ESPN Thematic Report on Social Investment

Italy

2015

Jessoula M., Pavolini E. and Strati F.
January - 2015

EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate D — Europe 2020: Social Policies
Unit D.3 — Social Protection and Activation Systems

Contact: Valdis ZAGORSKIS

E-mail: Valdis.ZAGORSKIS@ec.europa.eu

European Commission
B-1049 Brussels

EUROPEAN SOCIAL POLICY NETWORK (ESPN)

ESPN Thematic Report on Social Investment

Italy

2015

Matteo Jessoula (University of Milano)
Emmanuele Pavolini (University of Macerata)
Filippo Strati (Studio Ricerche Sociali)

Directorate-General for Employment, Social Affairs and Inclusion
2015

The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

The ESPN is managed by CEPS/INSTEAD and APPLICA, with the support of OSE - European Social Observatory.

For more information on the ESPN, see:
http://ec.europa.eu/social/main.jsp?catId=1135&langId=en

LEGAL NOTICE

Contents

Summary

The social investment (SI) approach is very ambitious. Unfortunately, it has yet to be consistently streamlined across the different social policy sectors in Italy. The functionally biased – towards old-age protection – fragmented and corporatist nature of the Italian welfare system has hampered the development of policies that combine SI strategies with the protection of the rights of people experiencing poverty and social exclusion. The impact of both the sovereign debt crisis and persistent economic stagnation, on the one hand, and the measures recently adopted in the social policy field, on the other, have led to increased social risks for large sections of the population – especially children (critical from an SI perspective), lone mothers and the long-term unemployed (LTU).

During the crisis (i.e. 2008 to the present), priority has been given to fiscal consolidation policies. The result has been a reduction in financial resources for public services, as well as in the general budget assigned to regional and local authorities, i.e. the main providers of services and benefits within a highly decentralised social assistance sector. Regional/local welfare systems are supported by a national fund which has undergone a significant reduction in financial resources compared to 2010 and 2008. This national fund follows the principles of universalism (all citizens have access to civil and social rights) and selectivity (different needs according to different conditions) in accordance with the 2000 reform to integrate social services.

In 2013 and 2014, however, there were (admittedly limited) signs of increased attention to social issues, but this did not translate into a coherent strategy either to integrate different policy fields or to foster their complementarity, and nor did it fully endorse an SI approach. Analysis of specific policy areas reveals contrasting trends. Investment in early childhood education and care has not returned to pre-2008 levels. Childcare and child well-being initiatives have not been adequately supported. Investment in family support has increased – especially since 2014 – though largely in terms of cash benefits rather than services. In 2015, the most important fund for long-term care services had similar financial resources to those allocated in 2010; these are insufficient for the increasingly older population. Changes have been introduced (especially in 2012) to support more balanced parenting roles, greater sharing of childcare duties, and a more balanced relationship between work and family life. However, national funds to promote equal opportunities (between women and men) and to combat gender-based violence decreased significantly between 2008 and 2014.

To tackle the prolonged employment crisis, spending on shock-absorbing mechanisms doubled between 2008 and 2013. Expenditure on active labour market policies increased slightly after 2010 and included a series of employment incentives, mainly based on exemption from social security contributions. An important reduction in the tax wedge on labour costs has been introduced in 2015 (for three years), as has the expected reorganisation of employment incentives. However, the efficacy of these measures may be overestimated, as substitution and deadweight effects on the labour market were not considered. For people very far from the labour market, for the poorest sections of the population, for the so-called *incapienti* (i.e. those who do not receive any benefit from tax deductions, since they do not pay any taxes due to low income), mechanisms to support their income (introduced since 2008) have had a very limited scope. The policy agenda of the current Government has further postponed the introduction of a comprehensive framework for national minimum income provision.

Considering the above factors, the overall evaluation indicates that national policy has not adopted a consistent and coherent SI approach. Accordingly, when looking at *outcome* indicators which are crucial for SI – enrolment of children (below 3 years) in formal childcare, student performance (2012 OECD-PISA survey), at-risk-of-poverty or social exclusion rates (total and for children) and persistent at-risk-of-poverty rates for children below 18, employment rates (total and female), unemployment rates (total and for young adults below 25 years) and the share of LTU – Italy ranks consistently among the ten worst performers in the EU.

1. Assessment of overall approach to social investment

The present report examines the extent to which Italian social policy developments[1] have been aimed at well-designed welfare systems which combine social investment (SI) with social protection and stabilisation,[2] also taking into consideration the fact that, between 2008 and 2014, fiscal consolidation measures reduced resources devoted to public services and to regional and local authorities.[3] In general, there was a 23.5% reduction in investments (i.e. gross fixed capital formation) by municipalities between 2008 and 2012.[4] The 2015 stability law required further reductions in the general budget of regional and local authorities.[5]

The prevailing orientation towards fiscal consolidation has also affected national funds relevant to regional and local welfare systems. Total resources[6] devoted to these funds increased by 13% in 2014 compared to 2010, but they were 15% lower than in 2008. However, the resources envisaged for 2015 have returned to a level similar to that of 2008, suggesting recently increased attention to social issues.

