

## *Annex*

# **Structural reform**

*The objective of this Annex is to review action taken since the previous Survey (October 2013) on the main recommendations from previous Surveys, which are not reviewed and assessed in the current Survey.*

## Rebalancing the economy

Recommendations from previous <i>Survey</i>	Action taken since the October 2013 <i>Survey</i>
To retain access to financial markets under sustainable and affordable terms, further reduce the public debt-to-GDP ratio. If growth projections are not met and if financial markets conditions are appropriate, the automatic stabilisers should be allowed to operate around the structural consolidation path.	Fiscal policy, strong economic growth and positive stock-flow adjustments have contributed to reducing the public debt-to-GDP ratio. It is projected to decline from 123% in 2013 to 105% of GDP at end 2015, according to the national authorities.
Fully implement the strategy to reduce non-performing loans taking account of the steps taken to date, so as to sustain on-going balance sheet adjustments, improve bank health and foster the gradual recovery of domestic demand.	NPLs are reducing as banks' implement restructuring strategies. These include a re-underwriting of new but reduced exposures to challenged customers, deleveraging, and pursuing legal options to generate recoveries in cases where no other solution is viable. The Mortgage Arrears Resolution Process, in place since 2011, was strengthened to accelerate debt restructuring: performance targets for borrowers in arrears over 90 days for main mortgage lenders were introduced. In April 2015, new rules replacing quarterly targets with new requirements to conclude sustainable solutions for a majority of distressed loans by the end of 2015 came into effect. The Central Bank has written to banks setting out new requirements that concluded sustainable solutions are in place for most distressed borrowers by the end of 2015 (the Mortgage Arrears Resolution Targets process).
After exit from the current EU-IMF programme, consider international backstop options to provide support in the event of an unexpected shock.	Following exit from the programme, Ireland returned successfully to the long-term bond markets, without a pre-arranged precautionary credit facility. Ireland's bond yields are trading at historically low levels. Ireland also completed early repayment of 81% of its IMF programme loans in March 2015.

## Reinvigorating growth

Recommendations from previous <i>Survey</i>	Action taken since the October 2013 <i>Survey</i>
While Ireland is generally business friendly, there is a need to prioritise further structural reforms. To ease doing business, increase competition in legal services and reduce licence and permit fees and waiting times.	The Legal Services Regulation Bill is under discussion in Parliament. The Bill aims to operationalise the new Legal Services Regulatory Authority without delay in 2015.
Continue to emphasise fiscal measures that minimise harm to growth and equity, such as the residential property tax. Review existing tax and welfare structures to address better labour force participation of low-wage workers.	In the 2015 Budget; income tax was reduced (the threshold at which income tax is due was raised and the higher rate of income tax was reduced from 41% to 40%); the Universal Social Charge, income tax-like social security contribution, was also reduced. The Back To Work Family Dividend was introduced. The benefit aims to help families to move from social welfare into employment: people with qualified children, taking up employment and becoming no longer eligible to certain benefits, obtain a weekly payment for up to 2 years.
Address long-term spending pressures in the pension system. Place environmental protection more at the centre of the tax, charges and subsidy policy choices.	The pensionable age was increased to 66 in State Pension (Contributory) in January 2014. The payment to 65-66 years olds was abolished in State Pension (Transition) in January 2014. A new Single Public Service Pension Scheme has been in place since January 2013: in the scheme, benefits are based on career average earnings, not final salary. The Finance Act 2014 lists natural gas and biogas as transport fuels and sets the rate of excise at the EU minimum rate for a period of 8 years.

Recommendations from previous Survey	Action taken since the October 2013 Survey
To improve public trust in Government, increase transparency and accountability of Government institutions.	<p>The Freedom of Information (FOI) Act 2014 extends FOI to almost all public bodies.</p> <p>The Open Data Initiative makes data held by public bodies available and easily accessible online for reuse and redistribution.</p> <p>Ireland became a full member of the Open Government Partnership in July 2014.</p> <p>The Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013 introduced a comprehensive legislative framework for parliamentary inquiries.</p> <p>A comprehensive review on accountability of the Civil Service was conducted, including through public consultation. The review's recommendations are being implemented.</p> <p>The Government introduced a new system for State Board Appointments in 2014.</p>

