



COUNTRY
REPORT
FOR
IRELAND

A photograph of a woman carrying a young child in her arms, walking on a sidewalk next to a brick building. The entire image is overlaid with a semi-transparent red filter. The woman is looking down at the child, and the child is looking towards the camera. The background shows a brick wall and a metal railing.

EUROPE 2020
SHADOW REPORT 2014

PROPOSALS FOR THE ANNUAL GROWTH SURVEY,
COUNTRY SPECIFIC RECOMMENDATIONS AND NATIONAL POLICIES.
CARITAS RECOMMENDATIONS FOR EUROPE 2020 MID-TERM REVIEW.

01

EU 2020 Strategy: general evaluation

Ireland emerged from the EU IMF programme of assistance in December 2013 and received the first round of CSRs as part of the Europe 2020 Strategy in 2014. The Europe 2020 Strategy was not implemented in Ireland while Ireland was part of a programme of assistance. The first CSR issued to Ireland in 2014 recommends that Government continue to implement the excessive deficit procedure and to make Government expenditure ceilings more binding by limiting the scope for statutory changes. This is very worrying in light of the very difficult situation Ireland finds itself in, with very high levels of unemployment (particularly long-term and youth unemployment) and increasing poverty levels. The cumulative impact of policies prioritising expenditure cuts rather than taxation increases followed as part of the EU IMF programme of assistance, and to be continued as part of the excessive deficit procedure, is leading to rising poverty levels and the erosion of social infrastructure.

Ireland has set two new poverty sub-targets in relation to children and households with low work intensity. These targets are welcome, but should be more ambitious given the scale of the problem. Revising the headline Europe 2020 strategy poverty target downwards (as was done in 2012) is not acceptable in terms of the ongoing poverty and social exclusion challenge that Ireland faces.

The EU needs to look at sustainable growth, sustainable jobs and adequate social services and income in the years ahead, and all of these areas require investment. This investment will not be possible unless the Fiscal Compact and the constraints it places on member states in terms of expenditure are revisited. Europe will not achieve the Europe 2020 targets without putting society and social Europe on the same footing as the economy. Country Specific Recommendations that require Governments first and foremost to meet excessive deficit procedures before addressing employment or poverty targets do not encourage national governments to meet the Europe 2020 targets. Instead, they encourage national governments to meet the economic targets set out in the two-pack, the six-pack and the fiscal compact.

European institutions also lack the competence of national governments in specific areas and therefore their influence is limited.

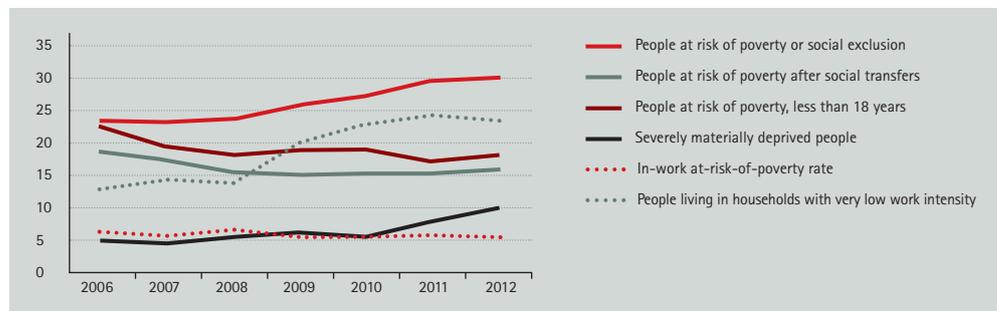
The Irish Government consults the Community and Voluntary Pillar as part of the NRP process each year, however, this consultation does not extend beyond the initial draft. Engagement on the Europe 2020 strategy requires far more than an annual consultation on the draft NRP.

In 2014 Social Justice Ireland joined the Irish pilot of the EU Semester Alliance, a broad coalition of 14 major European civil society organisations and trade unions. The *Better Europe Alliance - Irish Civil Society Organisations for a Social and Sustainable Europe*, involves a range of social and equality NGOs, the Environmental Pillar and the SIPTU trade union. The members of the Alliance are affiliated to organisations involved in an EU level Alliance. The overall objective of the Alliance is to strengthen progress towards the social and environmental goals of the Europe 2020 Strategy and to improve the level of debate and engagement of all stakeholders in progressing the Europe 2020 Strategy and the European Semester.

