



Case study

Gaps in access to social protection for project workers on continuous collaboration projects in Italy

Fabrizio Patriarca
March - 2018

EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate C— Social Affairs
Unit C.2 - Modernisation of social protection systems

E-mail: EMPL-C2-UNIT@ec.europa.eu

*European Commission
B-1049 Brussels*

Case study

Gaps in access to social protection for project workers on continuous collaboration projects in Italy

***Europe Direct is a service to help you find answers
to your questions about the European Union.***

Freephone number (*):

00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

Luxembourg: Publications Office of the European Union, 2018

ISBN: 978-92-79-79841-2
doi:10.2767/12895

© European Union, 2018

Reproduction is authorised provided the source is acknowledged.
For any use of materials which are not under the European Union copyright, permission must be sought directly from the copyright holder(s) indicated.

CONTENTS

SUMMARY	6
1 DEFINITIONS AND CHARACTERISTICS	7
1.1 Definition of workers on continuous collaboration projects	7
1.2 Main characteristics of Co.co.pro workers	8
1.3 Contract characteristics and labor market transitions	9
1.4 Labor market outcomes of Co.co.pro.	11
1.5 Recent trends and reforms	12
2. ACCESS TO WELFARE OF CO.CO.PRO.	14
2.1 The general framework	14
2.2 Old age and early pensions	15
2.3 Unemployment Benefit	16
2.4 Sickness	16
2.5 Accidents at work, occupational injuries benefits and disability	17
2.6 Maternity	17
2.7 Family benefits	18
2.9 Social Assistance, Long-term care, Health	18
3 CLOSING SOCIAL PROTECTION GAPS BY OTHER MEANS	18
3.1 Derived social protection rights	18
3.2 Other income sources	19
3.3 Coverage and access by other means	20
3.4 Options for cross-subsidization	20
BIBLIOGRAPHY	22
ANNEX	23

SUMMARY

Project-based continuous collaboration contract (Contratto di collaborazione a progetto, or Co.co.pro.) is a non-standard form of employment contract established in Italy in 2003 that gradually replaced the earlier coordinated and continuous collaboration contract (Contratto di collaborazione coordinata e continuativa, or Co.co.co). In 2015 the former was abolished to be replaced through the reintroduction of its predecessor.

Both kinds of contractual arrangements can be included in the broader class of "parasubordinate" forms of employment, whereby workers find their condition to be somewhat in between that of an employee and that of self-employed collaborator. These arrangements came to fulfill specific employer requirements that could not be met by previous forms of subordinate work. However, the widespread use of these contracts has often simply masked standard employment relationships while allowing the employer to benefit from lower gross costs, both in terms of the explicit costs of contribution rates and the implicit costs of dismissals. Such economic incentives have mostly been eliminated by various reforms of the Italian labour market. Such reforms have gradually increased the contribution rates by aligning these to the levels of standard employment contracts and by reducing the limits to the use of fixed term employment contracts. As a result, in recent years the number of Co.co.pro. workers, i.e. project-based continuous collaboration contract workers, has remarkably decreased, from 692,078 in 2011 to 379,299 in 2015. At the same time, from the point of view of access to the welfare system, such reforms have progressively been aligning the conditions of these workers to those employed with standard contracts, thus providing them with equivalent pension schemes and a similar level of access to healthcare, sickness, family benefits and occupational injury benefits. From this perspective, the key remaining statutory difference concerns unemployment benefits, which are less generous and have a shorter duration.

However, de facto gaps in access to the welfare system still persist, due to the different labor market outcomes of these workers, whose conditions are often characterized by lower wages, fewer yearly working hours and a higher risk of unemployment, and also to the higher weight of the weaker segments of the Italian labor supply, i.e. women and the young.

Thus, policies aimed at reducing such gaps would benefit from those instruments typically addressed at low-income workers. In this sense, it is worth to observe that Italy lacks a comprehensive policy on social exclusion and income support.

Moreover, since the Italian pension system follows an NDC approach, lower contribution rates involve a higher risk of poverty at the moment of retirement and require some adjustment of the guaranteed minimum pension scheme.

