practice this is clearly not the case. Despite a stated commitment to protect the vulnerable, the **Budgets produced by the current Government (2012 and 2013) were the most unequal since 2008** and the brunt of the impact is being borne by those in the lowest income deciles.

Government has not protected vulnerable groups; **financial benefits and support services for children have been reduced** (reductions in child benefit payments, removal of the back to school clothing and footwear allowance, introduction of prescription chargers for medical card holders, charges introduced for primary school transport are some examples and increased charges for second level students). The Government promised an 'area based approach to tackling child-poverty' in the programme for Government but this strategy has not yet been implemented. Finally, **the NAPS does not outline specific measures in relation to tackling extreme poverty** – it sees these measures as part of the community and lifecycle strategy; however, insufficient work is being done to address poverty and social exclusion among groups with a higher risk of marginalisation.

Assessment of Ireland's NRP and policies it refers to:

The 2013 NRP Update does not propose any new measures however it does propose a revised poverty target and two new sub-targets. The national social target for poverty reduction is to reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.2%. The revised target also contains a new national sub-target for the reduction of child poverty – to reduce the differential in the rate of consistent poverty between children and adults and a new national sub-target for the reduction of poverty in jobless households to reduce the concentration of the population in consistent poverty in these households (both of these sub-targets have yet to be determined).

No new measures have been outlined to achieve the poverty reduction target and the social impact assessment cited in the NRP does not take into account the cumulative impact of adjustment measures or the reduction in services as a result of the adjustments undertaken by Government. It is disappointing that **subsidiary poverty targets for vulnerable groups have not been included in the NRP and that there is no clear timeline as to when targets for child poverty and low work intensity households will be set.** Social Justice Ireland has continuously proposed that subsidiary poverty targets for children, lone parents, jobless households and people living in social rented housing be set to accompany the headline poverty target. Social Justice Ireland believes that the poverty targets will not be met while implementing a bailout programme where the bulk of the severe adjustment is being delivered on the expenditure side. The reality remains that **continued cuts and austerity measures are eroding the social infrastructure and impacting upon community based programmes designed to tackle poverty.** Poverty in Ireland is rising and it is unlikely that the measures outlined in the NRP will have a significant impact on the headline target.

Assessment of Ireland's Country Specific Recommendations (CSRs) adopted in 2013:

CSRs that could have a negative impact	Observations
<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Ireland. (Implement the measures laid down in Implementing Decision 2011/77/EU and further specified in the Memorandum of Understanding of 16 December 2010 and its subsequent supplements.</p>	<p>The CSR outlined for Ireland in 2013 recommends that Ireland implement the measures outline to reduce the budget deficit under the Memorandum of Understanding. It is these very measures that are moving Ireland further away from the Europe 2020 headline targets. The adjustment programme of 2010-2015 will equal almost 120% of GDP, with the bulk of these measures coming from the expenditure side. This has seen the erosion of Ireland's social infrastructure at the very time when it is needed most. While Ireland has hit all its targets on reducing borrowing, poverty, unemployment and social exclusion have all risen dramatically. The adjustment measures outlined in the CSR have seen the incomes of vulnerable people fall, the services they rely upon decimated, their bills rise and their future prospects become bleaker day the day. Without specific CSR's relating to poverty and unemployment for Ireland the Europe 2020 process is being undermined by the recommendations that Ireland should continue to implement budget adjustments that are at odds with the headline targets of the Europe 2020 strategy and what it aims to achieve.</p>

1.3. Recommendations

- ➔ **Adopt a completely new target with regard to poverty and social exclusion.** Proposed new targets: to reduce the consistent poverty rate to 2%; to reduce the at-risk-of-poverty rate anchored in time to 8%; and to reduce the at-risk-of-poverty (only) rate to 7%. **These headline targets should be accompanied by subsidiary poverty targets for vulnerable groups** (children, lone parents, jobless households, social rented housing) as proposed to Government in earlier recommendations.
- ➔ Government should take immediate action to **ensure the supply of social housing, including co-op and voluntary non-profit housing**, is on the scale required to eliminate local authority waiting lists.