Expenditure on shock-absorbing mechanisms doubled between 2008 and 2013, while expenditure on active labour market policies increased only between 2010 and 2012 (+7%).[7] These trends reflect the impact of the current financial and economic crisis on the labour market: the total unemployment rate and the unemployment rate for those below 25 years of age increased from 6.2% and 20.5% in November 2007 to 13.4% and 43.9% in November 2014 – respectively 3.4 and 22 percentage points (pp) above the EU averages.[8]

In parallel, the risk of poverty and social exclusion increased. Compared to the EU averages,[9] in 2013 the Italian rates were higher for: population at risk of poverty (19.1%; i.e. +2.5 pp); children (less than 18 years) at risk of poverty and social exclusion (31.9%; i.e. +4.3 pp); children (less than 18 years) at risk of poverty (24.8%; i.e. +4.5 pp); children (less than 16 years) in severe material deprivation (13.7%; i.e. +2.7 pp); children (less than 18 years) in overcrowded households (39.5%; i.e. +16.3 pp).[10]

In this context, improvements towards an SI approach were found only in schemes related to unemployment benefits. Serious deficiencies characterised other policy areas, while a minimum income scheme has yet to be introduced throughout the national territory. Moreover, scarce complementary interactions between policies weakened the SI approach. As a result, it was difficult to combine an SI strategy with

---

[1] Policy developments are up to 19 January 2015.

[2] European Commission (EC), Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014–2020, COM(2013) 83 final.

[3] Zanardi, A. (ed.) (2012 and 2014), *La finanza pubblica italiana. Rapporto 2012* and *La Finanza pubblica italiana. Rapporto 2014*, il Mulino, Bologna.

[4] IFEL (2014), *La finanza comunale in sintesi*, Ottobre 2014. See also: Ministero dell'Economia e delle Finanze (2014), *Condivisione tra i livelli di governo dei dati sull'entità e la ripartizione delle misure di consolidamento della finanza pubblica. Primo rapporto (16 Gennaio 2014)*; Camera dei Deputati (2013), *Finanza regionale e locale No 1/17, Marzo 2013.*

[5] Law No. 190/2014 (2015 stability law) ruled the following reduction in budget: €3.9 billion each year between 2015 and 2017 for regional authorities; €2.2 billion in 2015, €3.2 billion in 2016 and €4.2 billion in 2017 for local authorities.

[6] See Appendix: Table 1.

[7] See Appendix: respectively Table 2 and Table 3.

[8] ISTAT, *Occupati e Disoccupati – Novembre 2014*, 7 Gennaio 2015; Eurostat database (une_rt_m), date of extraction 8.1.2015.

[9] Data from Bouget, D., Frazer, H., Marlier, E., Sabato, S. and Vanhercke, B. (2015), *Social Investment in Europe: A study of national policies*, Annex 3. Brussels: European Commission, European Social Policy Network (ESPN).

[10] Bouget et al. (2015), Annex 3, Tables C14, A5, A6, A7 and A10.

the protection of the rights of people experiencing poverty and social exclusion,[11] mainly because of the following factors.

For Italy, an integrated SI approach constitutes an ambitious challenge, due to the functionally biased (towards old age), fragmented and corporatist welfare system. This system has historically been characterised by a low degree of universalism (apart from health care), limited vertical redistributive capacity, a low degree of selectivity to reach those most in need, a low degree of service provision, meagre enabling and "activation" measures, significant regional disparities, and overall inequality in income distribution (accompanied by a fragmentary and chaotic tax system).[12]

2. Assessment of specific policy areas and measures/instruments

2.1. Support for early childhood development

2.1.1. Early childhood education and care (ECEC)

In Italy, families receive support in terms of early childhood education and care (ECEC) as follows: centre-based services such as crèches, nurseries and pre-kindergarten services (*nido di infanzia*, *scuola dell'infanzia*, *sezioni primavera*); home-based services such as family day care and childminders (*asilo familiare*, *tagesmutter*); tax relief for children under 3 years of age; vouchers provided by several regional and local authorities; vouchers introduced in 2012 at a national level in parallel with maternity and parental leave.

However, policies for early childhood development are not well integrated. This is the result of fragmented legislation and scant coordination between institutional levels and between financial funds.[13] In addition, not only has the sector traditionally been underfunded, but recent developments have also meant a further reduction in available resources, thus suggesting a critical shift away from an SI approach. In fact, different funds[14] support the provision of ECEC services (namely, nurseries and crèches), but the dynamics of financial resources are highly unstable. Those allocated in 2015 decreased by 3% compared to 2010, and by 54% compared to 2008.[15]

In 2012, the percentage of Italian children younger than 3 years of age in formal ECEC services was 7 pp lower than the EU average.[16] Moreover, the situation has deteriorated since the onset of the crisis: in 2008, 28% of children below 3 years of age attended ECEC services in Italy, whereas by 2012 it had declined to 21%.[17]

A lack of affordable public ECEC services forces families to play the role of first safety net and social service supplier. Moreover, the current economic crisis has strengthened "compulsory familism", since households are obliged to ensure mutual

---

[11] See, for example, Gori, C., "La sfida è conciliare diritti e investimenti", *Il Sole 24 Ore*, 10 Novembre 2014 and "Un piano nazionale contro la povertà", *Il Sole 24 Ore*, 4 Gennaio 2015.

[12] See for example: Ferrera, M., Fargion, V. and Jessoula, M. (2012), *Alle radici del welfare all'italiana*, Marsilio Editori, Venezia; Kazepov, Y. and Barberis, E. (eds) (2013), *Il welfare frammentato*, Carocci editore, Roma; Ciarini, A. (2012), *Le politiche sociali nelle regioni italiane. Costanti storiche e trasformazioni recenti*, il Mulino, Bologna; Guerra, M.C. (2011), "Fisco e welfare per le famiglie" in Ascoli, U. (ed.), *Il welfare in Italia*, il Mulino, Bologna.

[13] See, inter alia: CRC (2014), Gruppo di lavoro per la Convenzione sui Diritti dell'Infanzia e dell'Adolescenza in Italia, *7° Rapporto 2013–2014*; Giovannini, D. (2013), *Parenting and reconciling work and private life in Italy*, seminar on "Parenting in France", EC Justice, http://ec.europa.eu/justice/gender-equality/other-institutions/good-practices/review-seminars/seminars_2013/reconciliation_en.htm.