1 DEFINITIONS AND CHARACTERISTICS

1.1 Definition of workers on continuous collaboration projects

Project-based collaboration contracts (Contratti di collaborazione a progetto, or Co.co.pro.) are non-standard (atypical) type of employment contracts established in Italy in 2003 (riforma Biagi Lg. 14-2-2003 n. 30). They have gradually replaced the earlier Coordinated and continuous collaboration contracts (Contratti di collaborazione coordinata e continuativa, or Co.co.co) established in 1996 (Pacchetto Treu Lg. 24-6-1997, n. 196) and excluding the public sector. The 2015 Jobs Act Reform abolished the Co.co.pro and reintroduced the earlier Co.co.co. contracts. The differences between the two kinds of employment contracts will be taken into account when considering the labour market reforms that have followed. However, the shift from one to the other has not affected the workers' access to the welfare system.

Workers on Co.co.co. contracts have been defined "*parasubordinate*" (*parasubordinati* in Italian), in consideration of the fact that their condition is somewhat in between that of an employee and a self-employed worker. In fact, this form of collaboration was set up in order to fulfill specific employer requirements that could not be met through the other existing forms of subordinate work. In the case of Co.co.pro. contracts, workers have full operational autonomy but within the framework of a continuous relationship with the employer, who has the power to coordinate the working activity of the collaborators to meet the needs of the business. Autonomy of the worker and coordination by the employer are the main features characterizing these contracts, together with the personal nature of workers activity and the continuity of the relationships. In order to be considered as "continuous" the contract duration shall be at least of 30 days per year (for all types of collaboration) and not below 240 hours (for personal care and assistance services). Where these requirements are not fulfilled, the collaboration is considered as "occasional"¹.

The salary of the project worker is set out in the contract. Usually the contract establishes the overall remuneration for the project execution, even if in some cases the sum can be paid with monthly advances. The remuneration must be proportionate to the quantity and quality of work performed. In any case, the remuneration can not fall below the minimum wage applied in the relevant field of affiliation of the firm, for tasks comparable to those performed by the worker and defined in the collective labor contracts. The contract must be stipulated for all co-ordinated collaborative relationships between the worker and the employer.

These workers are included in the broader category of "*Collaboratori*", which includes many non employees and non self-employees workers, and other non-standard contracts as occasional collaborators, PhD and post-Doc students, building managers and auditors. Co.co.pro. are shortly less than 60% of this broader category having common features concerning social security. Indeed, they all contribute to the same social insurance regime (*Gestione Separata*), with some remarkable differences in terms of fiscal rules and other welfare schemes.

¹ For occasional collaborations there is also a ceil of 5.000 euros.

1.2 Main characteristics of Co.co.pro workers

To provide a descriptive evidence of the phenomenon, the analysis below relies on the data collected by the administrative Italian Social Security Institute (INPS) in "Osservatorio sui parasubordinati". This dataset contains informations on Co.co.pro. and all other contributors to Gestione Separata classified by age, gender, income, contribution to other funds and number of employers.

Table 1 reports the diffusion of co.co.pro. workers in Italy in 2015. The overall number of workers that have had at least one contract in 2015 is 376.774. The yearly average of workers having a Co.co.pro. contract is 200.281.

Table 1. Workers on co.co.pro. in 2015

	Yearly average	Total
Men	95.454	174.773
Women	104.827	202.001
All	200.281	376.774

Source: elaborations on INPS "Osservatorio sul lavoro parasubordinato"

The detail by gender shows a first important peculiarity of such kind of contracts. Indeed, women are more than half of this category. This is worth of attention in a country like Italy, where female participation to the labor market is below the EU average. However this gender bias is probably a compositional effect related to the significant weight, among these workers' activities, of personal services, having a strong gender bias.

A further specific feature concerns the composition by educational groups. INPS data do not contain information on education. Thus, we report in table 2 the estimation of the composition by education in Raitano 2017 which uses information from the AD-Silc database, a recently developed panel built by merging information in IT-SILC 2004-2012 survey with data collected in INPS archives.

