

DISCUSSION PAPER SERIES

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**Faces of Joblessness in Ireland:
A People-Centred Perspective on
Employment Barriers and Policies**

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JUNE 2018

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ABSTRACT

Faces of Joblessness in Ireland: A People-Centred Perspective on Employment Barriers and Policies

In the aftermath of the financial and economic crisis, large shares of working-age individuals in Ireland either did not work or only to a limited extent. As the labour-market recovery gathered pace during 2013, 32% were without employment during the entire year, and a further 14% had weak labour-market attachment, working only a fraction of the year, or on restricted working hours. This paper applies a novel method for measuring and visualising employment barriers of individuals with no or weak labour-market attachment, using household micro-data. It first develops indicators to quantify employment obstacles under three broad headings: (i) work-related capabilities, (ii) incentives, and (iii) employment opportunities. It then uses these indicators in conjunction with a statistical clustering approach to identify unobserved (“latent”) groups of individuals facing similar combinations of barriers. The resulting typology of labour-market difficulties provides insights on the most pressing policy priorities in supporting different groups into employment. A detailed policy discussion illustrates how the empirical results can inform people-centred assessments of existing labour-market integration measures and of key challenges across different policy areas and institutions. The most common employment obstacles in Ireland were limited work experience, low skill levels, and scarce job opportunities. Although financial disincentives, health problems and care responsibilities were less widespread overall, they remained important barriers for some groups. A notable finding is that just under 40% of jobless or low-intensity workers face three or more simultaneous barriers, highlighting the limits of narrow policy approaches that focus on subsets of these employment obstacles in isolation.

JEL Classification: C38, H31, J2, J6, J8

Keywords: employment barriers, profiling, activation, policy coordination

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1. Introduction and motivation

1. Across EU and OECD countries, between 16 and 50% of working-age individuals are without employment, and a significant share of workers are in unstable jobs, or work intermittently or fewer hours than they would like. The factors contributing to joblessness or underemployment are varied and can relate to individual circumstances and characteristics, to specific policy choices, or to the broader economic context, such as a cyclical labour-market weakness. Good-quality information on the employment barriers that people are facing is crucial for formulating strategies to overcome them, and for assessing the effectiveness of existing policy measures aiming to strengthen labour-market outcomes.

2. The “Faces of Joblessness” project (www.oecd.org/social/faces-of-joblessness.htm), undertaken jointly by the OECD and the European Commission, develops and applies a novel methods for identifying groups of people with no or weak labour-market attachment, as well as their employment barriers. It covers selected EU and OECD countries and is organised broadly in three parts. A first part presents typologies of underutilised employment potential. To do this, the analysis employs survey data that allow considering individual work patterns over an entire year. Going beyond snapshots of people’s labour-market status facilitates a discussion of underemployment, e.g., in the form of intermittent or occasional work, which is attracting growing policy attention.

3. A second part assesses the incidence and severity of key barriers that may hinder stable or higher-intensity employment for those on the margins of the labour market. The examination of barriers relies on a series of quantitative indicators of concrete labour-market obstacles accounting for *individual* (eg skills, work experience, health), *household* (care responsibilities) and *labour market / institutional* (labour demand, work incentives) contexts, and providing a rich account of employment barriers and characteristics (“faces”) of different groups. In particular, the quantitative information on employment barriers is used to reveal groups who share similar combinations of barriers and who are therefore likely to provide a good basis for tailoring and targeting policy interventions.

4. A third part employs this empirical information to support a policy inventory for selected groups. Essentially, the results on employment barriers are used to examine whether existing activation and employment-support policies are well-adapted to the barriers and characteristics that are prevalent in the selected population groups. By discussing existing policy configurations from the perspective of the employment barriers that people are facing, this bottom-up approach is intended to provide concrete input into policy discussions on how to adapt employment-support measures to different groups and evolving labour-market realities. For instance, the results can inform assessments of whether specific groups are “on the radar” of existing activation and employment-support policies, whether existing policy configurations are suitably customised to the needs of specific

labour-market groups, and whether employment support is accessible to those who are likely to benefit from it.

5. This paper presents results and selected policy implications for Ireland, drawing on the latest wave of the EU-SILC data (2014) that was available for this project. 32% of working-age individuals in Ireland were persistently out of work for at least 12 months, and a further 14% had low work intensity working less than half of the year, or reporting limited working hours or very low earnings. The empirical approach in this paper can be easily repeated with data for later periods. However, while the size of groups is likely to change as the labour market recovers and cyclical unemployment is absorbed, the more structural barriers are likely to persist while underlying policy and related constraints remain in place.

6. The potential employment barriers that were most common among these 46% of the working-age population were limited work experience, low skill levels, and scarce job opportunities. Although financial disincentives, health limitations and care responsibilities were less widespread overall, they represented important barriers for some groups. A striking finding is that large shares of those with no or weak labour-market attachment face multiple simultaneous employment barriers: 39% faced three or more significant barriers, highlighting the limits of narrow policy approaches that focus on subsets of these barriers in isolation.

7. Section 2 discusses the labour-market and social context in Ireland in which the Faces of Joblessness analysis is undertaken, summarises empirical results on the incidence of employment barriers among working-age individuals with no or weak labour-market attachment, and presents a typology of distinct labour-market groups of shared sets of employment barriers and characteristics derived from a comprehensive statistical segmentation analysis. Section 3 provides an overview of Ireland's policy stance on activation and employment-support policies drawing on a range of available data and policy indicators. Section 4 seeks to illustrate how bottom-up information on patterns of individual employment barriers can inform a discussion of policy priorities, effectiveness and gaps. This is done by undertaking a selective policy inventory for three of the groups identified in the empirical part: (a) Mothers with limited work experience and with care responsibilities; (b) Parents with higher-income partners and care responsibilities; and (c) Economically vulnerable parents without any past work experience and with care responsibilities. A concluding section summarises key policy implications.

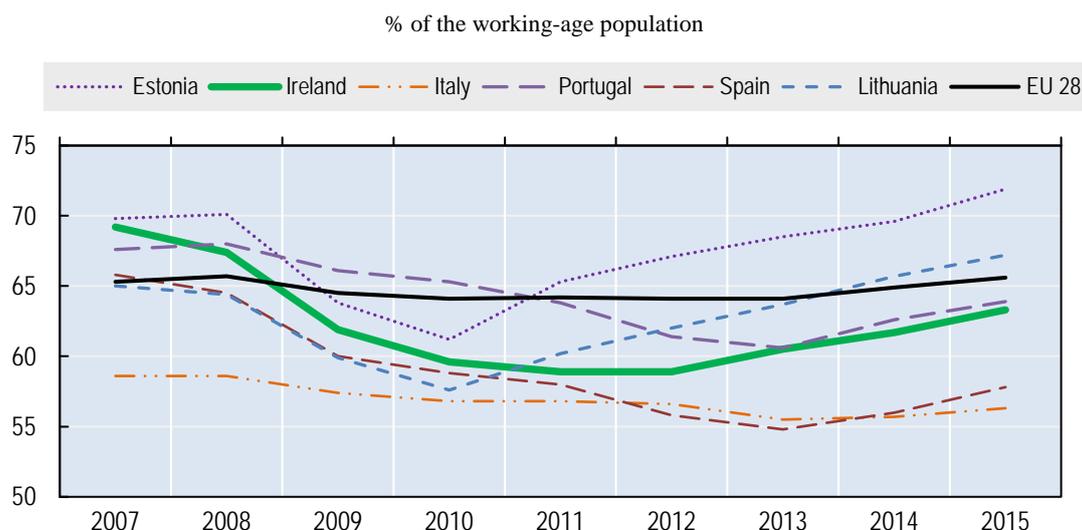
2. Faces of Joblessness in Ireland

8. As background for the policy inventory in Sections 3 and 4, this section provides a summary of the incidence and patterns of employment barriers in Ireland. The summary is based on an in-depth profile analysis of jobless individuals and those with weak labour-market attachment. Full details on the employment barriers and the specific population groups sharing similar types of barriers are reported in a [statistical companion paper](#) (Browne and Pacifico, 2016, available through the project website <http://www.oecd.org/social/faces-of-joblessness.htm>).

Labour-market and social context

9. Ireland had a relatively high employment rate before the crisis (above the EU average and higher than the other countries studied in this project apart from Estonia, see Figure 1) but was among the worst-affected countries in the immediate post-crisis period from 2008 to 2010: the employment rate fell by 8ppts over these two years and only began to recover in 2013. This was two years later than in the Baltic States but a year earlier than in Spain and Portugal. Recovery was comparatively slow and in 2015 the employment rate in Ireland was still considerably below its pre-crisis peak, and below the EU average. Both unemployment and inactivity rates have risen over this period, with the labour force participation rate 2.6 percentage points (ppts) lower in 2015 than it had been in 2007.

Figure 1. Employment rates: steady recovery now well established



Source: Eurostat Labour Force Statistics.

10. As in other countries, employment rates are higher in Ireland for men than women and for those aged 25-55 than those aged under 25 or over 55. The gender employment gap was 12.5ppts in 2015, slightly above the EU average (for those aged 20-64). Potential explanatory factors include the high cost of childcare in Ireland and weak financial work incentives for families with children brought about by comparatively steep withdrawal of means-tested benefits. These factors are particularly important for lone parents, as demonstrated by Ireland's very low lone parent employment rate. The gap in employment rates for those with low levels of education and skills (which are particularly prevalent among older age groups) is also large in Ireland, and skills shortages have been reported in the ICT sector among others (European Commission, 2016).

11. Although overall employment rates in Ireland are not especially low (see Figure 1), worklessness is more heavily concentrated at the household level than in other countries. The proportion of adults living in households with very low work intensity is therefore much higher than the EU average, and the highest of the six countries studied in this project. Correspondingly, the proportion of the working-age population that is at risk of poverty or social exclusion (AROPE) is also relatively high in Ireland, above the EU average, although lower than in Spain. Income poverty and material deprivation rates, however, are in line with the EU average: even though many of those who do not work live in workless households, the relatively high level and targeted nature of income-replacement benefits in Ireland are effective at reducing poverty risks. Low tax burdens and the in-work support available to low-income earners reduce poverty rates among those in paid work, including for part-time workers.

Table 1. Risk of poverty or social exclusion

2014, in % of people aged 16-64

	Ireland	Estonia	Italy	Lithuania	Portugal	Spain	EU28
People at risk of poverty or social exclusion	29	25	29	26	28	32	25
People at risk of poverty							
All	17	20	20	18	19	23	17
Not working	31	36	31	35	32	36	31
Working	6	12	11	8	11	13	10
full-time	3	11	10	7	9	10	8
part-time	11	20	17	24	31	23	16
Households without children	15	25	16	18	16	16	15
Households with children	16	18	24	20	23	28	19
People living in households with severe material deprivation ⁽¹⁾							
All	9	6	12	12	10	8	9
Households without children	6	7	10	16	10	6	8
Households with children	10	5	13	12	11	9	10
People living in households with very low work intensity ⁽²⁾	21	8	13	9	13	18	12

Note: (1) individuals aged 18-64; (2) individuals aged 18-59. The risk of poverty is computed using the Eurostat methodology.

Source: Eurostat (EU-SILC 2014).

Target groups for activation and employment-support policies

12. Individuals with labour market difficulties frequently move between non-employment and different states of "precarious" employment. As a result, limiting attention to "snapshots" of non-employed (or underemployed) individuals in a specific point in time, such as those based on labour force surveys, may not capture

the true extent of labour-market difficulties or the need for policy intervention. To cover the potential scope of AESPs, the population considered in this paper includes working-age individuals who are persistently out of work (either unemployed or labour-market inactive) as well as individuals who work intermittently or whose labour-market attachment is “weak”, e.g. because they work only very few hours or they move in and out of short-duration jobs. This broad target population includes all potential target groups for AESP policy intervention. Box 1 defines each sub-group in more detail and explains how it is identified in the EU-SILC data.¹

**Box 1. Population groups with potential labour market difficulties
(target population for the analysis in this paper)**

The target population of interest in this paper includes those who are persistently out-of-work, as well as those with weak labour-market attachment.

The **persistently out-of-work** population (*long-term unemployed* or *inactive*) includes individuals reporting no employment activity throughout the *reference period*. The reference period corresponds to 12 consecutive monthly observations in the *income reference year* (the twelve months prior to the interview date).

The group with **weak labour market attachment** (or “*underemployed*”) refers to individuals reporting employment activity during the *reference period* matching any of the following three situations:

Unstable jobs: individuals working only a limited number of months throughout the reference period. The threshold is equivalent to Eurostat’s low-work-intensity measure: Above zero but no more than 45% of potential working time in the income reference year. To reconcile information reported for the income reference period and at the moment of the interview the following individuals are also considered in this group: 1) Workers who report no work activity during the income reference period but who are working at the moment of the interview and, 2) workers with between 45% and 50% of work activity during the income reference period who do not report any work activity in either the last month of the income reference period or at the moment of the interview.

Restricted hours: workers who spent most or all of the reference period working *20 hours or less* a week.⁰ However, individuals working 20 hours or less who are not likely to have additional work capacity, e.g. due to ongoing education or training, are excluded.

Near-zero earnings: individuals reporting some work activity during the income reference period but negative, zero or *near-zero* monthly earnings (less than one third of the statutory minimum wage for 2013). In addition to possible classification error, situations included in this group could signal potential labour market difficulties, such as underpayment and/or informal activities.

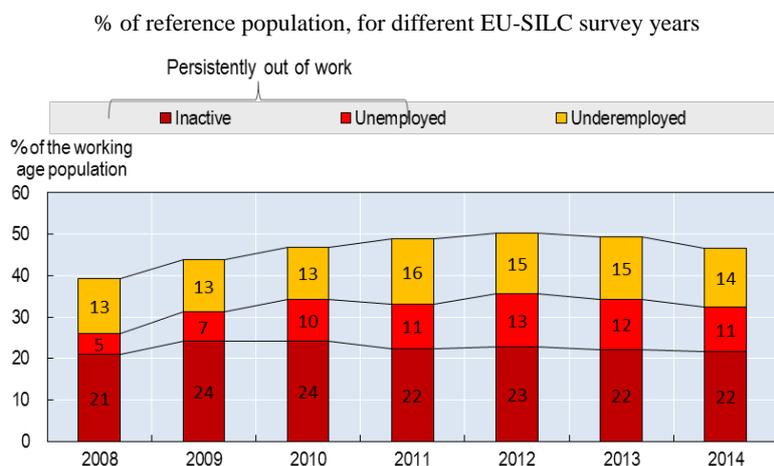
The 20-hours threshold is approximately in-line with the 45% “part-year” threshold that identifies the group with unstable jobs. For a 40-hours working week in a full-time job, 45% of full-time would correspond to 18 hours a week. However, in EU-SILC, the distribution of working hours in the main job shows a high degree of bunching at 10, 15, 20 and 25 hours a week. As the closest multiple of 5, a value of 20 hours was therefore chosen.

13. Despite major definitional differences, the trends in the share of the population who are classified as persistently out of work according to this definition in SILC data (that is, throughout the reference period, see Figure 2) are similar to the trends in snapshot measures of employment based on LFS data as shown earlier in Figure 1. Economic inactivity, long-term unemployment and underemployment (as defined in Box 1 above) all rose between SILC survey years 2008 and 2012 (note that as the reference period for the SILC survey is the previous 12 months, each

1. See Fernandez et al. (2016) for a discussion of the reference data and the sub-groups included in the target population.

SILC survey year contains data from the previous calendar year, e.g. this will cover part of the end of 2007 for those interviewed in 2008) and then fell slightly in SILC survey years 2013 and 2014 (similarly, the reference period for these two SILC survey years will include some of the previous calendar year).

Figure 2. Trends of population groups with potential labour market difficulties

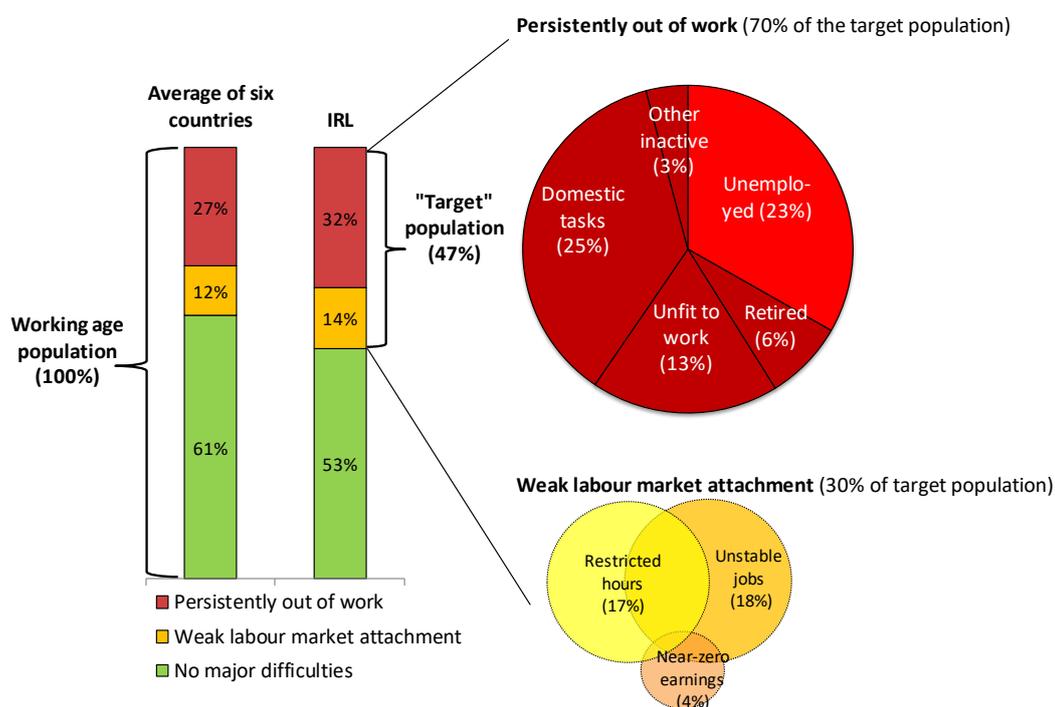


Note: See Box 1 for the definitions of the three groups.

Source: Calculations based on EU-SILC 2008-2014.

14. Following the definitions in Box 1, individuals with *no or weak labour market attachment* represent 47% of the *working-age population* in Ireland (Figure 3). Of the 70% who were out of work throughout the entire reference period, the most frequently reported status was “domestic tasks” (25% of the target population). 23% reported being unemployed, and 13% reported that they were unfit to work. The “underemployed” are split fairly evenly between those who spent part of the year not in paid work and those who worked part-time throughout the year. A relatively small number of those in paid work reported “near-zero” earnings.

Figure 3. Size and composition of the population with potential labour market difficulties



Note: The six-country average is unweighted. See Box 1 for definitions of the different groups. The working age population refers to adults (18 to 64) excluding full-time students and those in compulsory military service.
Source: Calculations based on EU-SILC 2014.

Employment barriers: Summary of empirical results

A typology of employment barriers

15. Individuals with no or weak labour-market attachment often face a number of employment barriers that prevent them from fully engaging in the labour market. Although these barriers cannot be measured directly, proxy indicators can be developed using the information provided in survey data like the EU-SILC. Following Immervoll and Scarpetta (2012), we construct and apply a series of empirical indicators for the three main categories of employment barriers below. The label of each barrier, e.g. “lack of skills” or “high non-labour income”, refers to a specific indicator which is described in Browne and Pacifico (2016) and summarised in Annex 2 below.

16. **Limited work-related capabilities**, evaluated along five dimensions:

- Item 1: *lack of work-related skills*, a combined indicator using information on the skill level of any previous job in conjunction with the person’s education level. Skills as “low” if the most recent job was in one of the lowest two categories of the ISCO-08 classification system, and if the person has not completed tertiary education.
- Item 2: *health limitations*, i.e. whether an individual reports long-standing (longer than six months) physical or mental limitations in daily activities.

- Item 3: *care responsibilities*, i.e. whether an individual has a family member who requires care and state that their reason for not working is care responsibilities, or they are the only person in the household who can provide it.
- Item 4: *no recent work experience* at all.
- Item 5: *low overall work experience* relative to potential experience.

17. **Reduced financial work incentives**, evaluated along two dimensions:

- Item 1: *high earnings-replacement benefits*, i.e. out-of-work benefits are high relative to the individual's potential earnings.
- Item 2: *high income when not in paid work*, i.e. living in a household with high levels of income that are unrelated to own work effort.

18. **Scarce job opportunities**. One item only:

- The risk (in a statistical sense) of remaining without a job for 12 months or longer *despite* active job search and availability for work. The risk is estimated with a regression model including region, age group, gender and education as independent variables. See Fernandez et al (2016) for details.

19. Employment barriers are significantly more common in the target population than among those with stronger labour market attachment, indicating that they are indeed reasonably well associated with employment outcomes. They also tend to be more common among those who have been persistently out of work than among individuals with weak labour-market attachment. This is shown in Table 2, which shows the shares of individuals in the *target* and the reference (working-age) population facing each of the employment barriers listed above. The 'high levels of non-labour income' barrier is the only one that is less prevalent in the target population than in the reference population, and less prevalent among those persistently out of work than among the underemployed: those with strong labour-market attachment may, for example, be more likely to have a high-earning spouse, perhaps because of selection effects in the family formation process (assortative mating).

Table 2. Employment barrier indicators

% of population facing different types of barrier

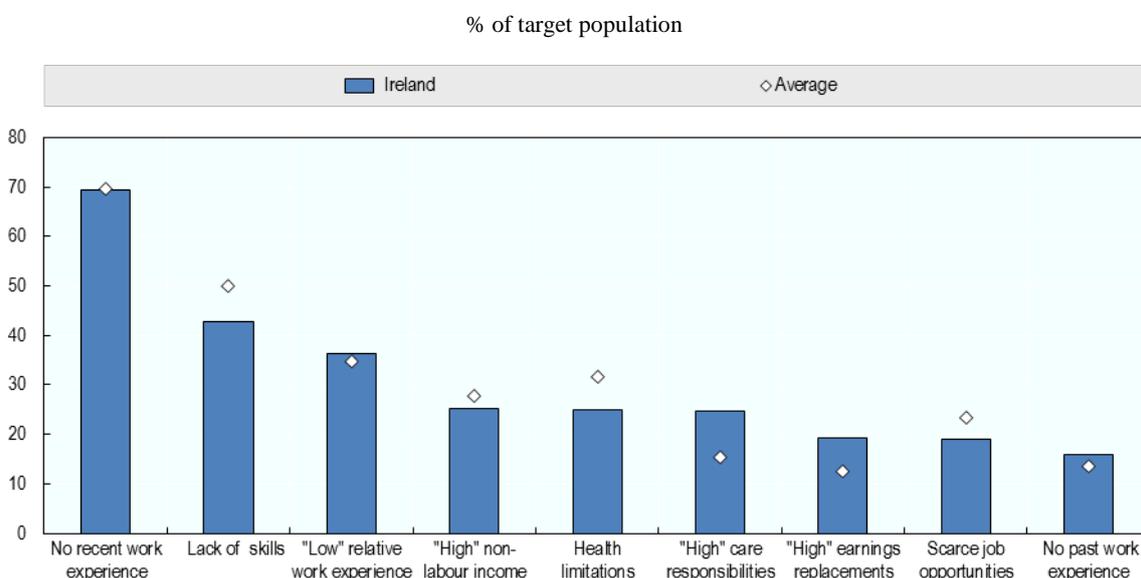
	Reference population	Target population		
		All	Persistently out of work	Underemployed
Insufficient work-related capabilities				
"Low" education and skills	29	43	47	32
Health limitations	15	25	31	10
Care responsibilities	12	25	26	22
No work experience at all	7	16	22	0
Positive but "low" relative work experience	25	36	40	28
No recent work activity	32	70	100	0
Lack of financial work incentives				
"High" non-labour income	32	25	22	32
"High" earnings replacements	11	19	21	15
Scarce job opportunities				
Scarce job opportunities	15	31	39	14

Note: See text for definitions and thresholds.

Source: Calculations based on EU-SILC 2014. Working-age population: all working-age adults (18 to 64) excluding full-time students and those in compulsory military service. Target population includes members of the working-age population who are out of work throughout the income reference period (those who are “persistently out of work”) and those who work for less than 45% of the reference period, or less than 20 hours per week for more of the reference period, as well as those who work full time for most of the reference period but earn less than a third of the statutory minimum wage (these are collectively referred to as individuals with “weak labour market attachment”). For more details see Box 1.