[14] E.g. resources were provided through national plans (Laws No. 296/2006 and 244/2007), partly or totally converged on a National Fund for Family Policies (Law No. 248/2006) and a recent national fund for families (Law No. 190/2014), which also supports a fund aimed at delivering food to the most deprived.

[15] See Appendix: Table 1.1.

[16] Bouget et al. (2015), Annex 3, Table A3.1.

[17] Eurostat database (ilc_caindformal), date of extraction 8.1.2015.

aid especially towards children (but also towards the elderly).[18] However, one effect of recent pension reforms that have increased the pensionable age for women, too, is that grandparents (a typical informal solution to childcare in Italy) are becoming less available, given that they must work for longer. Fortunately, there is increasing experimentation with allowing children (aged 2–3 years) to attend pre-kindergarten services (*sezioni primavera*).

2.1.2. Family benefits (cash and in-kind)

In Italy, spending on family benefit schemes (cash and in-kind) corresponded to 64% (in 2008) and 62% (in 2012) of the EU average of euros per inhabitant (at 2005 prices).[19] Total resources devoted to main instruments that support families[20] increased by 53% in 2014 compared to 2010 (but by only 6% compared to 2008), and they are expected to increase further in 2015 and 2016. However, it is important to notice that such increases do not represent a clear move towards SI: when broken down by type of expenditure, the increased trend actually favours cash benefits (e.g. bonuses and vouchers in the case of newborn or adopted children) vis-à-vis services (e.g. those supported by a national fund for family policies decreased by 88% between 2008 and 2014).

2.1.3. Parenting services

These services are included in sections regarding childcare, long-term care and social services (see Appendix).

2.2. Supporting parents' labour market participation

2.2.1. Childcare

In Italy, besides ECEC services that are a very important pillar of childcare, families receive support through services devoted to child well-being (Law No. 285/1997) and to reconciling work and family life (Law No. 53/2000), as well as through social services (Law No. 328/2000). Other supports consist of: tax relief and household allowances that increase according to the number, age and health of dependent children (e.g. at least three minors, children under 3 years of age and the disabled); maternity allowance for women in low-income families who give birth; financial help with a series of expenses (e.g. scholarships; free schoolbooks, school meals, transport and health care) for low-income households.

Nevertheless, a coherent SI approach has yet to be achieved. In recent reports to the national Parliament,[21] the National Ombudsperson for Childhood and Adolescence underlined: limited political attention to the needs and rights of children; a lack of progress in relevant policies due to fragmentation of institutional responsibilities and a continuously changing political framework; a scarcity of funds earmarked for childhood, combined with the negative impacts of fiscal consolidation policies on households; and difficulties faced by childcare-related associations in coping with a lack of a coherent policy agenda for childhood.[22]

---

[18] This consideration should be taken into account also to explain other trends presented in the next sections of this report. For further explanations, see Strati, F. (2014), *Investing in Children: Breaking the cycle of disadvantage – a study of national policies (Italy)*, for the European Commission.

[19] Bouget et al. (2015), Annex 3, Table A2.

[20] The Appendix summarises the characteristics of these funds, as well as the resources allocated to them (Table 1.2).

[21] Autorità Garante per l'Infanzia e l'Adolescenza, Seconda Relazione al Parlamento (Aprile 2013) and Terza Relazione al Parlamento (Aprile 2014); http://www.garanteinfanzia.org/documenti.

[22] Although a national action plan for childhood and adolescence should be prepared every two years (Law No. 451/1997), only three plans have been submitted since the law came into force. The last one (approved in 2011) was limited to a series of guidelines, without quantified targets supported by adequate resources.

Total spending on child day care corresponded to 48% (in 2008) and 40% (in 2012) of the EU average of euros per inhabitant (2005 prices).[23]

In this context, the National Fund for Childhood and Adolescence, which plays an important role in fostering child well-being in large metropolitan municipalities,[24] decreased by 23% in 2014 compared to 2010 (30% compared to 2008).[25] The national fund for unaccompanied migrant minors has increased significantly since its introduction.[26]

2.2.2. Long-term care

Measured as a percentage of gross domestic product (GDP), long-term care spending was 0.14% of GDP (2008), which is 34% of the EU average.[27] If the Companion Allowance represents the most relevant source of long-term care (LTC) financing, the National Fund for Non-Self-Sufficient Persons[28] constitutes the main instrument for LTC social services. Resources allocated to this fund[29] decreased by 13% in 2014 compared to 2010, but increased by 17% compared to 2008. In 2015, resources are expected to be similar to those of 2008, but will undergo a 38% reduction in 2016.

When compared to most Western European countries, the main features of the Italian LTC public system are the following (mostly at odds with an SI approach):[30] i) very strong prevalence of cash-benefit programmes over services; ii) a relatively weak investment in residential care; iii) a medium investment in home care, although this type of service is fundamentally and informally supported by migrant care workers (working and being paid directly by families).

This mix of policy instruments is not able to meet the LTC needs of individuals and families. Resources held by households are decreasing. The complexity of care needs (due to the growing share of very elderly people among those with LTC needs) is increasing. The traditional approach, based on public cash allowances combined with a reliance on both within-household informal care and migrant care (often working in a grey market), is demonstrating its shortcomings. A more robust system based on universalistic home-care services and residential care is required to match the needs of the most frail (especially those with limited informal care support or with such a complicated health status that it is unfeasible to maintain them at home). Otherwise, the actual risk facing the Italian LTC system is that it becomes more and more unequal in terms of capacity to access formal (public and private) care.

2.2.3. Maternal/paternal/parental leave schemes

From an SI perspective, Italy shows serious deficiencies in terms of adequacy of leave schemes, their interaction with childcare services and effective gender equality in parenting roles. Beginning in 2012 (Law No. 92/2012), there have been changes in

---

[23] Bouget et al. (2015), Annex 3, Table A1.