Table 2. Distribution by education of co.co.pro. and private employees in 2012

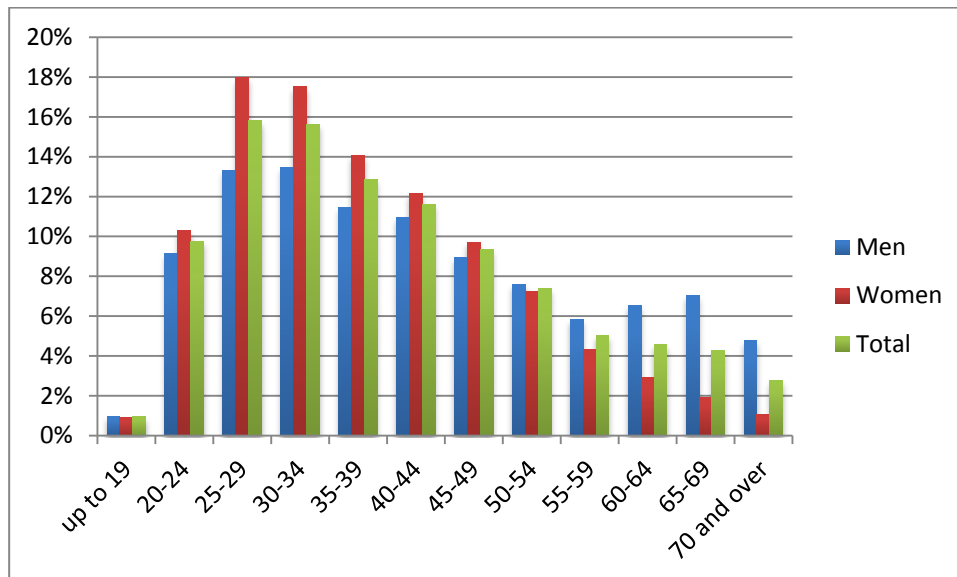
	Co.co.pro.	Private Employees
At most Low. Second.	19,8%	37,9%
Upper Secondary	49,8%	51,4%
Tertiary	30,5%	10,7%

Source: Raitano 2017

The differences with private dependent employees evidence a stronger presence of workers with Tertiary education and a lower share of less educated ones. The result is a strong bias towards a higher educational level. This bias is also related to the age structure of Co.co.pro. Figure 1 evidences a higher concentration of these workers among young people. This is another huge difference with the rest of the labor market, where young people are characterized by very high unemployment rates and an increasing size of NEET. In the case of women this feature is much more evident. Co.co.pro among elderly and retired workers has a strong gender dimension since it seems to concern quite only men.

Summing up, the characteristics of the worker group of Co.co.pro. are strongly biased towards women, young and higher educational levels if compared with both private employees and the overall Italian labor supply. Among elderly, the share of men instead remarkably prevails on that of women.

Figure 1. Age distribution of Co.co.pro.



Source: elaborations on INPS "Osservatorio sul lavoro parasubordinato"

1.3 Contract characteristics and labor market transitions

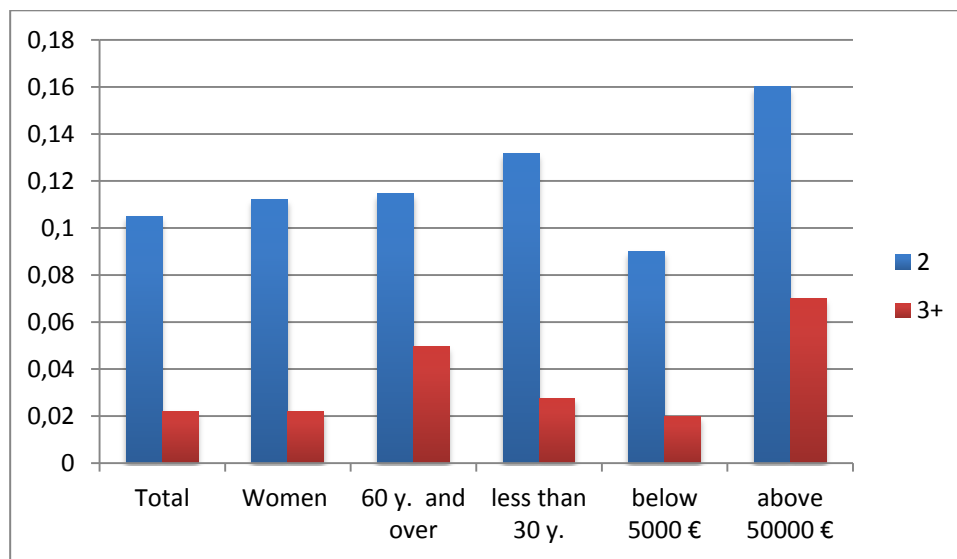
Workers in Co.co.pro can be engaged in many projects and with many employers at the same time. However, 87,5% has only one employer, and only 2,1% has more than two employers.