20. “Low work experience” and “lack of skills” are the most frequent barriers in Ireland (70% of the target population have no recent work experience, 36% have low work experience overall and 43% have low skills) whereas “scarce job opportunities” and “high earnings-replacement benefits” are less common (19%). Figure 4 compares the incidence of employment barriers in Ireland with the average among the six countries.² The share of individual facing different employment barriers is usually either slightly higher or slightly lower than the average for the six countries. Although low skills are common among older working-age individuals in Ireland, younger generations have higher levels of education, with the result that low skills are less common as a barrier to employment in Ireland than in the six countries as a whole. Similarly, “health limitations” and, following the recovery in the labour market, “scarce job opportunities” are less common barriers for the target population in Ireland. However, “care responsibilities” and “high levels of earnings replacement benefits” are more common than in the six countries overall. As mentioned above, possible reasons for this are the high level of childcare costs and higher levels of out-of-work benefits for families with children in Ireland.

Figure 4. Employment barriers in Ireland



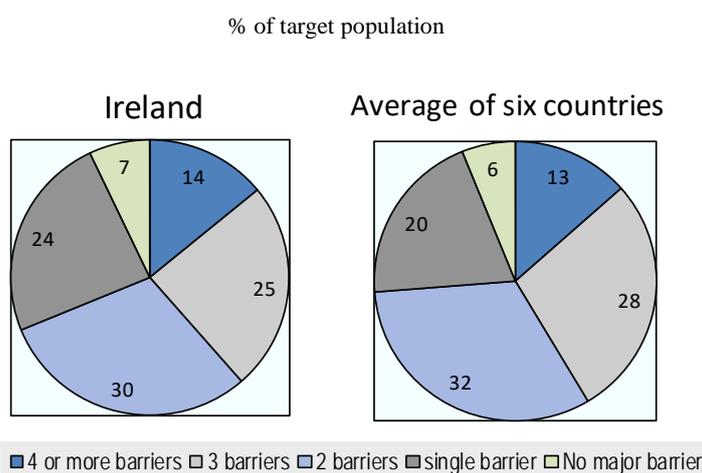
Note: See Annex 2 for definitions and thresholds. The six-country average is unweighted and replicates the precise definition of barriers adopted for Ireland in this paper. Because definitions are country-specific to some extent, the averages may differ from those reported in Faces of Joblessness studies for the other five countries.

Source: Calculations based on EU-SILC 2014.

2. Figure 4 shows the six-country average using a coherent specification of the indicators corresponding to the indicators used for Ireland, even where definitions of employment-barrier indicators used in country-specific reports for the five other countries differ. See figure notes.

21. Only a quarter of individuals in the target population in Ireland face just a single employment barrier, 30% face two simultaneous barriers, 30% face two simultaneous barriers, and around two fifths face three barriers or more (Figure 5). Even though multiple simultaneous barriers are common in Ireland, they are less so than in other countries covered by this project.

Figure 5. Number of simultaneous barriers



Note: The six-country average is unweighted.

Source: Calculations based on EU-SILC 2014.

Identifying distinct groups for policy intervention

22. The statistical profiling analysis, reported fully in Browne and Pacifico (2016), suggests that the population with no or weak labour market attachment in Ireland can be separated into *eleven distinct groups*, each with sets of employment barriers that are meaningfully distinct from the other groups. Table A1 and A2 in Annex 1 report employment barriers and a range of demographic and socio-economic characteristics (such as gender, age, poverty risks, etc.) for each group. This information helps to attach indicative labels or “faces” to the members of the nine groups. The sizes of these groups, along with suggested labels are reported in Table 3.

Table 3. Potential targets of activation and employment support

Group labels based on the main employment barriers characterising each group

Group number	Group label	% of the target population
1	Part time workers with few employment obstacles	17
2	Labour-market inactive men with health limitations	14
3	Older labour-market inactive women with limited work experience	14
4	Long-term unemployed men with scarce job opportunities	10
5	Mothers with limited work experience and with care responsibilities	10
6	Parents with higher-income partners and care responsibilities	9
7	Unemployed youth without any past work experience	8
8	Unemployed men with scarce job opportunities and weak financial work incentives	6
9	Experienced well-off early retirees with weak financial work incentives	5
10	Economically vulnerable parents without any past work experience and with care responsibilities	4
11	Older women with low education, health limitations and no past work experience	4

Source: Calculations based on EU-SILC 2014. Group labels are based on the employment barriers with a “high” probability of occurrence within the group. See tables A1 and A2 reports the complete list of individual and household characteristics.

23. One notable inference from the descriptive statistics in Annex Tables A1.1 and A1.2 is that proxy groupings, which are commonly referred to in the policy debate, such as “youth”, “women”, “unemployed”, are far from homogeneous. In some cases, these proxy labels may distract attention from the specific employment obstacles that policies seek to address as they can comprise groups with very different combinations of employment barriers. To successfully address those barriers, suitable policy responses and priorities may be quite different for each of them. For example, the results point to:

- **Three quite different groups of economically inactive parents** (most of whom are mothers) who are likely to respond to policies in different ways. The “*Parents with higher income partners and care responsibilities*” (Group 6) are characterised by higher levels of household incomes and young children requiring care. A second group, “*Mothers with limited work experience and with care responsibilities*” (Group 5), live in poorer households, have limited work experience and are more likely to have low work-related skills. The third group, “*Economically vulnerable parents without any past work experience and with care responsibilities*” (Group 10) faces more severe barriers to employment, having never been in paid work at all, much lower levels of education and skills and facing scarce job opportunities.
- **Two distinct groups with health problems.** The first group, “*Labour-market inactive men with health limitations*” (Group 2) have health limitations, but no other

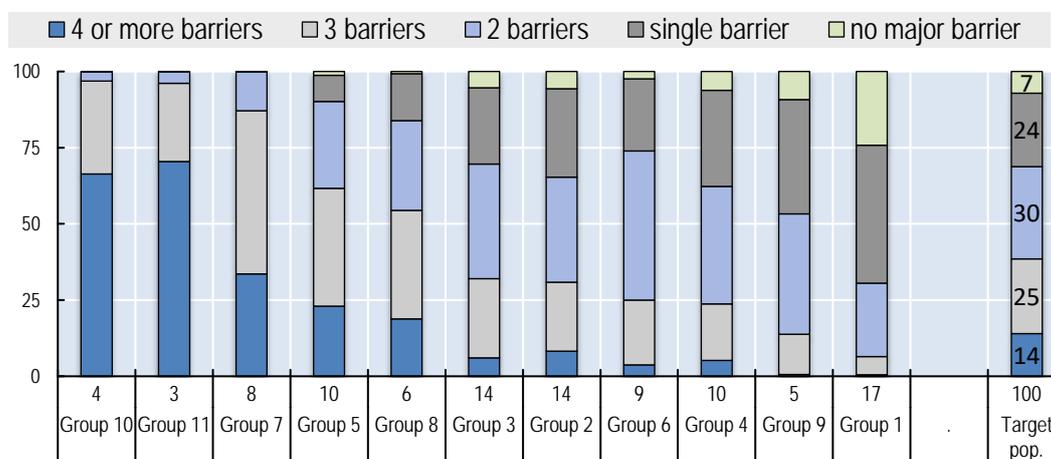
employment barriers that are shared by the majority of the group. However, there are significant minorities with low skills, high earnings replacement benefits and low work experience relative to their potential. The second group, “*Older women with low education, health limitations and no past work experience*” (Group 11), has no work experience, low skills and faces scarce job opportunities.

- **Two different groups of prime-age unemployed.** These two groups – “*Long-term unemployed men with scarce job opportunities*” (Group 4) and “*Unemployed men with scarce job opportunities and weak financial work incentives*” (Group 8) – both face scarce job opportunities, but differ in that the second group have children, and as a result have higher levels of earnings replacement benefits and are more likely to have care responsibilities.
- **Two groups of older inactive people.** The major barrier faced by the first group (“*Older labour-market inactive women with limited work experience*”, Group 3) is a lack of work experience relative to their potential, whereas that faced by the second (“*Experienced well-off early retirees with weak financial work incentives*”, Group 9) is high levels of earnings-replacement benefits relative to potential earnings.
- The clustering analysis only produces **one group of youth with labour market difficulties** (“*Unemployed youth without any past work experience*”, Group 7). Members of this group have no past work experience, low skills and face scarce job opportunities. (This is not to say that Irish youth with labour market difficulties are a homogenous group – some members of groups 1, 5, 8 and 10 are aged under 30 too, but share combinations of barriers with older people – but that there is only one combination of barriers that is shared by many young people but few older people).
- A final group (“*Part-time workers with few apparent employment obstacles*”, Group 1) includes **individuals who work part time** for the majority of the reference period. They face only very few (and sometimes none) of the barriers to employment discussed here. Nevertheless, the barriers that they face may well be informative as to why they choose to work part time, for example 31% live in households with high levels of income that are unrelated to their own work effort (and 62% live with another adult who is in paid work). Other common barriers faced by this group include low skills (33%) and low work experience relative to their potential (31%).

24. In most groups a majority face multiple simultaneous employment barriers (Figure 6). As a result, addressing one barrier in isolation might not be enough to boost employment levels significantly. For instance, about two thirds of the “*Economically vulnerable parents without any past work experience and with care responsibilities*” (Group 10) face four or more employment barriers. Similarly, more than three quarter of the “*Unemployed youth without any past work experience*” (Group 7) face three or more simultaneous barriers. From a policy perspective, these findings point to a need to carefully sequence different activation and employment support measures, and to coordinate them across policy domains and institutions.

Figure 6. Shares of individuals facing multiple simultaneous employment barriers

By group, in descending order of shares facing three or more barriers, in %



Note: Group sizes are reported on the horizontal axis, see also Table 3 and Annex Tables A1, A2. Groups are as follows: 1. “Part-time workers with few employment obstacles”, 2. “Labour-market inactive men with health limitations”, 3. “Older labour-market inactive women with limited work experience”, 4. “Long-term unemployed men with scarce job opportunities”, 5. “Mothers with limited work experience and with care responsibilities”, 6. “Parents with higher-income partners and care responsibilities”, 7. “Unemployed youth without any past work experience”, 8. “Unemployed men with scarce job opportunities weak financial work incentives”, 9. “Experienced well-off early retirees with weak financial work incentives”, 10. “Economically vulnerable parents without any past work experience and with care responsibilities”, 11. “Older women without any past work experience, low education and health limitations”.

Source: Calculations based on EU-SILC 2014.

3. Activation and employment-support in Ireland: Overall policy stance

25. As a general background to the policy inventory for selected groups in Section 4, this section provides an overview of the main income-support, activation and employment-support policies. It draws on a range of key indicators describing out-of-work benefits, the Public Employment Services (PESs) and Active Labour Market Programmes (ALMPs), which are relevant across the groups identified above. It also describes key labour-market challenges and summarises government policy priorities and recent or planned reforms.

Income support: Out-of-work benefits

26. Like most other OECD and EU countries, Ireland operates a range of different income-support measures for working-age adults who have lost their job or have very low incomes. Some of these measures can be considered as earnings replacements for individuals with no (or weak) labour market attachment (e.g., unemployment insurance, maternity leave payments, disability benefits). Others operate mostly as income top-ups and may be available irrespective of work status (family benefits, housing allowances). Earnings-replacement benefits can be categorized into one of the following categories: unemployment, social assistance (guaranteed minimum income benefits, GMI), family support, disability and early retirement.³ Figures 7 and 8 summarise recipient numbers and spending levels for each of the main categories, while Table 4 provides more detailed information on amounts, benefit durations and the main entitlement criteria.

27. Unemployment benefits are the largest category of benefit spending and have the highest number of claimants in Ireland. Claimant numbers and expenditure followed the unemployment rate up between 2007 and 2012 and down since then. It is also noticeable that the number of Jobseekers Allowance claims (a means-tested benefit for the long-term unemployed and those without a sufficient contribution record) has increased relative those of Jobseekers' Benefit (a short-term unemployment insurance scheme) since 2009 as long-term unemployment has increased. 5.5% of the working-age population in Ireland claim disability benefits, and 3.1% income-replacement benefits in the family branch (maternity and lone parent benefits). Less than 1% claim social assistance benefits.

28. Compared to other EU countries, Ireland is exceptional in its expenditures on unemployment and income-replacement family benefits. In both cases this is because the coverage of these benefits extends more widely in Ireland than in most

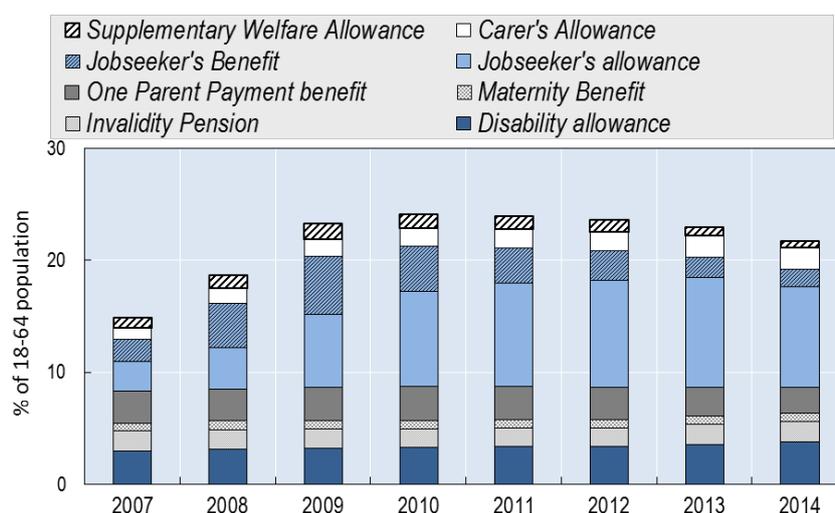
3. This study is focused on working-age individuals. Therefore, earning replacement benefits like old-age pensions or survivor pensions, who are mostly targeted on retirement are and under 18 individuals are not considered. Other earnings replacement benefits like sick leave schemes or work accident insurance payments are not included for (a) methodological reasons and (b) because they are less linked to the labour market situation.

other countries. In Ireland, unemployment benefits can also be received when working part time, so some part-time workers who would be receiving in-work benefits in other countries are unemployment benefit claimants in Ireland. Also, Ireland has a specific income-replacement benefit for lone parents who do not face job search requirements: few other countries have such a scheme, and lone parents with young children claim generalised minimum income benefits instead. Spending is much lower in Ireland than in other European countries in the early retirement benefit category as Ireland does not offer the possibility of claiming state retirement pensions before normal retirement age.

29. As unemployment, disability and lone parent income replacement benefits are set at similar cash amounts, the distribution of claimant numbers and expenditure between the different branches of spending are roughly the same.

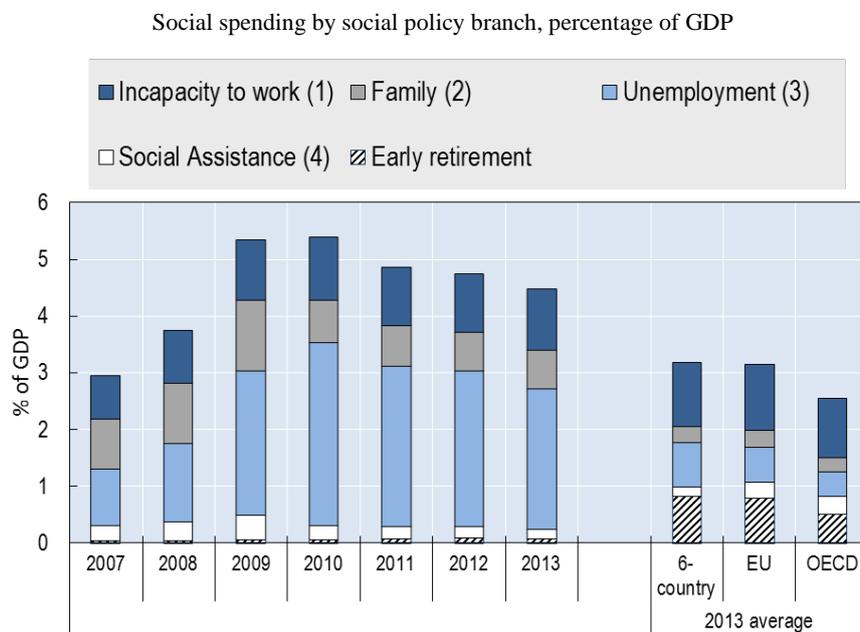
Figure 7. Out-of-work benefits for working-age adults in Ireland-Recipients

Recipients of earnings replacement benefits, percentage of population aged 18-64



Notes: The categorisation of social benefits (branches) mostly follows Eurostat ESSPROS definitions (http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Social_protection_benefits). Information on the programmes in each category is shown in Table 4.

Sources: OECD [SOCR](#) database.

Figure 8. Out-of-work benefits for working-age adults in Ireland -Expenditure

Notes. The benefits considered in each branch are: (1) invalidity pensions and disability allowance; (2) One Parent Family Payment and maternity and parental benefits; (3) Jobseeker's Allowance and Jobseeker's Benefit; (4) Supplementary Welfare Allowance. The entitlement criteria and the duration of these benefits can be found in Table 4. Country averages are unweighted.

Sources: OECD [SOCX](#) database.

Table 4. Main out-of-work benefits in Ireland: entitlement rules, amounts and duration

2014 (the reference year of results in Sections 1 and 2)

Social protection branch	Programme name	Entitlement criteria	Amount	Duration
Unemployment	Jobseekers' benefit (JB)	104 weekly social security contributions paid since starting work of which 39 must have been during the year prior to the start of the claim, or 26 weekly contributions paid in each of the two relevant tax years prior to the start of the claim. Must comply with work search requirements.	EUR 188 per week (29% of AW). Those with a dependent spouse receive an additional EUR 124.80 (19% of AW) plus EUR 29.80 (5% of AW) per week per dependent child. Those whose earnings in the year prior to the start of the claim were less than EUR 300 per week have reduced rates: EUR 147.30 (22% of AW) for those whose previous earnings were between EUR 220 and EUR 300 per week, EUR 121.40 (18% of AW) for those whose previous earnings were between EUR 150 and EUR 220 per week and EUR 84.50 for those whose previous earnings were less than EUR 150 per week. The addition for a dependent spouse is also lower at EUR 80.90 per week (12% of AW). Benefit reduced in proportion to days worked, and fully withdrawn if works more than three days a week.	12 months if more than 260 weekly contributions paid since starting work, otherwise 9 months. 9 week waiting period for those who left work voluntarily.
	Jobseekers' allowance (JA)	Unemployed and not entitled to JB (either because of insufficient social security contributions or because JB expired). Must comply with work search requirements.	EUR 188 per week (29% of AW). Those with a dependent spouse receive an additional EUR 124.80 (19% of AW) plus EUR 29.80 (5% of AW) per week per dependent child. Those aged under 25 receive a lower rate of EUR 144 (22% of AW) per week, and those aged under 22 receive EUR 100 per week (15% of AW) and have a lower dependent spouse addition of EUR 100 per week (15% of AW). Means-tested against family income, with a disregard of EUR 20 for each day worked for each adult and a 60% withdrawal rate above this level. Benefit fully withdrawn if claimant works more than three days a week.	Unlimited up to age 66.
Minimum income schemes	Supplementary welfare allowance	All adults must work less than 30 hours per week.	EUR 186 per week (28% of AW) plus spouse addition of EUR 124.80 per week and per-child addition of EUR 29.80 per week. Means-tested against family income on a one-for-one basis.	Unlimited.
	Carer's Allowance	Resident informal carer for someone claiming Domiciliary Care Allowance.	EUR 204 per week (31% of AW) if caring for one person or EUR 306 per week if caring for two people plus EUR 29.80 per week per dependent child. Amount halved if claiming some other benefits including Invalidity Pension, Disability Allowance, Maternity Benefit and One Parent Payment, or the dependent spouse of a claimant of unemployment benefits. Means-tested against family income with disregard of EUR 332.5 per week for single people and EUR 665 per week for a couple.	Unlimited.
Incapacity to work	Invalidity pension	260 weekly social security contributions paid since starting work, and 48 in the year preceding the start of the claim. Must not be working and have had disability preventing work for at least 12 months that is expected to last a further 12 months.	EUR 193.50 per week (29% of AW). Those with a dependent spouse receive an additional EUR 138.10 (21% of AW) plus EUR 29.80 (5% of AW) per week per dependent child.	Unlimited up to age 66.
	Disability allowance	Must have a disability that has lasted or is expected to last more than 12 months that substantially restricts the claimant's ability to work.	EUR 188 per week (29% of AW). Those with a dependent spouse receive an additional EUR 124.80 (19% of AW) plus EUR 29.80 (5% of AW) per week per dependent child. Means-tested against family income, with an exemption of EUR 120 per week of earnings from rehabilitative work and half of earnings between EUR 120 and EUR 350 per week, and an exemption of EUR 20 per day on spouse's earnings up to a maximum of EUR 60 per week. 60% withdrawal rate on remaining income.	Unlimited up to age 66.
Family	Maternity benefit	39 weekly social security contributions in year prior to claim, and 39 contributions in previous tax year or 26 in each of the previous two tax years. If self employed, a full year of contributions in one of the previous three tax years.	80% of average weekly earnings in previous year up to maximum of EUR 230/week (35% of AW)	26 weeks, of which two must be taken before birth and four after
	One parent payment	Lone parent.	EUR 188 per week (29% of AW) plus EUR 29.80 (5% of AW) per week per dependent child. Means test with disregard of EUR 90 of earnings each week and withdrawal rate of 50%. Fully withdrawn if earnings exceed EUR 425 per week.	Unlimited.

Note: Average full-time/full-year wage (AW) for 2014 is €34,178. Source: Missoc and [OECD tax-benefit policy databases](#).

30. Coverage of **unemployment benefits** extends to those who work up to three days a week in Ireland, and thus includes some people who are not unemployed according to the ILO measure. For this reason, and because income-related unemployment assistance benefits have unlimited duration in Ireland, the “pseudo coverage rate” of unemployment benefits in Ireland is more than 100% (Figure 9, Panel A). The strictness of unemployment benefit conditions is below the average for EU and OECD countries, but not exceptional (Figure 9, Panel B). The strictness of conditions relating to the availability for work and job search requirements are in line with the EU and OECD averages, but sanctions are applied in fewer situations than is typical for EU and OECD countries. Claimants do not have to continue job search if they are taking part in full time ALMPs, and can reject jobs that involve too much travelling from their home. Moreover, the sanctions for rejecting job offers or participation in ALMPs are relatively light: the 9 week disqualification period is short relative to that in other countries.

31. The level of unemployment benefits is high relative to median household income when compared with similar benefits in other EU and OECD countries (Figure 10). This contributes to relatively weak work incentives in Ireland (Figure 11), as benefits replace a higher proportion of the previous net income than in other countries.

32. In Ireland, **guaranteed minimum income benefits** (GMI) are very slightly lower than unemployment benefits and claimed by very few people as most contingencies are provided for by other benefits. Claimants of the basic component of Supplementary Welfare Allowance are for the most part either asylum seekers (who are not allowed to work), waiting for their application for another benefit to be processed or have a short term illness but an insufficient contribution record to qualify for Illness Benefit.

33. There are two main income-replacement **disability benefits** in Ireland which can be claimed by those with a disability expected to last for more than a year: Invalidity Pensions, which can be claimed by those who have a sufficient social security contribution record, and Disability Allowance for those who do not. Spending on disability benefits in Ireland is roughly in line with the OECD and EU averages (Figure 8). Disability allowance is paid at the same amount as unemployment benefits, unlike similar benefits in most other countries, but the invalidity pension is paid at a slightly higher rate. Both payments can be claimed until normal retirement age. However, the Invalidity Pension is not means-tested and cannot be claimed while doing any work,⁴ whereas Disability Allowance is means-tested against family income and rehabilitative work is allowed. There is little engagement with the PES for claimants of these benefits: claimants are taken through the options available to them, but there is little follow up unless claimants are proactive. For sickness-related absences from work, Illness Benefit can be claimed for up to two years, subject to a sufficient past contribution record. Those who have a health condition that is expected to last for less than a year but who do

4. Recipients of Invalidity Pensions can switch to Partial Capacity Benefit if they wish to return to work, but in practice this is an unattractive option as it can be difficult for them to re-establish an entitlement to disability benefits if their condition worsens again. Between June 2012 and November 2015, there were only 4,116 successful claims of Partial Capacity Benefit (source: Written Answer 31 in Dáil Éireann, 19 November 2015).

