

The Irish experience of national poverty targets¹

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1. Introduction

Ireland has a 14 year history of setting national poverty targets as part of government strategies to tackle poverty and to promote social inclusion. The targets have been based on the national poverty indicator known as 'consistent poverty', which is the overlap of at-risk-of poverty and material deprivation. The targets have met with considerable success, with a steady and significant reduction in poverty over time. The reduction in poverty has been assisted by rapid economic growth, a doubling in employment and major investment in welfare benefits and services. Despite this general progress, some groups in society continue to face relatively high poverty risks, notably children, lone parent families and the unemployed. Furthermore, new challenges have emerged in recent years which threaten further progress in the national poverty targets, as the economy has faltered, unemployment has risen and government expenditure has been reduced.

In setting national poverty targets, the focus to-date has been on national concerns. The new EU poverty target in the Europe 2020 Strategy - to lift at least 20 million out of the risk of poverty and exclusion - heralds a new policy context: to contribute to a European as well as a national agenda for reducing poverty. In support of this target, the 27 member states of the EU are required to set national targets, based on appropriate national indicators. The national poverty targets, the supporting actions and the linkages with the other headline targets are set out in a national reform programme (NRP), which member states submitted to the European Commission in April 2011.

For Ireland, the finalisation of the national poverty target in the NRP has highlighted a number of issues for consideration, including the implications of the economic and fiscal crisis for achieving the targets. To address these issues, the Irish government has initiated a comprehensive review of the national poverty target, to be completed by end 2011. This review will enable the Government to adopt appropriate and achievable national poverty targets to meet Ireland's contribution to Europe 2020 as well as the national objective to eliminate poverty.

The EU Peer Review which Ireland is hosting in Dublin in June 2011 is an opportunity to reflect on the Irish experience of national poverty targets and to promote mutual learning with EU member states and other countries on approaches to target setting. It is expected that the peer review will also inform the Irish review of its national poverty targets, drawing on European experiences. This host country paper details the Irish approach to poverty targets and identifies issues for further consideration as part of the peer review. The paper is structured as follows:

- An overview of the Irish policy approach to poverty;
- The definition and measurement of poverty;
- The formulation and implementation of national poverty targets;
- Issues for consideration in national and EU poverty targets.

¹ The host country report is intended as a discussion paper for the purposes of the EU Peer Review on national poverty targets. It does not purport to represent departmental or government policy.

2. The Irish policy approach to poverty

Since 1997, Ireland has developed national policies to tackle poverty and social exclusion. These policies have sought to address poverty in a strategic and coordinated manner, based on an integrated framework of economic and social development. The policies have been prepared with the active involvement of national and local stakeholders, including community and voluntary organisations and people experiencing poverty. The national policies have been complimented by biennial national action plans and national strategies for social protection and social inclusion under the EU open method of coordination on social protection and social inclusion.

A feature of government policies on poverty has been the setting of poverty reduction targets, to be achieved within a defined timeframe. These targets have been informed by extensive research on the Irish experience of poverty, based initially on the Living in Ireland Survey and subsequently the Survey on Income and Living Conditions. The targets themselves are subject to ongoing monitoring, including annual reporting of poverty trends by the national statistical office (Central Statistics Office) and in-depth analysis of specific issues and long-term trends by independent research bodies (in particular the Economic and Social Research Institute) and non-governmental organisations. The monitoring is assisted by a technical advisory group, comprising experts in research and data analysis from government bodies, the social partners and academia.

3. Definition and measurement of poverty

Ireland has adopted the following official definition of poverty:

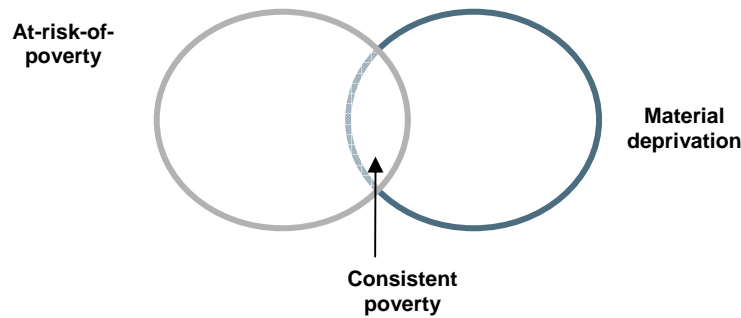
People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from a having a standard of living which is regarded as acceptable by Irish society. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities which are considered the norm for other people in society. (National Anti-Poverty Strategy, 1997)

In line with this understanding of poverty as a relative and multi-dimensional phenomenon, Ireland uses three indicators to measure poverty: at-risk-of-poverty, material deprivation, and the overlap of the two, known as consistent poverty. The first two indicators correspond with two of the three EU indicators, though with some important definitional differences.² The third EU indicator, low work intensity, is not used in Ireland, as its added value in terms of poverty measurement is unproven.