02 Poverty

2.1 Recent trends

Eurostat (% of population)	2009			2010			2011			2012			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	
Ireland													
POVERTY													
People at risk of poverty or social exclusion	-	-	25.7	-	-	27.3	-	-	29.4	-	-	30.0	24.8
People at risk of poverty after social transfers	14.9	15.1	15	14.9	15.1	15.0	15.4	14.9	15.2	15.6	15.9	15.7	17.0
People at risk of poverty, less than 18 years of age	-	-	18.9	-	-	18.9	-	-	17.1	-	-	18.0	20.8
Severely materially deprived people	-	-	6.1	-	-	5.7	-	-	7.8	-	-	9.8	9.9
In-work at-risk-of-poverty rate	6.1	4.4	5.3	7.1	3.6	5.5	6.6	4.5	5.6	5.9	4.8	5.4	9.2
People living in households with very low work intensity	-	-	20	-	-	22.9	-	-	24.2	-	-	23.4	10.3



Development of poverty and social exclusion indicators in Ireland (2009-2012) based on Eurostat:

- ➔ Most poverty indicators were on the rise during the observation period. One of the highest increases occurred in the share of **people living in households with very low work intensity**, which rose to 23.4% in 2012 – by far the highest rate in the EU and more than twice as much as the EU average (10.3%).
- ➔ Severe material deprivation rose from 6.1% in 2009 to 9.8% in 2012. The rate of **people at risk of poverty or social exclusion** rose to a new high of 30% in 2012, an increase of almost 5 percentage points.
- ➔ The housing cost overburden rate by income quintile rose from 14.7% in 2009 to 25.4% in 2012. Over a quarter of Ireland's population are now spending more than 40% of their net disposable household income on housing costs (net of housing allowances).
- ➔ **Income inequality** increased every year in the period 2009-2012.

Additional national data shows the severity of the problems reflected by the above Eurostat data:

One of the most worrying trends to emerge in Ireland is the growing level of income inequality between the top income decile and those at the bottom of the income decile. The poorest ten per cent of the population saw their real disposable income fall by 18.4 per cent in the period 2008–2011 while the richest ten per cent of the population experienced a fall of 11.4 per cent. (Note: disposable income means all income one has after taxes have been paid and social welfare payments received, i.e. the money people have in their pockets before they start to pay their bills.) An analysis of income distribution in Ireland in the years 2009 and 2011 confirms the widening gap between low and middle-income Ireland on the one hand and the richest 20 per cent of the population on the other hand. Only the top two deciles have seen their share of disposable income grow significantly in this period. This trend is likely to have continued in 2012 and 2013 (data not yet available for these years).¹

2.2

Recent policy developments

A new child-specific poverty target has been set in the National Policy Framework for Children and Young People 2014–2020 (Better Outcomes: Brighter Futures), namely, to lift over 70,000 children out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level. This target will include reducing the higher consistent poverty risk for households with children as compared to non-child households (8.8% vs 4.2%), and for children as compared to adults (9.3% vs. 6%). The Framework outlines policy commitments towards this target but does not specify any allocation of funding to help reach the target or any new cross departmental programmes to address child poverty.

Social investment package: investing in children²

ASSESSMENT OF PROGRESS

- ➔ With regards to providing for adequate living standards through a combination of benefits
 - Specific programmes have yet to be outlined in these areas. No new initiatives have been announced other than those outlined in Budget 2013. The specific payments in relation to children³ have all been reduced in the Budgets since 2010.
 - The Strategy for Children and Young People – “Better Outcomes, Brighter Futures – The National Policy for Children and Young People 2014–2020” was not published until April 2014. This document will provide the framework for investment in children.
- ➔ Regarding the reduction of inequality at a young age by investing in early childhood education and care
 - Specific new policies and programmes have yet to be outlined in this area. Ireland lags behind most European member states in terms of investment in early childhood education and care. At present, the Early Childhood Care and Education Scheme entitles every child

¹ Detailed paper available to download at: <http://socialjustice.ie/content/analysis-shows-poorest-10-took-biggest-hit-crash>

² European Commission, 2013, Recommendation *Investing in Children: Breaking the Cycle of Disadvantage* 2013/112/EU approved under the Framework of the Social Investment Package

³ http://europa.eu/epic/countries/ireland/index_en.htm

between 3 years and 3 months, and 4 years and 6 months, to three hours of pre-school care, for thirty-eight weeks in one year, free of charge. Accessible, high-quality and affordable early childhood education and care will require substantial investment. However, the restrictive nature of the Fiscal Compact and CSR 1 will prevent this.

