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- Income per capita has fallen somewhat below the level of leading OECD economies, reflecting a decline in employment that has more than offset continued growth in labour productivity.
- High past capital spending has significantly upgraded Ireland's infrastructure reducing many bottlenecks. By contrast, despite some recent progress, labour market activation policies have ample room for improvement, research and development (R&D) activity is below the OECD average and the energy sector is over regulated.
- Better job-search assistance and retraining opportunities for the unemployed would help to raise employment. Improved insolvency laws would allow for a faster clean up of bad loans, strengthening the banking system's capacity to provide credit and support future growth. More competitive product markets and dynamic innovation would underpin long-run productivity gains.
- Improved labour market activation policies would not only boost employment but could also reduce inequality and poverty by enhancing the job prospects of vulnerable individuals.

Growth performance indicators

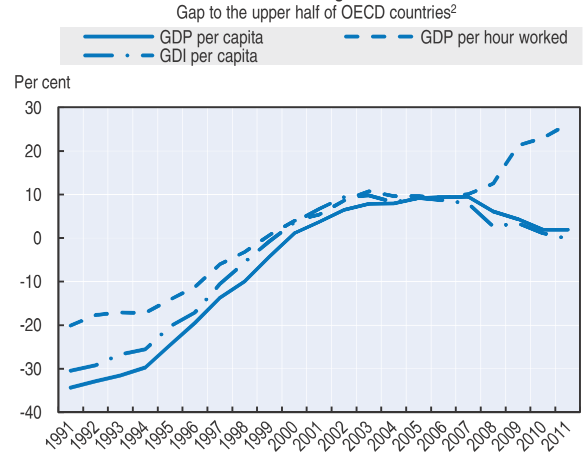
A. Average annual trend growth rates

Per cent

		2001-06	2006-11
Potential GDP per capita		3.3	1.6
Potential labour utilisation		0.9	-0.8
of which:	Labour force participation rate	0.7	-0.2
	Employment rate[1]	0.1	-0.6
Potential labour productivity		2.4	2.4
of which:	Capital intensity	0.9	1.3
	Labour efficiency	1.1	0.7
	Human capital	0.5	0.4

B. The positive gap in GDP per capita prior to the crisis has become negative

Gap to the upper half of OECD countries[2]



1. The employment rate is defined with respect to the economically active population and therefore captures the (inverse) changes in the structural unemployment rate.
2. 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: OECD, *National Accounts and OECD Economic Outlook 92 Databases*.

StatLink http://dx.doi.org/10.1787/888932776922

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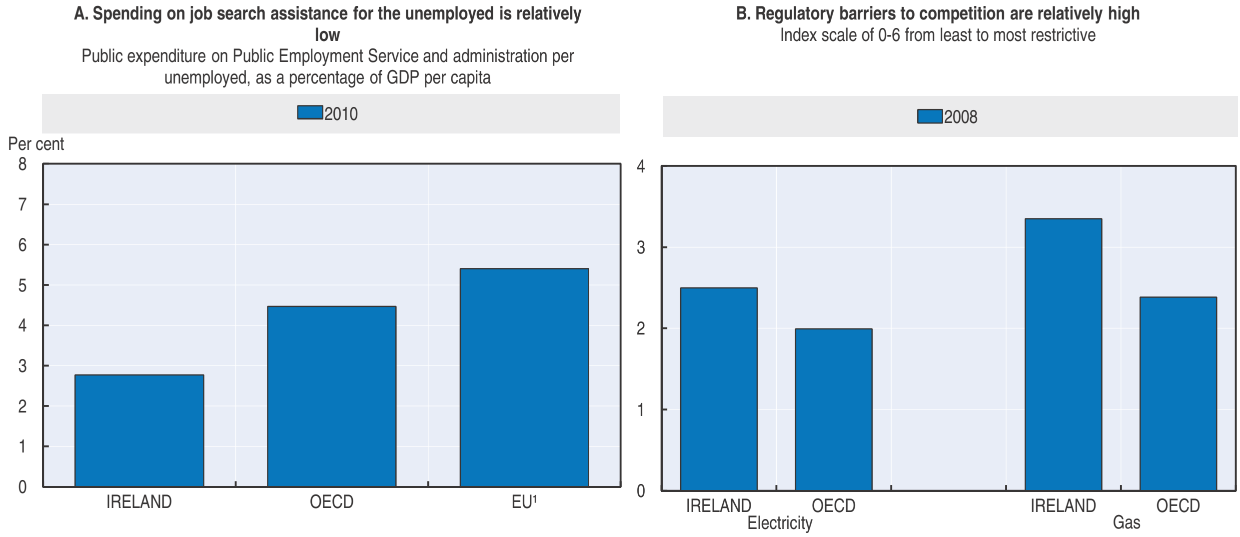
Policy indicators



1. Average of 21 EU countries members of the OECD.

Source: OECD, *Public expenditure and participant stocks on LMP*, *OECD Economic Outlook and Product Market Regulation Databases*.

StatLink http://dx.doi.org/10.1787/888932776941

Identifying *Going for Growth 2013* priorities

Priorities supported by indicators

Strengthen work incentives for women. Female participation rates are below those of best-performing OECD countries, especially for mothers.