² At-risk-of-poverty is defined as individuals below 60 per cent of median disposable income. There are some minor differences in the income concept and the equivalence scale between the Irish and EU measure of at-risk-of-poverty. The Irish indicator of material deprivation is substantially different to the EU measure, as it is based on individuals lacking two or more items from an 11 item index, including two pairs of strong shoes, a warm waterproof overcoat, buy new not second-hand clothes, eat meals with meat, chicken, fish (or vegetarian equivalent) every second day, have a roast joint or its equivalent once a week, had to go without heating during the last year through lack of money, keep the home adequately warm, buy presents for family or friends at least once a year, replace any worn out furniture, have family or friends for a drink or meal once a month and have a morning, afternoon or evening out in the last fortnight, for entertainment. The consistent poverty indicator was developed by researchers at the Economic and Social Research Institute (ESRI). See Maitre et al (2006), *Reconfiguring the measurement of deprivation and consistent poverty in Ireland*, Dublin: ESRI. The theoretical and methodological basis for the indicator is outlined in Nolan and Whelan (1996), *Resources, deprivation and poverty*, Oxford: Clarendon Press and in journal articles.

The major difference between the Irish and EU approach to poverty indicators relates to the combination of the indicators. Ireland gives strong analytical importance to the overlap of at-risk-of-poverty and material deprivation, as defined by the term 'consistent poverty', while there is no tradition of combining the indicators into a single poverty figure (diagram 1).

Diagram 1: National poverty indicators

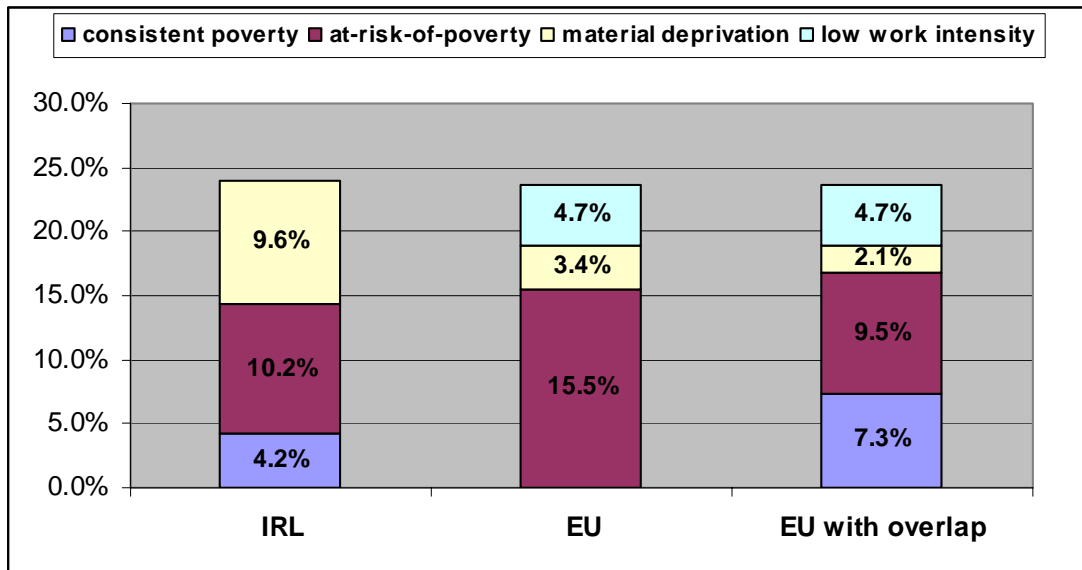


By comparison, the EU approach is purely additive, with indicators combined together to identify a total population 'at risk of poverty and exclusion'. The EU makes no differentiation between single and multiple forms of poverty, even though there is a greater likelihood of overlapping indicators, with four possible overlaps. For Ireland, the overlap between the indicators is not an incidental outcome of multiple indicators. Rather the overlap is deliberately created to identify the segment of the poverty population which has the greatest needs, through the design of the indicators, in particular the material deprivation measure. Extensive research has shown that consistent poverty is a powerful indicator of the likelihood of a range of economic pressures such as coping with unanticipated expenses, debt problems and arrears, housing costs, and general difficulty in making ends meet. In addition, those in consistent poverty differ sharply from the rest of the population in terms of a range of life-style items.³

For the purposes of the EU poverty target, Ireland has adopted the EU convention of combining its national indicators of poverty, while retaining a focus on the overlap of indicators. The outcome for Ireland of the Irish and EU approaches to poverty measurement are illustrated in diagram 2. The combination of both sets of indicators identifies the same proportion of the population - 24 per cent - as being at risk of poverty and exclusion. However, the composition of the poverty population in terms of indicators is quite different. The Irish approach identifies 4.2 per cent of the population, a sixth of the poverty cohort, as being in consistent poverty. A further 10.2 per cent are at-risk-of-poverty only and 9.6 per cent are materially deprived only.

³ Whelan et al (2007), *Multiple deprivation and multiple disadvantage in Ireland: an analysis of EU SILC*, Dublin: ESRI.