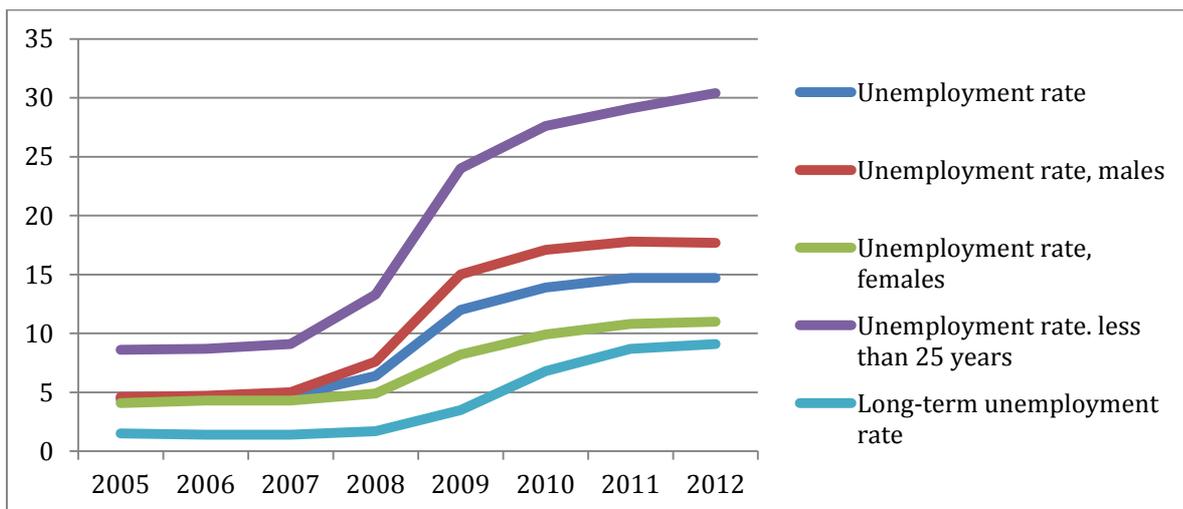
2. EMPLOYMENT

2.1. Recent trends

Developments of the employment situation in Ireland:

- **Unemployment more than doubled** during the observed period, bringing the unemployment rate to a new high of 14.7%. **Young people were particularly hit as youth unemployment rose by 17.1 p.p.** and stood at 30.4% in 2012.
- The highest proportional rise occurred in **long-term unemployment, which increased more than five-fold** (2008: 1.7%, 2012: 9.1%). The rate increased by a worrying 9.8 p.p. among men, whose rate of 12.1% **ranks the second highest for male long-term unemployment in the EU** (EU average: 4.6%)

Employment trends in Ireland (% of population):



- A worrying trend in Ireland not highlighted in the above statistics is emigration. The CSO Migration Estimates² show that **200,600 Irish nationals emigrated between 2008 and 2013**; the majority of those who emigrated were aged between 20 and 34. This is a very worrying trend and has **significant implications for the makeup of the Irish labour market in the future**, exchequer revenue and the funding of public services.
- The CSO national statistics³ highlight some worrying trends in the employment situation in Ireland, the fall in full-time employment and the steady increase in part-time underemployment. Employment increased in Ireland by 1.1% in the period 2012-2013. This was almost exclusively male and in the 35-44 and 45-54 age groups. The largest rates of employment increases were in the Agriculture, forestry and fishing sector, the CSO cautions that estimates of employment in this sector are sensitive to sample changes over time. **The emerging trend of falling full-time employment in Ireland is worrying.** Full-time employment decreased by 0.3% in this period and part-time employment increased by 5.6%. In the first quarter of 2013 the labour force declined by 0.4% (concentrated mainly in the 20-32 and 25-34 age groups). **A further worrying trend is the increase in underemployment in Ireland.** Part-time underemployment now represents 34.3% of total part-time employment in Ireland.
- The numbers experiencing 'in-work poverty' in Ireland have been increasing since 2009, rising by 1 p.p. between 2009 and 2011⁴. **The rising numbers of people experiencing 'in-work poverty' is a cause for concern**, especially when considered in addition to the decrease in full-time employment and the increase in underemployment. The situation of 113,000 individuals experiencing 'in-work poverty' could be improved by making tax credits refundable.⁵ The focus of the Irish NRP Update is on labour market activation (Pathways to Work, Action Plan for Jobs) rather than job creation.

