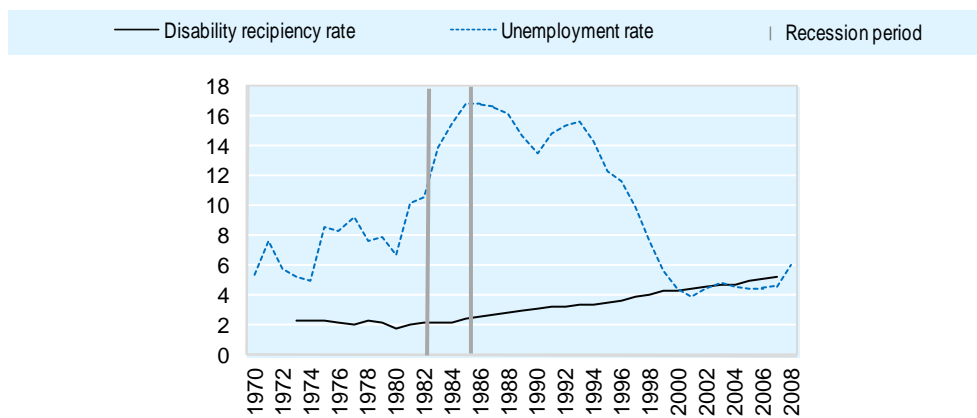


IRELAND

KEY FINDINGS

- In Ireland after the downturn in the 1980s, unemployment stayed over 12% for around fifteen years. The number of people receiving disability benefit was low but started to increase back then. This increase accelerated in parallel to the sharp drop in unemployment in the 1990s, and since 2001, the number of people on disability benefits has exceeded the number of unemployed (Figure 1).

Figure 1. Long-run trends in unemployment and disability reciprocity rates in Ireland, 1970-2008 (percentages)



- Following the steady increase since the mid-1980s, the number of people of working age in Ireland who receive disability benefit is now above the OECD average; in 2008, 6.5 % compared to 5.7% (Figure 2).
- The increase affected all age groups. Among young adults aged 20-34, Ireland now has the third highest number of people on disability benefit: 2.8% compared to an OECD average of 1.5%.
- Public spending on sickness and disability makes up 10% of Ireland’s public social spending, in line with the OECD average.
- The unemployment rate for people with chronic health problems or disability at the end of 2007 was much higher than for the OECD average, at 20.1% compared to 13.7%. And it was three times Ireland’s unemployment rate for people without health problems (Figure 3).
- Employment rates of people with health problems or disability, at 33%, are among the lowest in the OECD. In turn, more than one in three of them live in poverty: 37% compared to an OECD average of 22%. This is 2.5 times the figure of the general population of Ireland.

POLICY CHALLENGES

1. **Boost the quality of employment support for people with disability.** Currently, employment services are detached from the benefit application process; most services are specialist services lacking proper monitoring; and the take-up of services is voluntary and, thus, very low.
 - FAS should be the only focal point for training and active labour market policy, and also the single point of entry for employers seeking to retain or hire a worker with a health problem or disability.

- Specialist training by private non-profit providers should be improved by a system of certification, and the annual bulk funding partly replaced by outcome-based payments to providers.
 - Better bridges are needed from specialist services to mainstream labour market services.
2. **Modernise the benefit system and the disability assessment process.** The benefit system remains fragmented and assessment procedures in place to determine eligibility to the various payments are highly variable. Strong work disincentives for those on benefits arise from the loss of secondary benefits upon moving into work, especially the Medical Card.
- Bundle responsibility for all long-term health-related benefits and merge some of the payments.
 - Better identify the untapped employment potential of claimants of long-term payments by a more stringent and capacity-oriented medical and vocational assessment.
 - Improve access to health care (e.g. by making the Medical Card independent from benefit status).

Figure 2. **Disability benefit recipiency rates in 2008, Ireland in comparison with 30 other OECD countries, plus OECD average (percentages)**

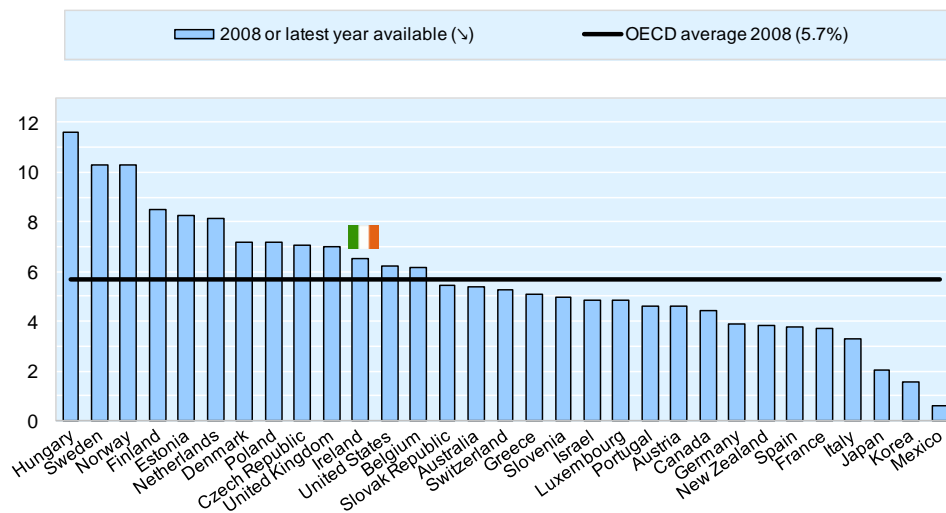


Figure 3. **Selected key labour market indicators by disability status, around 2007 i.e. before the recent economic downturn, Ireland and OECD averages (percentages)**