Diagram 2: Irish population at risk of poverty and exclusion, 2008
(national and EU indicators)



Source: SILC

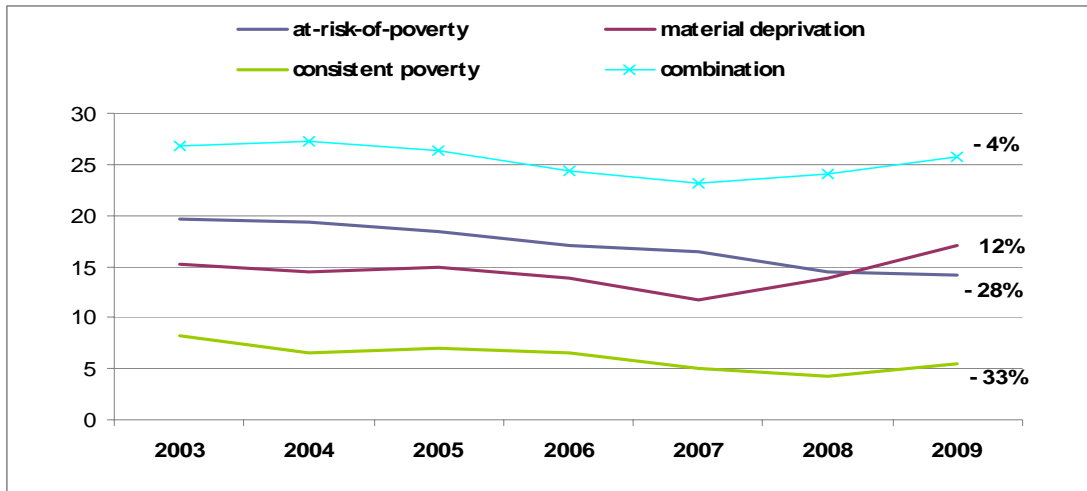
The EU categorisation of the Irish poverty population is shown in the second column. The main component is the 15.5 per cent of the population who are at-risk-of-poverty. Added to this are the 3.4 per cent of the population who are materially deprived (but not at-risk-of-poverty) and the 4.7 per cent of the population who are in low work intensity households (but not at-risk-of-poverty or materially deprived). In this configuration, at-risk-of-poverty is presented as the dominant indicator, almost twice the size of the other two indicators combined.

Also shown is the Irish poverty population based on the EU indicators but this time having a category for overlapping indicators, similar to the Irish consistent poverty measure. This shows that 7.3 per cent of the population has multiple forms of poverty, which equates to a quarter of all those at risk of poverty and exclusion. The population affected by one indicator **only** are 9.5 per cent at-risk-of-poverty, 2.1 per cent material deprivation and 4.7 per cent low work intensity.

The above analysis relates to the composition of the poverty population based on the choice of indicators. Further work is required to explore the differences in the profile of the poverty population captured by the two sets of indicators.

How the poverty indicators have performed over time is shown in diagram 3. Between 2003 and 2009, the aggregate poverty population changed only marginally from 27 per cent to 26 per cent, though with a low point of 23 per cent in 2007. The individual indicators have performed quite differently. At-risk-of-poverty decreased consistently over time from 20 per cent to 14 per cent, a fall of 28 per cent, Material deprivation rose over the period from 15 to 17 per cent, an increase of 12 per cent, though it fell to 12 per cent in 2007. Consistent poverty declined from 8 to 5.5 per cent, a decline of one third, with a low point of 4.2 percent in 2008.

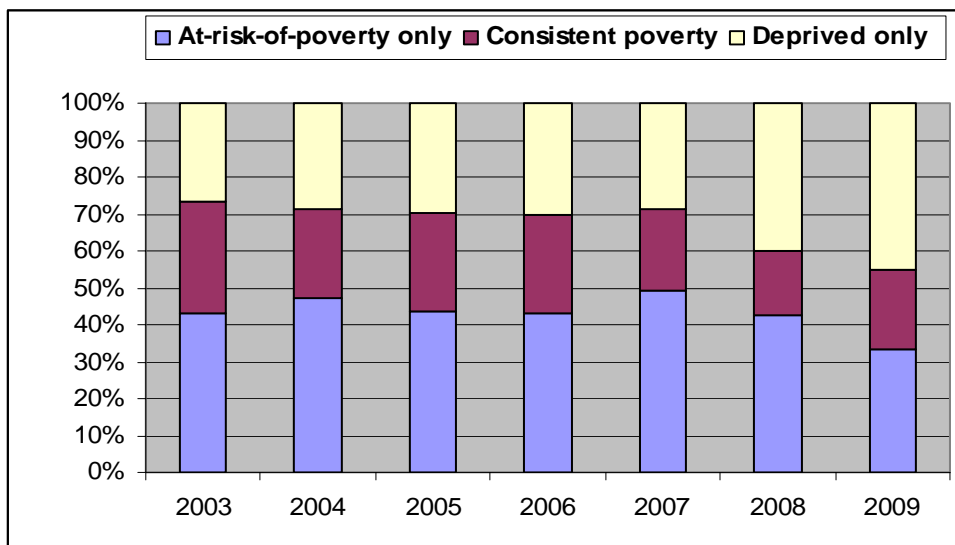
Diagram 3: Trends in poverty using national indicators, 2003-2009