[24] This fund (Law No. 285/1997) was incorporated in the National Fund for Social Policies (see "social services") but regained its financial autonomy (Law No. 296/2006) specifically regarding child welfare projects developed by 15 large metropolitan municipalities. These projects address child poverty and social exclusion, juvenile institutionalisation, early school leaving, abuse, ill-treatment, violence and the exploitation of children. The main measures included in the projects promote children's rights, participation of children, awareness raising, community facilities, foster care, family adoption, education at home and through territorial facilities, socio-educational services for infants (0–3 years), social inclusion of foreign children and children of Roma and similar communities.

[25] See Appendix: Table 1.3.

[26] See Appendix: Table 1.3. Law No. 135/2012 provided an initial amount of €5 million to cover costs incurred by local authorities.

[27] Bouget et al. (2015), Annex 3, Table B2.

[28] This fund (Law No. 296/2006) is almost entirely managed by regional authorities, but was always characterised by instability (i.e. it was nullified in 2012) and by its relative paucity (in terms of the amount of resources provided, given the fact that more than 20% of the Italian population is over 65).

[29] See Appendix: Table 1.4.

[30] Ranci, C. and Pavolini, E. (eds) (2013), *Reforms in Long-Term Care Policies in Europe*, Springer, New York.

paternity support and the employment of mothers.[31] These have contributed to supporting parents by promoting a culture of shared childcare duties within households, facilitating the reconciliation of work and family life. However, they have also been criticised for the short duration of paternity leave and the use of a voucher system for childcare services, which might lead to limited utilisation of parental leave – since the former is an alternative to the latter. In 2014 (Law No. 79/2014), the rules regarding maternity leave and returning to work for women employed on fixed-term contracts were harmonised with the rules for women on open-ended contracts. New policy principles were announced in the recent reform of labour legislation (Jobs Act, Law No. 183/2014). Meanwhile, it should be noted that the resources allocated to national funds aimed at supporting equal opportunities between women and men have decreased by 70% between 2008 and 2015, to be followed by a further slight cut in 2016.[32]

2.3. Policy measures to address social and labour market exclusion

As a backdrop to the analysis below, it must be noted that, due to the traditional underdevelopment of both the unemployment benefit system and active labour market policies, and the lack of a national minimum income scheme, the construction of a well-designed welfare system constitutes a challenge for Italy with regard to the need not only to develop the investment component, but also to reinforce the protective component, as well as to integrate the two.

2.3.1. Unemployment benefits

Unemployment benefits and wage compensation schemes for working-time reduction are the pillars of the Italian shock-absorbing system.[33] In total, expenditure increased by 20% between 2010 and 2013,[34] when the amount for shock-absorbing mechanisms was 2.2 times the amount in 2008. This included actual benefits and indirect contributions (mainly paid by the state through general taxation). Importantly, as a share of total expenditure, social contributions (i.e. from employers and employees) decreased from 78% in 2008 to 39% in 2013.

Spending on unemployment benefits[35] increased from 0.5% of total GDP (2008) to 0.9% (2012). Such an increase – which raises the Italian figures from 38% (2008) to 60% (2012) of the EU averages (1.3% and 1.5% of total GDP, respectively) – was due to different interacting factors: i) an increase in the unemployment rate, ii) extended coverage and increased generosity of proper unemployment benefits, iii) extended duration and relaxed eligibility requirements – in derogation to ordinary rules – for short-time compensation schemes (*Cassa Integrazione*). In fact, during the crisis, not only were temporary and emergency measures to strengthen shock-absorbing schemes adopted in 2008–2009 (and then re-financed annually), but also a major "structural" reform (Law No. 92/2012) substantially modified the labour market regulatory framework and the unemployment benefit (UB) system. As for the latter, the existing "unemployment insurance" and "unemployment insurance with reduced eligibility" schemes were replace by two new schemes: *ASPI* (*Assicurazione Sociale per l'Impiego* – i.e. social insurance for employment) and *Mini-ASPI*.

The whole architecture of ASPI and Mini-ASPI is a step towards a more inclusive and less dualised income protection for the unemployed, and it can be evaluated positively from an SI point of view, as it tries to cover "outsiders" (atypical workers, etc.) better. However the new benefit schemes have not solved the strong dualism in the functioning of welfare provision in relation to unemployment risks: not all atypical workers are covered by ASPI and Mini-ASPI. Moreover these schemes do not solve the

---

[31] See the Appendix for additional details of parental leave schemes and some expected developments.

[32] See Appendix: Table 1.5.

[33] The Appendix provides a short description of the shock-absorbing system.

[34] See Appendix: Table 2.

[35] Bouget et al. (2015), Annex 3, Table C1.

issue of income support for those who cannot access, or are no longer eligible for, the new unemployment benefit programmes: the absence of a national social assistance programme makes the entire system quite unfit to support workers who lose their job and cannot find another one in the short term.

A new reform of the shock-absorbing system, included in the Jobs Act, also aims at strengthening mandatory activation for unemployment benefit recipients (i.e. obligation to actively search for jobs and improve their employability). In relation to this reform, the 2015 stability law provided further resources, which however may not be sufficient to meet the aims of the reform.[36]

2.3.2. Minimum income

A nationwide minimum income scheme (MIS) does not exist in Italy. In combination with the non-comprehensive and fragmented nature of the unemployment benefit system, this gap is detrimental with respect to the three main welfare system functions: social protection, stabilisation and social investment. Actually, not only does the lack of an MIS promote a deterioration of human capital among the poorest section of the population, but it also makes it difficult to develop “activation” or insertion programmes linked to cash-benefit provision – e.g. in case of the long-term unemployed.

