

IRELAND

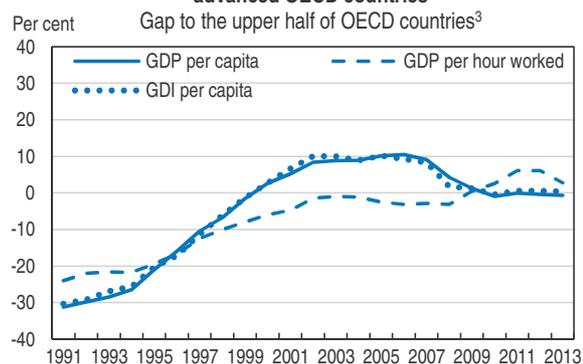
- GDP per capita has remained steady at close to the average of the upper half of the OECD in recent years. A fall in labour utilisation has been offset by a rise in labour productivity.
- The bankruptcy framework has been improved, including by introducing a new personal insolvency procedure. Good progress has been achieved on modernising the public employment services.
- Enhancing job-search assistance and retraining opportunities for the unemployed would help raise employment. Removing barriers to entrepreneurship and competition and fostering innovation would encourage a more dynamic and cost-competitive home-grown business sector.
- Continued efforts to improve labour market activation, especially by evidenced-based improvements in returns to training programmes, would help both employment growth and social cohesion by getting more of the still large pool of poorly-qualified, long-term unemployed back into work.

Growth performance indicators

A. Average annual trend growth rates
Per cent

	2003-08	2008-13
Potential GDP per capita	2.5	0.6
Potential labour utilisation	0.3	-0.7
<i>of which:</i> Labour force participation rate	0.5	-0.2
Employment rate ¹	-0.2	-0.5
Trend employment coefficient ²	0.0	-0.1
Potential labour productivity	2.2	1.3
<i>of which:</i> Capital deepening	0.8	0.4
Labour efficiency	0.7	0.3
Human capital	0.7	0.6

B. GDP per capita is equal to the average of advanced OECD countries



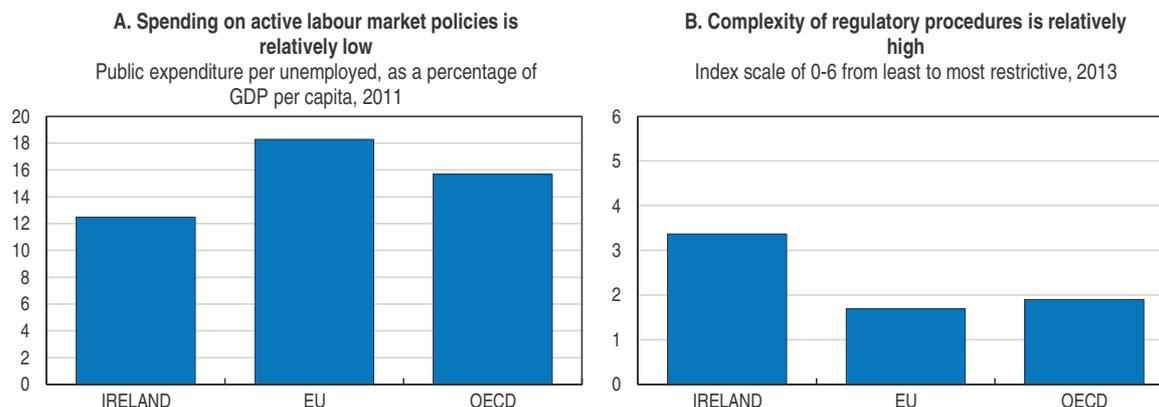
1. The employment rate is defined with respect to the economically active population; a positive growth rate corresponds to a decline in the structural unemployment rate and vice versa.
2. This adjustment variable is added to the decomposition to capture the impact of non-resident workers.
3. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).

Source: Panel A: OECD, *Economic Outlook 96 Database*. Panel B: OECD, *National Accounts and Productivity Databases*.

StatLink  <http://dx.doi.org/10.1787/888933177822>

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Policy indicators



Source: Panel A: OECD, *Public expenditure and participant stocks on LMP and Economic Outlook Databases*. Panel B: OECD, *Product Market Regulation Database*, www.oecd.org/economy/pmr.

StatLink  <http://dx.doi.org/10.1787/888933178253>

Going for Growth 2015 priorities

Priorities supported by indicators

Strengthen work incentives for women. Female participation rates and hours worked are relatively low, especially for mothers, which is partly due the relatively high costs of childcare. This contributes to Ireland having one of the highest proportions of people living in households with low work intensity in the EU, increasing the risk of social exclusion and child poverty.

Actions taken: No action taken.

Recommendations: Reduce implicit tax rates on lone parents returning to work and second earners. Increase access and affordability of childcare.

Strengthen competition in non-manufacturing sectors. Competition in utilities and some sheltered service sectors including transport, the legal profession and ports remains relatively weak.