Source: SILC

Analysis of the three indicators combined (diagram 4) suggests that consistent poverty has a different dynamic to its two constituent parts. The overlap of the two indicators has shrunk over time, which suggests an independent effect. In the period 2003-2009, consistent poverty as a proportion of the total poverty population fell from 31 per cent to 21 per cent. At-risk-of-poverty only has also decreased over time, from over 40 per cent of the total to over 30 per cent. Material deprivation has increased its share from less than 30 per cent in 2003 to 45 per cent in 2009. The different reference periods for the two indicators and the different distributions of the two indicators across the population are the likely reasons for this pattern.⁴ It is estimated that 50 per cent of the overall reduction in consistent poverty in this time period is attributable to the performance of the two indicators, with 50 per cent due to a reduction in the overlap.

Diagram 4: Composition of population at risk of poverty and exclusion, 2003-2009



Source: EU SILC

⁴ At-risk-of-poverty is based on income over the previous year, material deprivation is based on current situation. Those at-risk-of-poverty are by definition drawn from the bottom two income deciles, while only half of those in material deprivation are in the bottom income two deciles.

The Irish Government has adopted consistent poverty as the official indicator of poverty, as it is used in setting the national poverty target. At-risk-of-poverty, an EU measure of poverty, is of lesser national policy relevance because of a perceived distorting effect of rapidly rising average household incomes on the measure. Many NGOs also use at-risk-of-poverty as a poverty indicator. There has been criticism of the consistent poverty measure as being an absolute measure of poverty that does not reflect changes in societal living standards. The material deprivation indicator receives little attention, except on specific issues, eg fuel poverty. The different poverty rates under the indicators add to the divergence of views about poverty measurement and had led to a somewhat polarised debate that overlooks the connection between the indicators and their overall complementarity.⁵

There have been two advances in consistent poverty indicator in the latter part of the 2000s. The first involved a change in the measurement of the deprivation component, from a lack of one item from an eight item list to a lack of two items from an 11 item list. This reconfiguration of consistent poverty was undertaken to reflect new standards of acceptable household resources and to better capture those experiencing deprivation and economic distress. The second was the application of a consistent poverty variant for comparative EU analysis using the overlap of national income poverty lines and an adaptation of the EU deprivation measure.⁶ The results provide a ranking of poverty in EU member states which is linked with prevailing national 'welfare regimes'.

4. Formulation and achievement of national poverty targets

Since 1997, there have been three iterations of national poverty targets in government policy. In all cases, the indicator of consistent poverty has been used exclusively to express the national target. The first national poverty target was set in the *National Anti-Poverty Strategy*, initially to cover the ten year period 1997-2007. The target was to considerably reduce the numbers in consistent poverty, from 9 per cent and 15 per cent in 1994 (baseline year) to between 5 per cent and 10 per cent by 2007. The main policy actions to achieve the target were employment, welfare improvements and area-based programmes. The poverty target was achieved by 1998 and indeed by 2001, was considerably exceeded (rates were 4.1 per cent and 5.2 per cent), well in advance of the intended date of 2007. In large part, this occurred because the poverty data subsequently reported for 1997 showed that the poverty rate had already fallen to between 7 and 10 per cent. The main factors behind the fall in poverty were the decline in unemployment from 14.7 per cent in 1994 to 3.9 per cent by 2001 and the increase in welfare rates of over 40 per cent and in child benefit⁷ of 240 per cent, again between 1994 and 2001. Significantly, the bulk of the unemployment fall and the welfare improvements came in the timeframe of the National Anti-Poverty Strategy (1997 to 2001).

⁵ Walsh, 2007, 'Monitoring poverty and welfare policy, 1987-2007', *Welfare policy and poverty*, Dublin: Institute of Public Administration and Combat Poverty Agency.

⁶ Whelan and Maitre (2009), *Poverty and deprivation in Ireland in comparative perspective*, Dublin: ESRI.

⁷ Child benefit is one component of child income support for low income families. The other main element is child dependent additions to the adult payment rate, which were unchanged in value over this period.