² Central Statistics Office Ireland, 2013, *Population and Migration Estimates*. URL:

<http://www.cso.ie/en/releasesandpublications/er/pme/populationandmigrationestimatesapril2013/>

³ Central Statistics Office Ireland, 2013, *Quarterly National Household Survey*. URL:

http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2013/qnhs_q12013.pdf

⁴ Central Statistics Office Ireland, 2013, *Survey on Income and Living Conditions*. URL:

http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/silc_2011.pdf

⁵ Social Justice Ireland, 2010, *Building a Fairer Tax System: The Working Poor and the Cost of Refundable Tax Credits*. URL: <http://socialjustice.ie/sites/default/files/file/SJI%20Briefing%20Docs/2010-07-05%20-%20Building%20a%20Fairer%20Tax%20system%20-%20the%20RfTxCr%20study%20FINAL.pdf>

2.2. Recent policy developments

Since last year the following policy developments have been registered:

The **Action Plan for Jobs 2013** was published in February 2013 and outlined a new initiative of seven 'disruptive reforms' designed to boost job creation. There is no indication given as to how many jobs these 'disruptive reforms' are expected to create. The first progress report for 2013 has just been published. Among one of the achievements listed was the increase of 700 new employment permits and a 30% reduction in the processing time for employment permits. In terms of the stated aims of tackling long-term and youth unemployment in the NRP the decision to increase work permits does not seem to be the most appropriate approach. There is **no indication in the progress report of the number of jobs created directly as a result of measures included in the Action Plan for Jobs 2013**. There is no methodology outlined by the Government to measure the impact of the Action Plan for Jobs on job creation. **Pathways to Work 2013** was published in July 2013, restating the targets of Pathways to Work 2012 with a 50 point action plan and revision to some targets as detailed below.

Assessment of Ireland's NRP and policies it refers to:

The NRP Update 2013 contains no new quantifiable and measurable proposals to deal with unemployment. It fails to deal with the quantified demand measures needed to tackle the unemployment crisis in Ireland. It references both the '**Action Plan for Jobs**' and '**Pathways to Work**' as the twin strategies to address unemployment. **Neither of these programmes set out specific, measureable and quantitative employment targets to the period 2020**. The only reference to job creation is the assumption that the 20-64 year old population will remain constant to 2020, and based on this assumption the NRP states that attaining the Action Plan for Jobs targets would have a positive impact and increase Ireland's employment rate to 67.6% by 2016. There is an absence of detail as to how this will be achieved and measured. Referencing net job creation from IDA Ireland and Enterprise Ireland without referencing the job creation and losses in the economy as a whole for 2012 is incoherent as it fails to provide an accurate picture of the employment situation in Ireland. The Stability Programme Update, which accompanies the NRP, notes that **not all of the reduction in unemployment in 2012 was due to increases in employment**; some of the improvement also reflects falling labour supply, due to outward migration and falling participation.

'**Pathways to Work**' has a focus on increasing the number of vacancies filled by those who are long-term unemployed. The overall target set is that 75,000 long-term unemployed move into employment by 2015.⁶ Performance outcomes are being published from the end of Q1 2013 on Pathways to Work. The first results show that only 11% of the 2013 target of moving 20,000 long-term unemployed into employment has been met by the end of Q1 2013 (2,334 people). The establishment of Intreo offices was behind target at the end Q1 2013 and the target set for the number of vacancies to be filled by the Department of Social Protection's Employment Services has been revised downwards from 40% to 15%. There is **no specific sub-target for youth unemployment** but there is a commitment in Pathways to Work 2013 to develop a Youth Guarantee for Ireland to be rolled out on a staged basis from 2014. In terms of assumptions of the 20-64 year old population remaining constant to 2020, recently released population projections from the Central Statistics Office would suggest otherwise as does the note in the accompanying Stability Programme Update which states that increased labour supply is likely to result from the assumed economic recovery which is likely to curtail, at least to some extent, the decline in unemployment. The lack of any quantified demand measures or measureable targets, short-term, interim or otherwise, in the Government's latest 'Action Plan for Jobs' and on job creation is ominous. Investment measures and targeted programmes for sub-groups (e.g. the long-term unemployed and youth unemployment) are needed. Without quantitative targets it will be difficult for Government to measure progress in this area and for it to be held to account on its stated commitments in terms of employment. This is particularly worrying given a recent IMF report highlighting the extremely high level of unemployment and under-employment in Ireland (23%). Government's own