Actions taken: Public service obligation bus routes were opened to competitive tender from December 2014. Bord Gais Energy (main supplier of pipeline gas) was privatised in mid-2014.

Recommendations: Decrease vertical integration in electricity. Enact the Legal Services Regulation Bill to introduce an independent regulator for the legal profession. Shorten lease periods for port terminal operators and issue more stevedoring licences.

Enhance activation policies and reform the welfare system. The share of long-term unemployment is high and labour reallocation has been slow. This reflects various issues in the design of ALMPs and welfare systems, including poorly targeted programmes and labour supply disincentives embedded in the design of some social benefits.

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Actions taken: The government has progressively been increasing the number of new Public Employment Services (Intreo) offices from 2012 to 2014. Their mandate is to encourage the return to work by providing integrated welfare and activation support as well as personalised services based on profiling. A new education and training authority (SOLAS) has been established to provide oversight and funding including for training of the unemployed.

Recommendations: Increase tracking of labour market outcomes following jobseekers' programme participation and adjust funding accordingly. Focus on long-term and low-skilled unemployed. Increase employers' involvement in training design. Allow for a smoother phasing out of benefits and supplementary payments (such as housing and medical benefits) as unemployed return to work.

Other key priorities

***Reduce barriers to entrepreneurship.*¹** The regulation of licence and permits required to start and operate a business is relatively restrictive. Enforcing contracts and registering property is also difficult for business.

Recommendations: Reduce fees and waiting times for licences and permits required to start and operate business. Continue to shift away from high fees charged to obtain planning permission towards recurrent property taxation. Introduce a real estate conveyancing profession.

Enhance R&D spending and innovation. R&D spending remains relatively low and most activity is undertaken by foreign firms.

Actions taken: The authorities have launched a pilot national health innovation hub and a Small Business Innovation Research Programme. R&D tax credit generosity and flexibility have been further increased.

Recommendations: Concentrate resources for promoting co-operation between industry and researchers in a smaller number of centres of excellence. Introduce a Research Technology Organisation focussed on SME needs.

Reform areas no longer considered a priority in Going for Growth

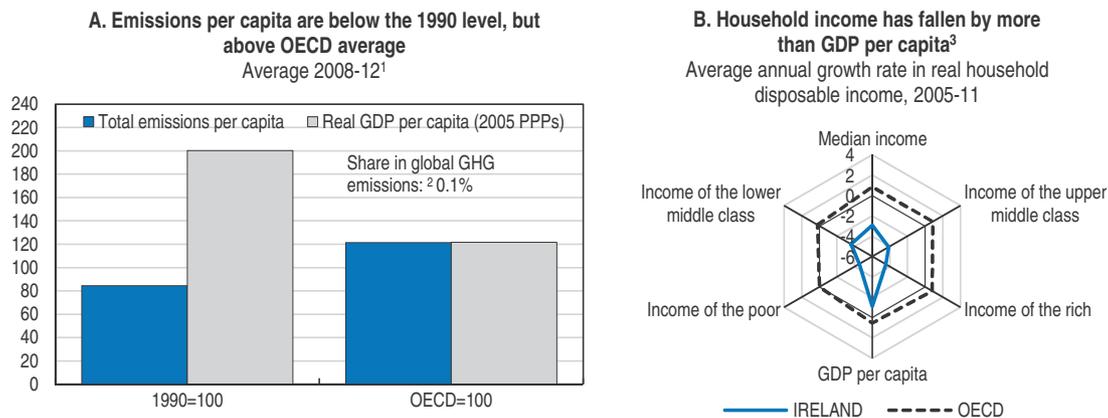
Reform the bankruptcy system. To resolve non-performing loans and rehabilitate debtors faster, it was recommended that a structured non-judicial debt settlement system for personal insolvency be introduced.

Actions taken: A new alternative set of personal insolvency procedures providing for negotiated debt settlement and administered by a new agency, Insolvency Service of Ireland, was brought into operation in 2013. In December 2013 the discharge period for bankruptcy was reduced from 12 to three years and a new option to file bankruptcy notices cost free was provided.

1. New policy priorities identified in *Going for Growth 2015* (with respect to *Going for Growth 2013*) are preceded and followed by an “*”.*

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Beyond GDP per capita: Other policy objectives



1. Total GHG emissions including LULUCF in CO₂ equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.
2. Share in world GHG emissions is calculated using International Energy Agency (IEA) data.
3. Household income across the distribution is measured by income standards with varying emphasis on different points of the distribution – from the low to the top-end of the distribution. See methodological notes at the end of the chapter for the computation of household income across the distribution.

Source: Panel A: OECD, *National Accounts and Energy (IEA) Databases*; and *United Nations Framework Convention on Climate Change (UNFCCC) Database*. Panel B: OECD, *National Accounts and Income Distribution Databases*.

StatLink  <http://dx.doi.org/10.1787/888933178684>