Table 1: National poverty targets, 1997-2010

<i>Policy</i>	<i>Period</i>	<i>Target</i>	<i>Main actions</i>
<i>National Anti-Poverty Strategy, 1997</i>	1997-2007	9% and 15% to 5% and 10% ⁸	Employment, welfare improvements, area-based programmes
<i>Building an Inclusive Society, 2002</i>	2002-2007	6.2% to 2%, if possible 0% ⁹	Welfare improvements, measures for vulnerable groups
<i>National Action Plan for Social Inclusion, 2007</i>	2007-2016	7% to 0% ¹⁰ (interim: 2-4%)	Services & activation for lifecycle groups
<i>National Reform Programme, 2010</i>	2010-2020	186,000 people ¹¹ (4.2% to 0%)	Access to the labour market, education & training

The early achievement of the poverty target prompted a review of the *National Anti-Poverty Strategy* and led to the formulation of a new target in 2002 in a policy statement entitled *Building an Inclusive Society*. This target was to reduce the numbers in consistent poverty to below 2 per cent and if possible to eliminate consistent poverty, from a 2000 baseline rate of 5.8 per cent. It was only possible to monitor progress on this target for one year, to 2001, when the rate fell to 5.2 per cent. Subsequently, a new methodology for measuring consistent poverty under the Survey on Income and Living Conditions gave rise to a new baseline figure of 9 per cent in 2003. As the poverty target was not reformulated to take account the new baseline, this made it difficult to accurately monitor progress on the 2007 poverty target. One indication of progress is that the new 2003 baseline rate fell by a quarter in the period 2003 to 2007.

It is however possible to track the trend in the at-risk-of-poverty rate, one component of consistent poverty, over the time period of *Building an Inclusive Society*. The at-risk-of-poverty rate went from 22 per cent in 2001 to 16.5 per cent in 2007, a decline of 25 per cent. The policy instrument for achieving this reduction was welfare benefits, with increases in minimum welfare rates of 74 per cent and in child benefit of 88 per cent. The enhanced impact of social transfers on the at-risk-of-poverty rate is shown in diagram 5 below. Taking the baseline year of 2001, social transfers (excluding pensions) reduced at-risk-of-poverty by 26 per cent. By 2007, the poverty reduction effect of social transfers had doubled to 50 per cent. Furthermore, this enhanced impact took place against a background of an increase in the pre-social transfers at-risk-of-poverty rate (from 30 to 33 per cent), while the unemployment rate was largely unchanged. It is likely that the welfare increases also contributed to a fall in the material deprivation rate in this period (15 to 12 per cent, a relative decline of one quarter), but this is not possible to measure directly.

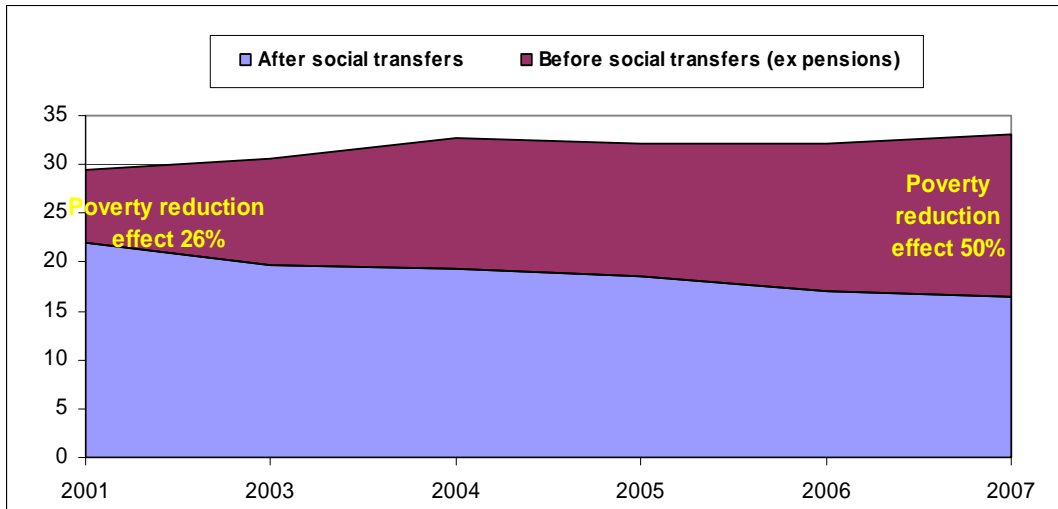
⁸ The figures refer to households in consistent poverty using two income thresholds: the 50 per cent of mean disposable income and 60 per cent of mean disposable income. The material deprivation component is based on the lack of at least one of eight items.

⁹ The figures refer to households below 50 per cent of mean disposable income and lacking one of eight items.

¹⁰ The figures refer to individuals below 60 per cent of median disposable income and lacking two of 11 items.

¹¹ The figures refer to individuals below 60 per cent of median disposable income and lacking two of 11 items.