Single employer Co.co-pro are slightly less diffused among women and among workers in the extreme age classes (Figure 2). In particular, among workers older than 60, the share of Co.co.pro with more than two employer is doubled if compared to the average.

The detail by yearly income is much more significant since workers with more employers are mainly concentrated in higher income classes, involving an overall positive relationship between number of employers and worker's income².

As also for the case of other flexible contracts, transitions from or through unemployment or other non standard contracts are frequent³. In 2015, 27% of Co.co.pro were new employees, i.e. they were not in this contractual condition the previous year (INPS). The consistent flows inside and outside this category are also coherent with the low number of working months accumulated by Co.co.pro. along their careers (Figure 3). In 5 years, more than a half of Co.co.pro. has contracts for an overall duration lower than 1 year and only 7% has a full coverage.

Figure 2. Co.co.pro. with no single employer

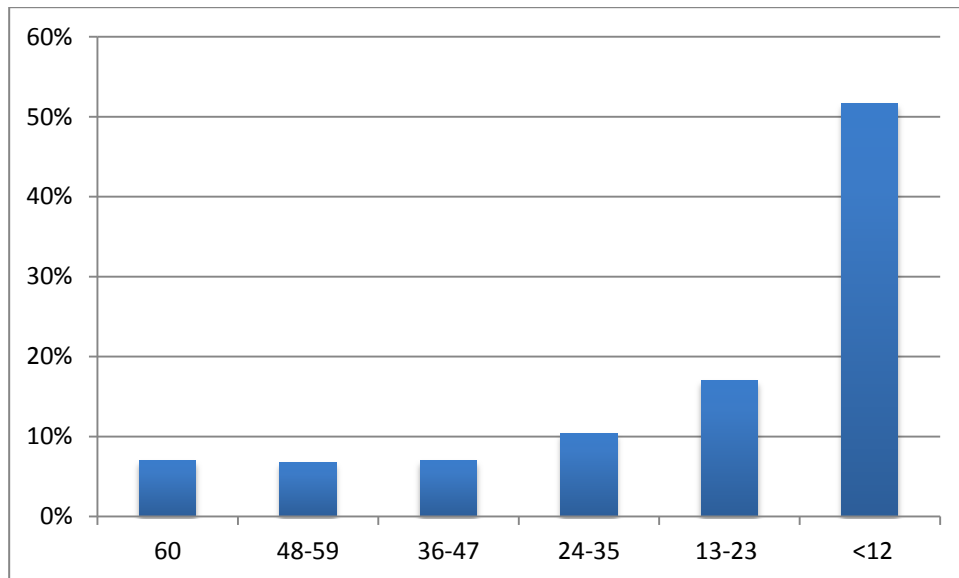


Source: elaborations on INPS "Osservatorio sul lavoro parasubordinato"

Figure 3 Number of months in the last 5 years with Co.co.pro. contracts:

² The definition of income here considered only concerns income from Co.co.pro. contracts, although these workers may have other labor income sources.

³ See Fabrizi and Raitano 2012.



Source: elaborations on INPS "Osservatorio sul lavoro parasubordinato"

1.4 Labor market outcomes of Co.co.pro.

The evidence provided by Figure 3 introduces the issue of the labor market outcomes of this category of workers. Elaborations on AD-Silc provide a picture of the Labor market main outcomes of Co.co.pro. compared to employees in the private sector⁴.

Co.co.pro have approximately 8 working weeks less than private dependent employees and the Mean income is lower by 16%. Furthermore, their distribution of earnings is much more concentrated, which also explains the huge difference between median income - which is 55% of the employees one. As a result Co.co.pro have worst performance in the labor market and the distribution of incomes among this class of workers is much more unequal than for private employees. This is also shown by the distribution of annual gross income classes (Figure 4): almost 50% earns less than 5.000 euros and less than 10% earns more than 25.000 euros.