That said, several measures have been introduced to support the income of the poorest: the “old social card”, the “new social card” and the “inclusion card”.[37] The old social card is a pre-paid shopping card used for the purchase of food products, electricity and gas. The new social card and the inclusion card are experimental tools associated with customised projects for social and employment activation and are more comparable to minimum income schemes, because they were conceived as a component of the welfare system managed by local authorities. Total resources devoted to these mechanisms increased by 82% in 2014 compared to 2010 (69% compared to 2008).[38] However, on the basis of resource allocation, the old social card has been favoured over the introduction of a stable national minimum income framework.[39] In the absence of activation programmes, the old social card might have contributed to reinforcing the protection function of last resort (albeit to a very limited extent in light of its very low amount), but it cannot be considered a step towards SI.

2.3.3. Active labour market policies

In contrast with the sharp increase in expenditure on passive labour market measures since the start of the crisis, expenditure on active labour market policies (ALMPs) decreased from 0.376% of GDP (2008) to 0.312% (2011) of GPD in Italy[40] – corresponding to a decline from 84% of the EU average in 2008 to 66% in 2011 (0.448% and 0.471%, respectively). In spite of a 7% increase in 2010–2012,[41] in 2012 ALMP expenditure was still 10% lower than in 2008. Although this trend was motivated by the need to protect workers affected by the employment crisis via the provision of unemployment benefits – expenditure on passive measures as a share of total labour market (LM) expenditure increased sharply, from 67% (2008) to 82% (2012) – it also followed a longer trend towards “less active” LM policies which started

---

[36] Resources are: €2.2 billion in 2015 and 2016; €2 billion from 2017 onwards. A comment on insufficient resources can be found in Colombo, D., “Sui due miliardi per gli ammortizzatori si allunga l’ombra dei contributi figurativi”, *Il Sole 24 Ore*, 3 Ottobre 2014.

[37] The Appendix summarises the main characteristics of these cards.

[38] See Appendix: Table 1.6.

[39] A stable national minimum income scheme (called “tool to support active inclusion”, *Sostegno per l’Inclusione Attiva*, SIA) was proposed by a working group appointed by the former Minister of Labour and Social Policies; see Ministero del Lavoro e delle Politiche Sociali (2013), *Verso la costruzione di un istituto nazionale di contrasto alla povertà*.

[40] Bouget et al. (2015), Annex 3, Table C3.

[41] See Appendix: Table 3.

as early as 2003.[42] Overall, between 2008 and 2012, the ALMP expenditure was devoted to: recruitment incentives (41%); apprenticeship (33%); training (10%); incentives to maintain and favour employment (9%); direct job creation and start-up incentives (7%).[43]

The Jobs Act also contains a promising (on paper) provision regarding the introduction of a National Employment Agency in order to better integrate ALMP, placement services and unemployment benefits. While the main features of the national agency remain to be designed and its effectiveness then to be assessed, developments in the field of labour market policies in the last decade, and even more so during the crisis, have aimed at reinforcing the protective component (via a more robust and inclusive UB) to the detriment of the investment part – with reduced resources for ALMP.

Measures to support new employment based on exemption from social security contributions were introduced between 2012 and 2014.[44] Finally, the 2015 stability law financed new employment incentives and reduced the tax wedge on labour costs.[45] According to the Jobs Act, employment and self-employment incentives are expected to be reorganised. However, the estimated benefits from employment incentives failed to consider the effects of substitution on the labour market (e.g. fiscal bonuses used to choose manpower that has a lower labour cost) or deadweight effects (e.g. when a job is created which would have been created even without the incentive).[46]

2.3.4. Social services

In Italy, social services are still far from an integrated and coherent SI approach, as *inter alia* is evidenced by a reduction in financial resources and the lack of harmonised quality levels across the national territory.

The National Fund for Social Policies (NFSP)[47] constitutes the main instrument for social services, implemented through regional and local welfare plans. Resources

---

[42] See Jessoula, M. and P. Vesan (2011), "Italy: limited adaptation of an atypical system" in Clasen, J. and Clegg, D. (eds), *Regulating the Risk of Unemployment. National adaptations to post-industrial labour markets in Europe*, Oxford University Press, Oxford.

[43] Ministero del Lavoro e delle Politiche Sociali (2014), *Spesa per le politiche occupazionali e del lavoro – Anno 2012*, Quaderni di studi e statistiche sul mercato del lavoro No. 6 – Agosto 2014.

[44] Law No. 92/2012 in favour of recruitment of women and people aged over 50; Law No. 99/2013 in favour of recruitment of unemployed workers through open-ended labour contracts and the employment of people aged 18–29; Law No. 78/2014 to simplify fixed-term contracts (the worker concerned can be hired five times within a period of three years) and rules on apprenticeship.

[45] Law No. 190/2014 envisaged: €1 billion per year between 2015 and 2017, followed by €500 million in 2018, devoted to an exemption from social security contributions for a period of three years after the recruitment of employees with open-ended contracts (in 2015), with the exception of recruitment of apprentices, domestic workers, those employed in the public sector and in agriculture; €2.7 billion in 2015 and €5.6 billion in 2016 and 2017 devoted to a full deduction for taxation related to open-ended labour contracts from the regional tax on businesses (IRAP). While introducing short-term incentives, the law abolished previous employment permanent incentives (Law No. 407/1990).

[46] A comment on these effects is in Corte dei Conti (2014), *Audizione sul disegno di legge di stabilità per l'anno 2015. Presidente della Corte dei Conti Raffaele Squitieri*, Commissioni Bilancio della Camera dei deputati e del Senato della Repubblica, 3 Novembre 2014.