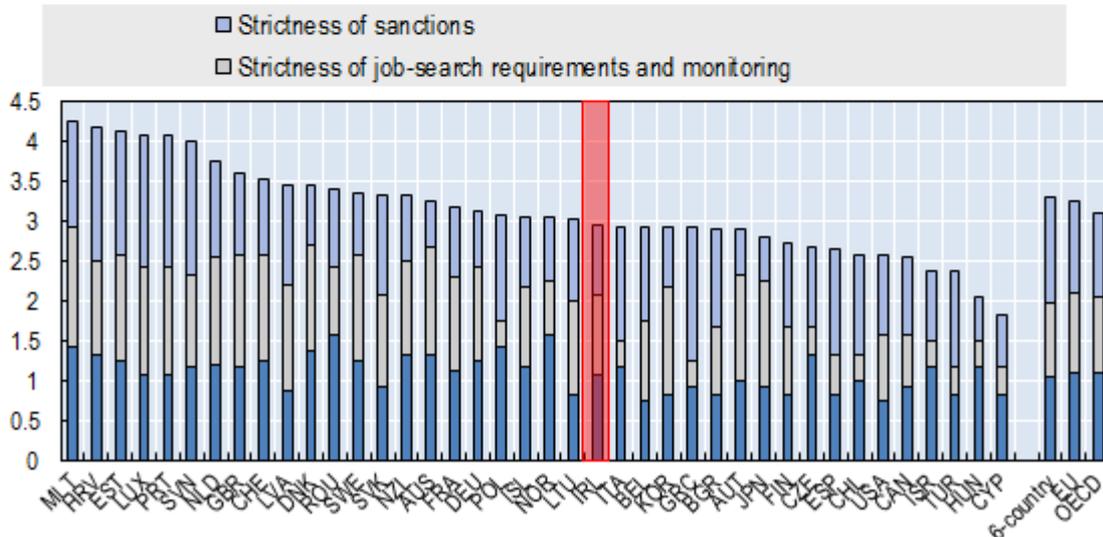
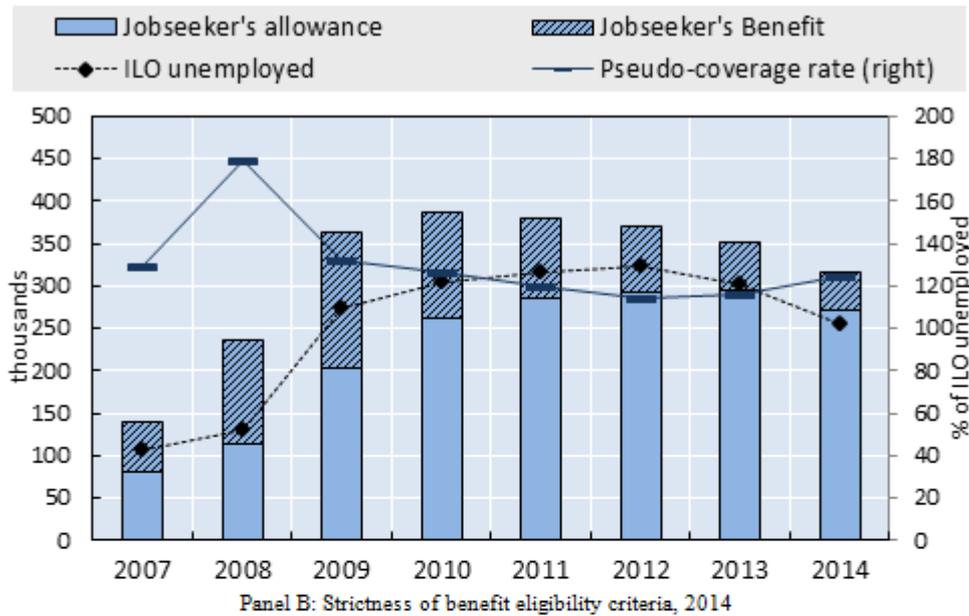
not have a sufficient social security contribution record can claim GMI benefits (see above). There is also a specific benefit for informal carers in Ireland.

34. Income replacement benefits in the category of **family benefits** are more costly than in the average EU country, though as already mentioned this is because Ireland has a specific benefit for lone parents whose youngest child is under 7 (One Parent Family Payment) that does not exist in most other countries (non-working lone parents would typically claim GMI or unemployment benefits instead). This is paid at the same rates as unemployment benefits, but is withdrawn more gradually as earnings rise. **Maternity** benefits last for 26 weeks and are paid at 80% of the previous wage up to a (low) maximum amount that is binding in most cases: for someone earning the average wage, the replacement rate is only 35% (source: OECD Family Database). Unlike many other countries Ireland does not have a parental leave benefit to replace earnings for those looking after young children and thus overall the total amount of support available to mothers in Ireland is the lowest in the EU on a full-rate equivalent basis (i.e. the number of weeks of earnings that are replaced by maternity and parental leave benefits, see OECD, 2016).

Figure 9. Accessibility of unemployment benefits

Panel A: Coverage (pseudo-coverage rate)

Panel B: Strictness of benefit eligibility criteria, 2014

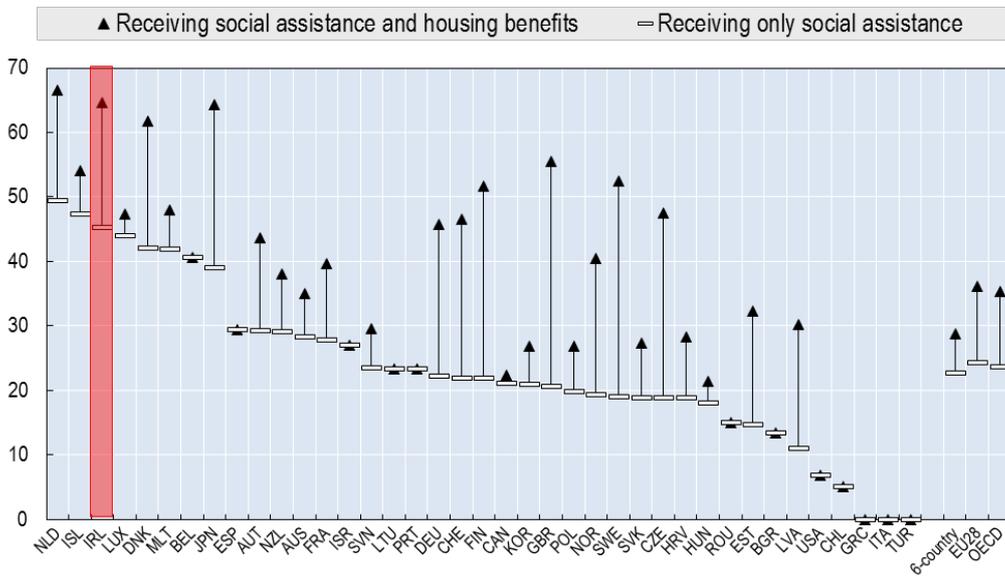


Notes: The “strictness” sub-categories cover the following items. “Strictness of sanctions”: sanctions for voluntary unemployment, for refusing job offers (first/repeated) and for failure to participate in counselling or ALMPs (first/repeated); “Strictness of Job-search requirements and monitoring”: frequency of job-search monitoring and required documentation of job-search; “Strictness of availability requirements and suitable work criteria”: availability during ALMP participation, demands on occupational and geographical mobility, other valid reasons for refusing job offers.

Sources: Panel A: OECD [SOCR](#) database. Panel B: Calculations using Langenbucher (2015).

Figure 10. Income levels provided by cash minimum-income benefits

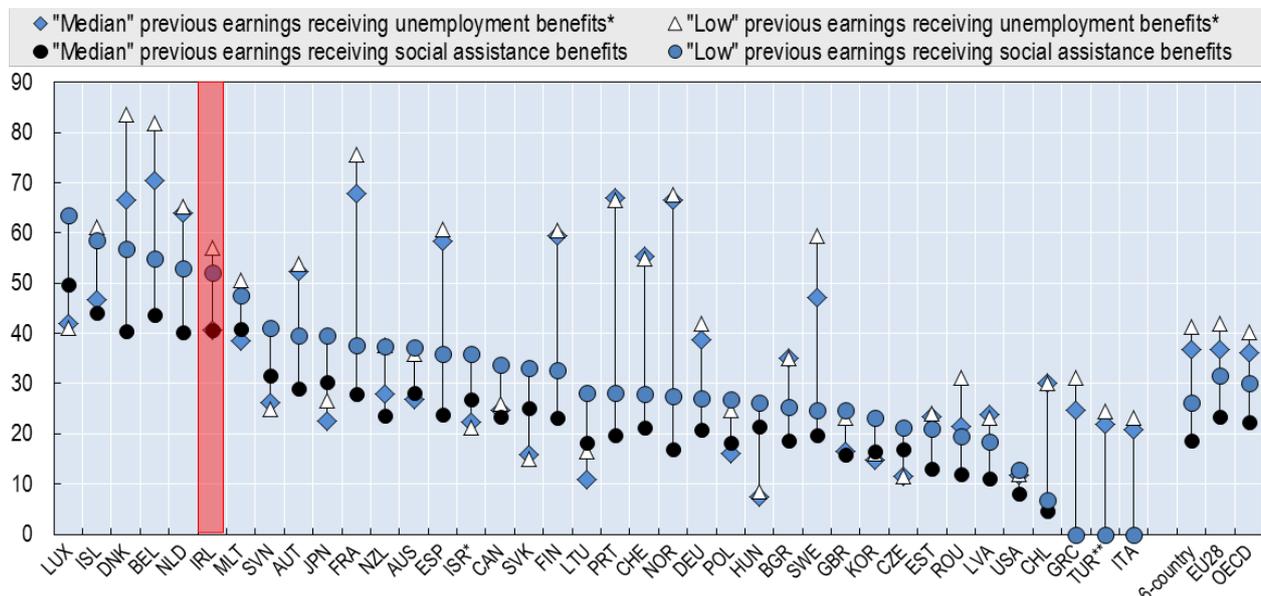
Net income value in % of median household incomes, 2014. Single adults without children



Source: [OECD tax-benefit models](#).

Figure 11. Work disincentives for out-of-work working-age adults

Net replacement rates for unemployment benefit and social assistance recipients, 2014. Single adults without children



Note: Net replacement rates (NRRs) show the proportion of net income in work that is maintained after a job loss. * Social assistance benefits are assumed to be available subject to relevant income conditions. For individuals receiving unemployment benefits the NRRs are averages over a 24-month unemployment spell. All figures are calculated for a prime-age worker (aged 40) with a “long” and uninterrupted employment record. Results are shown for two levels of previous earnings: the 2nd and the 5th decile of the full-time earnings distribution. Where receipt of benefits is subject to activity tests (such as active job-search or being “available” for work), these requirements are assumed to be met. The results do not account for housing benefits. Any income taxes payable on unemployment benefits are determined in relation to annualised benefit values (i.e. monthly values multiplied by 12) even if the maximum benefit duration is shorter than 12 months.

Source: [OECD tax-benefit models](#).

Active labour market policies

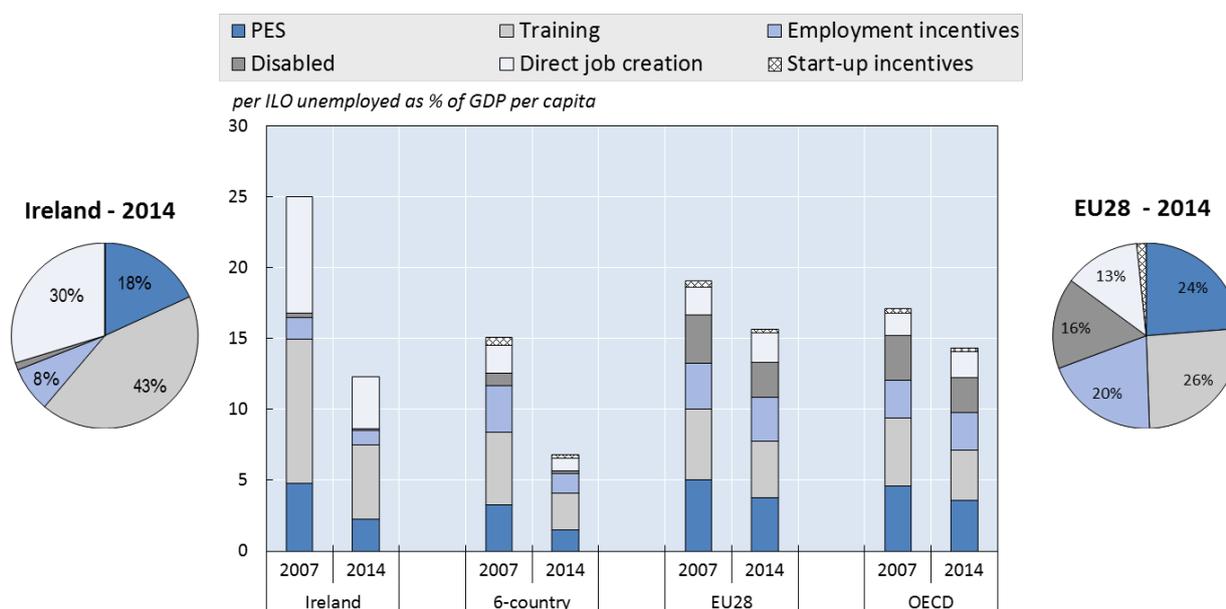
35. Active labour market programmes (ALMPs) in Ireland are administered by Intreo, which was formed in 2012 from a merger of the Training and Employment Authority (FÁS Employment Services) and the Department of Social Protection’s benefit administration services.⁵ There are also Local Employment Services, which offer employment support services and referral to training for all job seekers in local communities; these were kept separate from the merger. Intreo is also responsible for administering unemployment benefits, job mediation services (public employment services, PES), and is funded from general taxation. It has 63 offices and caseworkers have around 100 clients on average. Figure 12 shows a summary of

5. However, other government departments also fund services that may be used by those seeking employment, for example the Department of Housing, Planning, Community and Local Government funds community development schemes including the Social Inclusion and Community Activation Programme (SICAP), the Department of Jobs, Enterprise and Innovation funds Local Enterprise Offices and is responsible for the broader skills agenda, and the Department of Arts, Heritage, Rural and Gaeltacht Affairs is responsible for rural development and runs the LEADER programme in Ireland.

resources devoted to different categories of active labour market policies in Ireland and other countries.

Figure 12. Spending for Active Labour Market Policies by policy area

per ILO unemployed as % of GDP per capita, composition in 2007 and 2014



Source: Calculations based on the OECD LMP database. Unweighted country averages. The pie charts show the share of total spending as reported in the bars.

Public employment services

36. Per unemployed jobseeker, spending on PES is a little lower than the EU and OECD country averages, but was above the average for the six countries covered by this project in 2014 (Figure 12). In 2014, spending per unemployed corresponded to just over 2% of GDP per capita in Ireland compared to just under 4% of GDP per capita on average in the EU-28. PES spending per unemployed has fallen significantly in Ireland since 2007, as funding for the PES has not kept pace with increasing numbers of unemployed.

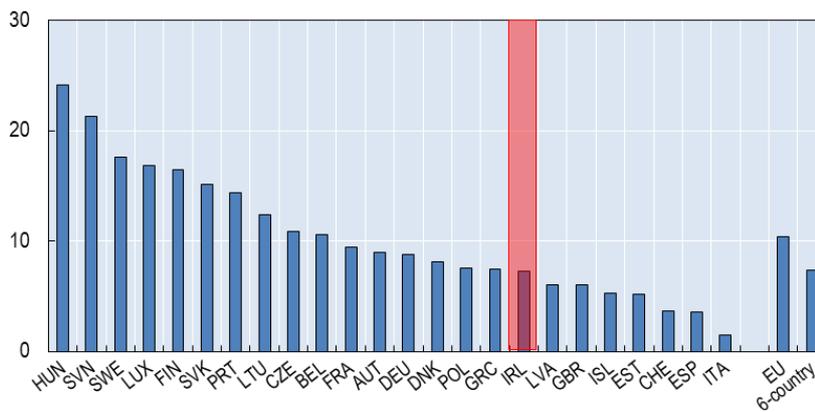
37. Labour force survey (LFS) data indicate that the Public Employment Service is not used widely as a source of finding and using information on job vacancies in Ireland. As in several other countries, relatively few (around 7%) of those who have recently started a new job say that they found it through the PES (Figure 13). This is around the average for the six countries covered by this project but below the EU average. Moreover, fewer than half of those registered with the PES reported using it as a source of information on job vacancies in the previous four weeks (Figure 14). LFS tabulations available from Eurostat suggest that more common channels of job search in Ireland include studying advertisements (90% of all unemployed in 2014), informal contacts such as friends or family (86%) and applying to employers directly (74%).⁶

6. Source: Eurostat table lfsa_ugmsw.

38. Intreo offices are heavily focused on reducing the “Live Register” of unemployment benefit claimants and those unemployed who register with them but have no benefit entitlement, and offer relatively little in the way of services to those who are not receiving an unemployment benefit (see next sub-section). The job readiness of unemployment benefit claimants is assessed at the start of their claim and they are assigned a PEX score. Those with a high score are given a light touch treatment for the first three months and allowed to find a job by themselves, whereas those with a low score are referred to a case officer for more intensive support immediately.

Figure 13. Reliance on PES among recent job starters

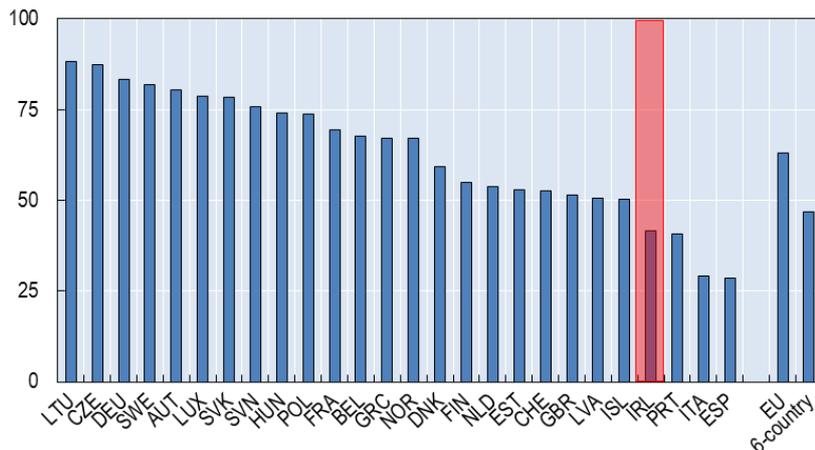
in % of employees aged 25-64 who started a job during the previous 12 months, 2014



Note: Unweighted averages. Norway and the Netherlands are excluded due to high incidence of non-response in the data (more than 30%). Data refer to 2013 for Germany.
Source: Calculations based on EU-LFS 2014.

Figure 14. Reliance on PES among current jobseekers

in % of registered unemployed among the 25-64 population, 2014



Note: Unweighted averages. Norway and the Netherlands are excluded due to high incidence of non-response in the data (more than 30%). Data refer to 2013 for Germany.
Source: Calculations based on EU-LFS 2014.

Active labour-market programmes

39. As in other countries, a clear majority (82%) of total spending on active labour-market policies in Ireland goes towards ALMPs that seek to address specific employability issues. Participation in ALMPs is roughly in line with the EU average, and above the OECD average and that of the six countries studied by this project (Figure 15). Just under 5% of the labour force took part in ALMPs in 2013.

40. Training activities are the biggest spending category in Ireland, representing just over half of total spending in 2014. The Back to Education Allowance permits claimants of social benefits to attend a course leading to a recognised qualification that is higher than those they have already while keeping their benefits, including rent supplements.⁷ Other training programmes available include Springboard, which allows unemployed people to participate in part-time higher education courses in areas with skills shortages, Momentum, which provides lower-level and shorter-term education and training programmes to the long-term unemployed, the Vocational Training Opportunities Scheme, which allows participants to take part in full time vocational training and continue to receive any benefits they are receiving, and the Training Support Grant, which provides funding for privately-run courses to the unemployed and claimants of other social welfare benefits.

41. These programmes generally involve Intreo referring clients to courses run by local Education and Training Boards. Both organisations are fairly new – Intreo was founded in 2012 and Education and Training Boards in 2013 – and this important relationship has taken some time to bed in. From conversations with both organisations, some Intreo officers feel that the courses offered are not well suited to labour market needs or take place too far from claimants' homes,⁸ and educators feel that the expectations of the PES are unrealistic or that the wrong people are being referred to courses.

42. A recent evaluation of the Back to Education Allowance (Kelly et al., 2015) found that it was ineffective at increasing employment among participants even in the medium to long term: those who participated in the scheme were significantly less likely to be in employment four and six years after finishing their courses than a matched comparison group of non-participants. It appeared as though participants were not being directed to appropriate courses and that scheme rules were not being enforced in some cases, as individuals were allowed to cycle through the programme and take multiple courses at the same level rather than advancing to higher qualification levels. However, other research has found strong positive effects from training in job-search skills and medium- to high-level specific skills in Ireland, more modest positive effects of training in general vocational skills and no significant effect from low-level skills training (McGuinness et al., 2011).

7. Although claimants of benefits other than unemployment benefits could simply go on a course without claiming the Back to Education Allowance, this would mean that they would lose any rent supplement they receive as this cannot be claimed by full time students except if they are receiving the Back to Education Allowance.

8. There is no funding available for travel costs for benefit claimants to attend courses. Although the PES can require claimants to attend courses, in practice this rarely happens as caseworkers believe that sanctions will not be upheld on appeal if claimants have to travel significant distances to attend courses and incur transport costs.

43. The other main area of spending, representing just over a third of the total, are direct job creation measures (Table 5). These include the Community Employment Scheme, Tús and Gateway, which offer job placements with either voluntary organisations or local authorities for varying lengths of time. Previous research has shown that the Community Employment Scheme is not well aligned to the labour market and that it is not effective at helping people escape long-term unemployment (O’Connell, 2002; O’Connell et al., 2009), in line with international evidence on the effectiveness of such programmes (Card et al., 2010, 2015). However, as it is frequently those who are furthest from the labour market who are placed on these schemes, they may fulfil other social objectives by promoting social inclusion among these groups and enabling socially useful activities. A recent review of direct job creation programmes in Ireland has suggested that they be split into two strands – an ‘activation stream’ for those who were closer to the labour market, where participants would undertake education or training courses alongside community work and leave the programme after one or two years in most cases, and a ‘social inclusion stream’ where those who are furthest from the labour market will be able to spend longer periods in community work until they are deemed job ready, and offered the opportunity to participate in education and training if they so wish (Department of Social Protection, 2015). These changes might increase the effectiveness of these programmes at reducing long-term unemployment, and restrict longer durations on them to those with the greatest need.