➔ **Concerning the improvement of the education system's impact on equal opportunities**

- There are no new measures outlined in the 2014 NRP. In terms of reaching the early school leaving target it is important that the DEIS (Delivering Equality of Opportunity in Schools) 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 curriculum and any subsequent changes to the senior cycle curriculum at secondary 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 that 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 2014 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 –as a result 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 Competence 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 basic, generic, transferable skills to enable them to participate effectively. The establishment of Solas (the new Further Education and Training Authority) is a welcome development, it is important that reform of FET and the apprenticeship system ensure that participants gain the necessary skills to participate in society and enter the labour market.

➔ **As regards the improvement of the responsiveness of health systems to address the needs of disadvantaged children**

- Budget 2014 announced the introduction of free GP care for all children aged 6 and over. However, this has yet to be implemented. The removal of discretionary medical cards in the same Budget has caused significant distress and cost to families of children with disabilities and debilitating illnesses. This decision has since been reversed.

Assessment of Ireland's Country Specific Recommendations (CSRs) adopted in 2014:

➔ **CSR 4** on tackling low-work intensity of households and addressing the poverty risk of children is considered to have a potential positive impact on the situation of poverty and social exclusion in Ireland. This is the only CSR which directly addresses the issue of poverty and can be related to the new targets set in the NRP for reducing poverty among children and addressing the problem of households with low work intensity. Although not a panacea, the tapered withdrawal of benefits, supplementary payments on return to employment and affordable, full-time childcare would be welcome steps in addressing this problem. However, the recommendation in **CSR 1** limits any scope for increased expenditure on quality childcare, supplementary payments or tapered benefits:

CSRs that could have a negative impact	Observations
<ul style="list-style-type: none"> ➔ CSR 1 on ensuring the correction of the excessive deficit, structural adjustment and making the government expenditure ceilings more binding by limiting the statutory scope for discretionary changes. 	<ul style="list-style-type: none"> ➔ CSR 1 sets out an extremely restrictive fiscal framework. By recommending that government expenditure ceilings be made binding, this CSR is removing the scope for increased expenditure in areas such as childcare, FET courses, and referrals of unemployed people through the Intreo (Intreo is a new service from the Department of Social Protection. Intreo is a single point of contact for all employment and income supports) system. Without expenditure, the recommendations on child poverty, on households with low work intensity and on active labour market policies simply will not be achieved. Imposing a restrictive expenditure ceiling runs counter to the Europe 2020 Strategy vision of smart, sustainable and inclusive growth. It will also prevent Europe addressing core issues such as poverty and inequality, unemployment, long term care and pensions (among others).

2.3 Recommendations

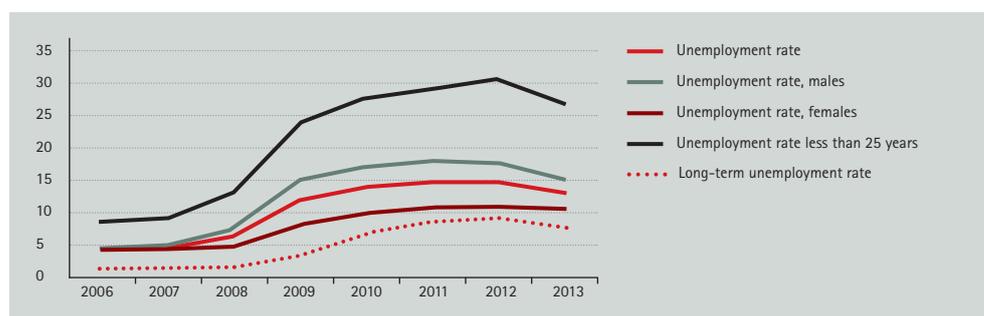
Given the above assessments, Caritas recommends the following policy measures be introduced in order to address the challenges related to poverty and social exclusion:

- ➔ 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 (lone parents, jobless households, social rented housing) as proposed to Government in earlier recommendations. Government must ensure sufficient resources are made available to address the problems faced by those living in poverty, social exclusion and jobless households.
- ➔ 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. This will require the development of a National Housing Agency (not-for-profit) which would work to secure the multi-billion euro investment required to address the social housing and homelessness crisis. This agency would take charge of the current stock of local authority housing, and a range of other issues related to social housing. It could have responsibility for securing the finance required to provide social housing on the scale required to address the problem. This agency could also take on the role of providing finance to voluntary and cooperative housing agencies.