Actions taken: No action taken.

Recommendations: Prioritise access to community childcare to working parents, especially lone parents.

Strengthen competition in non-manufacturing sectors. Competition in utilities and some sheltered service sectors remains relatively weak.

Actions taken: The Competition law was amended in 2012 to enhance the enforcement capacity of the Competition Authority. Legislation to establish an independent regulator for the legal profession was introduced to the Parliament in 2011. Restrictions on the number of general practitioners qualifying were eliminated in 2011 by agreement with the Irish College of General Practitioners. In February 2012 the government announced the partial privatisation in 2013 of the incumbent electricity and gas companies.

Recommendations: Further reduce surface area restrictions in retail distribution. Decrease vertical integration in electricity and gas. Introduce civil fines in competition law.

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

Actions taken: The R&D tax credit was given greater scope and flexibility in the 2012 Budget.

Recommendations: Concentrate resources for promoting cooperation between industry and researchers in a smaller number of centres of excellence. Make the R&D tax credit more focussed on additional activity.

Other key priorities

Enhance active labour market policies (ALMPs). Implementation of conditionality under activation measures is relatively weak.

Actions taken: In 2011 sanctions were increased for refusing a job offer or training, profiling of jobseekers was introduced to better target those at risk of becoming long-term unemployed and the number of training places expanded. Rollout of one-stop shops (benefits, job-search, profiling and training) for the unemployed started in October 2012.

Recommendations: Increase resources for job-search assistance while enforcing tighter requirements for job search and participation in ALMPs. Increase the workplace training component of vocational education. Enlarge the set of trades covered by apprenticeship programmes. Reduce participation periods in job creation schemes. Re-skill the unemployed using training programmes aligned with labour market skill needs and participant backgrounds.

***Reform bankruptcy procedures*.**[1] Bankruptcy law is ill-equipped to resolve widespread non-performing loan problems, impeding the healthy functioning of credit markets and ultimately growth.

Recommendations: Introduce a structured non-judicial debt settlement and enforcement system for personal insolvency cases.

Previous *Going for Growth* recommendation no longer considered a priority

Further improve infrastructure. In order to lift infrastructure quality and quantity, it was recommended that the scope of user charges be increased, not least with respect to water usage, and road congestion charges be considered.

Actions taken: Electricity generation capacity and grid interconnection with the UK have been increased. An upgrade and major expansion of Dublin airport was opened at the end of 2010. The government started to set up Irish Water, a national water utility, to take over from local authorities at the end of 2012 and will introduce water metering for homes from late 2013 to facilitate charging by the start of 2014.

1. New policy priority identified in *Going for Growth 2013* (with respect to *Going for Growth 2011*).

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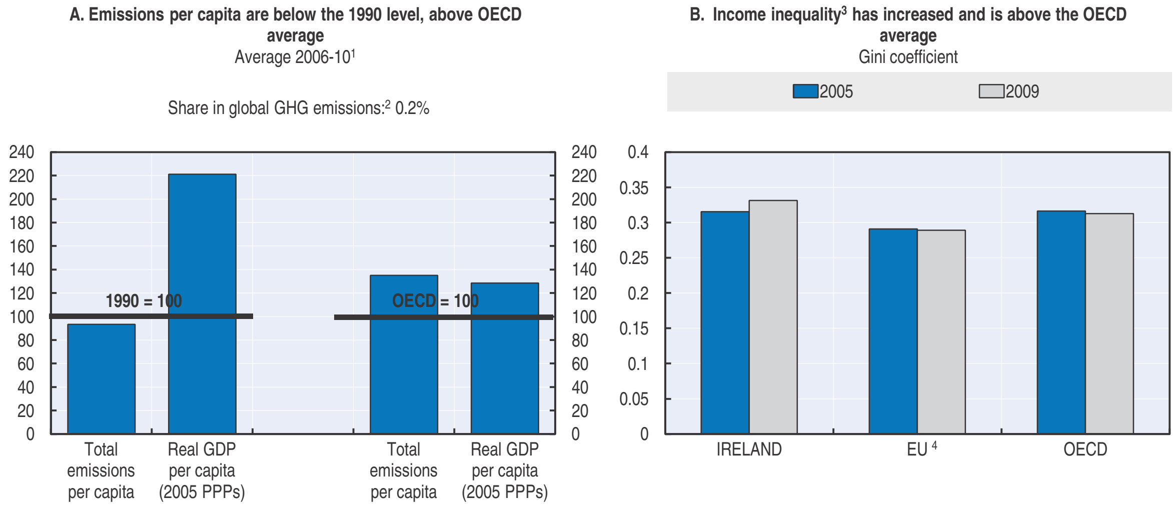
Other dimensions of well-being: Performance indicators



1. Total GHG emissions including LULUCF in CO_2 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 and is an average of years 2005, 2008 and 2010.
3. Income inequality is measured by the Gini coefficient based on equivalised household disposable income for total population.
4. Average of 21 EU countries members of the OECD.

Source: United Nations Framework Convention on Climate Change (UNFCCC) Database; OECD, *Energy (IEA) Database* and *OECD Income Distribution Database*, provisional data (*www.oecd.org/els/social/inequality*).

StatLink http://dx.doi.org/10.1787/888932776960