Table 5. Direct job creation programmes in Ireland

Policy	Input	Activity	Output and outcomes
Gateway	<p><u>Organisation responsible for delivery:</u> Department of Social Protection</p> <p><u>Target group:</u> Long term unemployed.</p> <p><u>Programme eligibility:</u> To be eligible to participate in the Gateway scheme, a person must have been unemployed for 24 months and claiming an unemployment benefit and currently claiming Jobseekers' Allowance.</p> <p><u>How participants are identified:</u> Identified and contacted by their social welfare local office or Intreo centre and offered the opportunity to participate in the scheme.</p> <p>If they agree to participate in the Gateway scheme they will be referred to their local authority where they will be recruited for a suitable placement when it becomes available.</p> <p><u>Overall programme funding (budgetary cost): latest and trend.</u> Programme started in December 2013. In 2014, €7.6 million spent on Gateway.</p> <p><u>Number of programme participants: latest and trend.</u> Programme started in December 2013. In 2014, 1,685 people participated in this scheme.</p> <p><u>Level of funding per programme participant: latest and trend.</u> Participants receive a minimum of €210.50 per week.</p>	<p><u>Content of the programme or intervention:</u> Work placements identified and provided by local authorities. The local authorities must provide good quality work opportunities that are of benefit to the community. Each local authority provides a list of work opportunities to the Department of Social Protection. The Department then randomly selects a list of eligible candidates from the Live Register in each region and sends it to the local authority.</p> <p><u>Length of time participants spend on programme or intervention:</u> Up to 22 months.</p> <p><u>How programme or intervention is delivered and/ or contracted:</u> By the Department of Social Protection.</p> <p><u>How delivery organisations are managed and monitored:</u> Internal audits. Reports to General Management Board and through the Pathways to Work 2016-2020 programme.</p>	<p><u>Programme success measures or targets:</u> Number of participants.</p> <p><u>Performance expectations:</u> Participants expected to move into employment.</p> <p><u>Latest performance data:</u> In 2014, 1,685 people participated in the scheme.</p> <p><u>Outcome measures:</u> The number of people who move into employment.</p> <p><u>Provisions for monitoring, evaluation and review:</u> Internal audits, Reports to General Management Board and through the Pathways to Work 2016-2020 programme.</p>
Community work placements (Tús)	<p><u>Organisation responsible for delivery:</u> Department of Social Protection</p> <p><u>Target group:</u> Long term unemployed.</p> <p><u>Programme eligibility:</u> To be eligible to participate, a person must have been unemployed for 12 months and claiming an unemployment benefit and currently claiming Jobseekers' Allowance.</p> <p><u>How participants are identified:</u> Identified and contacted by their social welfare local office or Intreo centre and offered the opportunity to participate in the scheme. Since May 2015, some Tús places can now be filled through self-referral by potential participants.</p> <p>If they agree to participate in the Tús scheme they will be referred to their local development company or Údarás</p>	<p><u>Content of the programme or intervention:</u> Tús provides short term working opportunities with voluntary and community organisations to the long term unemployed.</p> <p><u>Length of time participants spend on programme or intervention:</u> One year.</p> <p><u>How programme or intervention is delivered and/ or contracted:</u> By the Department of Social Protection.</p> <p><u>How delivery organisations are managed and monitored:</u> Internal audits. Reports to General Management Board and through the Pathways to Work 2016-2020 programme.</p>	<p><u>Programme success measures or targets:</u> Number of participants.</p> <p><u>Performance expectations:</u> Participants expected to move into employment.</p> <p><u>Latest performance data:</u> In 2014, 14,715 people participated in the scheme.</p> <p><u>Outcome measures:</u> The number of people who move into employment.</p> <p><u>Provisions for monitoring, evaluation and review:</u> Internal audits, Reports to General Management Board and through the Pathways to Work 2016-2020</p>

	<p>na Gaeltachta where they will be recruited for a suitable placement when it becomes available.</p> <p><u>Overall programme funding (budgetary cost): latest and trend.</u> The total amount of money that was spent for Tus between 2011 and 2014 is €287 million. There is an increasing trend and in 2014, €116 million was spent on Tus.</p> <p><u>Number of programme participants: latest and trend.</u> Between July 2011 and December 2014; 21,483 people participated in this scheme. There is an increasing trend and compared to 2013, in 2014 there was 12.5% increase.</p> <p><u>Level of funding per programme participant: latest and trend.</u> Participants receive a minimum of €210.50 per week.</p>		programme.
Community employment scheme	<p>Organisation responsible for delivery: Department of Social Protection</p> <p>Target group: Long term unemployed.</p> <p>Programme eligibility: A person may qualify for participation in the CE Part-time Integration Option if they are aged 25 years or older and has been receiving an out of work benefit for at least a year. Some 18-24 year olds qualify under certain conditions. A person may qualify for participation in the CE Part-Time Job Option if they are aged 35 years or older and has been receiving an out of work benefit for at least three years. Some 18-34 year olds qualify under certain conditions.</p> <p>How participants are identified: By application.</p> <p>Overall programme funding (budgetary cost): latest and trend. The total amount of money that was spent for Community Employment Scheme between 2011 and 2014 is €1,381 million. It is stable at around €350 million per year.</p> <p>Number of programme participants: latest and trend. Between 2011 and 2014 90,858 people participated in this scheme. Participation is stable at around 22,500 participants per year.</p> <p>Level of funding per programme participant: latest and trend. Participants receive a minimum of €210.50 per week.</p>	<p>Content of the programme or intervention: Jobs with community or voluntary organisations lasting one year (Part Time Integration Option) or three years (Part Time Job Option).</p> <p>Length of time participants spend on programme or intervention: In general, the eligibility period is 1 year for the Part-time Integration Option and 3 years for the Part-time Job Option..</p> <p>How programme or intervention is delivered and/ or contracted: By the Department of Social Protection.</p> <p>How delivery organisations are managed and monitored: Internal audits. Reports to General Management Board and through the Pathways to Work 2016-2020 programme.</p>	<p>Programme success measures or targets: Number of participants.</p> <p>Performance expectations: Participants expected to move into employment.</p> <p>Latest performance data: In 2014, 23,249 people participated in the scheme.</p> <p>Outcome measures: The number of people who move into employment.</p> <p>Provisions for monitoring, evaluation and review: Internal audits, Reports to General Management Board and through the Pathways to Work 2016-2020 programme.</p>

Source: OECD policy questionnaire.

44. Ireland also operates a number of programmes to subsidise employment with private firms, as well as “start-up” incentives to facilitate self-employment (Table 6). The JobPlus programme gives subsidies to employers who hire long-term unemployed jobseekers in an ‘additional’ job (net job creation), Job Bridge allowed those on unemployment benefits to keep their benefits and receive an additional allowance while undertaking an unpaid internship, and the Back to Work Enterprise Allowance and Short-Term Enterprise Allowance support those starting a new business for a period of up to two years.⁹ The Job Bridge programme was shown to have positive impacts on those who participated, who were 12-13 percentage points more likely to be in employment than a matched group of non-participants one year after finishing the programme (Indecon, 2016). Despite this, the programme proved unpopular as a result of fears that private firms were using unpaid internships to substitute for paid employees. This partly arose because offers of internships were not filtered, leading to situations where very unattractive job offers were posted (though in practice, these attracted little interest), or where positions were offered in the public sector when there was no prospect of employment at the end of the internship as a result of a recruitment freeze. As a result, the scheme was closed in late 2016. A different scheme introduced as part of the EU Youth Guarantee, ‘First Steps’ is only available to youth selected for the programme by the PES, and internships have to offer training and help from a ‘work buddy’ in order to qualify for the scheme.

Table 6. Subsidised private sector employment scheme and start-up incentives in Ireland

Policy	Input	Activity	Output and outcomes
Back to Work Enterprise Allowance	<p><u>Organisation responsible for delivery:</u> Department of Social Protection</p> <p><u>Target group:</u> Long term unemployed.</p> <p><u>Programme eligibility:</u> To qualify, applicants must be less than 66 years old and have gained approval for their business plan and have been receiving an earnings replacement benefit for at least nine months. Registered unemployed who are not claiming a benefit may also be entitled.</p> <p><u>How participants are identified:</u> By application.</p> <p><u>Overall programme funding (budgetary cost): latest and trend.</u> The total amount of money that was spent for Back to Work Enterprise Allowance between</p>	<p><u>Content of the programme or intervention:</u> Income support and financial support with the costs of setting up their business.</p> <p><u>Length of time participants spend on programme or intervention:</u> Up to 2 years.</p> <p><u>How programme or intervention is delivered and/ or contracted:</u> By the Department of Social Protection.</p> <p><u>How delivery organisations are managed and monitored:</u> Internal audits. Reports to General Management Board and through the Pathways to Work 2016-2020 programme.</p>	<p><u>Programme success measures or targets:</u> Number of participants.</p> <p><u>Performance expectations:</u> Participants expected to move into employment.</p> <p><u>Latest performance data:</u> In 2014, 6,580 people participated in the scheme. A counterfactual evaluation (Department of Social Protection, 2017) showed that participants who started between May 2009 and December 2011 were twice as likely to be in employment six and 18 months after the end of the scheme than a matched comparison group on the Live Register.</p> <p><u>Outcome measures:</u> The number of people who move into employment.</p>

9 . The Short-Term Enterprise Allowance is similar to the Back to Work Enterprise Allowance described in Table 7, except that it is targeted at claimants of Jobseeker’s Benefit and allows those claiming Jobseeker’s Benefit to receive their remaining Jobseeker’s Benefit entitlement while starting their own business.

2008 and 2014 is €718 million euro. There was an increase in the crisis period and in 2014, spending was €119 million.

Number of programme participants: latest and trend.

Between 2008 and December 2014, 31,516 people participated in this scheme. There was an increase in the crisis period and in 2014, 6,580 people participated in this scheme.

Level of funding per programme participant: latest and trend.

Varies regarding personal circumstances. The claimant is paid a portion of their previous social welfare entitlement: 100% in Year 1 and 75% in Year 2.

Job Plus

Organisation responsible for delivery: Department of Social Protection

Target group: Long term unemployed.

Programme eligibility: Subsidies are given to employers who employ someone who has been registered unemployed for at least 12 months, or 4 months if aged under 25. A larger subsidy is given to those who have been registered unemployed for at least two of the last three years. The employment must be for at least 30 hours per week, spanning at least 4 days per week. The eligible employee must be on payroll and subject to PAYE and PRSI. Employers must demonstrate that the job is an 'additional' one to claim the subsidy.

How participants are identified: By application.

Overall programme funding (budgetary cost): latest and trend. Programme started in July 2013. In 2014, spending was €11.9 million.

Number of programme participants: latest and trend. 4,838 participants so far.

Content of the programme or intervention: JobsPlus is a subsidy for employers who employ jobseekers on the Live Register. It provides two levels of payment: a payment of €7,500 over two years to an employer for each person recruited who has been unemployed for more than 12 but less than 24 months and €10,000 over two years to an employer for each person recruited who has been unemployed for more than 24 months.

Length of time participants spend on programme or intervention: Up to 2 years.

How programme or intervention is delivered and/ or contracted: By the Department of Social Protection.

How delivery organisations are managed and monitored: Internal audits. Reports to General Management Board and through the Pathways to Work 2016-2020 programme.

Provisions for monitoring, evaluation and review: Internal audits, Reports to General Management Board and through the Pathways to Work 2016-2020 programme.

Programme success measures or targets: Number of participants.

Performance expectations: Participants expected to move into employment.

Latest performance data: 4,838 participants so far.

Outcome measures: The number of people who move into employment.

Provisions for monitoring, evaluation and review: Internal audits, Reports to General Management Board and through the Pathways to Work 2016-2020 programme.

Job Bridge	<p>Level of funding per programme participant: latest and trend. €7,500 for those who had been unemployed for more than 12 but less than 24 months and €10,000 those who had been unemployed for more than 24 months.</p>	<p><u>Content of the programme or intervention:</u> JobBridge provides work experience opportunities for unemployed people. Participants in the scheme are offered an internship of 6 or 9 months with a host organisation.</p>	<p><u>Programme success measures or targets:</u> Number of participants.</p>
	<p><u>Target group:</u> Unemployed.</p>		<p><u>Performance expectations:</u> Participants expected to move into paid employment.</p>
	<p><u>Programme eligibility:</u> To be eligible for the JobBridge scheme, a person must be registered unemployed and/or receiving an earnings replacement benefit and have been registered unemployed and/or claiming an earnings replacement benefits for three of the previous six months.</p>	<p><u>Length of time participants spend on programme or intervention:</u> Participants may have a maximum of 3 internships and the total time a participant can spend on JobBridge is 18 months (78 weeks). However, the maximum duration of a single internship is 9 months (39 weeks).</p>	<p><u>Latest performance data:</u> In 2015, 2,913 people took part on JobBridge and progressed into paid employment directly. An independent evaluation found that participants were 12ppts more likely to be in employment 1-2 years after completing a Job Bridge placement than a group of individuals with similar characteristics who did not participate in the programme (Indecon, 2016). In light of the results of this analysis, it has been decided to replace this measure with a more targeted scheme in 2017.</p>
	<p><u>How participants are identified:</u> By application.</p>		
	<p><u>Overall programme funding (budgetary cost): latest and trend.</u> The total amount of money that was spent for JobBridge between 2012 and 2014 was €206 million. There is an increasing trend and in 2014 spending was €76 million.</p>	<p><u>How programme or intervention is delivered and/ or contracted:</u> By the Department of Social Protection.</p>	
	<p><u>Number of programme participants: latest and trend.</u> Between 2012 and 2014; 17,265 people participated in this scheme. There is an increasing trend and in 2014, 6,047 people participated. However, the programme has since been terminated.</p>	<p><u>How delivery organisations are managed and monitored:</u> Internal audits. Reports to General Management Board and through the Pathways to Work 2016-2020 programme. Independent evaluation produced (Indecon, 2016).</p>	<p><u>Outcome measures:</u> The number of people who move into employment.</p>
	<p><u>Level of funding per programme participant: latest and trend.</u> Participants receive an internship allowance of €52.50 per week on top of any other benefits they may be receiving.</p>		<p><u>Provisions for monitoring, evaluation and review:</u> Internal audits, Reports to General Management Board and through the Pathways to Work 2016-2020 programme. Independent evaluation produced (Indecon, 2016).</p>

Source: OECD policy questionnaire.

45. Since July 2015, some long-term unemployed have been referred to private providers (Turas Nua and Seetec) for intensive support to help them into work through the Job Path programme, and additional support for the first year while they are in work. Programmes that continue to offer services when in employment have had positive impacts on employment retention in the United States and Canada

(Hendra et al., 2010). The providers are paid an initial fee for each client signed up and then a performance-based fee for each 13 week period of full-time work. So far, those referred to the programme appear to have better outcomes than others remaining with the PES: 42.2% of those who were referred between July and September 2015 had started an employment spell by the end of October 2016 compared to 34.2% of those who remained with the PES, and the employment rate as of 31 October 2016 was 15% higher (Department of Social Protection, 2017a).

46. Many of these programmes are heavily targeted on those on the Live Register of claimants of unemployment and other related social benefits. Many members of the broader target population considered in this paper, notably those who are economically inactive or who are not registered as unemployed with the PES, will therefore not be eligible for or actively targeted by many of these schemes. The statistical clustering analysis identifies three groups of unemployed people who are more likely to be included in the Live Register but, although they may face multiple employment barriers, they nevertheless tend to be more job ready than those in other clusters identified. Current ALMP targeting and outreach strategies may therefore frequently miss those who face the most severe employment barriers, such as the economically inactive and those who do not have any benefit entitlement, for example because they have a partner in paid work. The current focus on claimants on the Live Register also mostly excludes their partners from the scope of activation and employment-support measures, unless they have a benefit claim in their own right. Some have argued that the Irish social welfare system operates largely on a 'male breadwinner' model because, for example, only one member of a couple claiming unemployment benefits is usually obliged to look for work (Murphy, 2016).

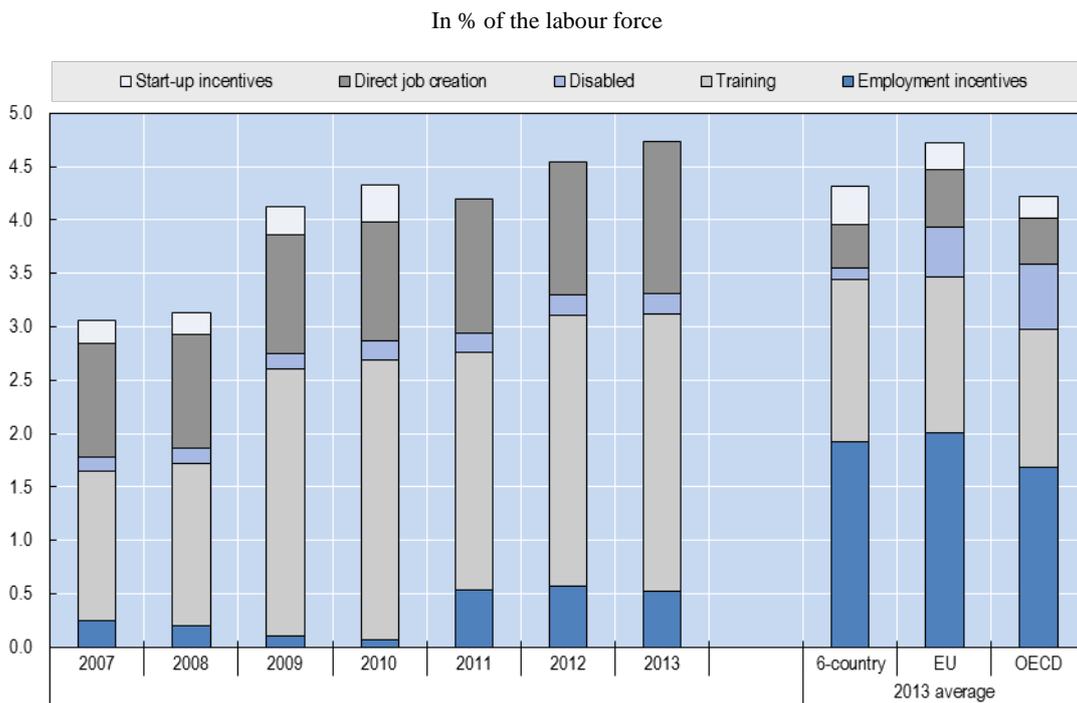
47. Eligibility for ALMPs is also effectively rationed by making participation conditional on a certain prior duration of benefit receipt. This applies even for those who return to benefits after participating in one of these schemes: these "returners" are classified as short-term unemployed and have to wait again before they can participate in another programme.

48. While ALMP accessibility can thus be a challenge, the focus of ALMP resources on training programmes may generally represent an efficient use of resources as cross-country evidence (Card et al., 2010, 2015), and analysis of the effectiveness of training schemes in Ireland (McGuinness et al., 2014) tend to have relatively good medium-to-long-term outcomes, particularly for training programmes that focus on specific skills rather than general education (O'Connell, 2002). However, outcomes have been less positive for those who have received the Back to Education Allowance (Kelly et al., 2015). By contrast, direct job creation schemes are generally less successful than other types of ALMP (Card et al., 2010, 2015; O'Connell, 2002; O'Connell et al., 2009). As Ireland seeks to expand ALMPs to other groups during the current Pathways to Work programme period, the composition of ALMPs may need to evolve in order to target adequate support to some groups with special needs.

49. Activation and employment supports are best seen as a package of policy tools, including financial incentives, obligations of jobseekers, and programmes that address specific employment barriers on the supply and demand side. To characterise countries' overall activation stance, it is useful to examine how they differ in terms of the balance of these different measures. Figure 16 contains two scatter plots of the indicators presented earlier in this section. Panel B shows a

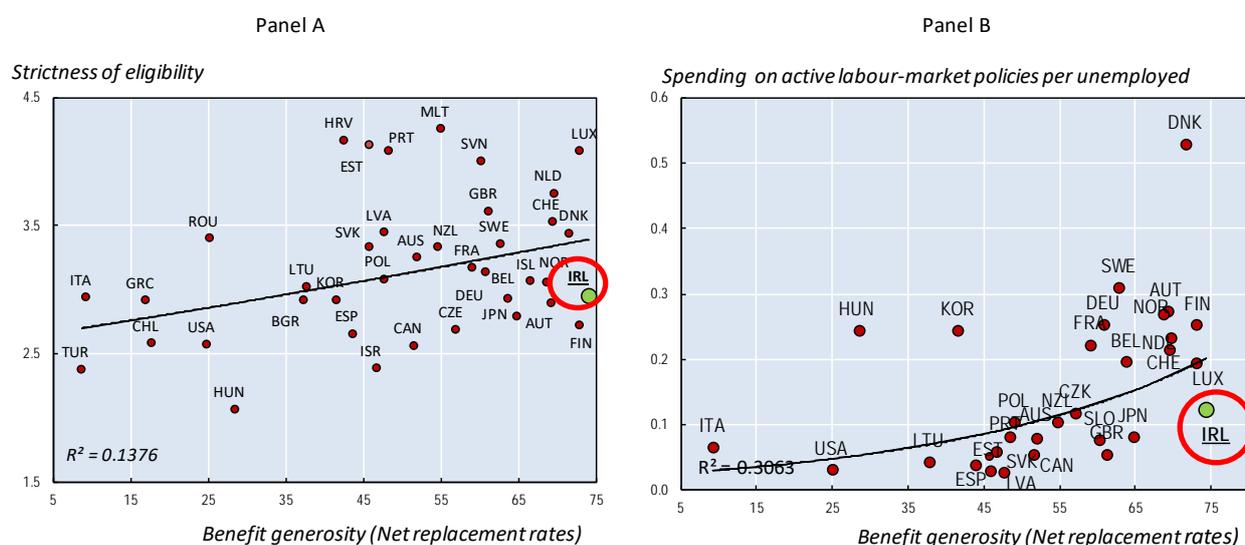
positive (non-linear) relationship between “active” spending per unemployed and the generosity of out-of-work support as proxied by the net replacement rates for unemployment benefit recipients. Ireland has one of the highest levels of income replacement benefits relative to previous earnings but eligibility conditions for unemployment benefits and spending on ALMPs are closer to the average. Some but not all of the other countries that have similar levels of benefit generosity, such as Denmark, Luxembourg and The Netherlands, have stricter conditions for receiving unemployment benefit and spend more on ALMPs.

Figure 15. Participation in active labour market programmes in Ireland and other countries



Source: OECD LMP database

Figure 16. Balance between different activation policy measures, 2014

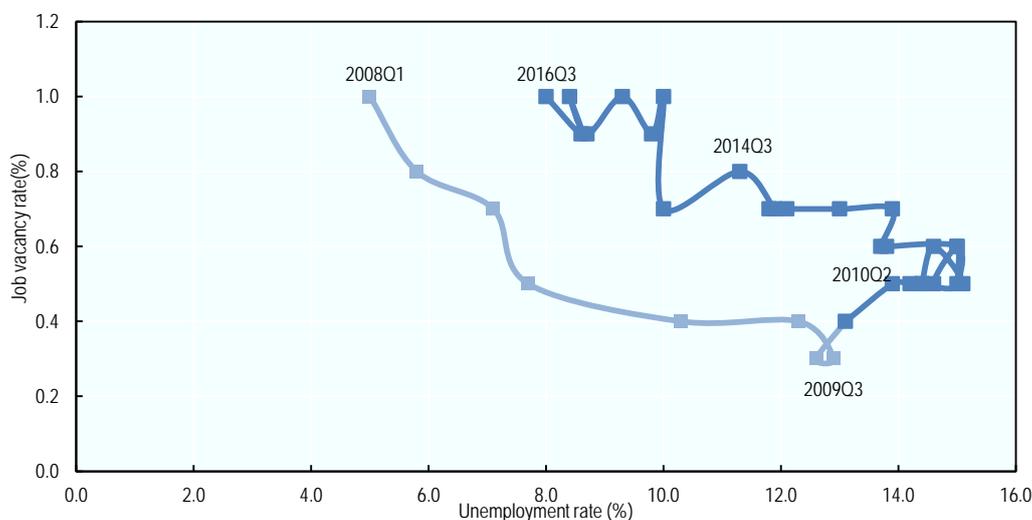


Note: For the strictness of eligibility criteria see note of figure 9. Spending on active labour-market policies includes: PES, training, employment incentives, disabled, direct job creation, and start-up incentives. Spending is per ILO unemployed and defined in % of GDP per capita. Net replacement rates are for a prime-age worker (aged 40) with a “long” and uninterrupted employment record and are averages over 60 months, four different stylised family types (single and one-earner couples, with and without children) and two earnings levels (67% and 100% of average full-time wage). Households can receive social assistance and housing-related benefits depending on eligibility. *Source:* OECD tax-benefit models, OECD LMP database and Langenbucher (2015).

Policy priorities and recent or planned reforms

50. The labour market recovery in Ireland is now firmly established following the crisis, but the employment rate is still some way below its pre-crisis peak. There are also more long-standing issues for policy makers to address, both due to structural challenges and related to the legacy of the crisis.

51. Following a relatively slow recovery from the crisis that began in 2008, long term unemployment remains high. In 2015, 5.3% of the economically active population aged 15-74 had been unemployed for more than a year, higher than the EU-28 average of 4.5% and very much above the level in Ireland before the crisis (1.7% in 2007). By the end of 2016, the long term unemployment rate had fallen further to 3.6%, slightly below the EU average but still above the pre-crisis level. The collapse of the real-estate boom led to persistent unemployment among many of those previously employed in the construction sector, many of whom have low education levels: at the end of 2015, the unemployment rate still stood at 16.4% among this group (Skills and Labour Market Research Group, 2016), and this had only fallen to 12% by the end of 2016 (source: Quarterly National Household Survey). The skills mismatch was associated with declining efficiency of the job matching process, with the Beveridge curve shifting outwards from its pre-crisis position (Figure 17), as has also happened in many other OECD countries (OECD, 2014).

Figure 17. The Beveridge curve for Ireland, 2008-2016

Source: Eurostat data.

52. The crisis also led to a large increase in the share of youth not in employment, education or training (NEET), though there are concerns that these figures are overstated as some people classified as NEET appear to be students interviewed outside of term time.¹⁰ In recent years, the share of young NEETs has declined but still remains above both pre-crisis levels and the EU average. Recent policy reforms have sought to address this issue, for instance through the EU Youth Guarantee, which aims to give all unemployed youth an offer of work or training after four months of unemployment. Policies introduced as part of this include the 'First Steps' internship programme discussed in Section 3.2, making the JobPlus employment subsidy scheme available after four months of unemployment for youth rather than the usual twelve, and giving eligibility to the Back to Education Allowance to those aged under 25 after three months of unemployment if they not been in full time education for at least two years.

53. Foreign-born workers are another group who were particularly badly affected by the crisis: those born overseas are now no more likely to be in work than the native born, whereas previously they had a higher employment rate.¹¹ Also, migrants are more likely to be over-qualified for their jobs than native-born workers. A reason behind this is that those with foreign qualifications can have difficulties having these recognised in Ireland (OECD, 2015). Extending the use of the National

10. One of the conditions for being classified as NEET is that an individual has not attended education or training in the previous four weeks. However, many education courses have breaks of more than four weeks (e.g. over the summer), meaning that students are classified as NEET if they are interviewed during periods when they are not attending courses, assuming that they are not doing paid work at that time. In Ireland, it appears that more than 40% of those who are classified as NEET and economically inactive also report being students, suggesting that the proportion of young people who are genuinely NEET is lower than suggested by official statistics.