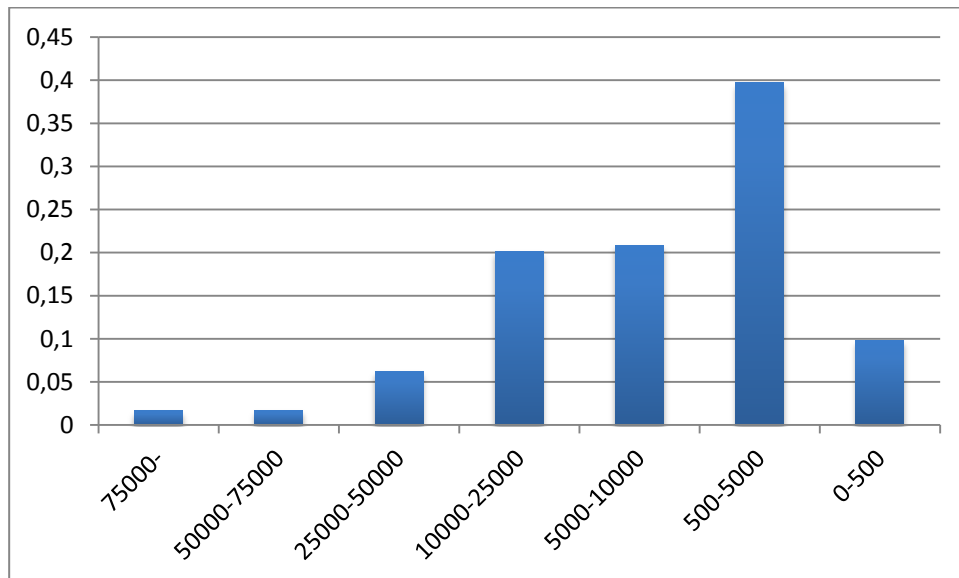
Table 3 Labor market outcomes of Co.co.pro 2012

	Mean yearly number of working weeks	Mean annual gross earnings	Median annual gross earnings	Gini index
Private employee	43,1	21.000	19.900	0,41
Exclusive Co.co.pro.	35,2	17.600	10.900	0,58

⁴ See Raitano 2017.

Source: Raitano 2017

Figure 4: Co.co.pro by annual gross income classes. 2015



Source: elaborations on INPS "Osservatorio sul lavoro parasubordinato"

Lower remunerations, higher uncertainty and unemployment risk involve a higher risk of poverty. This is thus a relevant perspective to assess the access of these workers to welfare.

1.5 Recent trends and reforms

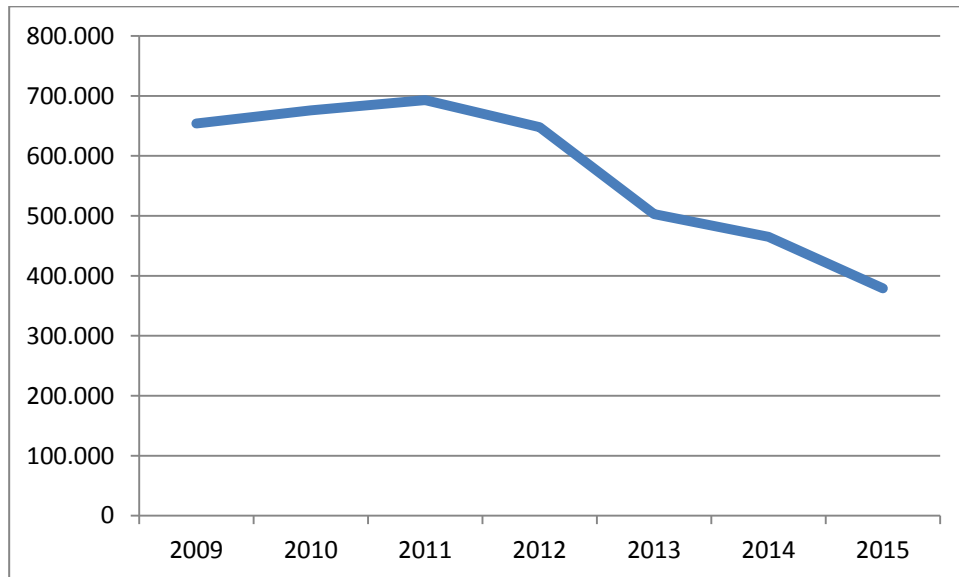
As claimed at the beginning of this section, Co.co.pro have been instituted in 2003 by Riforma Biagi (Lg. 14-2-2003 n. 30). They have replaced co-ordinated and continuous collaborative contracts. However, in 2015 with the Jobs Act they have been abolished and former Co.co.co. contracts are now in place. The main difference between the two kind of contracts relies on a stricter definition of Co.co.pro. originally aimed at containing cases of standard subordinate workers disguised as *parasubordinate*. Differently from the Co.co.co. case, in the Co.co.pro. case the worker are designed to execute a project, a program that must be specific. The *specific* condition is defined through two features:

- the project must be linked to a given final result, thus constraining the worker to the task of completing, precisely, a project, a program or a phase of them;
- the worker can not simply carry out executing and repetitive tasks;
- the project can not simply consist in re-proposing the employer social object.

These last two features have the goal of limiting the collaboration to activities at most complementary but not at the core of employer activity. Project specificities justify the employer to use such contracts instead of standard forms of subordinate employment. As a result, Co.co.pro requirements are much more restrictive than Co.co.co. ones.

Over the last years the workers concerned by Co.co.pro contracts have followed a decreasing path (Figure 5). From the peak of 692.878 in 2011, the decrease in 4 years is remarkable, almost 46%.

Figure 5 Recent dynamics of Co.co.pro. contracts



Source: elaborations on INPS data "Osservatorio sul lavoro parasubordinato"

The reasons that can be found to explain this decreasing path are different but they all rely on the sequence of reforms and labor market policies that have affected the contractual structure of the Italian labor market.

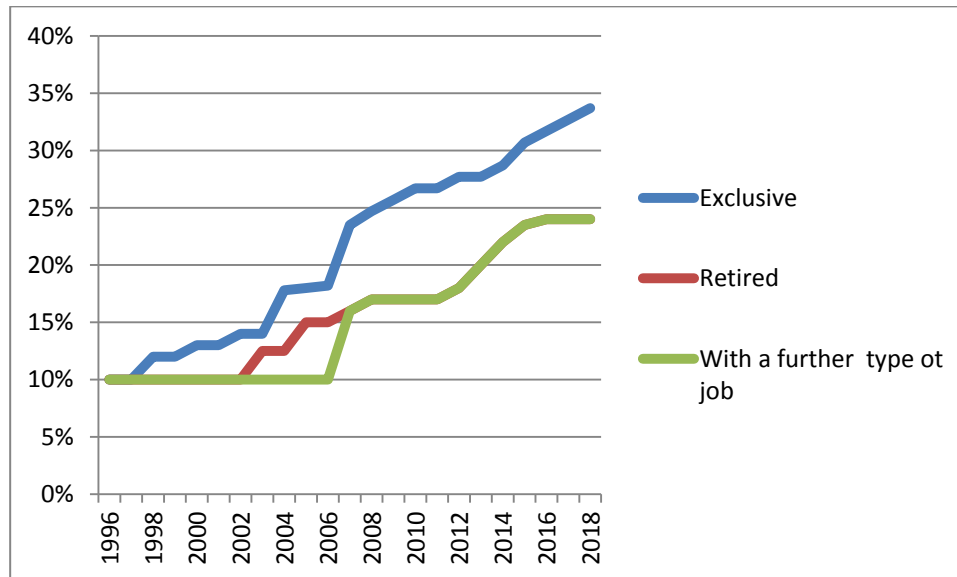
A relevant change has concerned the strong increase in the contribution rate (figure 5). The lower contributive wedge was the main economic incentive in terms of lower gross labor cost of Co.co.pro.. The contribution rate for exclusive collaborators is higher than the one concerning workers with a further type of job (autonomous or dependent) or earning a direct or an indirect pension. In 2017 the contribution rate for exclusive Collaborators has overcome the average contribution rate of both fix term (31%) and temporary employees (32%). Since the gap has been actually closed, the remaining difference in gross costs between such contract and the fixed-term or the open end dependent contract only concerns the (reduced) implicit firing costs.

Other impacts come from the changes and the incentives that have concerned other kinds of contracts. The Decreto Poletti (D.Lgs. 20-2-2014 n.34) has widen the restrictions to the use of fix term dependent contracts and the Jobs Act has decreased the implicit firing costs of open ended contract with the new contract "tutele crescenti".