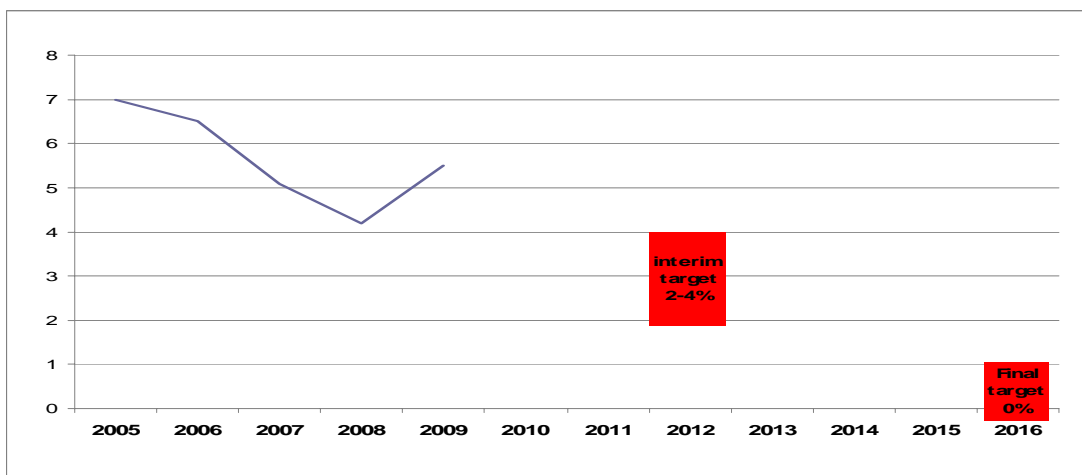
Diagram 5: Impact of social transfers on at-risk-of-poverty rate, 2001-07



Source: LIS & SILC

A new national poverty target was set out in the *National Action Plan for Social Inclusion 2007-2016*. This target is to reduce the rate of consistent poverty to between 2-4 per cent by 2012 and to eliminate it by 2016, from a baseline rate of 7 per cent in 2005. Progress on the national poverty target is outlined in diagram 6. This shows that the consistent poverty rate fell continuously from the baseline rate of 7 per cent to 4.2 per cent by 2008, which was just outside the interim poverty target range of 2-4 per cent. Indeed the poverty rate for older people was well within the range (1 per cent). However, in 2009, the poverty rate climbed to 5.5 per cent, which was a return to the previous 2007 figure. This leaves a gap of 1.5 percentage points to be bridged by 2012 if the higher range in the interim target is to be achieved. Looking at the components of consistent poverty, the rise in the rate in 2009 is due to an increase in material deprivation, while the at-risk-of-poverty component of the measure is unchanged.

Diagram 6: Progress on the national poverty target, 2005-2016



Source: SILC

The national poverty target in the Irish NRP for Europe 2020 does not represent a new target, but instead reiterates the target in the *National Action Plan for Social Inclusion 2007-2016*, ie to reduce the rate of consistent poverty to between 2-4 per cent by 2012 and to eliminate it by 2016.

For the purposes of aligning the national poverty target with the EU target, the baseline year is 2008 and the target reduction (4.2 per cent to 0 per cent) has to be expressed in a numerical format. The national poverty target for EU purposes is thus to lift 186,000 people out of consistent poverty by 2016.¹² Similarly, the interim target is to lift between 9,000 and 97,000 out of consistent poverty. The choice of baseline year is especially important in the Irish context, as the 2009 poverty rate of 5.5 per cent requires 250,000 people to be lifted out of consistent poverty, though only 186,000 will be counted towards the EU target. The 186,000 figure represents 17.5 per cent of the Irish population at risk of poverty and exclusion, which is similar to the EU poverty target expressed in proportionate terms: 17 per cent. However, two caveats can be entered about the transposition of the national target into the EU target. This depends on how closely the national and EU indicators correspond and the extent to which the reduction in consistent poverty is due to the reduction in its two components or to a reduction in the overlap of its components

The NRP notes that the challenge of meeting the national poverty target is considerable, as reflected in the rise in the consistent poverty rate in 2009 and the possibility that the rate may be even higher in 2010. The NRP notes that the timescale for achieving the poverty target will be influenced by the pace at which economic and employment growth returns to the Irish economy. It envisages that in the early years fewer people may be lifted out of poverty or indeed the numbers may increase due to the effects of the economic recession and the implementation of the *National Recovery Plan*, in particular changes in the structure and operation of the social welfare system and child income support.

Given the challenging economic and fiscal context for national poverty targets, the Government has initiated a comprehensive review of the target for completion by end 2011. The review will take account of progress made towards the interim target in the *National Action Plan for Social Inclusion*, the likely economic and fiscal scenario for the immediate years ahead and new data for 2010 which, it is anticipated, will give a clearer indication of poverty trends since the economic downturn. It will take account of 'expert' opinion about the statistical feasibility of eliminating consistent poverty and the arguments for adopting multiple or tiered poverty targets to address the complexity of poverty.¹³ The review will also consider how the Government can set out different levels of ambition for poverty reduction having regard to the economic circumstances. Expert groups, the social partners and people experiencing poverty will be consulted in the review. It is envisaged that the review will enable the Government to adopt appropriate and achievable national poverty targets to meet Ireland's contribution to Europe 2020 and the commitments in the programme for government to eliminate poverty and to achieve the national poverty targets (*Government for National Recovery 2011-2016*).

¹² The numerical figure is based on Central Statistics Office estimate of the national population in 2008 of 4,422,100 people.

¹³ See for example Maitre et al (2006), op cit.