11. This is true for migrants overall, but the average disguises very different experiences for different groups, see Table 2.1 of O'Connell and Kenny (2016).

Framework of Qualifications to those with professional qualifications has been suggested as a way of overcoming barriers foreign-born workers face (OECD, 2015).

54. Several indicators point to a need to improve skill levels in Ireland. Employment rates are low among those with low education and skills, skills shortages have been reported in high-skill sectors, and the gap with those with higher education is much larger than the average for OECD countries (OECD, 2015). In 2015, 49% of those without an upper secondary qualification in Ireland were in employment compared to 82% of those with a tertiary education. This very large gap existed before the crisis so appears to be a longer-term problem (OECD, 2015). Low skill levels are also evident from the OECD Survey of Adult Skills (PIAAC): Ireland is in the bottom quintile for both numeracy and literacy among the countries tested, and this is true for workers of all ages, not just older workers (OECD, 2016c). However, there are more promising signs for the future: Ireland performs better than average in the OECD's PISA assessment of the knowledge and skills of those in compulsory education (OECD, 2016b).

55. A number of policies to improve the skills of the unemployed have recently been introduced. The "Momentum" programme provides shorter-term vocational courses for the unemployed and "Springboard" provides part time higher education courses in areas where there are skills shortages. However, both of these programmes, although successful (three quarters of "Springboard" participants who completed a course between 2011 and 2014 are no longer registered unemployed, see OECD, 2015), are relatively small scale. Furthermore, 25 new types of apprenticeship, which were previously heavily concentrated in the construction sector, have been developed, including some at the graduate level.

56. Joblessness in Ireland is highly concentrated at the household level: 21% of those aged 18 to 64 lived in a household with very low work intensity in 2014. A partial explanation for this is very weak work incentives for those who have children and whose partner is not in paid work. These arise as a result of means-tested benefits that are higher relative to similar benefits in other countries, and which are withdrawn at steep rates when someone moves into work. Both out-of-work benefits and the Family Income Supplement (FIS), which gives support to low-income working families, with the effect that incentives for working families to increase their earnings, including by both members of the couple working rather than just one, are also weak. Furthermore, the Irish tax and benefit system contains a number of "cliff edges" where tax liabilities jump or benefit entitlements suddenly fall when income exceeds a certain level, creating strong disincentives to increase income beyond these levels. Another "cliff edge" is caused by the withdrawal of the medical card (which exempts families from fees for medical services) when family income exceeds a certain amount. Recent policy reforms have sought to reduce or remove some of these cliff edges – a new form of social housing support called Housing Assistance Payment, which depends only on income and not hours worked, has been introduced to replace the previous Rent and Mortgage Supplement that was completely withdrawn when any family member worked more than 30 hours a week for those with a long-term, defined, housing need, and the Universal Social Charge has been reformed to reduce the size of the first jump in tax payments that occurs when the charge becomes payable. However, there remains considerable scope for further reforms to remove remaining cliff edges caused by the Universal Social Charge and Family Income Supplement, and to withdraw the Family Income Supplement more gradually as incomes rise.

57. The lone parent employment rate is very low in Ireland: only 51% were in employment in 2015 compared to an EU average of 70%. Factors behind this include weak work incentives (see previous paragraph), a lack of job search requirements for lone parents on out of work benefits and the high cost of childcare in Ireland. The cost of childcare for a lone parent earning 67% of the average wage in Ireland is the highest among all EU countries, and until recently there were no job search requirements for lone parents claiming out of work benefits (European Commission, 2016). Recent reforms have moved lone parents whose youngest child is aged over 7 onto a “Jobseekers Transitional Payment”, which requires them to attend regular meetings with a case officer at the PES and engage with education and training supports offered, but not to seek and be available for work even though some of this group (and indeed some lone parents with younger children) might be considered to be able to do so. Lone parents are not moved onto regular unemployment benefits until their youngest child is 14.

4. Overcoming employment barriers: Policy challenges and priorities for selected groups

58. The remainder of this paper focuses on the policy settings relevant for three of the eleven groups identified by the statistical clustering analysis and examines whether existing policies are well suited for addressing the main employment barriers that group members face. The objective is to illustrate how the perspectives provided by the Faces of Joblessness approach, such as the incidence of different types of employment barriers, can inform a dialogue on policy effectiveness and reform priorities. The groups selected for this illustration are as follows. The selection reflects discussions with national authorities and with the European Commission on contemporary policy debates, and on the expected added value that the analysis is expected to provide in this context:

- **Group A. Mothers with limited work experience and with care responsibilities**, who represent 10% of the target population or 5% of the reference population;
- **Group B. Parents with higher-income partners and care responsibilities**, who represent 9% of the target population or 4% of the reference population;
- **Group C. Economically vulnerable parents without any past work experience and with care responsibilities**, who represent 4% of the target population or 2% of the reference population.

59. Other groups would provide an equally interesting context for an inventory of measures that are available for addressing common employment barriers. In the context of this paper, the decision to focus on the three groups of parents identified by the statistical clustering (most of whom are mothers) was taken because of the stated ambition of the Irish Government to extend the scope of activation programmes to those not on the Live Register of claimants of unemployment benefits, as part of the current phase of the Pathways to Work strategy. It was also felt that examining three similar groups facing significantly different employment barriers would demonstrate, or test, the ability of the statistical clustering technique to bring added granularity to policy discussions.

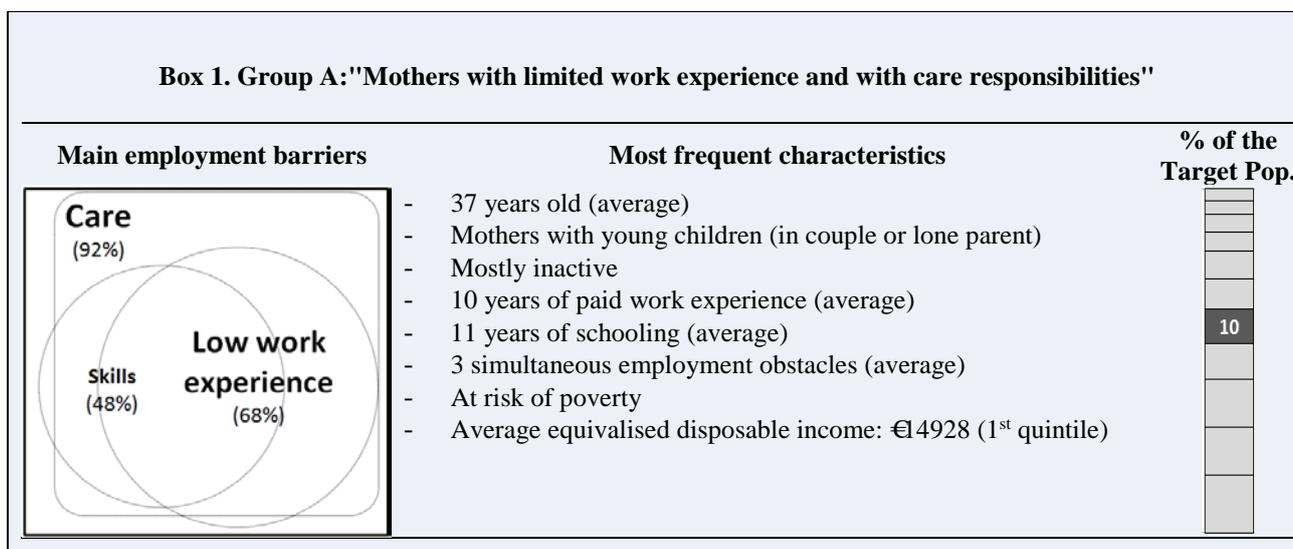
60. The next three sub-sections describe the main employment barriers faced by these three groups, the policy settings that they face. Available policy information is used to discuss support measures that are likely to be accessible for these groups, as well as of possible gaps in the provision of activation and employment-support. Each section begins with a box containing a Venn diagram showing extent and degree of overlap of the main barriers characterising the group, as well as other important individual and household characteristics occurring among the group. Together, this information can help in attaching labels (“*faces*”) to group members, although labels are necessarily arbitrary to some extent. Table A1.2 in Annex 1 reports a more complete list of individual and household characteristics.

Group A: “Mothers with limited work experience and with care responsibilities”

61. This group of mothers are mostly labour-market inactive, reporting their main activity as looking after the home (67%), while a minority are employed part-time (14%) or are unemployed and looking for a job (14%). They share similar combinations of employment barriers and often face multiple employment obstacles (Figure 6). The most important of these are care responsibilities (92% have children who receive less than 30 hours a week of non-parental childcare), low work experience relative to their potential experience (68% have been working for less than 60% of the time since finishing full time education, while 79% do not have a recent employment record) and low work-related skills (48% are currently working or previously worked in an occupation in one of the two lowest categories of the ISCO-8 classification system). 35% receive earnings-replacement benefits that are “high” relative to potential in-work earnings, and could weaken their financial incentives to look for or take up a job. This work-incentive barrier is particularly common among lone-parent members of this group.

60. Members of this group typically live with their partner and their children, though 27% are lone parents. On average, women in this group have two young children and the youngest is five years old. Just under half live with another adult in paid work, implying that many members of this group have a partner who is not in paid work. Even for those with a working partner, household incomes are not high: almost all are in the poorer half of households, and 30% are at risk of poverty.

Box 1. Group A: “Mothers with limited work experience and with care responsibilities”



Income support

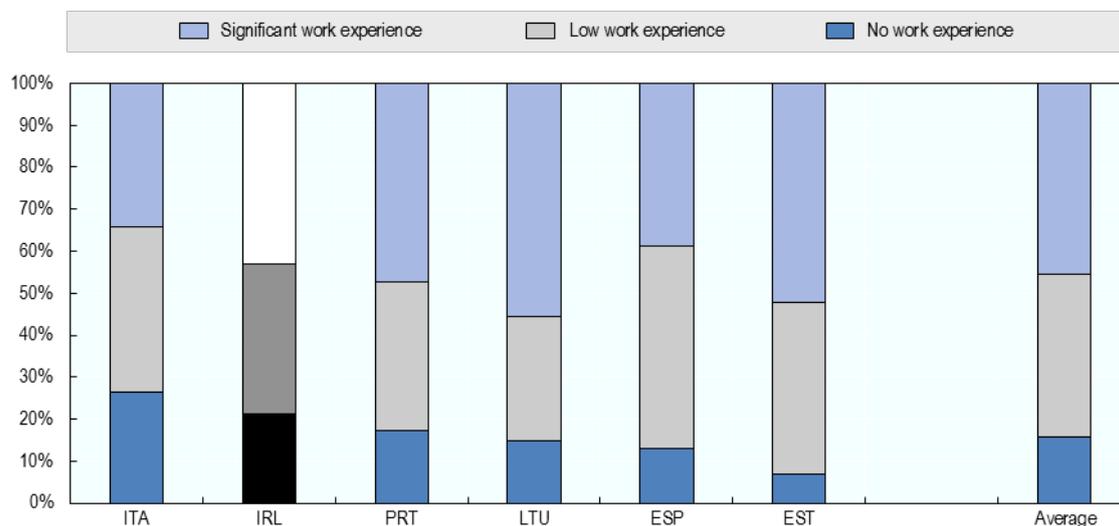
62. Those with a partner in paid work are generally not entitled to income-related unemployment or social assistance benefits. However, a minority of group members do receive earnings replacement benefits, either because their partner is not in paid work, because they or their partner work only part-time and have low earnings, or because they are lone parents: 19% receive unemployment benefits, 13% social assistance and 10% sickness and disability benefits. 40% receive housing benefits, which at this time (when the data were collected in 2014) were generally

available only to households without a full-time worker (this is changing as the new Housing Assistance Payment is rolled out nationwide). All receive family benefits, as Ireland has a universal Child Benefit. Group members with a low-earning partner are also likely to receive the Family Income Supplement in-work benefit, while lone parent members of the group are likely to receive One Parent Family Payment.

63. The income support system for lone parents in Ireland is very different to that in many other OECD countries as there is a specific benefit for non-working lone parents called One Parent Family Payment. Until 2011, this could be claimed until the youngest child was 18 years old without any conditionality. More recently, entitlement has been restricted to those with children under seven. Eligibility to this benefit does not depend on past work experience. Many other EU and OECD countries operate parental-leave benefits that similarly allow mothers to take time away from work to look after young children after the end of maternity leave, but which typically require the mother to have been in paid work before the birth to be eligible. This encourages greater labour market attachment among mothers in these countries. For instance, previous research has shown that paid parental leave of up to a year has positive impacts on women's subsequent labour market participation (Rossin-Slater, 2017), whereas in Ireland the combination of One Parent Family Payment and comparatively less generous maternity-leave entitlement can leave to significantly longer career breaks and weakens incentives for mothers to have worked before starting a family. Indeed, in the other countries covered by this project with the exception of Italy, mothers with young children are less likely to face the "low work experience" barrier (Figure 18).

Figure 18. Incidence of low work experience among mothers with children under 5 in target population

in %, 2014



1. 'Low' work experience is defined as spending less than 60% of time since finishing full-time education in paid work, 'significant' work experience is defined as spending at least 60% of the time in paid work since completing full-time education.

Source: Authors' calculations using EU-SILC 2013.

Public employment service and active labour market programmes

64. Members of this group can access ALMPs via several potential routes, though if they are not on the 'live register' of registered unemployed they may not be considered a priority group. Lone parents in this group are likely to be claiming One Parent Family Payment if they have a child under 7, or Jobseekers' Transitional Payment if their children are older. Recipients of the latter have access to all ALMPs available to recipients of regular unemployment benefits, even though they are not obliged to look for work. One Parent Family Payment recipients, by contrast, do not have access to the full range of ALMPs. Although they can take part in the Community Employment Scheme, they cannot participate in Tús or Gateway programmes (shorter-term placements with community organisations or local authorities). They also are not eligible for employment subsidies through Jobs Plus, and, perhaps most importantly given the low skills of this group, they cannot participate in Momentum courses. However, other training opportunities are available, including Springboard, the Vocational Training Opportunities Scheme, formal education courses that can be taken while claiming the Back to Education Allowance and grants to pay for private training through the Vocational Training Opportunities Scheme. Childcare is provided free of charge to those taking part in the Community Employment Scheme (through the Community Employment Childcare Programme) or education or training provided by Education and Training Boards through the Childcare Education and Training Support Programme. However, in 2015, only 36% of education providers offered places through these schemes, suggesting that there may be difficulties accessing this provision in practice in some areas (Pobal, 2016a). Recipients of One Parent Family Payment are also eligible for the Back to Work Enterprise Allowance, where they can continue to receive a portion of their benefits while they start their own business (subject to agreement from their caseworker).

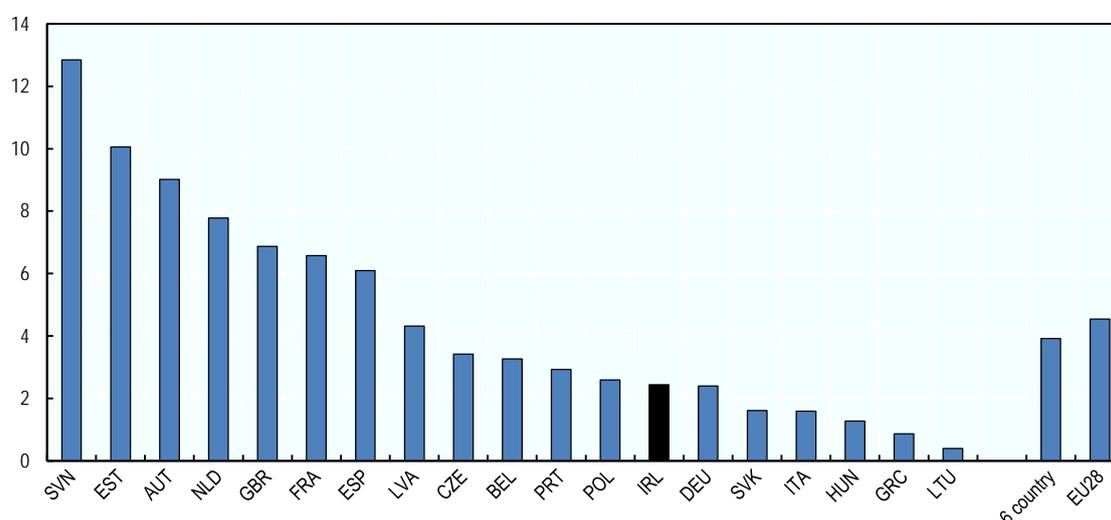
65. Around a fifth of Group A are living with a partner and receive unemployment benefits. As mentioned above, usually only one member of a couple claiming unemployment benefits is obliged to register with the PES and required to look for work. The other partner, a so-called 'Qualified Adult', can however take part in a number of programmes, including education and training opportunities available through the Back to Education Allowance, Springboard and the Training Support Grant (but not Momentum courses). But they cannot participate in community employment programmes (Community Employment Scheme, Tús and Gateway) and are not eligible for subsidies for private employment.

66. Those who are not entitled to any social welfare benefits at all can still register as unemployed with the PES: indeed, a small minority of this group (14%) give their labour market status as unemployed indicating that they are actively looking for work. If they were registered with Intreo, they would have access to education programmes including the Vocational Training Opportunities Scheme, Springboard and Momentum courses and employment subsidies through Jobs Plus. Springboard courses, which can be taken on a part-time basis with classes during the day, would seem especially relevant to this group, particularly if it were possible to arrange the free childcare that is available (see following sub-section) around the time courses are available or to take advantage of the Childcare Education and Training Support Programme.

67. The provision of education and training opportunities is likely to be important for increasing employment among this group given their low skill levels and no or limited recent work experience. As mentioned, those who are claiming an earnings replacement benefit or who are registered unemployed can access a number of different education and training courses. But even without registering as unemployed, it is possible to participate in courses run by Education and Training Boards at only a small cost to themselves. It is also possible to receive subsidised childcare while taking part in many of these through the Childcare Education and Training Support Programme. However, despite this, the proportion of economically inactive mothers with young children taking part in education and training in Ireland is very low, at around 2.5% in 2014, and lower level than most other European countries (Figure 19).

Figure 19. Participation in education and training

Economically inactive mothers with children aged under 5, 2014, in %



Notes: Countries with fewer than 100 observations not included. 2013 for Germany.

Source: Authors' calculations using EU-LFS.

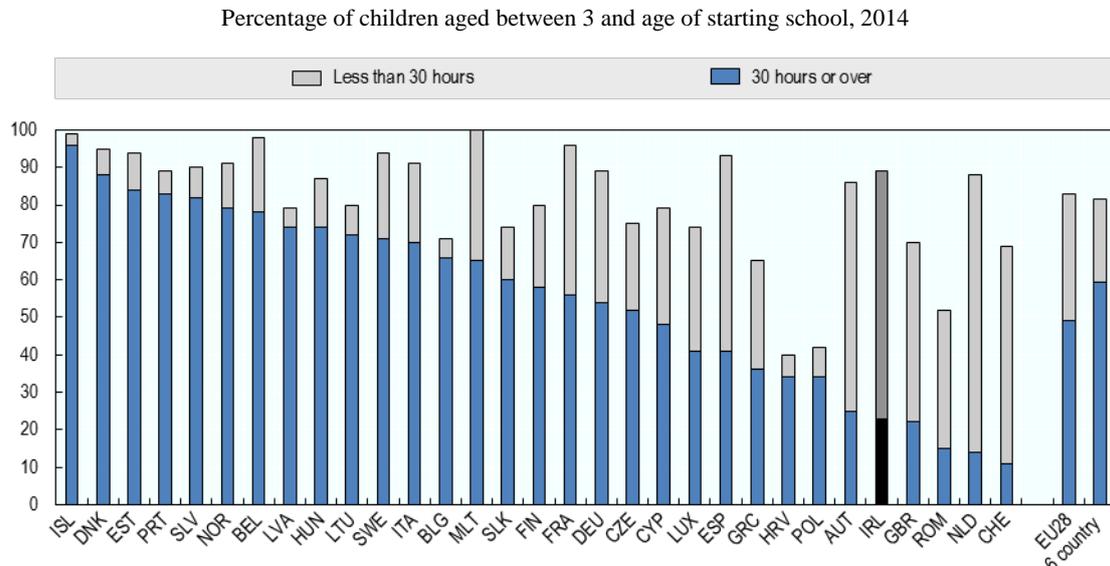
Other targeted measures

68. The provision of accessible, affordable and good-quality non-parental childcare is key to the employment possibilities for this group: 93% of group members have children who do not receive 30 or more hours a week of non-parental childcare. Although almost all children attend pre-school education between the age of 3 and starting school in the September of the calendar year they turn 5, in most cases they attend for less than 30 hours each week (Figure 20). 15 hours a week is provided free of charge for 38 weeks a year through the “free pre-school programme” as part of the Early Childhood Care and Education Scheme (ECCE) – recently extended to cover a period from shortly after a child turns 3 to the time they start school. But the cost of further childcare is high and in most cases unsubsidised.¹² As a result of these costs and the limited free provision, the

12. There are a number of small schemes that provide additional support for those with very low incomes or who have just moved into work from a social welfare benefit or those in specific

proportion of children attending pre-school in Ireland at all is indeed higher than the EU average and the average for the six countries covered by this project, but the proportion attending for at least 30 hours per week is much lower than those country averages.

Figure 20. Pre-school coverage



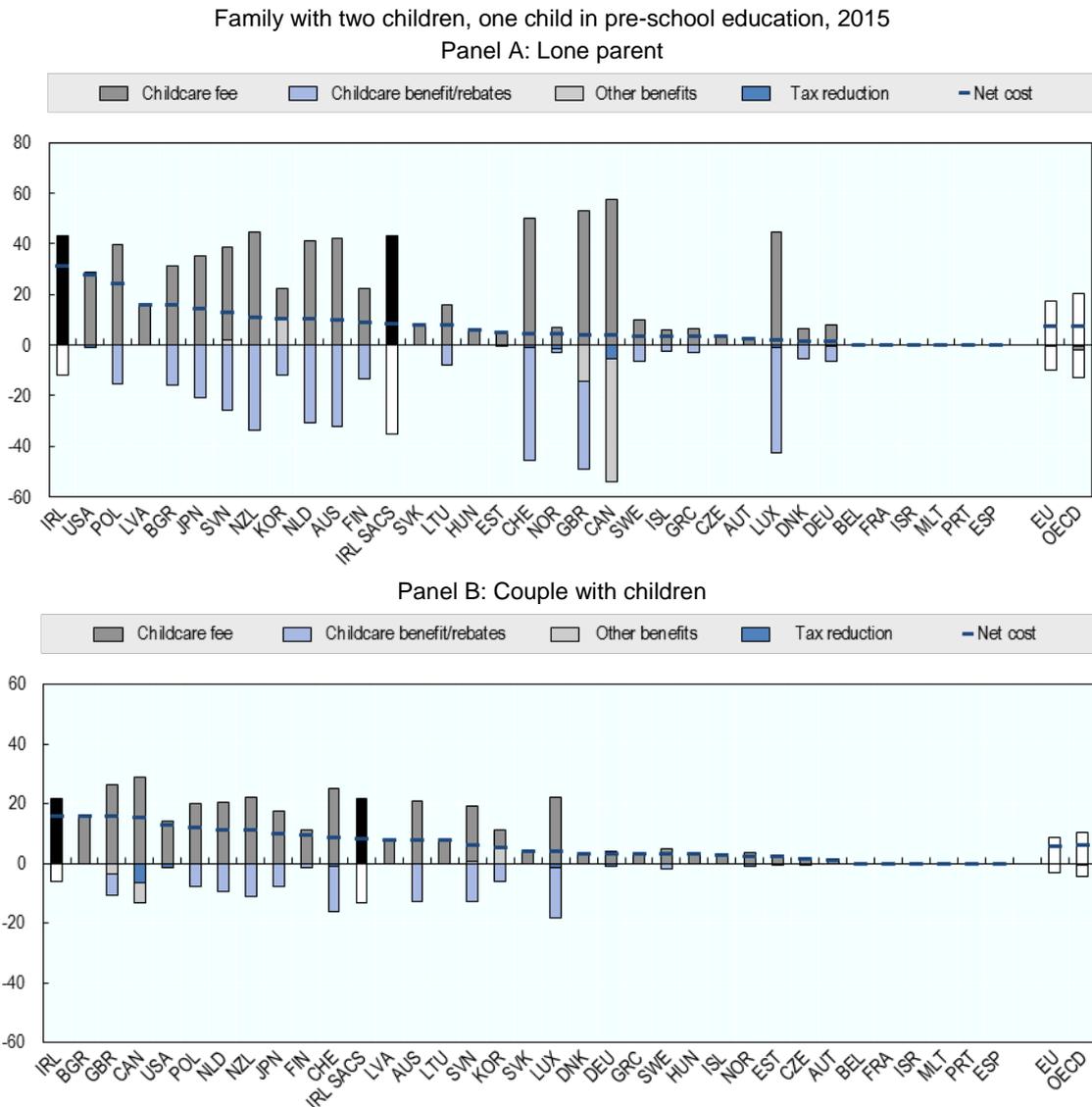
Source: Eurostat.