## Labour market activation policies

Recommendations from previous Survey	Action taken since the October 2013 Survey
To avoid rising structural unemployment and a drift into social exclusion, prioritise engagement with the long-term unemployed and increase the number of caseworkers supporting them, through internal redeployment.	The long-term unemployed have been increasingly involved in activation policies, which will be put on a more systematic footing with the launch of JobPath in mid-2015.
To reduce mismatches between supply and demand of skills, better align the content of education and training schemes so that they provide skills required in the expanding sectors.	<p>SOLAS, the agency overseeing the delivery of further education and training to the unemployed, published the first annual Further Education and Training Service Plan in 2014. The Expert Group on Future Skills Needs (EGFSN) and the Strategic Labour Market Research Unit identify such required skills.</p> <p>The Higher Education Authority performance compacts with Higher Education Institutions 2014-2016 require them to report on how they are responding to labour market needs including the recommendations of EGFSN.</p> <p>The ICT Skills Action Plan 2014-2018 was launched aimed at addressing the 44 000 job openings expected to arise over that period for ICT graduates across all sectors of the economy.</p>
Focus limited fiscal resources on policies empirically-proven to improve employability; this will require systematic evaluation of labour-market programmes through consistent tracking and randomised trials, followed by decisions to close down ineffective schemes while strengthening successful ones.	Some evidence on effectiveness has been found for the Momentum programme (vocational training for the long-term unemployed); the TUS programme (community work placement scheme to which referral was based on random assignment from among the long-term unemployed); and the JobBridge internship programme. Resources have been increased in internships and training.
To minimise the detrimental and enduring impact of long-term unemployment, establish a youth compact whereby those in unemployment will receive a compulsory offer of training, work or a combination.	Programmes for young people are being adapted as part of the response to the EU Youth Guarantee programme. Conditionality for young job seekers is the same as that for all the other job seekers.
To avoid the perpetuation of social exclusion and risk of poverty, put a stronger emphasis on encouraging and facilitating the return to work of those more detached from the labour market.	The focus on the long-term unemployed was renewed, and more resources are spent on the unemployed at most risk of becoming long-term unemployed identified through profiling.
To provide job-search assistance and activate the current cohort of long-term young unemployed, increase the number of caseworkers in the public employment service through internal redeployment.	300 staff were redeployed from other activities to activation duties.
Establish specific youth tracks in those schemes where youth are having access difficulties.	Such youth tracks have been introduced: for example: internships for disadvantaged youth in the JobBridge programme; access to recruitment subsidies eligible at shorter unemployment spells than for older unemployed in the JobsPlus programme.

Recommendations from previous <i>Survey</i>	Action taken since the October 2013 <i>Survey</i>
To respond to the demand for specialised skills, concentrate training efforts in those schemes providing high level skills such as Momentum, Springboard or ICT conversion courses. Progression pathways between different education levels should be stepped-up.	The Momentum programme is delivered in line with the Action Plan for Jobs and Pathways to Work. The 2nd phase of Momentum launched in 2014 aims to provide up to 6 000 education and training places for the long term unemployed, designed to tackle the skill shortages identified by the Expert Group on Future Skills Needs (EGFSN). Springboard+ 2015, which incorporates the ICT skills conversion programme was launched in May providing for a total of 9 000 free part-time and full time higher education reskilling and upskilling opportunities for jobseekers. 285 Springboard+ courses will be delivered in 42 colleges throughout Ireland. In 2014 Springboard provided over 5 700 places on 212 courses on part-time and full-time courses, including ICT Conversion courses.
To provide skilled workers to emerging sectors, expand the apprenticeship beyond craft-related areas involving the SME sector, better align curricula of vocational training to unemployed profiles and to employers demands and increase its workplace component.	The Apprenticeship Council was launched in November 2014. The council consists of representatives from business, trade unions, further education bodies and the Department of Education and Skills. It formally invited proposals for new apprenticeship programmes from consortia of enterprise, professional bodies and education and training providers. Over 80 separate proposals were received by the deadline
Establish a systematic and rigorous evaluation of all policies and schemes including sunset clauses to review at regular intervals the need for extensions. Based on the evaluation, reallocate resources to those schemes which are found to be effective in increasing employability.	A series of programme/process evaluations has been launched.
To adapt Pathways to Work to the changing structure of the Irish economy, establish a regular review and evaluation of the profiling model. Enlarge the model to encompass those more detached from the labour market.	The profiling model was reassessed, using administrative data, in 2013-14. There was little difference from the original model in terms of the factors predicting the severest difficulties in returning to employment. The re-assessed model has been used to estimate “distance from the labour market” scores for the existing long-term unemployed.
Establish a strategy to provide youth with relevant training and support. Introduce mentoring and coaching in the existing programme supporting self-entrepreneurship among unemployed.	The Back to Work Enterprise Allowance was implemented, which provides technical assistance grants for training/mentoring. See also other youth related actions above.
To reduce poverty risk and social exclusion, put a stronger emphasis on encouraging and facilitating the return to education or employment of those more unattached from the labour market by increasing mutual obligation approaches.	Reforms to lone parents’ benefits are increasing conditionality of these payments where children are over 7 years of age.
Step-up the role and the capacity of psychological services to assist employment services in supporting young people and increase early childhood education as a preventive way to better integrate disfavoured youth.	Since the beginning of 2013 the number of educational psychologist staff within the National Educational Psychological Service (NEPS) has increased from 173 to 183. NEPS provides educational psychological service directly to all first and second level schools with schools in disadvantaged areas afforded priority service.
To realise its potential in the social inclusion of disadvantaged people, the social enterprise sector, including non-profits organisations, should be able to access the same kinds of government support as conventional enterprises.	No action.

