IRELAND

Priorities supported by indicators

Strengthen work incentives for women (2007, 2009, 2011)

Recommendations: Improve access to childcare and reconsider how second earners are taxed.

Actions taken: In 2010 the government replaced the Early Childcare Supplement by a free Pre-School year, open to 3 and 4 year-olds.

Strengthen competition in non-manufacturing sectors (2007, 2009, 2011)

Recommendations: Increase competition in utilities and services sectors.

Actions taken: A wholesale electricity market was set up in 2007 and interconnection with the United Kingdom was improved. In 2011, the government reduced margins paid to pharmacies and introduced legislation to parliament to reduce restrictions on the number of General Practitioners treating public patients, set up independent regulators for the legal profession and increase penalties for violating competition law.

Enhance R&D spending and innovation (2007, 2009, 2011)

Recommendations: Improve incentives for R&D and streamline funding for public institutions.

Actions taken: The government made the R&D tax credit more generous in 2009, and announced in the 2012 Budget that it would introduce greater flexibility and scope to the R&D tax credit, which should particularly benefit SMEs. The authorities have scaled up several initiatives to increase linkages between industry and researchers, including innovation vouchers, joint research centres and awards.

Improve access to education and increase tertiary education funding (2007, 2009)

Recommendations: Extend pre-primary education. In tertiary education, introduce tuition fees coupled with income-contingent repayments.

Actions taken: The contribution charge for tertiary students will increase from EUR 1 500 in 2010-11 to EUR 2 000 in 2011-12 and EUR 2 250 in 2012-13.

Other key priorities

Further improve infrastructure (2007, 2009, 2011)

Recommendations: Close infrastructure gaps in a cost-effective way. Speed up the planning process. Introduce water charges to ensure efficient use of infrastructure.

Actions taken: The government will introduce a combined property and water levy of EUR 100 per household in 2012. It will introduce meter-based water charges for domestic users in 2013, in the context of a broad reform of the water services sector. The motorway network between major cities was completed in 2010.

Enhance activation policies (2011)