69. The cost of childcare is a key reason behind low coverage of full-time childcare, and for the high incidence of the care-responsibilities barrier among members of Group A. The cost of childcare as a proportion of gross earnings for “typical” members of this group is high (Figure 20). According to OECD calculations, a lone parent earning at the 25th percentile of the full-time earnings distribution (that is, the earnings level that is higher than that of 25% of those who work full time but lower than that of the other 75%) and who has one child in pre-school education would have to pay nearly 32% of their gross earnings in childcare costs even taking into account the 15 hours per week of free childcare provision offered by the ECCE scheme (Panel A of Figure 20). If this person had a partner earning the same amount as them, the cost of childcare would represent 16% of their combined gross earnings (Panel B of Figure 20). These figures show the cost of childcare for one pre-school child and would be higher if the family had more than one pre-school child, or if it was necessary to pay for after-school care for school-age children. In both cases, these percentages are among, or even the highest in EU and OECD countries. The soon to be introduced Single Affordable Childcare scheme discussed below will increase the childcare benefits received by these families to substantially reduce the net cost of childcare to parents (see the bars labelled IRL

situations – the Community Childcare Subvention Scheme and the Training and Employment Childcare Scheme – but these are not included in the analysis here. These schemes will be made more generous and extended from September 2017, and will include some universal provision. As these schemes will then be replaced by the Single Affordable Childcare Scheme (discussed below) when it is introduced, the remainder of this report focuses on the impact of the Single Affordable Childcare Scheme rather than analysing these measures in more detail.

SACS in Figure 21), particularly in the lone parent case where overall family income is lower, but childcare costs will still represent a larger proportion of gross earnings in Ireland than the average among EU and OECD countries in 2015.¹³

Figure 21. Childcare costs as a percentage of gross earnings for "typical "members of Group 1



1. Assumes group member works full time at the 25th percentile of the full-time earnings distribution and has two children aged 6 and 3 and the 3-year old attends pre-school full time. In Panel B, the other member of the couple also works full time at the 25th percentile of the full-time earnings distribution.
2. 'IRL SACS' includes the additional support that will be available through the Single Affordable Childcare Scheme that will shortly be introduced.

Source: Authors' calculations using [OECD tax-benefit model](#).

13. This analysis uses the latest published policy parameters for the Single Affordable Childcare Scheme. Final subsidy amounts and income thresholds may differ.

70. Assuming childcare costs are only incurred when all adults in a family work, they significantly weaken the incentive for members of this group to work (Figure 21). When no childcare costs are incurred (e.g. because informal care is available) work incentives for the “typical” lone parent member of this group described above, are fairly strong in Ireland compared to similar situations in other countries (Panel A of Figure 21). In this case, where the family has one below-school-aged child and the lone parent’s earnings are at the 25th percentile of the full-time earnings distribution, 48% of earnings are “lost” in either higher taxes or lower benefit entitlements (this measure is henceforth referred to as the *participation tax rate*). This is a lower figure than the averages for families in this situation in EU and OECD countries. In the case where this “typical” group member has a partner who earns the same amount that they do, the participation rate is similar at 49% (Panel B of Figure 21), somewhat above the averages for this family type in EU and OECD countries.¹⁴ Adding in full-time childcare costs (for pre-school education) changes the picture dramatically, however. For both the lone parent and the member of a couple with a partner in paid work, the participation tax rate increases to nearly 80% when childcare costs are included as work-related costs. In other words, nearly 80% of gross earnings are lost through a combination higher taxes, lower benefits or childcare costs when “typical” members of this group move into work. In this case, members of this group would not be significantly better off in financial terms from entering paid work, particularly bearing in mind that there are likely to be other costs of working that are not accounted for here (for example, travel to work, childcare for school-age children before and after school and during school holidays).

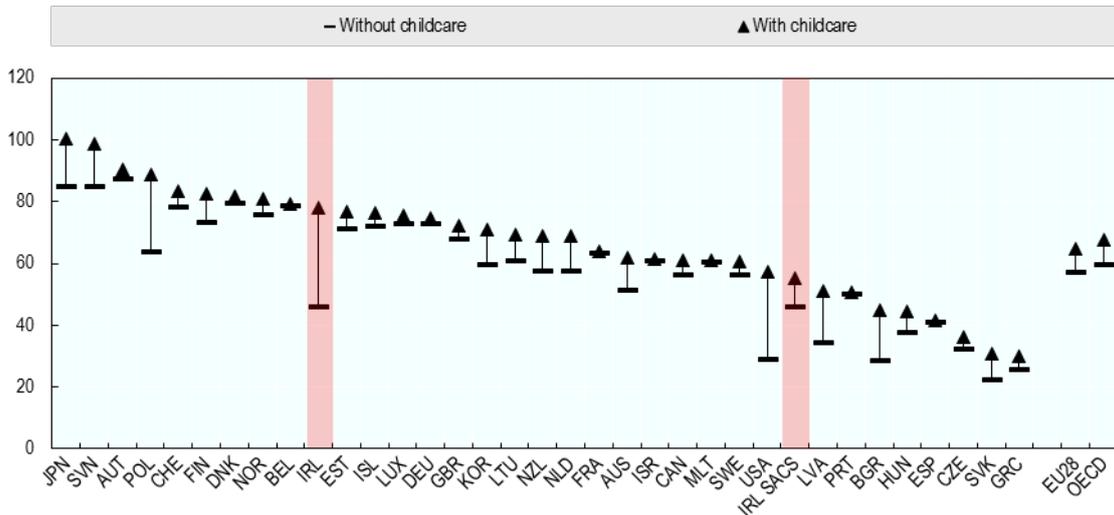
71. Additional support for childcare costs will soon be offered through the Single Affordable Childcare Scheme. This new programme, which is described below, will strengthen work incentives for members of this group. The difference with the current situation is illustrated by the data points labelled ‘IRL 2017’ in Figure 21. A “typical” lone parent member of Group A (Panel A of Figure 21) will see their participation tax rate fall from 78% to 55% under this scheme, below both the EU and OECD averages for this family type. For the couple, as family income is higher, the amount of support received under the scheme is lower, so the participation tax rate with childcare costs falls by less, from 83% to 69%, a significant fall, but still a higher rate than the average for this family type in EU and OECD countries in 2015 (Panel B of Figure 21).

14 . Unlike many other countries, Ireland has an extensive in-work benefit (the Family Income Supplement) which is withdrawn at steep rates as the second member of the couple enters work, and Ireland’s joint tax system creates weaker financial work incentives for second earners than other countries’ fully individualised systems.

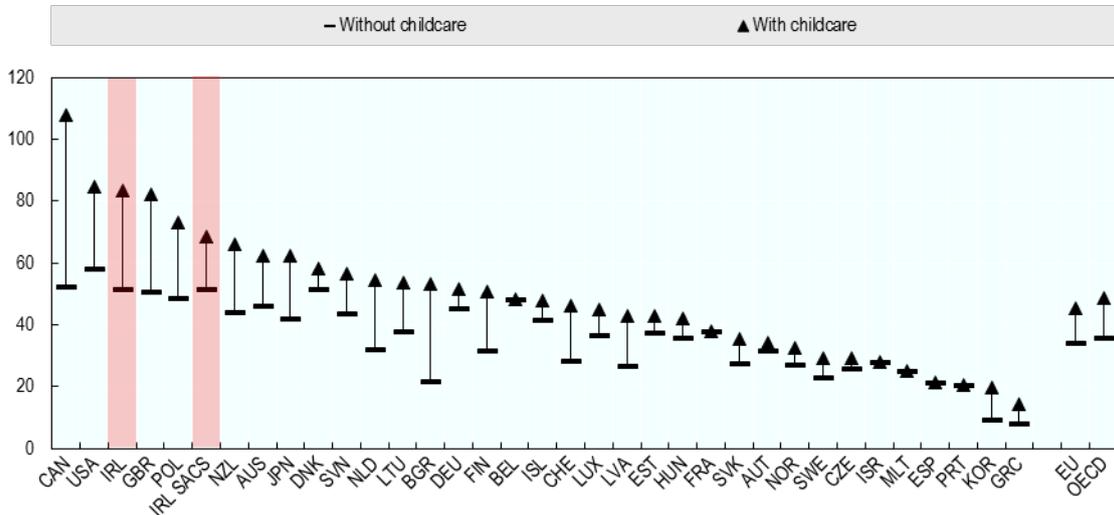
Figure 22. Participation tax rate for "typical" members of Group A with and without childcare costs

Family with two children, one child in pre-school education, 2015

Panel A: Lone parent



Panel B: Couple with children



1. Assumes group member works full time at the 25th percentile of the female full-time earnings distribution and has two children aged 6 and 3 and the 3-year old attends pre-school full time. In Panel B, the other member of the couple works full time at the 25th percentile of the male full-time earnings distribution.
2. 'IRL SACS' includes the additional support that will be available under the Single Affordable Childcare Scheme, which will be introduced shortly.

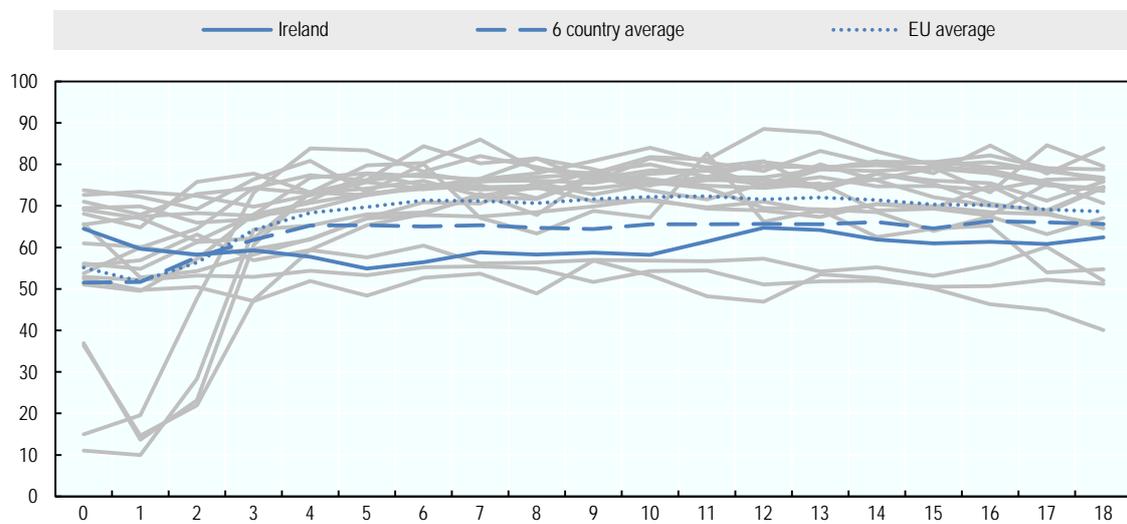
Source: Authors' calculations using OECD tax-benefit models.

72. These high childcare costs appear to be important in determining when women return to work after having children (Figure 23). In most countries, employment rates of mothers start to increase when their youngest child is aged 2 or

more, reaching 70% or more after children start school. However, the pattern in Ireland is different. The employment rate of mothers is higher than the EU average for those with very young children, but does not start to increase until the youngest child is in secondary school and even then remains below the level of most other EU countries. This suggests that the availability of affordable childcare for pre-school children and after-school care for school aged children represent a significant barrier to mother's employment in Ireland.

Figure 23. Low employment rates for mothers continue throughout childhood

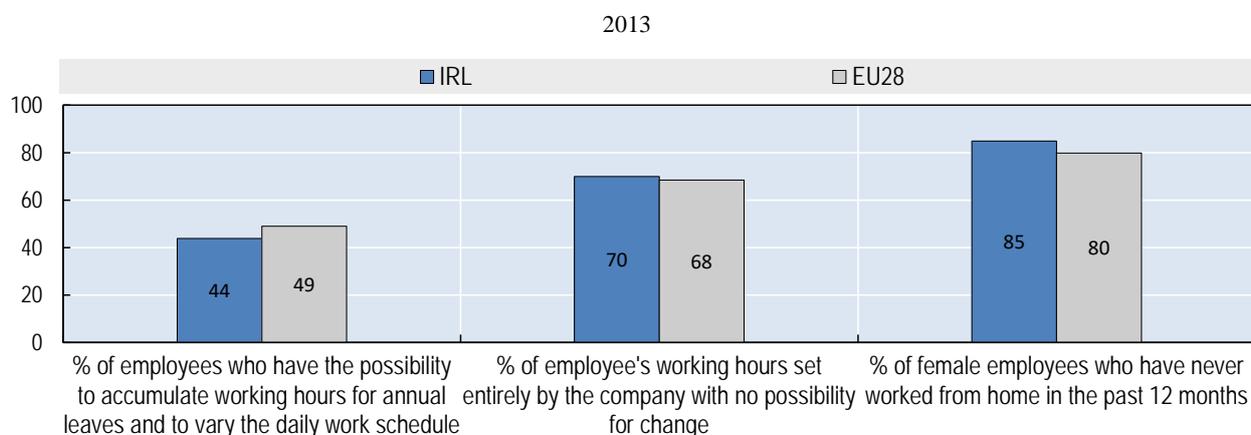
Employment rate of mothers by age of youngest child, Ireland and other EU countries, 2014



Note: 2013 for Germany.

Source: EU-LFS 2014.

73. Care responsibilities represent a greater barrier to employment when working arrangements are not flexible. Ireland is slightly below the EU average in terms of workplace flexibility (Figure 24): flexible working time arrangements and working from home are slightly less common than is typical among EU countries, and more employees have fixed hours set by management.

Figure 24. Irish workplaces are a little less flexible than the EU average

Source: OECD Family Database.

Policy priorities and recent or planned reforms

74. 27% of this group are lone parents and are likely to be entitled to One Parent Family Payment (the earnings replacement benefit for lone parents with young children, as discussed in Section 3.1). Until 2011, lone parents could claim this benefit, which does not have any job availability requirements, until their children were aged 18 (or 22 if they were in full time education). This was very unusual among OECD countries: at the time only Ireland and New Zealand had a lone parent benefit without job availability conditions that could be claimed after the youngest child reaches the age of 7. Recent changes have narrowed eligibility for this payment so that it can no longer be claimed by those whose youngest child is aged 7 or over, in line with similar changes in Australia and the United Kingdom. This may not affect many of this group directly and immediately – the average age of the youngest child for members of this group is 5 – but nonetheless may encourage them to start looking for a job sooner rather than waiting until they are transferred onto unemployment benefits.

75. Those lone parents who do have older children are now transferred onto the Jobseeker's Transitional Payment. This is paid at the same rates as Jobseeker's Allowance but in contrast to regular unemployment benefits, there is not an expectation to look for full time work. There is no maximum number of days worked, i.e. the transitional payment can be combined with work subject to relevant income tests but not to a hard working-days limit. In practice, however, as Jobseeker's Transitional Payment cannot be received at the same time as Family Income Supplement, those working for more than 19 hours per week (38 hours per fortnight) are likely to claim that instead. Lone parents claiming Jobseeker's Transitional Payment are obliged to attend meetings at the PES and engage with services such as part-time training courses if these are identified as suitable by their advisor, and to look for suitable childcare options to address care barriers that prevent them from engaging in full time work.

76. Several further recent or planned policy changes aim to increase childcare provision in Ireland to ease care-related barriers for this and other groups of parents. First, those who have school-age children and move from unemployment benefits or One Parent Family Payment into work may receive subsidised after-school childcare

through the After-School Child Care Scheme (ASCC) at a rate of €3 per day. This policy was introduced in September 2013, and there are 6,000 places available. Places are allocated on a ‘first come, first served’ basis, and not all of those who are eligible will necessarily receive a place.

77. Second, what was referred to as the “free preschool year” of 15 hours of free childcare per week in the ECCE scheme has been extended from September 2016. Children can now benefit from the scheme for 61 weeks on average compared to 38 weeks previously. The number of children benefiting from the scheme is therefore expected to rise from 67,000 to 127,000. It has been estimated that this 61 weeks of ECCE reduces parents’ spending on childcare by €4,000 per child if they would otherwise have paid for this provision. Children can enter the scheme at the first entry point after they turn 3 (entry points occur in September, January and April) and can continue until they start school. However, it is still limited to 15 hours of childcare per week, so members of this group would likely have to pay for at least some additional childcare even to work part time. With a given level of public resources, there is a trade-off between extending the number of hours for children who already receive 15 hours of free care, and extending the group of eligible children but maintaining an hours restriction that parents may find difficult to match with demands in the labour market.

78. Another recently announced policy that is likely to help members of this group is a new Single Affordable Childcare Scheme. This will replace or consolidate existing schemes that give support for those who either are claiming a benefit and/or have a medical card. These schemes also provide subsidised provision for those who are taking part in education, training or community work activities. The new scheme will provide a subsidy of between €3.76 and €5.11 per hour of childcare used to families with net incomes (i.e. after taxes and cash benefits) below a threshold. The subsidy will be gradually withdrawn at incomes above this level until net family income reaches a higher threshold (though high-income families with children under 3 will still receive a subsidy of €0.50 per hour).¹⁵ According to available information, it is likely that this will cover 80-90% of the cost of childcare for those receiving the maximum subsidy. Families where *both* adults are working or studying will be able to claim the subsidy for up to 40 hours per week of childcare, otherwise the maximum amount will be 15 hours per week: the scheme will thus support economically inactive parents to either return to work or participate in education or training as a preparatory step. As mentioned above, Figure 22 illustrates the consequences of this reform and shows that it will significantly strengthen financial work incentives for members of this group, particularly for lone parents and those whose partner earns relatively little.

79. As well as expanding the coverage of childcare support, the new scheme will be more flexible and easier for claimants. Subsidies will be available for any registered providers (by contrast, only 36% of providers will provide places under the Training and Employment Childcare scheme and only 33% will provide places under the Community Childcare Subvention scheme; Pobal 2016). The intention is for the subsidy to be calculated automatically using real-time information from tax

15. Both thresholds vary according to family size. Under current plans, withdrawal will begin when net family income exceeds €22,700 and end when family income reaches €47,500 per year for families with one child. These thresholds will both be increased by €3,800 for each additional child.

and benefit records so that parents will not have to pay for childcare up front and then claim the subsidy.

80. It is possible that this additional subsidy will lead to childcare providers, 73% of whom are private companies (Pobal, 2016a), raising their prices. Measures have been built in to the system to prevent providers selectively charging higher prices to those receiving the subsidy: all providers must publish a price list and parents are not allowed to pay more than the difference between the subsidy they receive and the published fee. But it may also be necessary for the government to invest in more childcare provision, especially in low-supply areas, to ensure that increased demand leads to an expansion of supply rather than higher prices.

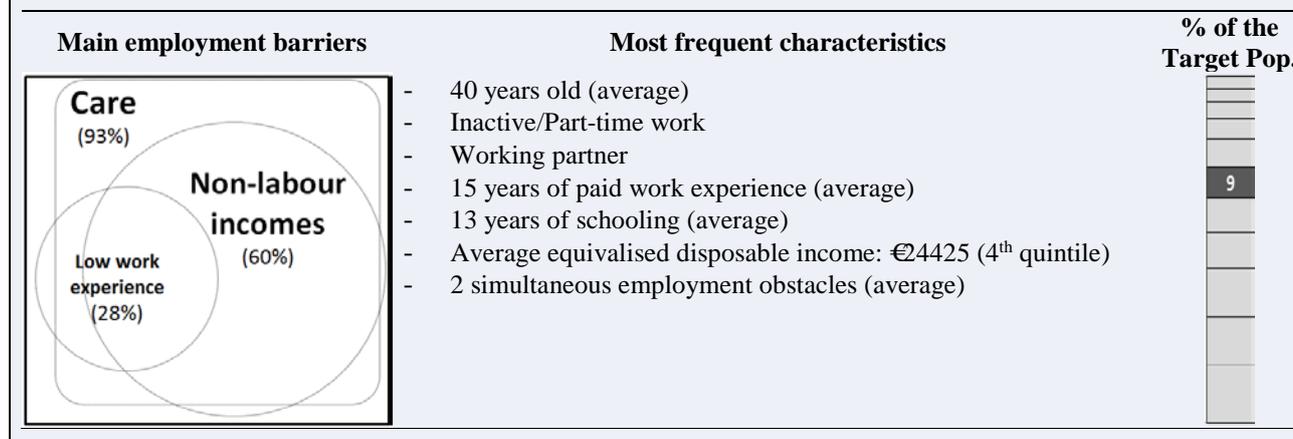
81. Financial work incentives of this group may also be affected by the introduction of the new Housing Assistance Payment, which is now available in all local authority areas from 1 March 2017. For lone parents and those with a non-working partner who were previously receiving rent support through Supplementary Welfare Allowance, this is likely to strengthen financial work incentives as they can continue to receive social housing support when they move into work. However, it may also slightly weaken financial work incentives for jobless parents with a partner in full-time work who become eligible for social housing support as a result of the introduction of the Housing Assistance Payment, as their assessed rent contribution (i.e. the amount of rent that is not covered by the payment) would increase a little in some cases if they also moved into work.

Group B: “Parents with higher-income partners and care responsibilities”

82. As with the previous group, the majority of in this group are prime age (ages 30 to 59, 95%) women (84%). But unlike in Group A, a large majority (87%) live in families with a working partner. They have 2 children on average, the youngest of whom is five years old. 54% are economically inactive, 38% employed part-time and 7% unemployed. Another similarity with the “*Mothers with limited work experience and with care responsibilities*” is that almost all (93%) have children who receive less than 30 hours of non-parental childcare each week and so care responsibilities represent a barrier to employment. Other common potential barriers are weak financial work incentives resulting from relatively high levels of other income sources in the household (60% of group members live in households with incomes of more than 1.6 times the median income excluding income resulting from their own work effort), and low work experience relative to their potential (28% have worked for less than 60% of the time since leaving full time education).

83. The main differences with Group A are education levels and skills, work experience and the level of household incomes. Most of this group have previously worked in medium- or high-skilled jobs and more than half have a tertiary degree. They also have 15 years of work experience on average compared to 10 for the previous group, and for the majority of the group work experience is high relative to potential experience. Household incomes are also significantly higher: most members of this group are in the top half of the income distribution, and only 10% are at risk of poverty.

Box 2. Group B: "Parents with higher-income partners and care responsibilities"



Income support

84. The majority of this group are in relatively high income households and live with other adults in paid work. Therefore, (means-tested) earnings replacement benefits are not relevant for them, and the only benefits they receive are family benefits, with the average amount received being €5,480 per year. These benefits include the universal Child Benefit, maternity benefits in some cases and, for members of this group living in poorer households, Family Income Supplement.

85. As a minority (13%) do not live with a partner or other adult in paid work, however, and since families where one or both adults work part time can receive unemployment benefits in Ireland, a small share (16%) do receive unemployment benefits, with an average amount of €5,745 per year.

Public employment service and active labour market programmes

86. As with Group A, group members are generally not part of the primary target groups for job-search assistance and ALMPs as they do not claim earnings replacement benefits and are not automatically registered as unemployed, which is required to be eligible for many ALMPs. If they were to register as unemployed with the PES, they would potentially have access to a number of programmes including the Vocational Training Opportunities Scheme and Springboard courses and Jobs Plus subsidies. However, as member of this group are mostly high-skilled – more than half already have a tertiary degree and the majority have worked in middle- or high-skilled occupations in the past – additional training and employment subsidies are perhaps less relevant for this group than the others studied in this report.