⁶ Department of the Taoiseach, 2013, *Pathways to Work 2013*. URL: <http://www.welfare.ie/en/downloads/Pathways-to-Work-2013.pdf>

projections show unemployment at 12.6% in 2016 and the IMF projects that unemployment will be 10.8% in Ireland in 2018. **If the employment crisis in Ireland is to be dealt with effectively** and if Ireland is to reach the headline target it has set itself as part of Europe 2020 then it is clear that **significant quantified demand measures to deal with unemployment, long-term unemployment and youth unemployment should be included in the NRP** with measurable targets for the short-term, medium-term and long-term. These measures should include investment measures and programmes to reduce long-term unemployment in particular.

Assessment of Ireland's Country Specific Recommendations (CSRs) adopted in 2013:

See *Assessment of Ireland's CSR in the Poverty chapter*.

2.3. Recommendations

- **Design and implement a substantial investment programme aimed at creating jobs.** This should be accompanied by quantified measures of sufficient scale to deal with unemployment, long-term unemployment and youth unemployment. These initiatives should be incorporated into the NRP with measurable targets for the short-term, medium-term and long-term.
- **Design and implement a strategy to reduce unemployment, especially targeted at young people and long-term unemployed,** which should be accompanied by sufficient resources, using the potential of ESF/ERDF funds to reinforce these measures.
- **Implement Refundable Tax Credits** as a policy in order to benefit over 113,000 individuals classified as the 'in-work poor'.

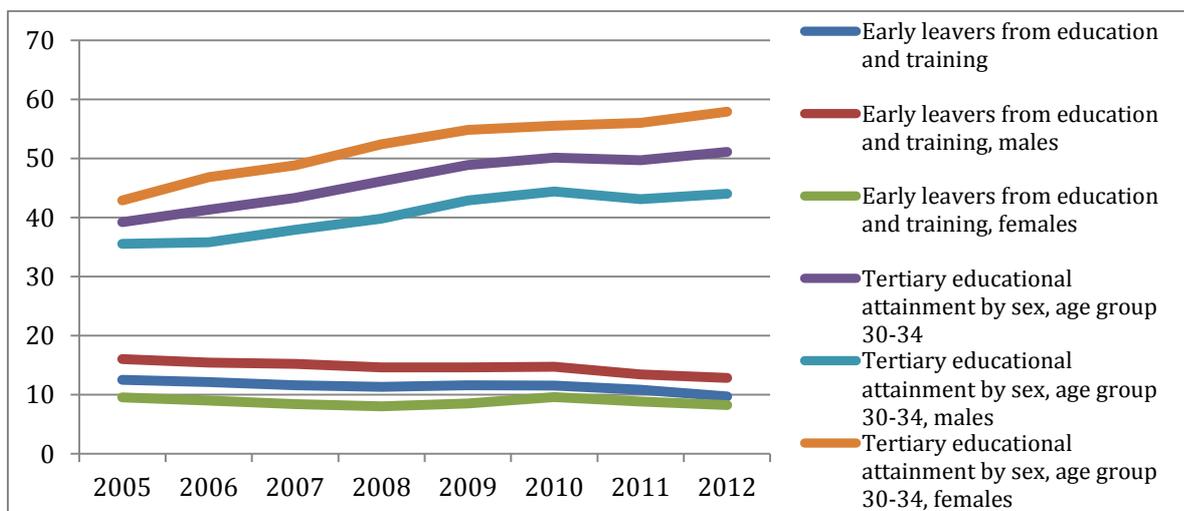
3. EDUCATION

3.1. Recent trends

Developments of the education situation in Ireland:

- **The early school leaving rate decreased** from 11.3% in 2008 to 9.7% in 2012, notably due to a drop in the rate of boys whereas the rate increased slightly for girls. Nevertheless, the **rate of male school leavers remains considerably higher** (12.8% in 2012) than that of their female peers (8.2% in 2012).
- **Tertiary educational attainment increased** by 5 p.p. to 51.1% in 2012 – by far the **highest rate in the EU** (EU average: 18%), **especially among women** (57.9% in 2012).

Education trends in Ireland (% of population):



- The latest CSO data on Educational Attainment and Employment⁷ shows that a very high proportion (78%) of early school leavers aged 18-24 were unemployed or not economically active. Compared with people of a similar age (18-24) early school leavers had over twice the rate of unemployment (37% compared to 15%), and a much lower rate of employment (21% compared to 42%). Irish rates of early school-leaving have been decreasing since 2002 which is a very positive trend. However, **given the very high rate of unemployment among this group (78%), early school leaving remains a serious issue and therefore, reducing early school leaving must be a Government priority.**

3.2. Recent policy developments

Since last year the following policy developments have been registered:

The **Framework for Junior Cycle, which forms part of the reform of education system, was published in October 2012.** It outlines how the new three-year junior cycle is to be implemented and rolled out to improve the quality of experience and learning outcomes of students. As yet it is too early to observe any impacts, but it is important that Delivering Equality of Opportunity in Schools (DEIS) programme, the National Education Welfare Board (NEWB) and the national strategy 'Literacy and Numeracy for Learning and Life' are all incorporated into the new framework for junior cycle to ensure a coherent approach to reform.

Assessment of Ireland's NRP and policies it refers to:

There are no new measures outlined in the 2013 NRP. In terms of reaching the early school leaving target it is important that the DEIS programme is given sufficient resources and support in order to deliver better educational outcomes for young people. It is also important that the National Literacy and Numeracy Strategy is rolled out across the school system and that it is incorporated in the Framework for Junior Cycle and any subsequent changes to the senior cycle curriculum at second level. It must be remembered that both the DEIS Programme and the National Literacy and Numeracy Strategy are situated within the broader education Budget. Therefore, the effectiveness of these programmes will be affected by the significant impact cumulative reductions of school capitation grants over successive budgets have had on schools and the education system in Ireland. The rollout and committed funding for 2013 of the Literacy and Numeracy Strategy is welcomed. **Both DEIS and the National Literacy and Numeracy Strategy must have sufficient funding in forthcoming budgets to ensure continuing implementation.** Government should provide long-term investment in education to match the increased demand on foot of the increased numbers across all levels of education from 2016. In terms of Higher Education the focus on enterprise needs, as part of the new Higher Education Strategy, must be balanced by a focus on learning and the Key Competences of Lifelong Learning as developed by the European Commission. It is important that **policymakers remember that the primary focus of education is to prepare students for life, not just for work.** Therefore it is important that students gain the basic generic, transferable skills to enable them to participate effectively.

Assessment of Ireland's Country Specific Recommendations (CSRs) adopted in 2013:

See Assessment of Ireland's CSR in the Poverty chapter.

3.3. Recommendations

- ➔ **Government should provide sufficient resources to the DEIS programme and National Strategy 'Literacy and Numeracy for learning and life' outlined in the NRP.** Upon publication of the PIAAC (Programme for the International Assessment of Adult Competencies) results by the Central Statistics Office on 8th October 2013 Government should include a specific sub-target on adult literacy in the NRP.

⁷ Central Statistics Office Ireland, 2011, *Quarterly National Household Survey. Educational Attainment Thematic Report 2011*. URL:

<http://www.cso.ie/en/media/csoie/releasespublications/documents/education/2011/educationalattainment2011.pdf>