At the same time, new open ended contract have benefit of a strong subsidization that strongly reverted the relative economic incentives. Indeed, in 2015 the subsidies accounted for the whole contributions, for the first three years, up to a yearly limit of 8.060 euros. Subsidies have also been confirmed for new contracts in 2016 with a decrease of 50%. All these changes have had two main effects on the labor market: they have increased for 2015 the number of new open ended contracts but more importantly

they have led to a more extensive use of fix-term dependent contracts⁵. Furthermore, recent years have seen a massive increase in the use of Vouchers a contract that has recently been abolished.

Figure 6 Contribution rate of Co.co.pro. and Co.co.co



Source: www.INPS.it

The decrease in the use of these contracts is thus also the result of an increase in the use of other and new kind of contracts, different than the former dependent open ended.

The extent to which Co.co.pro can be substituted with traditional dependent open ended or fix term contracts corresponds to the extent to which the use of this contract is de facto hiding a standard employment relationship. Such issue can be considered by looking at ISFOL PLUS survey. According to this survey, among parasubordinate workers:

- 70,5% is not fully "voluntary" since he/she declares not to work as standard employee due to the request of the employer.
- 71,7% works in the client office
- 67,0% has a prearranged working hour
- 70,8% use facilities provided by the client
- 75,0% wish to convert the contract into an open ended one

Thus, at least in their own perceptions, Co.co.pro workers mainly have a standard subordinate relationship with their employers and should thus be hired through standard contracts.

⁵ See Patriarca and Raitano 2014 and Patriarca and Tilli 2016.

2. ACCESS TO WELFARE OF CO.CO.PRO.

2.1 The general framework

The approach to coverage by the Italian Social protection system varies according to the specific social risks. A compulsory social insurance approach is adopted in fields such as old-age protection, unemployment protection, maternity and sickness benefits, thus without cross-subsidizing.

A universal approach is followed in healthcare field, while limited coverage applies in the other fields.

In general terms, compared to open ended contracts, Co.co.pro. have⁶:

- equivalent pension schemes and similar access in the fields of healthcare, sickness, maternity cash benefits, accidents at work and occupational injuries benefits.
- Lower access in the field of unemployment benefits, maternity and paternity leave.

Project workers on continuous collaboration contracts are compulsorily included in the special regime managed by INPS and named *Gestione Separata*, established by Law No. 335/1995. Cash benefits concerning pensions, unemployment, sickness, accidents at work, disability and maternity depend on the contributions paid to this compulsory regime.

2.2 Old age and early pensions

The Italian public pensions system (first pillar), is now accomplishing its long transition toward a complete NDC system. Although the stock of pensioners is mostly composed by retired receiving a DB pension, in the last 6 years the share of new pensioners owning to the old system has decreased to nearly zero. Furthermore, from 2011 on, the contributions paid are already accounted using NDC and fully NDC pensions have already been liquidated to some women ("opzione donna").

The *Gestione Separata* regime is also an NDC. Pension calculation and eligibility conditions have been harmonized with dependent employees contributing to the *Fondo Pubblico Lavoratori Dipendenti* regime. Contributions are shared between workers (one-third) and firms (two-thirds).

Law No 214/2011 sets new requirements to retire to all workers. In 2016 the retirement age is 66 years and 7 month for men and 66 years and 1 month for women, with at least 20 years of contributions to be paid for a monthly amount of at least 1.5 times the social security allowance. Those who have not completed the 20-year matriculation payments

⁶ See also Jessoula et al. 2017 for an assessment of access to welfare of the broader category of self-employed and atypical workers.

have the right to retire at the age of 70, provided they have paid at least 5 years of contributions.

However, since this regime has been created in 1995, actually retired workers having a full pension from this fund are scant. As a result, actual pension benefits paid by the *Gestione Separata* fund in the last years only concern integrations to pensions earned by workers enrolled in other regimes, calculated according to the NDC. Indeed, in 2016 the average monthly pensions benefits paid by this fund were only 165 euro. In the last two decades, several reforms have gradually – though substantially – harmonized the rules across the different schemes managed by INPS, as to allow to cumulate the contributions to different funds in the computation of both the Notional Amount at retirement and the eligibility conditions. Also the contribution rates have been aligned up to the employees level as already shown in Figure 5.

