



Two decades on, Italy finally introduces a national minimum income scheme

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With the adoption of Law No 33/2017 and the subsequent 2018 Stability Law, Italy has filled the traditional gap in social protection, introducing both a national minimum income scheme and an integrated system of social services aimed at active inclusion. However, the extent to which all those in extreme poverty will be protected may be limited.

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Description

The debate on the need for a last resort social safety net in Italy started in 1997. In January 2018, the implementation of a minimum income scheme – called *Reddito di Inclusione* (Inclusion Income, REI) – has eventually started throughout the national territory.

As anticipated by the ESPN Flash Report 2016/60 (Jessoula 2016), REI constitutes the last step in a long reform process which opened with the “New Social Card” pilot scheme introduced in 2012 (later re-named Support for active inclusion - SIA), followed by the launch of a national anti-poverty strategy with the 2016 Stability Law introducing a national “Fund to fight poverty and social exclusion”. In September 2017, Decree No 147/2017 implemented the operational principles established by Law No 33/2017 to combat poverty and social exclusion through the nation-wide programme REI.

REI is a means-tested monetary benefit based on household ISEE (Indicator of equivalised economic conditions, which takes into account both income and wealth). It is conditional on signing a “social contract” aimed at promoting active inclusion through individualised plans and service provision. To avoid cross-regional variations, this benefit constitutes one of the so-called “minimum levels of assistance” (*Livelli essenziali delle prestazioni*) envisaged by Laws No 328/2000 and 3/2001.

REI is paid according to tight means testing conditions. In order to be eligible, a household must have an ISEE of maximum €6,000 and an equivalised income of maximum €3,000 in the ISEE computation. Furthermore, housing wealth (excluding the primary residence) and financial wealth cannot exceed €20,000 and €10,000 respectively, and households are not eligible for REI when a member receives an unemployment benefit or has bought a car/motorbike in the 24 months before application.

In 2018, the monthly REI amount is: €187.5 for a single member household; €294.5 for a 2-member household; €382.5 for a 3-member household; €461.5 for a 4-member household; €534.37 for a 5-member household and 539.82 for larger households. In all cases, the REI benefit cannot exceed the monthly ceiling of the old age social allowance increased by 10% (€6,477.90 in 2018). Only 50% of the REI amount can be received as cash: the remaining part has to be used to purchase items in a set of fixed shops through an ad hoc credit card (e.g., supermarkets, pharmacies, etc.). Importantly, REI duration is limited: the benefit is paid for 18 months then, after suspension of 6 months, it can be received for maximum 12 more months.

Originally, REI was targeted at households with at least one of the following requisites: i) one child less than 18 years old; ii) a disabled child; iii) a pregnant woman; and iv) an unemployed member aged 55 or above. The Stability Law of 2018 eliminates, starting from July 2018, these eligibility requirements, thus overcoming the categorical approach that has long characterised, as well as undermined, the Italian system of social assistance. Also, the 2018 Stability Law slightly increases the resources allocated to the “Fund to fight poverty and social exclusion”, endowed with €2,059 billion in 2018, €2,545 in 2019, and €2,745 each year from 2020. 15% of this fund is targeted to finance the social services connected to REI.

Outlook & commentary

The measures included both in Decree No 147/2017 and in the 2018 Stability Law represent a key step towards the establishment of an integrated social assistance system including services and a nation-wide minimum income scheme, as suggested by the 2016 European Commission’s “Country Report”. Thus, both the Regions and the “Alliance Against Poverty” – bringing together about 30 social and institutional actors involved in social assistance policies – have welcomed this important progress which was informed by the principle of “selective universalism”.

Nevertheless, critical remarks have also been made by experts. Criticism has mostly focussed on the presence of strict budgetary constraints that do not allow protecting the whole population living in absolute poverty, the limited generosity (in terms of both means testing conditions and benefit amount) and strong conditionality. More precisely, the allocated budget is modest, much less than the €7 billion which experts and the “Alliance Against Poverty” estimate as necessary for the establishment of a nation-wide minimum income scheme targeted at all the 4.75 million individuals in absolute poverty (Saraceno 2017). Official figures by the government indicate that coverage of the REI is limited to only 1.8 million individuals. Moreover, the cash benefit amount is not generous both in a comparative perspective and in terms of national living standards (Granaglia 2018): for instance, a 3-member household living in Central Italy will receive maximum €382.5/month while the absolute poverty threshold computed by the Italian national statistical institute (ISTAT) is around €1,200/1,400 depending on members’ age. Finally, the presence of strict duration limits, the constraints on beneficiaries’ discretion in the usages of the monetary component as well as the existence of a pervasive sanctioning system has led experts to question the ability of the REI to actually “empower” poor individuals.

Further reading

Alliance Against Poverty:

<http://www.redditoinclusione.it/>

Granaglia, E. (2018), “Il REI è un passo avanti ma molto resta da fare”: <http://sbilanciamoci.info/rei-un-passo-avanti-resta-cambiare/>

Jessoula, M. (2016), “Italy’s winding road towards a national minimum income scheme”, ESPN Flash Report 2016/60:

<http://ec.europa.eu/social/main.jsp?catId=1135&langId=en&newsId=2612&moreDocuments=yes&tableName=news>

Saraceno, C. (2017), “Un reddito ... troppo minimo”:

<https://welforum.it/un-reddito-minimo/>

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