## Foster innovation and entrepreneurship

Recommendations from previous <i>Survey</i>	Action taken since the October 2013 <i>Survey</i>
Reflecting significant uncertainties about the effectiveness of various innovation policy tools, independently and regularly evaluate all actions in this area, strengthen programmes with proven higher returns, and wind down the others. To promote effective evaluation, ensure all innovation and enterprise supports have sunset clauses.	The Research and Development Tax Credit underwent an evaluation in 2013, while a review of enterprise supports for Research, Development and Innovation (RD&I) was completed in 2014. Regular independent evaluations of all RD&I programmes are undertaken. The recent mid-term review of the Enterprise Ireland/IDA Ireland Technology Centre programme recommended the sun-setting of two of the Technology Centres, and was actioned. Science Foundation Ireland (SFI) monitors its investments post-award.

Recommendations from previous <i>Survey</i>	Action taken since the October 2013 <i>Survey</i>
To increase the effectiveness and cost-efficiency of the innovation and research policies, and make it easier for businesses to access support, consolidate innovation funding and actions into a smaller number of Government agencies.	A National Directory of Research Centres was published with details of all centres of scale and their key areas of research.
To increase capital supply and encourage entrepreneurship, lower costs for small-cap IPOs, centralise legal processes for intellectual property rights (IPR) transfers with the new central technology transfer office and introduce changes to the examinership process without delay.	Knowledge Transfer Ireland (KTI), established in 2013, aims to make it easier for companies to access and use ideas developed through publicly-funded research. KTI provides a catalogue of practical guides including on License Agreements and Options Agreements to ensure a coherent approach across the system.
To improve Higher Education Institution (HEIs) quality, make a significant portion of their funding performance related, provide multi-year funding envelopes for HEIs, adjust their funding to reflect different student growth patterns across institutions and give them autonomy over staff salaries.	An expert group was established in 2014 to examine the current funding arrangements for higher education. In addition, a system of performance funding within core public funding of higher education was introduced in 2014.
To encourage MNCs to move advanced R&D functions to Ireland and build HEI-firm linkages, continue the strategy of building up fewer, larger academic research centres. Increase Masters and PhD graduates with significant firm placement components in order to provide firms, and particularly SMEs, with the innovation capacity to engage with HEIs. Further enhance SME-HEI links by setting up Research Technology Organisation/s targeting SME needs.	<p>The Irish Research Council continues to develop its two enterprise scholarship schemes: the Employment Based Postgraduate and the Enterprise Partnership Scheme. Around 300 companies have engaged with the Council on these initiatives. SMEs account for more than 70% of the Partners engaging on the Employment- Based Programme.</p> <p>Twelve large scale research centres have been established. Some 300 industry partners are collaborating with the Centres and have committed funding.</p> <p>SFI funds the SFI Industry Fellowships, which facilitate the placement of researchers in industry or academia to stimulate knowledge transfer and training.</p> <p>A study has been undertaken on strengthening the market-focussed element of the research landscape in Ireland, including examination of establishing Research Technology Organisation/s.</p>





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