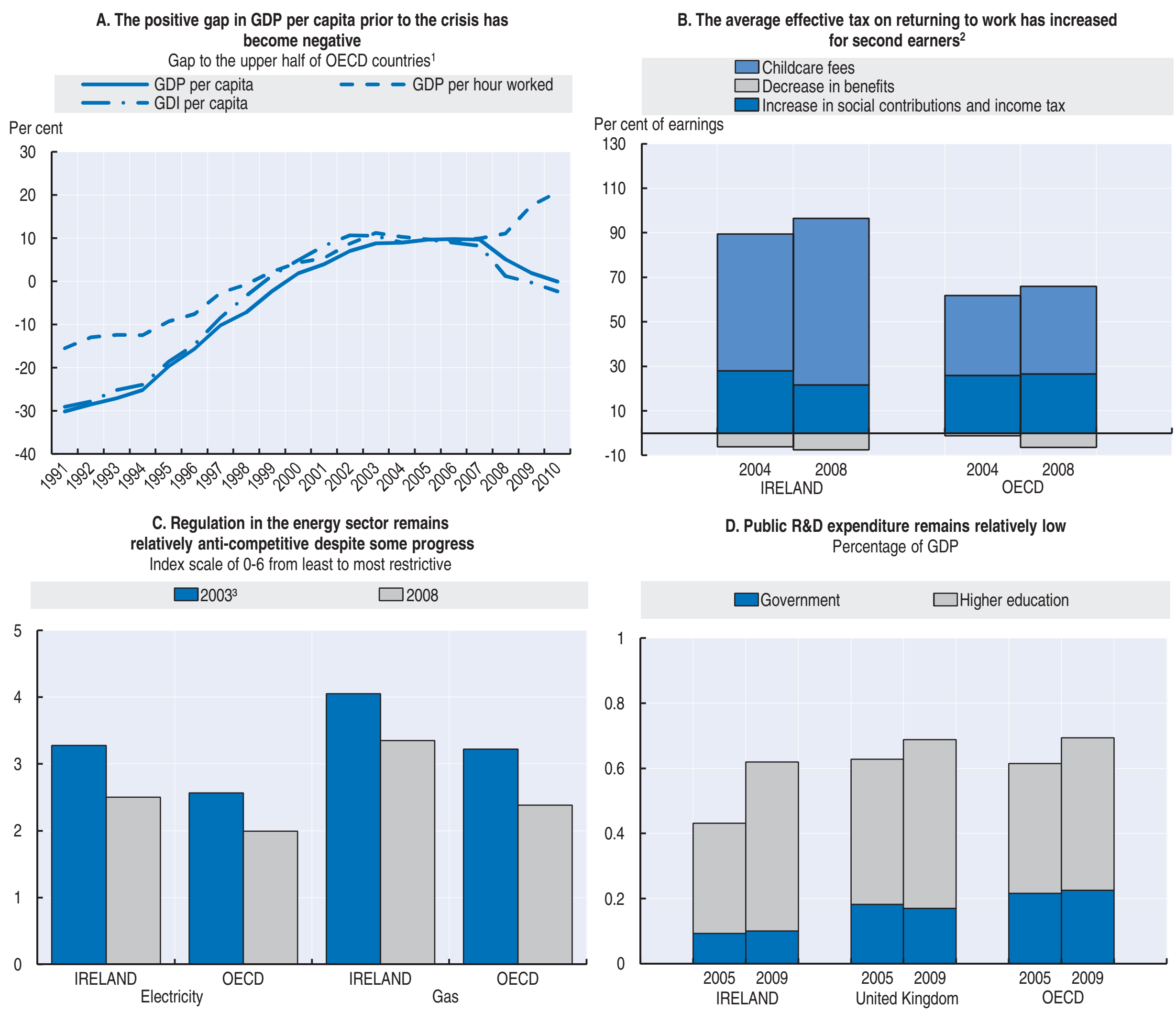
Recommendations: Tighten activation requirements for the unemployed and expand activation measures.

Actions taken: In 2011 the government continued transferring the Public Employment Service's (FÁS) employment and community services to the Department of Social Protection (DSP) to combine benefit provision and activation. In 2011, DSP introduced profiling to better target those at high risk of becoming long-term unemployed. In April 2011, sanctions for refusing a job offer or training were increased. The number of training and internship places was further expanded in 2011.

IRELAND

- GDP per capita relative to the upper half of OECD countries has fallen from 2007 to 2011, turning the gap from positive to negative. This negative gap is entirely due to lower labour utilisation, as hourly labour productivity remains high.
- Against the background of a major economic and financial crisis, Ireland negotiated an EU/IMF financial assistance programme, under which certain structural reforms are being implemented. Among key priorities, progress has been made in improving early childhood education, encouraging innovation and enhancing infrastructure. Activation measures continue to be stepped up but potential for further improvement remains large.
- Beyond the strengthening of activation policies, the main labour market measure taken during the crisis was to expand training programmes for the unemployed. Further training places were added in 2011.

Performance and policy indicators



1. 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).
2. Based on implicit tax on returning to work, defined as the cost of childcare, reductions in income-related benefits and increases in social contributions and personal income taxes, all relative to earnings in the new job. Measured for second earner with income equal to two-thirds of average earnings. The OECD average excludes Chile, Estonia, Israel, Italy, Mexico, Turkey and Slovenia.
3. Average of OECD countries excluding Chile, Estonia, Israel and Slovenia.

Source: Chart A: OECD, *National Accounts and Economic Outlook No. 90 Databases*; Chart B: *Benefits and Wages Database*; Chart C: OECD, *Product Market Regulation Database*; Chart D: OECD, *Main Science and Technology Indicators Database*.

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