[47] This fund (Law No. 449/1997) was embedded in the most important reform for integrated social services (Law No. 328/2000) managed by regional and local authorities. These should combine networked services (parenting services, home-care, day care centres, residential and semi-residential care facilities, crèches and nurseries, foster care services for children, etc.) with Ministero del Lavoro e delle Politiche Sociali (2014), *Spesa per le politiche occupazionali e del lavoro – Anno 2012*, Quaderni di studi e statistiche sul mercato del lavoro No. 6 – Agosto 2014.

[47] Law No. 92/2012 in favour of recruitment of women and people aged over 50; Law No. 99/2013 in favour of recruitment of unemployed workers through open-ended labour contracts and the employment of people aged 18–29; Law No. 78/2014 to simplify fixed-term contracts (the worker concerned can be hired five times within a period of three years) and rules on apprenticeship.

[47] Law No. 190/2014 envisaged: €1 billion per year between 2015 and 2017, followed by €500 million in 2018, devoted to an exemption from social security contributions for a period of three years after the recruitment of employees with open-ended contracts (in 2015), with the exception of recruitment of apprentices, domestic workers, those employed in the public sector and in agriculture; €2.7 billion in 2015

allocated to this fund were 32% lower in 2014 than in 2010 (58% lower than in 2008), with limited increases envisaged in 2015 and 2016 (5% with respect to 2014).[48]

Social services provided by municipalities include a wide range of facilities concerning policy areas already examined, such as ECEC, childcare and LTC. The importance of these services is demonstrated by the typology of beneficiaries, who in 2011 were: families and children (40%), disabled (23.2%), elderly (19.8%), poor and homeless people (7.9%), immigrants, Roma and similar communities (2.7%), persons addicted to drugs, alcohol, etc. (0.6%) and persons with multiple needs (5.8%).[49]

Quality standards were defined by regional authorities, but harmonised basic levels of social services have yet to be defined across the national territory in order to ensure civil and social rights while reducing regional disparities.[50] According to several studies,[51] the basic levels should take account of territorial coverage, scope of services, typology of recipients, costs and financial coverage, and also the better management of financial resources made available through national funds.

and €5.6 billion in 2016 and 2017 devoted to a full deduction for taxation related to open-ended labour contracts from the regional tax on businesses (IRAP). While introducing short-term incentives, the law abolished previous employment permanent incentives (Law No. 407/1990).

[47] A comment on these effects is in Corte dei Conti (2014), *Audizione sul disegno di legge di stabilità per l'anno 2015. Presidente della Corte dei Conti Raffaele Squitieri*, Commissioni Bilancio della Camera dei deputati e del Senato della Repubblica, 3 Novembre 2014benefits in cash (income support, subsidies for housing, education, transport, housing, food, fuel and so on) in coordination with health, education, training and employment services.

[48] See Appendix: Table 1.7.

[49] ISTAT (2014), Interventi e servizi sociali dei comuni singoli o associati – Anno 2011.

[50] Law No. 328/2000 (i.e. the framework law for integrated social services) identified criteria for the basic levels of social services that combine policy measures (against poverty, for income and economic support, to support family responsibilities, and so on), recipients (e.g. households, children, women in difficulty, non-self-sufficient persons, persons with disabilities, the elderly, the homeless, drug addicts) and service typology (including information and counselling to individuals and households, emergency social services, home-care, residential and semi-residential facilities, and day centres).

[51] See *inter alia*: Conferenza dei Presidenti delle Regioni e delle Province Autonome (2003), *I livelli essenziali delle prestazioni sociali (LIVEAS)*; Ranci Ortigosa, E. (ed.) (2008), *Diritti sociali e livelli essenziali delle prestazioni*, Prospettive Sociali e Sanitarie, i Quid n. 2; Mari, A. (2013), *La legislazione sui servizi per la prima infanzia tra Stato e Regioni*, www.federalismi.it.

Appendix

Resources allocated to national funds relevant to regional and local welfare systems

Financial amounts of national funds relevant to regional and local welfare systems were calculated by taking into account some overlap of functions and actual allocation (mainly through ministerial decrees) between 2008 and 2014. Estimates of expenditure for 2015 and 2016 were based on financial acts (mainly the 2015 stability law). However, the three-year planning of a stability law is essentially nominal. Actually, measures and financial resources approved by a stability law are changed by the subsequent stability law.

Table 1: Resources allocated between 2008 and 2016 (€ million)

Total (sum of resources from 1.1 to 1.7)	2008	2010	2013	2014	2015	2016
	2,087	1,569	904	1,769	2,129	1,886
1.1: Early childhood education and care (ECEC)						
Socio-educational services for children (nurseries and crèches)	2008	2010	2013	2014	2015	2016
	219.5	103			100	
1.2: Family benefits (cash and in-kind)						
National funds for:	2008	2010	2013	2014	2015	2016
1) Family policies	173.1	49.3	19.8	20.9	23.3	22.6
2) Newborn babies		25	25	25	202	607
3) Costs of raising children					45	
A) Sub-total (1+2+3)	173.1	74.3	44.8	45.9	270.3	629.6
4) Access to rented housing	215.2	141.3		135.7	132.7	59.7
5) Access to owned housing	14	10	10	220	220	200
6) Fuel household hardship	50	88	80.9	78.1	66.2	63.9
B) Sub-total (4+5+6)	279.2	239.2	90.9	433.8	418.9	323.6
Total (A+B)	452.4	313.5	135.7	479.7	689.2	953.2
1.3: Childcare						
National funds for:	2008	2010	2013	2014	2015	2016
- childhood and adolescence	43.9	40	39.2	30.7	28.7	28.8
- unaccompanied migrant minors			25	90	32.5	32.5
1.4: Long-term care						
National Fund for Non-Self-Sufficient Persons	2008	2010	2013	2014	2015	2016
	300	400	275	350	400	250
1.5: Equal opportunities between women and men						
National funds:	2008	2010	2013	2014	2015	2016
- for equal opportunities	44.4	3.3	10.8	14.4	10	9.6
- against gender-based violence	20		10	6.5	9.1	9
Total	64.4	3.3	20.8	20.9	19.1	18.6
1.6: Minimum income support						
Tools	2008	2010	2013	2014	2015	2016
Old social card	295	274	15	250	250	250
New social card + inclusion card			50	250	297	40
Total	295	274	65	500	547	290
1.7: Social services						
National Fund for Social Policies	2008	2010	2013	2014	2015	2016
	712	435.3	343.7	297.4	313	312.6

Source: Elaboration based on multiple sources of financial information: 8.01.2015. Small differences are due to rounding.