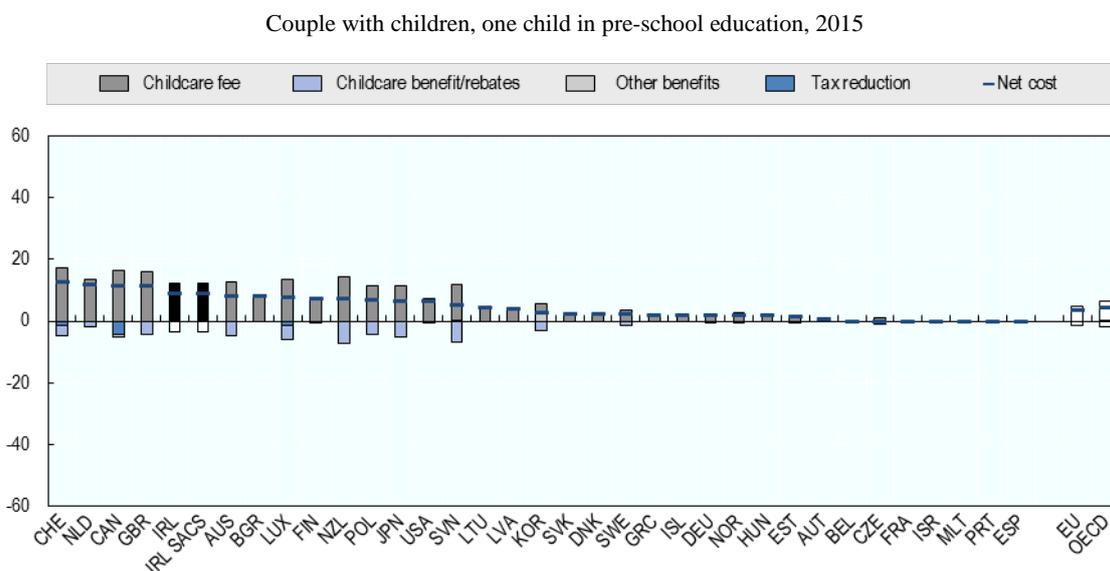
Other targeted measures

87. As with Group A, the most common employment barrier faced by this group are care responsibilities. Similar measures for improving access to childcare will therefore be key to improving the employment possibilities of this group. As was shown in Figure 20, since parents receive 15 hours of free childcare a week through the ECCE scheme but additional childcare is expensive, almost all children

between the ages of 3 and starting school currently attend pre-school part time, but full-time participation is relatively rare.

88. Since incomes in this group are significantly higher than in Group A, potential childcare costs represent a smaller burden as a percentage of household gross earnings (Figure 25). As for Group A, it is again possible to illustrate costs by calculating out-of-work and in-work incomes after childcare costs for a family situation that approximately corresponds to the characteristics of this group. For illustration purposes, Figure 24 shows such results for a “typical” member of Group B with potential earnings at the median amount for those in full-time employment (higher than for Group A due to their higher skill levels), and whose partner earns at the 75th percentile of earnings distribution. In this case, the costs of full-time pre-school childcare for one child net of free provision represent 9% of gross earnings. This is significantly lower than for the “typical” situation for Group A, but nevertheless high relative to similar family situations in most other EU and OECD countries. This example family will not be eligible for the additional support for childcare that will be offered under the Single Affordable Childcare Scheme as their income is too high for them to be entitled to means-tested support, and non means-tested support will only be available to those with children under 3 (children in the Figure 25 example calculations are aged 6 and 3).

Figure 25. Childcare costs as a percentage of gross earnings for a "typical" member of Group B



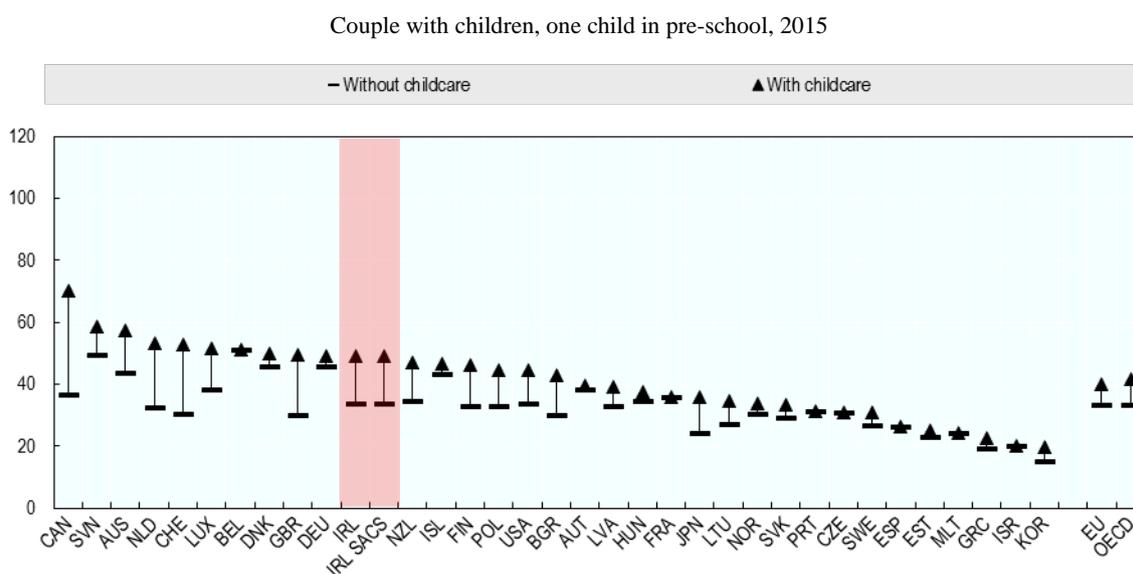
1. Assumes group member works full time at the 50th percentile of the female full-time earnings distribution and has two children aged 6 and 3 and the 3-year old attends pre-school full time. The other member of the couple works is assumed to work full time at the 75th percentile of the male full-time earnings distribution.
2. 'IRL SACS' includes the additional support that will be available under the Single Affordable Childcare Scheme, which will be introduced shortly.

Source: Authors' calculations using OECD tax-benefit models.

89. Nevertheless, if it is necessary to incur childcare costs for members of this group to enter employment, these are likely to bear heavily on their decision. For the “typical” group member as defined above, taxes and benefits do not distort the

decision whether or not to work very significantly: only a third of earnings would be lost to either higher taxes or lower benefits if they entered work. Therefore, if it were not necessary for this person to incur childcare costs to enter work, work incentives would be stronger in Ireland than in most other EU and OECD countries: the participation tax rate for this “typical” group member is lower in Ireland than the EU and OECD average (Figure 26). Childcare costs significantly change this picture, however, making the participation tax rate higher than the average in both the EU and the OECD for this family type. In the case where it is necessary for one child to use childcare full-time for this “typical” group member to enter work, just under half of earnings from work are lost to higher taxes, lower benefits and childcare costs (Figure 26). (Again, as this family will not be entitled to support under the Single Affordable Childcare Scheme, this does not affect these calculations). Although this is significantly less than the 80% shown in Figure 22 for “typical” members of Group 1, it is still likely to be important. Members of this group may be particularly sensitive to financial work incentives as their household incomes are often high even when they do not work: as shown in Box 4.2, for 60% of this group, household income excluding income that is related to their own work effort is more than 1.6 times the median income level. Therefore, in many cases there will be less economic necessity for this group to enter paid work than for some others.

Figure 26. Participation tax rate for a "typical member of Group B with and without childcare costs



1. Assumes group member works full time at the 50th percentile of the female full-time earnings distribution and has two children aged 6 and 3 and the 3-year old attends pre-school full time. The other member of the couple works full time at the 75th percentile of the male full-time earnings distribution.
2. 'IRL SACS' includes the additional support that will be available under the Single Affordable Childcare Scheme, which will be introduced shortly.

Source: Authors' calculations using OECD tax-benefit models.

Policy priorities and recent or planned reforms

90. As with Group A, the expansion of the ECCE scheme to start shortly after a child turns three rather than a year before they start school is likely to increase the

employment possibilities of this group somewhat. However, as free provision remains at only 15 hours per week, even part time work will still require some additional childcare. Expanding the number of hours per week provided under the scheme might be more effective at increasing employment among members of this group.

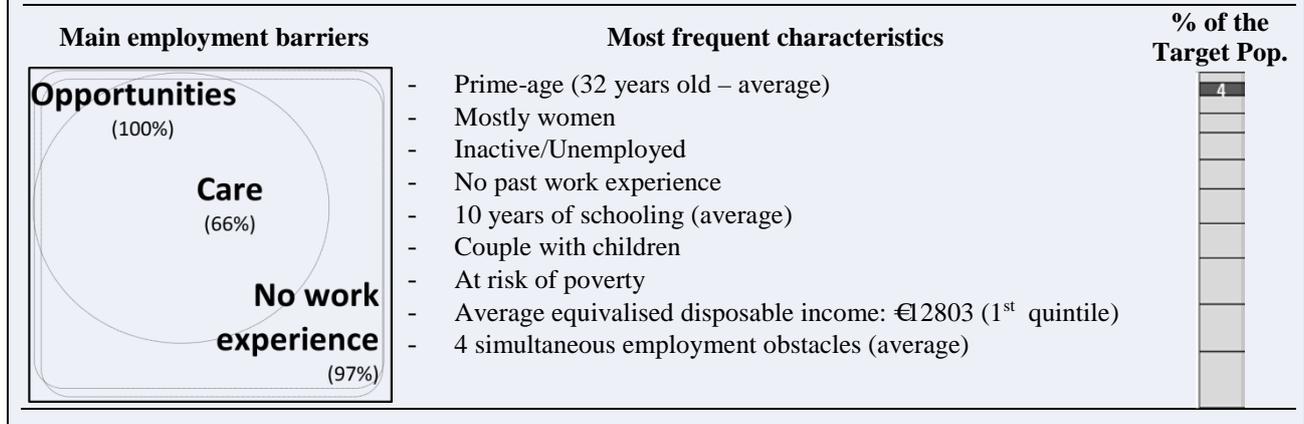
91. By contrast, the Single Affordable Childcare Scheme described in Section 4.1 does not affect the work incentives of the “typical” member of this group considered in Figures 24 and 25. However, it may be relevant for some members of this group with different characteristics to the “typical” case considered there. For example, those with younger children would be entitled to the small amount of non-means tested support that is available for those with children aged under 3, and those with lower family incomes would be eligible for means-tested support if they were to move into paid work.

Group C: “Economically vulnerable parents without any past work experience and with care responsibilities”

92. This group of parents (85% are mothers) face a greater number of employment barriers than the other two and they are often more severe as well. All members of this group are estimated to face scarce job opportunities, almost all (97%) have no work experience at all, and as a result have no work-related skills (although 14% have a tertiary education and are thus not classified as facing the “low skills” barrier, see Annex 2). Almost all of this group either live with a partner or more than one other adult in the household, only 8% are lone parents. Two thirds of this group have children who receive less than 30 hours a week of non-parental childcare, meaning that, as with the other two groups, care responsibilities represent one of the employment barriers.

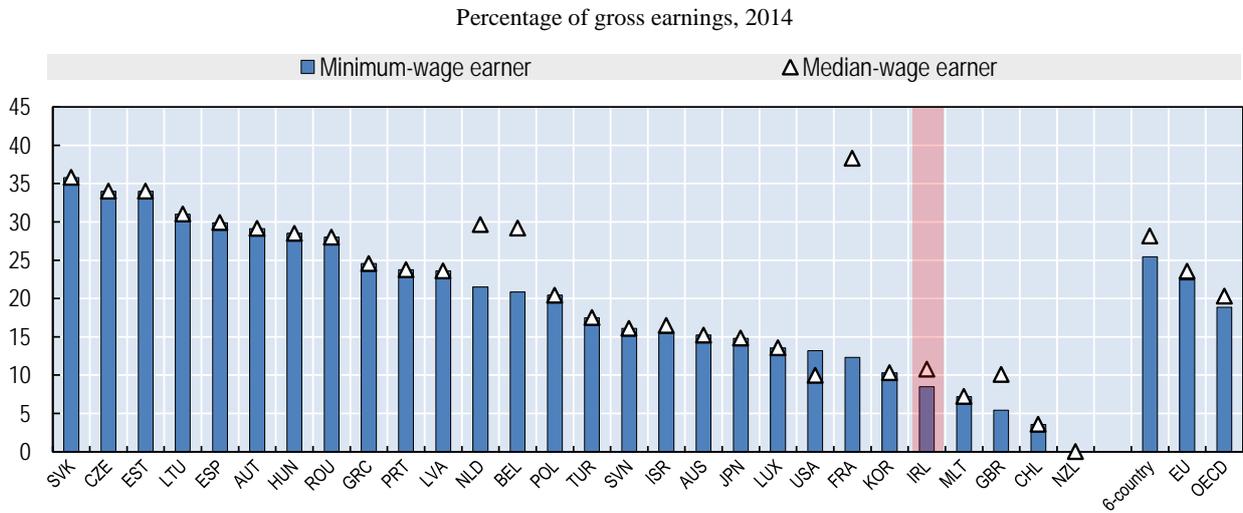
93. Similar to the other two groups, members of Group C have on average two young children, while the youngest is slightly younger than for the other two (four years on average). Only 41% share a household with another adult in paid work. Partly as a result, this group is the poorest of the 11 groups identified by the statistical clustering, with 58% of individuals in the bottom quintile of the income distribution, 48% at risk of poverty and 66% facing material deprivation. Group C also comprises a somewhat larger share of migrants (37%) than Groups A (30%) and B (25%).

Box 3. Group C: "Economically vulnerable parents without past work experience and with care responsibilities"



94. Among other structural reasons for poor labour-market conditions faced by this group, reasons for a lack of job opportunities could in principle include high levels of labour costs related to (among other things) high levels of employer taxes, stringent employment protection legislation, or mismatches between the skills that people have and those that are required for the jobs that employers are seeking to fill. In fact, however, employer social security contributions are low in Ireland (Figure 27), and employment protection legislation is relatively weak (Figure 28). There does appear to be a considerable amount of skills mismatch, however (Figure 29): for instance, the proportion of existing workers who have literacy skills above levels that are required for their job is much higher than the OECD average, and the proportion who are under-skilled is higher too. This, combined with reports of skills shortages in sectors such as ICT and large wage premiums for those with higher skill levels (OECD, 2015), suggests that existing skills profiles in the labour force generally do not correspond well to the needs of employers. For Group C, who often have low levels of education and no previous work experience, a lack of work-related skills is an important factor behind the lack of job opportunities affecting the entire group.

Figure 27. Employer taxes and social security contributions

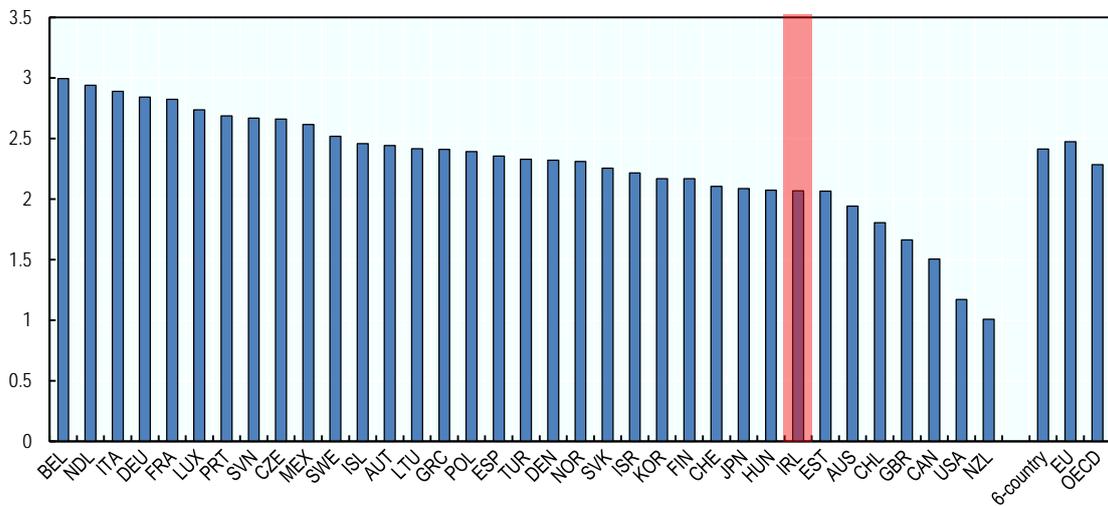


1. 10th percentile of full-time earnings distribution for countries without a statutory minimum wage.

Source: Authors' calculations using OECD tax-benefit models

Figure 28. Strictness of employment protection legislation

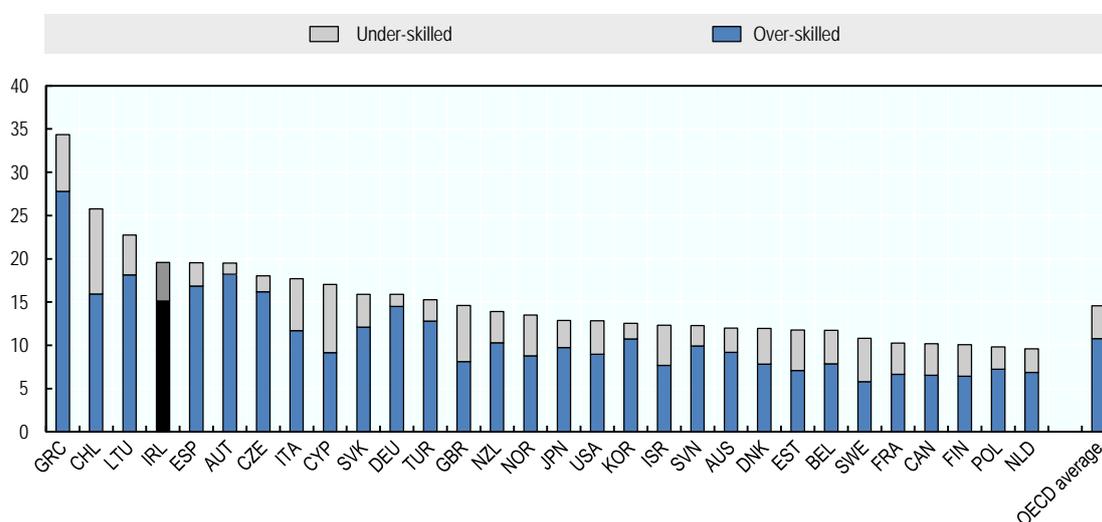
Individual and collective dismissals (regular contracts), 2013



Source: OECD Employment Protection database.

Figure 29. Skill mismatchers

Percentage of workers who are over- or under-skilled, 2014



Employees are considered over-skilled if their skill level is above the skill level of the 95th percentile of those in the same occupation who consider that their skill level is well matched for their job, and under-skilled if their skill level is below the 5th percentile of this group.

Only parts of some countries are included: the data for Belgium includes only the Flanders region, and that for the United Kingdom sample includes England and Northern Ireland only.

Source: Figure 5.7 of OECD (2016)

Income support

95. None of this group are in paid work and while most have spouses or partners, the majority (59%) do not live with another adult in paid work. 8% are lone parents, and 51% live with other non-working adults. Earnings-replacement benefits are much more important for this group than for Groups A and B therefore. 30% receive unemployment benefits (average amount €9,983 per year) and 27% social assistance (Supplementary Welfare Allowance, average amount €481 per year). 49% receive housing benefits, which at the time these data were collected were not available to families with someone in full time work (average amount €2,875 per year). All group members receive family benefits averaging €8,228 per year: as well as the universal Child Benefit, this will include Family Income Supplement for group members with a partner in full time work and One Parent Family Payment for those who are lone parents.

96. Almost none of this group (only 3%) have any past work experience. As discussed in Section 4.1, some characteristics of the Irish income support system for families discourage those with young children to participate in the labour market and do not provide an incentive for women to gain some experience in the labour market before starting a family. These include the lack of parental leave benefits that allow those with young children to take time off work and a separate “inactive” benefit for lone parents that does not depend on prior work experience and does not require them to look for work until their youngest child reaches the age of 7.

Public employment service and active labour market programmes

97. With low skills and without any work experience, reaching this group with training and work experience programmes would be a crucial step towards improving their labour-market opportunities. However, although a minority of this group live in households that receive unemployment benefits (30%) and others receive social assistance (27%), only the main benefit claimants may have any contact with the PES. When both members of a couple are unemployed, one member is assigned as the main claimant of benefits and the other is given the status of a “Qualified Adult”. Those without any prior work experience, the situation of practically all members of Group C, may be particularly likely to be the Qualified Adult. Although it is possible for both members of a couple to register as unemployed (in which case both must be available for full-time work), many couples do not know this, and some are given incorrect information (source: NESC qualitative research on jobless households), or they may consider that registering as a jobseeker is not useful given no previous work experience and exposure to the labour market.

98. There are some training programmes that Qualified Adults can take part in without registering as unemployed, including secondary and tertiary level courses through the Back to Education Allowance (though for this they must establish an underlying entitlement to an unemployment benefit), full time vocational training courses through the Vocational Training Opportunities Scheme and part time higher education courses through Springboard. Local Employment Service supports are also available if Qualified Adults approach these services themselves, and may be able to direct Qualified Adults who are looking for work towards these courses as well as providing help with job search, but these services are often oversubscribed (source: NESC qualitative research on jobless households).

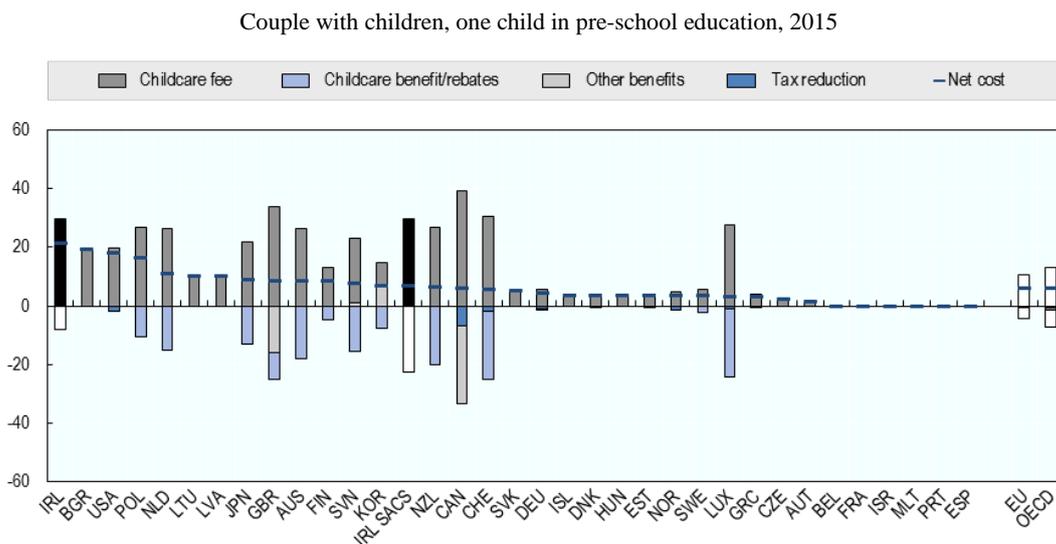
99. A slightly broader range of programmes is available to those who are registered as unemployed, but are not eligible for any earnings replacement benefit: this would potentially correspond to members of this group who are looking for work but are not living in a household receiving unemployment benefits because their partner is in paid work. As well as Springboard and the Vocational Training Opportunities Scheme, and they can get employment subsidies through Jobs Plus.

100. Another potential source of support for this group given their disadvantaged status is the Social Inclusion and Community Activation Programme (SICAP), in which Local Development Companies (LDCs) help build community groups, promote lifelong learning and help people become more job ready. The programme is funded by the Department of Housing, Planning, Community and Local Government and total expenditure was €35.8 million in 2016. Priority groups include the unemployed (not just those who are registered with the PES), lone parents and families in disadvantaged areas. SICAP offers more intensive job coaching to those who are furthest from the labour market and also runs training courses or refers clients to those run by local Education and Training Boards. Reflecting the multiple goals of SICAP, not all courses have a clear labour market focus – those relating to the goal of promoting lifelong learning in its own right are more aimed at personal development and encouraging engagement in society rather than leading directly to a specific occupation, and 69% do not lead to a recognised qualification (Pobal, 2016b) – but it is also possible for clients who are closer to the labour market to undertake more labour market-relevant training courses.

Other targeted measures

101. As with the other two groups of parents examined in this section, care responsibilities frequently represent a barrier to employment for this group: two thirds of this group have children who receive less than 30 hours a week of non-parental childcare and are either the only person in their household available to care for them, or the only non-working adult in the household who gives their labour market status as looking after children. Again, as with other groups, childcare costs are high relative to family gross earnings for a “typical” member of this group compared in Ireland compared to other countries. Childcare costs for a couple with one child requiring full time childcare represent 21% of gross earnings in Ireland when the two parents work at the 10th percentile of the full time earnings distribution (Figure 30), the highest figure for this family type in all EU and OECD countries.¹⁶ The additional support that will be available under the Single Affordable Childcare Scheme when it is introduced will significantly reduce the net cost of childcare for this group, however, bringing the cost of childcare for this “typical” group member more in line with EU and OECD averages.

Figure 30. Childcare costs as a percentage of gross earnings for a "typical" member of Group C



1. Assumes both members of the couple work full time at the 10th percentile of the full-time earnings distribution. The family has two children aged 6 and 3 and the 3-year old attends pre-school full time.
 2. 'IRL SACS' includes the additional support that will be available under the Single Affordable Childcare Scheme, which will be introduced shortly.
 Source: Authors' calculations using OECD tax-benefit models.