03 Employment

3.1 Recent trends

Eurostat (% of population)	2009			2010			2011			2012			2013			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	
Ireland																
EMPLOYMENT																
Employment rate	72.1	61.8	66.9	69.1	60.2	64.6	68.2	59.4	63.8	68.1	59.4	63.7	70.9	60.3	65.5	68.3
Unemployment rate	15	8.2	12	17.1	9.9	13.9	17.8	10.8	14.7	17.7	11.0	14.7	15	10.7	13.1	10.8
Unemployment rate, under 25 years of age	-	-	24	-	-	27.6	-	-	29.1	-	-	30.4	-	-	26.8	23.4
Long-term unemployment rate	4.8	1.8	3.5	9.2	3.8	6.8	11.6	5.1	8.7	12.1	5.4	9.1	10.1	5.3	7.9	5.1



Development of employment indicators in Ireland (2009-2013) based on Eurostat:

Eurostat data confirms that, although there has been some improvement in employment, much of the increase has been in part-time employment. There has been a significant fall in the levels of employment of people with educational qualifications lower than tertiary education:

- ➔ While the employment rate has been decreasing since 2009, Eurostat data from 2013 suggest this might be reversing: the rate increased by almost 2 p.p. between 2012 and 2013 reaching a rate of 65.5% although still below the rate of 66.9% in 2009. It is worth highlighting, however, that the gap between the employment rate of men and women, which seemed to be decreasing, increased again by almost 2 p.p. between 2012 and 2013.
- ➔ This trend is similar for unemployment rates which decreased between 2012 and 2013, though still well above the EU averages:
 - The unemployment rate decreased by 1.6 p.p. reaching 13.1% (2009: 12%).
 - The unemployment rate of young people decreased by 3.6 p.p. reaching 26.8% (2009: 24%).
 - The long-term unemployment rate decreased by 1.2 p.p. reaching 7.9% (2009: 3.5%).

- ➔ The rate of persons employed on a part-time contract increased by 2.5 p.p. in the period 2009-2013.
- ➔ The employment rate of persons with primary, less than primary or lower secondary levels of education fell by over 3 p.p. in the 2009-2013 period. The employment rate of persons with upper-secondary, and post-secondary/non-tertiary levels of education fell by over 4 p.p. in the same period. Those with tertiary, bachelor, and master degrees or equivalent had the lowest fall in employment of less than 1 p.p.

3.2 Recent policy developments

The Action Plan for Jobs (APJ) 2014 was published in February 2014. A methodology to measure the impact of the Action Plan for Jobs on job creation is still absent. The progress report of the APJ 2013 has been published and outlines the actions delivered by various Government departments and agencies, but numbers on actual jobs created by these specific actions are not available. This makes it extremely difficult to measure the impact of the APJ and the efficiency or otherwise of the expenditure of the various agencies involved.

Pathways to Work (PTW) 2014 contains the overarching framework for the Youth Guarantee and for getting those who are unemployed into education, training and employment. The target on long-term unemployment is to get 75,000 of those who are long-term unemployed into employment by the end of 2015. There are 155,500 people who are long-term unemployed in Ireland at present, in this context 75,000 is not an ambitious target, and long-term unemployment will remain a problem in Ireland for many years to come. PTW also outlines the tendering process for JobPath, a programme aimed specifically at long-term unemployed people. This will be outsourced by the end of 2014. The international experience of outsourcing such programmes requires very careful monitoring of how JobPath is implemented, plus the experience of participants, to ensure that placement is suitable and to prevent 'creaming off' the best candidates.