Expenditure on shock-absorbing schemes and labour market policies

Table 2: Expenditure between 2008 and 2013 (€ million)

Shock-absorbing system	2008	2009	2010	2011	2012	2013
Actual benefits	6,121	10,015	10,908	10,797	12,532	14,314
Fictitious contributions	4,576	8,249	8,565	8,336	10,121	9,077
Total, of which:	10,697	18,264	19,473	19,133	22,653	23,391
- social contributions	78%	46%	44%	43%	38%	39%
- state contribution	22%	54%	56%	57%	62%	61%

Source: Own elaboration on data from INPS (National Institute of Social Insurance). Elaboration date: 8.01.2015.

Table 3: Expenditure between 2008 and 2012 (€ million)

Labour market policies	2008	2009	2010	2011	2012
Active policies	6,212	5,638	5,228	4,919	5,603
Passive policies (support)	12,581	20,783	22,323	21,362	24,949
Total expenditure, of which	18,793	26,421	27,551	26,281	30,552
- active policies	33%	21%	19%	19%	18%
- passive policies	67%	79%	81%	81%	82%

Source: Own elaboration on data from Ministero del Lavoro e delle Politiche Sociali. Elaboration date: 8.01.2015.

Family benefits

The *National Fund for Family Policies* (Law No. 248/2006) serves a wide range of initiatives, for instance: a national family plan; a national observatory on families; advice centres and clinics for households; international adoption of minors; reconciliation of family and work life; family care of non-self-sufficient relatives; socio-educational services for children.

A national fund to promote credit access for households with *newborn babies* or adopted children (Law No. 2/2009) was abolished and replaced with a fund devoted to low-income households (Law No. 147/2013), successively abolished and replaced with a fund financing a new bonus (€80 per month; Law No. 190/2014) for three years devoted to households with income below €25,000 per year and doubled (€160 per month) for those below €7,000 (according to the new means-testing system, the Index of Equivalised Economic Situation (ISEE), initiated in January 2015). Resources were added only for 2015 (Law No. 190/2014) to contribute to the *costs of raising children* (including vouchers for the purchase of goods and services) to benefit families with four or more children and with a yearly income of below €8,500 (according to the new ISEE).

Three national funds facilitated *access to rented housing*: rental housing for low-income households (Law No. 431/1998); social housing (Law No. 350/2003; not active since 2009); temporary suspension of payment of rent and evictions (created by Law No. 124/2013). *Access to owned housing* is supported by: a national guarantee fund for first homes (Law No. 147/2013) devoted to low-income households and people employed in atypical labour contracts (absorbing a similar fund created by Law No. 133/2008); a solidarity fund mortgage loan (Law No. 244/2007) to support large families in buying their first home. A national fund (Law No. 296/2006 and Law No. 2/2009) is devoted to helping low-income households facing *fuel hardship* by reducing their electricity and gas costs.

Parenting services

It is difficult to draw a clear distinction between parenting support, childcare services,[52] long-term care services[53] and social services managed by regional and local

[52] See, for instance, an initiative (PIPPI) to connect child protection and parenting support, Peer Review "Innovative practices with marginalised families at risk of having their children taken into care" (Italy, 2014) http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=2133&furtherNews=yes.

authorities.[54] There are many methods and instruments that include information and advice on family planning, health, psychological assistance, and community development activities – all adapted to local contexts and needs. Parenting services are delivered by professionals and involve households and the "third sector" (i.e. not-for-profit and voluntary organisations, social enterprises and cooperatives) according to the subsidiarity principles stated in Law No. 328/2000 on integrated social policies.[55]

Maternal/paternal/parental leave schemes

By adapting national rules to the EU Council Directive 2010/18/EU on parental leave, Law No. 92/2012 (reform of labour regulation) and Law No. 228/2012 (2013 stability law) improved the legislative framework initiated in the early 1970s on the protection of working mothers (Law No. 1204/1971), to foster equal treatment of men and women (Law No. 903/1977) and to support both maternity and paternity (Law No. 53/2000 and Law No. 151/2001).

Measures in favour of paternity consist of one-day mandatory paid leave for the father after the child's birth, plus two days of paid optional leave within five months to provide care in place of the mother during her period of mandatory leave. Measures to support the employment of mothers include vouchers to purchase babysitting services or early childhood education and care (ECEC) services within 11 months of the end of compulsory maternity leave and instead of parental leave. Law No. 92/2012 introduced these measures on an experimental basis between 2013 and 2015, financed by €78 million each year.

The mandatory and optional paternity leave cannot be divided into hours, and is paid at 100% of the last salary. Both types of leave cover adoptive and foster fathers. Likewise, adoptive and foster mothers are included as recipients of the childcare vouchers for six months at most, after means testing. Optional parental leave can be granted to both mother and father in fractions of hours according to collective labour agreements. Workers and employers can make arrangements to facilitate the return to work following parental leave by taking into account rules defined by collective bargaining. These modifications were aimed at making the use of parental leave more effective.