5. Issues for consideration in national poverty targets

The paper now considers some issues in regard to national poverty targets in the context of the EU poverty target. These are framed as a set of questions:

- What is the added value of the Europe 2020 Strategy in achieving the national poverty targets?
- How can the setting of poverty targets at national and EU levels be better aligned?
- What are the implications for the national poverty target of the economic downturn?
- Should there be a differentiated approach to national poverty targets using a range of indicators?
- Should national poverty target take into account the situation of lifecycle and vulnerable groups?

These questions are discussed in detail below.

5.1 What is the added value of the Europe 2020 Strategy in achieving the national poverty targets?

Ireland had a long experience of setting national poverty targets prior to the Europe 2020 Strategy. What then is the added value of the EU poverty target for the existing national poverty targets? There are three possible answers to this question. One is to highlight the importance of tackling poverty as an integral part of a European jobs and growth strategy. This is especially important given the danger that poverty is left to one side while economic development is prioritised. The Europe 2020 Strategy counters this view by emphasising the equal importance of the social component of policy. This implies that economic growth should be pro-poor and those in poverty should be protected from the burden of fiscal adjustment. Policy tools such as poverty/social impact assessment can assist in achieving these outcomes.

A second answer arises from the opportunity to strengthen the linkages between the poverty target and the other headline targets under Europe 2020, especially the employment and education targets. One example to illustrate this linkage is the well established connection between early childhood intervention and limiting poverty in adulthood and ultimately preventing the transmission of poverty between generations. Another example is the strong Irish link between high unemployment and the number of households with low work intensity. The third benefit of the EU poverty target is the scope for mutual learning between member states on good practice in setting national targets, as demonstrated by the peer review process.

5.2 How can the setting of poverty targets at national and EU levels be better aligned?

There are some tensions between the national and EU poverty targets which relate to

- the choice of indicators;
- the significance given to the overlap of indicators.

The use of three discrete indicators to set the EU poverty target has a number of risks. First, it gives rise to a large and heterogeneous target population (almost one in five of the EU population). As shown in the Irish situation, the use of two traditional poverty indicators to define the target population gives a similar numerical outcome to the three EU indicators. On this basis, the inclusion of the low work intensity indicator as a measure of poverty can be questioned.

Second, the significance given to the overlaps in the indicators can also be considered. The Irish approach shows how the overlap can be used to identify a distinct cohort of the population who experience both low incomes and deprivation of basic necessities. No analytical focus is given to the overlap of the EU indicators, even though there are more overlaps (four), including an overlap of the three indicators. There is here an issue of quantity Vs quality. The Irish approach clearly prioritises those in the most difficult circumstances, while the EU approach allows countries to choose those easiest to lift out of the risk of poverty and exclusion.

Third, the difficult circumstances facing Ireland and many other EU member states give a greater urgency to the optimum use of limited public resources. Targeting those experiencing multiple forms of poverty, though making limited inroads into the overall pool of those at risk of poverty and exclusion, may make the be better policy in this context.

5.3 What are the implications for the national poverty target of the economic downturn and the government's fiscal difficulties?

Recent poverty trends indicate that the continuous progress towards the national poverty targets may be faltering, at least in the short-term. The upward trend in some poverty measures reflects the deterioration in the Irish economy since 2008, with a rise in unemployment (from 4 per cent to 14 per cent), a reduction in wages, and adjustments in income taxes and welfare rates, all leading to a fall in household incomes. While the at-risk-of-poverty rate was largely unchanged between 2008 and 2009 at c 14 per cent, the rate of material deprivation increased from 14 to 17 per cent and the rate of consistent poverty rose to 5.5 per cent from 4.2 per cent in 2008.

Much of the success in reducing consistent poverty in recent years was due to the reduction in the at-risk-of-poverty rate from higher social transfers as Ireland prioritised income support as a response to poverty. This pattern continued in 2008 and 2009, with the poverty reduction effect rising to 60 per cent, the highest of all member states and well ahead of the EU average of 33 per cent.¹⁴ However, since then the fiscal crisis facing the Irish state has curtailed scope for further welfare improvements, with even some reductions in welfare rates occurring in 2010 and 2011. There is therefore a question mark as to whether welfare rates can continue to drive the achievement of the national poverty targets. Other policy instruments are therefore be required to reduce poverty, in particular the promotion of inclusive labour markets, as outlined in the NRP.

There is also a statistical issue as to whether it is possible to actually eliminate consistent poverty, as was originally aspired to in *Building an Inclusive Society 2002-2007* and repeated with greater emphasis in the *National Action Plan for Social Inclusion, 2007-2016*. This arises from the distribution of material deprivation in the population, with significant levels of deprivation being reported in middle income groups. A more realistic target figure may be in the region of 2 per cent.

¹⁴ See *SPC Assessment of the social dimension of Europe 2020 Strategy (2011)*, February 2011.