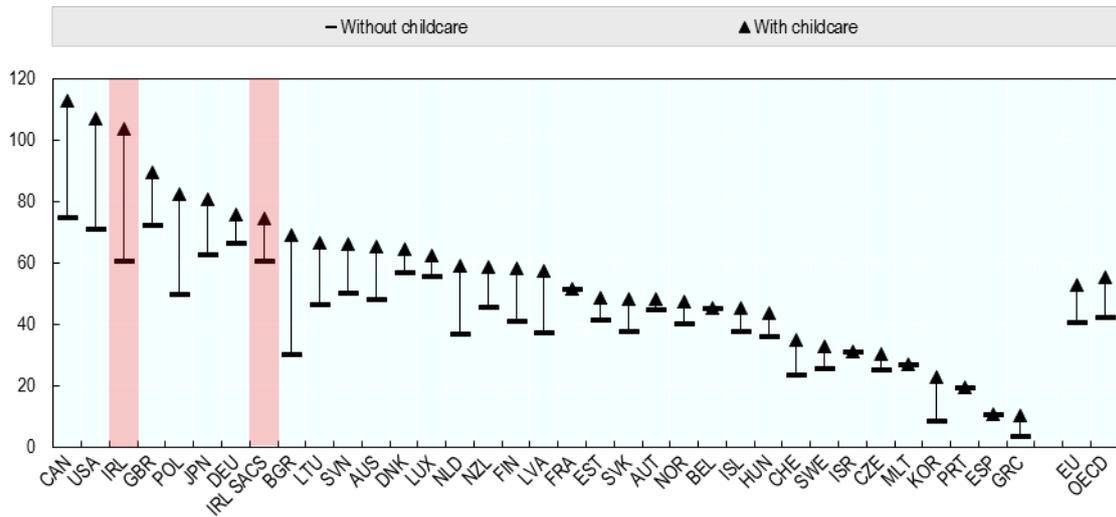
16. As noted previously, the most common household situation for members of this group is being in a household with other non-working adults. In this situation, there would be no childcare costs if the group member stated paid work as these other non-working adults could presumably look after the children. Figure 25 therefore focuses on the situation where the partner of the group member is in paid work. The reason that 66% of the group is defined as facing the “care responsibilities” employment barrier despite 48% living with another working age adult who is not in paid work is that in households with more than one non-working adult, the adult who reports their labour market status as looking after children is deemed to have care responsibilities that limit their ability to undertake paid work.

102. These childcare costs are such that if they have to be incurred in order for this “typical” group member to enter the labour market, they make working not financially worthwhile (Figure 31). Even without taking childcare costs into account, work incentives are weak for members of this group. For the “typical” group member described above, 61% of earnings are lost to a combination of taxes and benefit withdrawal, mainly because this family loses 60 cents of in-work benefit (Family Income Supplement) for each euro earned by the “typical” member of this group. Adding on the cost of full-time pre-school education for one child takes this figure to 104%, in other words the cost of childcare for this family exceeds the increase in net income resulting from the group member entering paid work.

103. The Single Affordable Childcare Scheme will introduce additional support for childcare costs that at least means that the additional income earned from working does not exceed the net cost of childcare for this ‘typical’ group member. However, the participation tax rate for this “typical” group member will still be very high when this is in place at 75%, significantly above the EU and OECD averages for this family type. Even though both partners’ earnings are low in this scenario, the family does not receive the maximum amount of support available under the scheme.

Figure 31. Participation tax rate for a 'typical' member of Group C

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1. Assumes group member works full time at the 10th percentile of the female full-time earnings distribution and has two children aged 6 and 3 and the 3-year old attends pre-school full time. The other member of the couple works is assumed to work full time at the 10th percentile of the male full-time earnings distribution.

2. ‘IRL SACS’ includes the additional support that will be available under the Single Affordable Childcare Scheme, which will be introduced shortly.

Source: Authors' calculations using OECD tax-benefit models.

Policy priorities and recent or planned reforms

104. A key theme of the current ‘Pathways to Work’ programme for the period 2016–2020 is for the PES to engage with additional groups including the spouses of

the unemployed.¹⁷ This is likely to increase opportunities to engage in ALMPs for members of this group. Options for increasing engagement with Qualified Adults are being prepared by the Department of Social Protection, and this is also being examined as part an action plan for jobless households to be published in 2017.

105. As with Group 1, the After-School Child Care Scheme will be relevant for those currently claiming an out-of-work benefit. And all of those with younger children will benefit from the expansion of the ECCE scheme to begin shortly after a child's third birthday, though again as free provision is limited to 15 hours a week, it will be hard for this group to even work part time without paying for additional childcare, the cost of which is high relative to potential wages for many members of this group.

106. The Single Affordable Childcare Scheme discussed in Section 4.1 is also likely to be relevant for Group C. As shown in Figure 30, this reform will at least mean that the costs of childcare are not greater than the increase in net income resulting from moving into work for a "typical" member of this group. But work incentives for this group will remain weak even after the reform: around 78% of earnings would still be lost to higher taxes, lower benefits or childcare costs (net of subsidies) once this programme is introduced. This is both because this family's income is still too high to benefit from the maximum subsidy, and because financial work incentives would be weak even without any childcare costs, as wage-earnings potential is low, and because the Family Income Supplement is withdrawn at steep rates when the second member of the couple moves into work. Further measures to strengthen financial work incentives among this group might include increasing the threshold at which the support offered through the Single Affordable Childcare Scheme starts to be withdrawn, withdrawing the Family Income Supplement more gradually as income rises and a fully individualised income tax system.

17. Action 2.3 of the 2016-2020 Pathways to Work Programme states that the PES should '[d]evelop a pro-active engagement approach to support qualified adult dependants of job-seeker claimants in securing employment. For example, promote the registration of qualified spouses/partners as jobseekers in their own right.'

5. Conclusions

1. This paper has used a novel method for identifying, analysing and visualising the most common employment barrier profiles characterising the working-age population in Ireland facing potential labour market difficulties. The resulting information was used to inform a people-centred policy inventory and a discussion of priorities across policy domains and institutions that are involved in providing employment support.

2. The underlying premise is that out-of-work individuals, either unemployed or labour-market inactive, and workers with weak labour market attachment face a number of possible employment obstacles, and each of them may call for different policy responses. The success of activation and employment-support policies, and of social protection measures more generally, is expected to hinge on effective strategies to target and tailor policy interventions to these barriers and to individual circumstances.

3. As the labour-market recovery gathered pace during 2013, 32% of working-age individuals in Ireland were persistently out of work for at least 12 months, and a further 14% had low work intensity working less than half of the year, or reporting limited working hours or very low earnings. The potential employment barriers that were most common among these 46% of the working-age population were limited work experience, low skill levels, and scarce job opportunities, resulting in a number of key policy challenges. Although financial disincentives, health limitations and care responsibilities were less widespread overall, they represented important barriers for some groups. A striking finding is that large shares of those with no or weak labour-market attachment face multiple simultaneous employment barriers: 39% faced three or more significant barriers, highlighting the limits of narrow policy approaches that focus on subsets of these barriers in isolation.

4. The empirical approach can easily be repeated with data for later periods. However, while the size of groups is likely to change as the labour market recovers and cyclical unemployment is absorbed, the more structural barriers are likely to persist while underlying policy and related constraints remain in place.

5. A statistical segmentation method identifies eleven distinct combinations of employment barriers that characterise the population of “joblessness” in Ireland. Results show that “short-hand” groupings that are often referred to in the policy debate, such as “youth”, “women”, “unemployed”, are far from homogeneous, and may distract attention from the specific employment obstacles that policies seek to address. For example, the analysis reveals different groups of working-age individuals with health difficulties, prime-aged unemployed people and older economically inactive individuals. These groups differ in terms of their level of job-

readiness as they frequently have different levels of skills and work experience, and the financial work incentives they face are often different too.

6. Policy dialogue undertaken as part of this project has focused on the three of the eleven groups, all parents with relatively young children identified by the statistical clustering analysis. The first of these, “*Mothers with limited work experience and with care responsibilities*” are relatively poor, have some work experience but have spent considerable periods of time since leaving full-time education not in paid work and have relatively low work-related skills. The second, “*Parents with higher income partners and care responsibilities*”, have more work experience, higher skills and live in richer households. The final group “*Economically vulnerable parents without any past work experience and with care responsibilities*” has no work experience, low levels of education and are more likely to live in workless households. None of these groups are currently core clients of the public employment service or active labour-market programmes. They are, however, among the focus groups of the government’s current Pathways to Work programme. The results in this paper provide new information on their employment barriers, which aim to sharpen the view on the sizeable population sub-groups that are currently not or only weakly engaged in the labour market.

7. A lack of childcare provision is a key employment barrier for all three groups. Childcare is currently expensive in Ireland and unsubsidised for many families, although there is free part-time provision for children shortly before they start school which is well taken up. For those with low earnings, for example members of groups A and C, who need to purchase childcare in order to work full time, a large proportion of potential earnings would be lost to higher taxes, withdrawn benefits or childcare costs. Even for those with higher potential earnings, the cost of childcare may mean that non-working parents, mostly mothers, conclude that preparing for employment, looking for a job or engaging in paid work is not financially worthwhile, particularly for those whose household income is already relatively high (e.g. Group B studied in this report). A new childcare support scheme will be introduced shortly to provide subsidies to lower-income families where both adults work. This scheme will strengthen work incentives for those in low-income families, particularly for lone parents with lower earnings (for example, some members of the first group considered here). But work incentives will remain very weak for parents whose partner’s earnings are also low (many members of Groups A and C) as even when both partners’ earnings are relatively low, the family does not receive the maximum level of support under the scheme.

8. Although these groups might benefit from the services offered by the PES, they frequently do not have access to ALMPs. This arises, in part, because of a past focus on reducing the Live Register of unemployment benefit claimants, and because aspects of the Irish social welfare system correspond to a ‘male breadwinner’ model (Murphy, 2016). Lone parents who can claim a passive benefit, One Parent Family Payment (e.g. in Group A), do not have access to ALMPs that might benefit them, including the Momentum training courses, and work trials with local authorities and community organisations (Gateway and Tús). ‘Qualified Adults’ (common in Group C) are out of work and live in a household supported by out-of-work benefits, but since the main benefit claimant is their partner, they do not have to register with the PES and, as a result, frequently do not have access to beneficial training and community work schemes. As part of the latest ‘Pathways to Work’ programme

running from 2016 to 2020, more engagement with Qualified Adults is planned and results in this paper confirm that this remains a policy priority.

9. Several factors contribute to a lack of work experience among mothers in Ireland. Paid maternity leave is short and poorly compensated, and there are no parental leave benefits that enable parents to take additional paid time off work to look after young children. For lone parents, the existence of One Parent Family Payment, which does not require any contribution record, discourages labour market participation both before and after starting a family. Once families have children, incentives often favour one-earner couples: Family Income Supplement is withdrawn at steep rates when the second member of the couple moves into paid work, and the Irish joint taxation system leads to weaker work incentives for those whose partner is in paid work than would be the case under a fully individualised system.

Annex 1: Latent class results for Ireland

1. Using 2014 SILC data, the segmentation algorithm described in the companion statistical paper for Ireland (Browne and Pacifico, 2016) leads to a model with **11 groups**. Table A1.1 shows the estimated parameters, i.e. the *share* of individuals facing the employment barriers in each latent group and the related *group size* in the target population (first row). Groups are ordered by size; colour shadings are used to highlight barriers with higher (dark blue) and lower (light blue) frequencies in each group.

Table A1.1. Latent class estimates

Percentage of individuals with selected characteristics, by group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10	Group 11	Target Pop
<i>Group Size (Target population=100)</i>	17	14	14	10	10	9	8	6	5	4	3	100
<i>"Low" education and skills</i>	33	47	43	41	48	8	74	36	8	86	89	43
<i>Health limitations</i>	6	73	34	12	13	6	14	11	30	15	55	25
<i>Care responsibilities</i>	2	5	8	6	92	93	1	28	3	66	7	25
<i>No work experience at all</i>	0	0	0	0	5	1	83	0	16	97	98	16
<i>Core indicators</i> <i>Positive but "low" relative work experience</i>	31	31	78	28	68	28	17	35	0	0	2	36
<i>No recent work activity</i>	0	91	87	87	79	52	91	72	85	100	100	70
<i>"High" non-labour income</i>	31	18	35	12	9	60	24	9	28	6	25	25
<i>"High" earnings replacements</i>	10	25	5	10	35	3	16	48	70	25	9	19
<i>Scarce job opportunities</i>	5	0	1	78	9	3	100	94	7	100	100	31

Notes: Group sizes refer to the target population as defined in the text. Colour shadings identify categories with high (dark blue) and lower (light blue) frequencies. Complementary categories (e.g. 'high' skills) are omitted.

Source: Authors' calculations based on EU-SILC 2014

Table A1.2. Characterization of the latent groups

Percentage of individuals with selected characteristics, by group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10	Group 11	Target Pop
Number of individuals (%)	17	14	14	10	10	9	8	6	5	4	3	100
Number of individuals (frequency)	200191	165965	165920	123408	120340	103343	96444	67476	61118	45127	41463	1190793
Women*	62	35	100	21	100	84	34	9	24	85	83	59
Age groups*												
Youth (18-29)	29	1	0	7	21	3	93	15	7	37	1	18
Prime age (30-54)	56	50	47	68	79	95	7	82	8	63	57	56
Old-age (55-64)	15	49	53	25	1	2	0	3	85	0	42	26
Age (average)	41	55	56	49	37	40	22	38	60	32	53	45
Main activity during the reference period												
Employed FT	8	0	0	0	0	0	0	0	2	0	0	2
Employed PT	70	5	10	2	14	33	0	2	6	0	0	19
Self-employed FT	4	0	0	0	0	0	0	0	1	0	0	1
Self-employed PT	5	1	1	0	0	5	0	0	2	0	0	2
Unemployed	9	15	5	83	14	7	67	94	13	30	18	28
Retired	1	14	6	3	1	1	0	0	48	0	3	6
Unfit to work/disable	1	46	18	5	1	1	15	1	20	4	30	13
Housework	1	15	58	5	67	48	2	1	7	57	46	26
Other inactive	1	3	2	2	2	4	16	1	2	9	3	4
Main activity at the time of interview												
Employed	87	8	12	9	19	45	7	15	9	0	0	26
Unemployed	7	15	5	77	13	6	69	82	13	36	20	27
Inactive	6	77	83	14	68	48	24	3	78	64	80	47
Actively seeking employment (% of out of work)	48	3	6	78	21	12	64	91	9	26	13	31
Length of unemployment spell†	9.7	12.9	..	12.5	12.3	..	12.5	11.7	..	13.0	..	12.2
Level of education (ISCED)												
Primary	9	30	24	19	8	3	8	9	17	18	40	16
Lower secondary	11	26	24	26	15	8	17	25	11	24	26	19
Upper secondary	44	23	34	28	53	28	54	35	19	45	24	36
Tertiary	36	21	19	27	23	62	21	31	52	14	10	29
Years of education	11.4	9.6	9.8	10.3	10.9	12.8	10.8	10.9	11.5	10.0	8.9	10.7

Table A1.2. Characterization of the latent groups (continued)

Percentage of individuals with selected characteristics, by group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10	Group 11	Target Pop
Number of individuals (%)	17	14	14	10	10	9	8	6	5	4	3	100
Number of individuals (frequency)	200191	165965	165920	123408	120340	103343	96444	67476	61118	45127	41463	1190793
Work-related skills (ISCO)												
No work-related skills	0	0	0	0	5	1	82	0	15	97	97	15
Elementar occupations	21	26	21	30	26	6	8	29	8	1	2	19
Craft and machine operators	21	25	27	20	28	10	4	18	5	1	1	18
Clerk and sales	34	35	39	37	29	46	5	42	30	1	0	31
Technicians et al.	11	5	5	5	5	13	1	5	12	0	0	6
Professionals	9	6	6	3	2	17	1	4	22	0	0	7
Managers	4	3	2	4	4	8	0	3	7	0	0	3
Years of paid work experience†	19	25	17	22	10	15	3	16	37	..	..	19
Severe health limitations	2	31	13	2	4	1	4	3	16	2	16	9
Migrant	16	12	14	19	30	25	11	28	13	37	17	19
Equivalent disposable income (€/year - average)	22536	17634	19718	15356	14928	24425	16416	14474	29146	12803	16539	18920
Bottom quintile	22	37	31	42	43	13	39	45	20	58	38	33
Second quintile	22	25	23	27	35	18	22	32	16	27	26	25
Third quintile	23	18	19	21	15	25	20	15	18	12	19	19
Fourth quintile	16	15	17	7	5	24	14	6	23	2	9	14
Top quintile	17	6	10	3	2	20	5	1	23	0	8	9
AROPE (eurostat methodology)	18	30	25	34	30	10	31	36	15	48	29	26
Material deprivation (Eurostat)												
No material deprivation	74	57	70	61	56	79	56	45	81	35	56	64
Deprived	16	24	20	20	23	14	24	38	10	43	18	21
Severe	10	18	10	19	20	6	20	16	8	23	26	15
Benefits - Recipients and average amounts (€/year)												
Sickness and disability recipients (%), they receive, in average†	7	56	29	11	10	8	17	7	32	6	30	20
Unemployment benefits recipients (%), they receive, in average†	5830	11453	9181	8301	10671	..	10015	..	11134	..	9915	10134
Social Assistance recipients (%), they receive, in average†	36	18	10	72	19	16	57	78	16	30	12	32
Housing Benefits recipients (%), they receive, in average†	8340	7961	6205	9772	8759	5745	6367	12903	..	9983	..	8951
Family-related benefits recipients (%), they receive, in average†	5	13	6	7	13	3	11	13	6	27	15	9
Old-age Benefits recipients (%), they receive, in average†	744	747	1139	..	1050	..	636	..	..	481	..	803
2+ adults without children	17	41	30	38	40	8	30	38	21	49	48	31
2+ adults with children	1849	1757	1215	1788	3172	..	1686	3382	1330	2875	1510	2040
Lone parents	54	45	39	32	100	100	63	100	22	100	44	60
Have children aged under 6	5630	7304	6342	5010	9400	5480	7580	6703	8540	8228	8312	6999
Have children aged under 12*	3	12	4	3	0	2	0	1	53	0	1	6
Number of simultaneous barriers	..	18562	..	..	..	..	..	..	35946	..	..	27185
Household type												
Single	5	21	10	21	0	0	2	0	18	0	10	9
Couple without children	21	31	37	29	0	0	10	0	40	0	37	20
Couple with children	32	23	18	13	64	85	24	84	9	74	21	37
2+ adults without children	21	16	22	29	0	0	35	0	25	0	22	17
2+ adults with children	15	5	8	3	8	9	23	10	7	18	5	10
Lone parents	5	4	4	5	27	5	7	5	2	8	4	7
Have children aged under 6	15	7	0	0	54	58	9	64	2	70	4	21
Have children aged under 12*	28	15	1	0	100	100	18	100	3	100	6	37
Number of children†	1.6	1.6	..	..	1.7	1.8	1.5	1.8	..	1.8	..	1.7
Age of the youngest child†	6	6	..	..	5	5	6	5	..	4	..	5
Live in rural area*	23	23	21	27	33	26	21	26	22	29	18	24
Household with other working household members	62	35	51	35	49	87	54	41	40	41	37	50
Number of simultaneous barriers	1.5	2.1	2.1	2.0	2.8	2.1	3.3	2.6	1.7	3.9	3.8	2.3

Notes: Colour shadings identify categories with high (darker) frequencies. The average number of simultaneous barriers per individual is computed for the core indicators in table A1.1 with the exception of recent work experience. Income quintiles refer to the entire population. Poverty risks and material deprivation are calculated with the Eurostat methodology.

* The variable enters as an additional indicator in the latent class model. Details are in Annex 2 of the companion [Profile Analysis Note](#) for Ireland.

† Average across observations with strictly positive values. Unemployment duration Averages based on less than 30 observations are omitted.

Source: Authors' calculations based on EU-SILC 2014.

Table A1.3. Characterization of the latent groups

Coefficient of variations, by group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10	Group 11	Target Pop
Age	34	17	13	23	22	17	25	22	19	29	22	31
Length of unemployment spell	19	4	..	11	14	..	11	17	..	1	..	13
Years of education	22	29	26	27	22	19	22	25	26	24	27	26
Years of paid work experience	70	46	61	55	67	51	101	57	16	51	52	64
Equivalent disposable income	92	81	73	62	43	64	53	36	112	37	55	83
Sickness and disability	80	41	39	46	52	..	34	..	41	..	32	46
Unemployment benefit	174	94	86	75	79	117	71	51	..	69	..	101
Social Assistance	201	222	169	..	341	..	114	..	..	119	..	250
Benefits	118	121	105	93	96	..	114	87	101	116	125	116
Housing Benefits	118	121	105	93	96	..	114	87	101	116	125	116
Family-related benefits	87	84	94	95	75	82	91	87	80	86	81	88
Old-age Benefits	..	107	..	..	..	..	..	..	81	..	..	100
Number of children (12 years or less)	48	56	..	..	49	46	52	50	..	57	..	50
Age of the youngest child	63	58	..	..	70	72	73	83	..	88	..	73
Number of simultaneous barriers	45	45	42	44	35	39	24	39	42	24	20	47

Notes: Indices calculated for to the “continuous” variables shown in Table A1.2. See notes of Table A1.2 for more information on the sub-samples these indices refer to. Indices based on less than 30 observations are omitted.

Source: Authors' calculations based on EU-SILC 2014.

Annex 2: Description of employment barriers

2. The companion statistical paper for Ireland (Browne and Pacifico, 2016) examines a series of employment barriers that may be faced by those with no or weak labour market attachment. Following Immervoll and Scarpetta (2012), these are categorised into three domains, namely:

- **Limited work-related capabilities**, e.g. a lack of skills, work experience, care responsibilities and health-related limitations;
- **Reduced financial work incentive to look for a ‘good’ job**, e.g., because of low potential pay, relatively generous out-of-work benefits, or access to high levels of income independent of their own work effort;
- **Scarce job opportunities**, e.g., a shortage of vacancies in the relevant labour-market segment, frictions in the labour market due to information asymmetries, or discrimination in the workplace.

3. These employment barriers cannot all be measured directly. To operationalise the concepts, the Profile Analysis Note implements a set of workable indicators under each of the three main categories. Fernandez et al. (2016) provides a fuller discussion of the indicators and their rationale, including descriptive statistics for selected countries. The indicators used are as follows:

- **Capability, item 1. “Low” skills:** if an individual has low professional skills (their most recent job was in the lowest two categories of the ISCO-08 classification system).¹⁸ Those who demonstrate high skills by having a tertiary degree are assumed not to face this employment barrier even if their most recent job was low-skilled. If an individual has no work experience *at all*, they are also included in the “low skills” group.
- **Capability, item 2.** Two measures of work experience:
- **No recent work experience:** if an individual did not work at all during the reference period (i.e., without any employment for at least 12 months).
- **“Low” relative total work experience:** the indicator takes one of three values: 1 for those who have *no past work experience at all*, 2 for those who have *some* work experience but have worked *less than 60%* of the time since they left full-time education, and 3 otherwise (i.e., if their total work experience is not “low”).
- **Capability, item 3. Health limitations:** If an individual reports some or severe long-standing physical or mental limitations in daily activities.

18. This indicator is different from that in Fernandez et al. (2016), which classifies individuals who have achieved less than upper secondary education as facing an employment barrier. The reason is that many individuals in the Irish labour force have an upper-secondary degree which is often combined with occupations at “low” skills content.

- **Capability, item 4. Care responsibilities:** if an individual has a family member who requires care¹⁹ and if he or she is either *the only* potential care giver in the household, or the only person in the household who is labour-market inactive or working part time *because of care responsibilities*.
- **Incentives, item 1. “High” income when not in paid work:** if the household’s income excluding that relating to the work efforts of the individual in question,²⁰ adjusted for household size, is more than 1.6 times the median value in the reference population.
- **Incentives, item 2. “High” earnings replacement benefits:** if earnings-replacement benefits are more than 60% of an individual’s estimated potential earnings in work.²¹
- **Opportunity, one item only:** if an individual has a “high” risk of not finding a job despite active job-search and willingness to take up employment during most of the income reference period (*at least 7 months*) and until the moment of the SILC interview (inclusive). The risk is estimated with a regression model including region, age group, gender and education as independent variables (see Fernandez *et al.*, 2016 for more details). Individuals with an estimated risk of more than 1.6 times the median value in the working-age population are considered to face “scarce” job opportunities. Scarce job opportunities do not only indicate a barrier to employment in the short term, but if jobseekers become discouraged and stop active job search, it could lead to further problems in the longer run.

19 . Family members assumed to require care are children under the age of 12 receiving less than 30 hours of non-parental childcare a week and adults reporting severe limitations in daily activities due to their health and being economically inactive throughout the reference period (and in the case of those of working age, that permanent disability is the reason for their inactivity).

20 . This includes both earnings, individual-level earnings replacement benefits and the individual’s share of household-level earnings replacement benefits.

21 . Potential earnings are estimated in SILC with a regression model corrected for sample selection. See Fernandez *et al.* (2016) for details.

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