Separately, and during the first eight years of the child's life, both mother and father are entitled to take optional parental leave of up to six months. Parents are entitled to this benefit for a maximum of ten months, cumulative for both parents. As an incentive to a more balanced parenting role, the total duration of the benefit is prolonged to 11 months if the father applies for at least three months of the leave. For single parents, the maximum duration of the benefit is ten months. The optional parental leave is paid at 30% of the last salary up to the third year of the child's life for a maximum of six months for the two parents taken together. For mothers, this benefit follows the expiry of mandatory maternity benefits, which are paid for five months at 80% of the last salary.

New policy principles, introduced by the Jobs Act (Law No. 183/2014) and to be enforced by subsequent decrees, include: tax credit for women workers with dependent (or disabled) children; support of collective bargaining for work-life balance (e.g. flexible working times); more flexible parental leave; a combination of corporate

---

[53] An analysis of parenting services devoted to non-self-sufficient elderly persons can be found in Bramanti, B. (2012), "Famiglie e cura degli anziani non autosufficienti: alla ricerca di buone pratiche in tre aree territoriali" in Donati, P. (ed.), *La famiglia in Italia*, Carocci, Roma.

[54] See, inter alia: EC (2013), *Parenting Support Policy Brief*; Dal Zovo, S. (2013), "Support for parenting", *Journal of Educational and Social Research*, 3(7); Ciampa, A. and Milani, P. (2011), *Parenting support policies*, Peer Review "Building a coordinated strategy for parenting support (France)", http://ec.europa.eu/social/main.jsp?catId=1024&langId=en&newsId=1391&furtherNews=yes. .

[55] Law No. 328/2000 supports cooperation, mutual help, family associations, and the active role of family in promoting, organising and evaluating social services.

parental care and services provided by local authorities; and a motherhood allowance for all women workers.

Unemployment benefits

The current system to tackle unemployment consists of the social insurance for employment (ASPI, *Assicurazione Sociale per l'Impiego* and Mini-ASPI) and a wage compensation fund (CIG, *Cassa Integrazione Guadagni*) based on the following pillars: the ordinary workers' redundancy allowance (CIGO, *Cassa Integrazione Guadagni Ordinaria*) provided in case of suspension from work due to external temporary difficulties; the extraordinary workers' redundancy allowance (CIGS, *Cassa Integrazione Guadagni Straordinaria*) to face prolonged hardships caused by the closure of productive activities by companies; the workers' redundancy allowance in derogation (CIGD, *Cassa Integrazione Guadagni in Deroga*), which extended eligibility for CIG allowances to sectors without shock-absorbing mechanisms; and solidarity contracts aimed at sharing a general reduction in working hours and redundancy allowances between workers to maintain employment.

Introduced by Law No. 92/2012, ASPI is more generous than the previous benefits. It is characterised by a higher replacement rate (equal to 75% of the previous wage, up to a 1,200 ceiling, decreasing every six months), a longer duration (12 months, or 18 months for workers aged over 55) and the inclusion of categories of workers previously excluded from benefits (access to benefits has been extended to apprentices, cooperative workers and art workers, who were all previously excluded). It requires contributions in the previous two years. The Mini-ASPI is available for those with a more limited contributions history (contributions for 13 weeks in the previous year).

New legislative decrees are expected to implement the recent Jobs Act (Law No. 183/2014). Key principles of the Jobs Act relating to workers facing labour market crisis are: in case of definitive closure of productive activities by companies, the redundant workers concerned are no longer entitled to wage compensation (CIG); in case of involuntary unemployment, protection through revision of the social insurance for employment (ASPI) according to the occupational (i.e. social contribution) history of the workers concerned; and mandatory activation (obligation to find a new job) for recipients of these allowances.

Minimum income

The *old social card* (Law No. 133/2008) is a pre-paid shopping card (€40 per month) used to purchase food products, electricity and gas. Recipients are parents of children aged 0–3 or persons aged 65 and over on a very low income. Compared to the number of beneficiaries initially expected (1,300,000 households annually), take-up of the social card was low (41%), with 535,504 recipients in 2013, 533,869 in 2012 and 535,412 in 2011.[56]

The *new social card* (Law No. 35/2012) is an experimental mechanism for income support, implemented for 12 months (from July 2013) in 12 municipalities with more than 250,000 persons. Recipients were defined as households with at least one child (i.e. aged less than 18) with priority given to cases of housing hardship, single parents with children, households with three or more children, and households with one or more children with disabilities. The new card is a component of the welfare system managed by local authorities. Thus the new social card follows the principles of the framework reform on integrated social policies (Law No, 328/2000[57]), being associated with customised projects for social activation, including job search for adults, schooling and health protection for children. The number of beneficiaries (at September 2014) totalled 6,517 households (corresponding to 26,863 persons), but

---

[56] INPS, Istituto Nazionale Previdenza Sociale (2014), *Rapporto Annuale 2013.*

[57] A national minimum income scheme for social insertion (RMI, *Reddito Minimimo di Inserimento*) was implemented between 1999 and 2004, incorporated into local welfare systems, based on social activation through customised projects, and embedded in the reform on integrated social policies (Law No. 328/2000).

that excludes data not yet available on one large metropolitan area (Rome).[58] The monetary amount of the new social card varies in relation to household size and hardships (e.g. ranging from €231 to €404 per month).

The *inclusion card* (Law No. 99/2013) is an extension of the new social card experiment in the eight southern regions. Further extension of the inclusion card throughout the national territory was made in July 2014 (Law No. 147/2013).

[58] Ministero del Lavoro e delle Politiche Sociali (2014), *Primi dati sulla sperimentazione del sostegno per l'inclusione attiva (SIA) nei grandi comuni*, Quaderni della ricerca sociale flash 29, 1 Settembre 2014.