The ESF has allocated €68m for the Youth Guarantee (YG) in Ireland. In the absence of new programmes, places will have to be made available and ring-fenced for YG participants on existing education and training courses. This raises the possibility of displacing other persons who might also be seeking a place on existing education and training courses. Solas, the body with overarching responsibility for Further Education and Training, was established in October 2013 and submitted a 5-year strategy to the Minister for Education and Skills in March 2014.

EU initiative: youth guarantee⁴

ASSESSMENT OF PROGRESS

Ireland published a Youth Guarantee Implementation Plan in January 2014. The Government states that while financial constraints remain a reality in terms of roll-out, Ireland has the advantage of already having in place most of the key elements of a Youth Guarantee, as identified by the EU. Among the new measures in the Youth Guarantee are:

⁴ Council of the European Union, 2013, *Recommendation on establishing a Youth Guarantee* (2013/C 120/01)

- ➔ As part of the Intreo process young people under 25 will be prioritised for case-officer support and personal progression planning
- ➔ Reducing the threshold (in terms of the duration of unemployment) for JobsPlus eligibility from 12 months to 4 months in the case of people aged under 25
- ➔ An additional intake of 1,500 young people onto the very successful JobBridge scheme as part of a developmental internship programme for the most disadvantaged young people. This will be developed with the support of employers.
- ➔ Ensuring that 1,000 places on the Tús employment scheme are targeted at young people
- ➔ Ring-fencing a minimum of 2,000 training places for under-25s on the successful Momentum programme

In Budget 2014, provision of €46 million was made across a number of Government Departments for the above programmes.

There is a danger of displacement in the Youth Guarantee through ring-fencing places on existing programmes for youth guarantee participants as these must come from within existing allocations on education and training courses. The Youth Guarantee also excludes those young people aged 18-24 not on an unemployment payment, therefore, it could potentially discriminate against young people with disabilities. In the context of the youth guarantee it is important to recognise the growing levels of part-time employment and part-time underemployment amongst young people in the labour force in Ireland. Young people should not be pushed into low paid or precarious employment. Despite the slow reduction in unemployment in Ireland in 2013 the number of young people employed has fallen. The only age groups in which a decrease in employment was recorded in 2013 were the 25-34 (-2.4%) and 15-19 (-5.6%) age groups. The reduction in the number of young people employed despite the overall increase in employment is a worrying trend. (See response to question 6.)

Assessment of Ireland's Country Specific Recommendations (CSRs) adopted in 2014:

- ➔ Both CSR 3 and CSR 4 have the potential to make improvements in the FET system, and employment support, and to the situation of households of low work intensity. However, these CSRs will require funding and resources in order to be implemented effectively. As CSR 1 maintains that Government should continue along the deficit reduction path it is presently following, these CSRs are rendered redundant. The path towards deficit reduction that is presently being followed by Government has seen reductions in public expenditure on FET programmes and programmes for unemployed young people (e.g. Youthreach) and reduced social welfare payments for those under 26. It has also seen successful reductions in child benefit and changes to lone parent payments. Supporting people to move from welfare support into work needs to be implemented within the context of a balanced active inclusion approach adopted by EU Member States. This involves access to adequate income and quality services and an inclusive labour market, including decent work. This is relevant across all groups including the implementation of the Youth Guarantee. It is unfortunate that CSR 1 effectively negates the potential of CSR 3 and 4 to have an impact on unemployment and households with low work intensity.

CSRs that could have a negative impact	Observations
<p>➔ CSR 1 on ensuring the correction of the excessive deficit, structural adjustment and making the government expenditure ceilings more binding by limiting the statutory scope for discretionary changes.</p>	<p>➔ See comment on CSR 1 in section 2.2. Quality, accessible and affordable childcare and reformed FET and employment support require investment, not expenditure ceilings to limit resource allocation.</p>

3.3 Recommendations

Given the above assessments, Caritas recommends the following policy measures be introduced in order to address the challenges related to the employment situation:

- ➔ 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 (particularly young people who are distant from the labour market and not necessarily in a position to take advantage of the Youth Guarantee) and the 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'.

Caritas Europa

Rue de Pascale, 4
1040 Brussels - Belgium
Tel. +32 (0)2 280 02 80
Fax +32 (0)2 230 16 58

info@caritas.eu
www.caritas.eu



This report is supported by the European Union Programme for
Employment and Social Solidarity – PROGRESS (2007-2013).