5.4 Should there be a differentiated approach to national poverty targets, using a range of indicators?

Consistent poverty is the exclusive focus of the national poverty target. In the context of an EU poverty target, a case may be made for adopting some poverty targets linked to EU indicators. An argument can also be made, as in the Irish poverty literature, for adopting 'tiered' or multiple targets when dealing with a complex and multi-faceted phenomenon as poverty.¹⁵ It is argued that tiered targets would address a number of distinct components of poverty, in keeping with the widespread understanding of poverty as a multi-dimensional problem. Possible tiered poverty targets could involve:

- Priority is given to reducing absolute poverty, by ensuring that those on low income see their real income rise and their deprivation level fall using a fixed set of indicators.
- Relative incomes and deprivation levels, using a set of indicators which changes in line with societal expectations, would fall.
- The proportion of the population below relative income thresholds would decline.

Each of these targets can be seen as making a contribution to poverty reduction. Such a tiered approach has recently been adopted by the UK in setting its child poverty target.

Tiered targets can also take account of evolving policy priorities in the face of rapidly changing economic circumstances, as in contemporary Ireland. Given the major economic recession which Ireland is experiencing, the policy priority is to maintain real minimum living standards and to protect the most vulnerable from economic and fiscal adjustments. This priority is captured by developing a poverty target based on a measure of absolute poverty (eg at-risk-of-poverty rate anchored in time), an approach that France has adopted.

5.5 Should national poverty targets take into account lifecycle and vulnerable groups?

To-date, Ireland's three national poverty targets have all been expressed in a global manner across the whole population. At the same time, policy has identified certain groups as being vulnerable to poverty, within a lifecycle approach. The consistent poverty rate and the share of the poverty population for lifecycle groups and households are set out in table 2. This shows that, among lifecycle groups, children face the highest rate of consistent poverty at 6.3 per cent, 1.5 times the norm of 4.2 per cent in 2008. Children also represent a large share (39 per cent) of the population in consistent poverty. Of added significance for children are the negative effects of poverty on childhood development and their legacy into adulthood.

¹⁵ See for example Maitre et al, *op cit*.

Table 2: Consistent poverty rates and share for lifecycle groups and households (2008)¹⁶

	<i>poverty rate</i>	<i>rate relative to norm</i>	<i>share of poverty population</i>
children	6.3%	1.5	39%
people of working age	3.9%	0.9	58%
unemployed	9.7%	2.3	12%
disabled unemployed	13.2%	3.1	12%
older people	1.7%	0.4	2%
people with disabilities ¹⁷	6.0%	1.4	n/a
lone parent families	17.8%	4.2	29%
jobless households	13.2%	3.1	69%
households in social rented housing	16.4%	3.9	52%

While people of working age have a below average poverty risk, unemployed subgroups within this category, including the long-term unemployed and those unable to work due to a disability, are up to two times more likely to be in consistent poverty. Collectively, the unemployed account for a fifth of those in consistent poverty. The link between poverty and unemployment is likely to have intensified with the trebling of unemployment since 2008 and the increase in the proportion of long-term unemployed. The final two lifecycle groups are people with disabilities, who have a poverty risk at 6 per cent, and older people, who have the lowest poverty risk at under 2 per cent.

Beyond the lifecycle groups, there are individuals with far higher rates of consistent poverty due to multiple disadvantages across the lifecycle, including having child dependents, being excluded from the labour market, and reliance on public housing. Individuals in lone parent families have one of the highest consistent poverty rates at almost 18 per cent, over 4 times the norm. Such families account for three out of ten people in consistent poverty and half of all children in poverty. Similarly, people in jobless households are almost three times more likely to be in consistent poverty. Significantly, such households account for the vast majority (three-quarters) of all those in consistent poverty.¹⁸ Individuals living in social rented housing also have a high poverty risk, and account for 50 per cent of those in poverty, though only 13 per cent of the total population.

Improving the position of vulnerable groups is critical to the achievement of the national poverty target and will require targeted interventions to address their multiple problems. Setting specific poverty targets for such groups can assist in the policy prioritisation of resources to meet their needs. At the same time, multiple population-specific targets may dilute the overall policy focus.

¹⁶ The poverty rates for categories such as women, minority ethnic groups, the working poor and the regions were also examined, but show less evidence of higher poverty risk. However, there is a link between the high poverty risk for lone parents and that for female-head households.

¹⁷ This is an ad hoc indicator based on people aged 16 and over who self-report a chronic illness or health problem. This does not refer to a discrete section of the population, but overlaps with the three age categories.

¹⁸ The problem of jobless households correlates with Ireland's high rate of low-work intensity (20 per cent).

6. Conclusion

Ireland has a positive experience of setting and achieving national poverty targets. National poverty targets give a strong focus to government policy, enhance support for policy among the main stakeholders and provide tangible evidence for policy makers and ultimately to taxpayers of the successful implementation of policy.

The EU poverty target, together with the economic recession, poses new challenges for the national poverty targets. These will be considered in a government review of national poverty targets, with the aim of continuing the long-standing policy commitment to reducing poverty and making the optimum contribution to the achievement of the EU poverty target.

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