



# Italy's winding road towards a national minimum income scheme

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## Description

*The Italian government has launched a national plan to fight increasing poverty and social exclusion. It may represent a first step towards the establishment of both a national minimum income scheme and an integrated social system of social services aimed at active inclusion.*

Traditionally a country with moderate poverty rates despite low investment in social assistance policies and the lack of a national minimum income scheme, Italy has experienced a dramatic increase in poverty during the prolonged recession which has followed the 2008 economic and financial crisis: severe material deprivation has increased from 7.3% (2009) to 11.6% (2014), compared to 8.2% and 8.9% for the EU-27 average in the same years.

On 14 July 2016 the Italian National Institute of Statistics (ISTAT) released the latest data on poverty: 4.6 million people living in absolute poverty. This is the highest figure since 2005; it corresponds to 7.6% of the population. On the same day, the Chamber of Deputies approved the law delegating the government to both take action against poverty and reorganise social assistance benefits and services (Bill no. 3594).

The proposed legislation (which is currently under scrutiny by the Senate) is the continuation of the national anti-poverty strategy launched with the 2016 Stability Law (December 2015) which had already: i) introduced a national "Fund to fight poverty and social exclusion"; ii) increased resources devoted to anti-poverty measures with the Triennial National Plan Against Poverty and Social Exclusion; iii)

extended the means-tested benefit named SIA (Sostegno per l'Inclusione Attiva [Support for active inclusion]) to the whole national territory.

SIA is a means-tested benefit implemented throughout the national territory since 2 September 2016. It is targeted at households that meet at least one of the following conditions: i) one child less than 18 years old; ii) a disabled child; iii) a pregnant woman. SIA combines a monetary benefit with social services aimed at active inclusion based on individualised plans. The amount of the cash benefit (credited on an electronic payment card) increases according to the number of household members: €80 for a single member household, €160 for a 2-member household, €240 for a 3-member household, €320 for a 4-member household, and a maximum of €400 for larger households (i.e. consisting of 5 or more members). Eligibility criteria are numerous, among which: residency in Italy (min. 2 years), income, and assets.

When (if) approved also by the Senate, the proposed legislation mandates the government to reform anti-poverty measures by decree, in accordance with the following guidelines and principles. First, a national means-tested benefit – named "Inclusion Income" (Reddito di inclusione) - has to be provided over the whole national territory. There are 4

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eligibility criteria: the 3 SIA conditions (see above) plus a new one: an unemployed member aged 55 and above. In order to avoid cross-regional variations, this benefit will constitute one of the so-called “minimum levels of assistance” (Livelli essenziali delle prestazioni) envisaged by laws n. 328/2000 and n. 3/2001. Second, the provision of the monetary benefit will be conditional on signing a “social pact” aimed at promoting active inclusion through individualised plans and service provision. Third, the Inclusion Income will be financed through the above mentioned “Fund to fight poverty and social exclusion”, endowed with €1,030 billion in 2017 and €1,054 each year from 2018. Additional resources should derive from the reorganisation of other social assistance benefits such as the “Social Card” introduced in 2008 and ASDI (Assegno di disoccupazione [Unemployment Allowance]).

## Outlook & Commentary

The measures included in both the 2016 Stability Law and the recently proposed “delegation law” certainly represent a key step towards the establishment of an integrated system of social policies including quality services and a nation-wide minimum income scheme, as suggested by the 2016 European Commission’s “Country Report”. Similarly, recent (adopted and proposed) legislation has the potential to overcome the current extreme variability in quality and effectiveness of anti-poverty measures across and within regions. Thus, both the Regions and the national “Alliance Against Poverty” – bringing together about 30 social and politico-institutional actors involved in

social assistance policies – have welcomed what might constitute a first move in the direction of a national minimum income scheme informed by the principle of “selective universalism”.

Nevertheless, critical remarks have also been made by trade unions, experts and opposition parties. Criticism has mostly regarded six main issues. First, the allocated resources are limited, much less than the €7 billion which the “Alliance Against Poverty” estimates as necessary for the establishment of a nation-wide minimum income scheme targeted at all individuals in absolute poverty. Both the Regions and the Alliance have thus claimed that the financial resources will need to be gradually increased in the next few years. Second, in contrast with the “selective universalism” principle mentioned in the newly proposed law, the SIA/Inclusion Income is a category-based measure. Third, as already mentioned, SIA eligibility conditions are numerous and extremely tight. Consequently (fourth), official figures by the government indicate that coverage is limited to only 1.1 million individuals out of the 4.6 million people in absolute poverty. Fifth, the cash benefit amount is not generous both in a comparative perspective and in terms of national living standards: ISTAT calculates that a 3 member household living in Central Italy stands below the “absolute poverty” line when its monthly consumption is below €1,200/1,400 (variation depends on child’s age). Finally (sixth), in order to ensure the effective and homogeneous (across regions) provision of social inclusion services, “quality standards” should be specified and considered as “minimum levels of assistance”.

## Further reading

2016 Stability Law, Law No 208/2015: <http://www.gazzettaufficiale.it/eli/id/2015/12/30/15G00222/sg>

Delegation Law, Bill No. 3594 Chamber of Deputies: <http://www.camera.it/leg17/126?tab=&leg=17&idDocumento=3594&sede=&tipo>

Alliance Against Poverty: <http://www.redditoinclusione.it/>

Granaglia, E. (2016), Positive novità nel contrasto alla povertà, ma il diritto al reddito rimane lontano: <http://www.eticaeconomia.it/positive-novita-nel-contrasto-alla-poverta-ma-il-diritto-al-reddito-rimane-lontano/>

Saraceno, C. (2016), Contro la povertà si recita ancora a soggetto: <http://www.lavoce.info/archives/39531/contro-la-poverta-si-recita-ancora-a-soggetto/>

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