To assess the effective impact of this retirement scheme, it is worth to recall the features of this category of workers outlined in previous section. In spite of a higher concentration among higher education levels, Co.co.pro have lower wages, less hour worked, and high discontinuities in their working profiles. Besides, the higher inequality among the distribution of their income, evidences a much stronger incidence of low-income workers. The NDC methodology, being based on the overall amount of contribution paid, translates these discontinuous and low income profiles into much lower pension benefits, worsened by the very low level of former contribution rates.

A joint critical aspect concerns eligibility criteria and the retirement age thresholds. Indeed, the standard old age threshold (66 years and 7 months for men and 65 and 7 months for women in 2017) concerns all workers in *Gestione Separata* that have at least 20 years of contributions paid and a correspondent pension benefit of at least 1.5 times the minimum (set at 501 euros/month in 2017), while early pensions require 42 years and 10 month (41 and 10 month for women) of contributions paid and at least 2.8 times the minimum pension. As a result, due to discontinuous and low-income profile and to the low level of former contribution rates, a significant share of these workers could hardly match such requirements and will thus be forced to stay in the labor market at 70 years and 7 month, a threshold that should increase further in time.

2.3 Unemployment Benefit

Unemployment Benefit for Co.co.pro. (*DIS-COLL*) was introduced experimentally in 2015 (Legislative Decree n.22 04/03/2015) and later extended and stabilized in 2017 (L. n.81 22/05/20017). They are entitled to workers with at least one month of contributions paid in the previous year or with a contract of at least one month. The duration is equal to the 50% of the months with contributions, calculated from 1st January of the previous year until the end of the contract and up to a maximum of 6 months. Months that have already been paid for a previous *DIS-COLL* were excluded from the calculation.

The unemployment allowance is equal to 75% of the average monthly income, as defined above, when this income is below 1.195 euros (2015, 2016 and 2017), revalued each year on the basis of the change in the ISTAT index of prices to consumption for the workers 'and employees' families of the previous year. It is, instead, 75% of the amount of € 1,195 plus 25% of the difference between average monthly income and € 1,195 when the average monthly income constituting the calculation of the *DIS-COLL* is higher than the 1.195 euros.

In any case, for 2015, 2016 and 2017, the amount of the allowance can not exceed € 1,300, re-evaluated annually. From the fourth month of use (Day 91), the allowance reduces each month by 3%. Differently from unemployment benefits for open ended

contract, no pension contributions are paid on behalf of the unemployed person receiving *DIS-COLL*. There is a requirement to participate in activation initiatives possibly implemented by the active policy system.

2.4 Sickness

All workers contributing to *Gestione Separata* are entitled to sickness benefit if they contribute a 0.72% additional contributions. Thus, among Co.co.pro., retired and non-exclusive Collaborators are excluded while all exclusive Collaborators are entitled.

To be eligible, workers must meet the following requirements:

- at least 3 months of contributions are credited in the 12 months preceding the date of commencement of the disease;
- in the calendar year preceding the date of commencement of the illness, the income of the contributing worker does not exceed 70% of the annual contribution ceiling (the ceiling is 100,324 euro in 2016);
- work is currently underway at the time of the disease;
- there is an effective absence from work during the sickness period.

The duration of the sickness allowance is equal to a maximum of one sixth of the total duration of the employment contract, up to a maximum of 61 days per year; in any case, the limit may not be less than 20 days per year, unless the disease lasts less than 4 days. Events that constitute a continuation of the disease are also indemnified for the first 3 days. The allowance is also for holidays, until the indefinite limit is reached.

The amount of sickness allowance is calculated as follows:

- reference is made to the annual contribution ceiling divided by 365;
- the daily ceiling thus obtained must be multiplied for several percentage measures, depending on the number of accredited monthly payments in the 12 months prior to the date of the disease.

The percentages for which the daily ceiling is multiplied are: 4%, if they are credited up to 4 months; 6% if they are accredited from 5 to 8 months; 8% if they are accredited from 9 to 12 months.

2.5 Accidents at work, occupational injuries benefits and disability

Co.co.pro. have the same coverage as employees on open ended contracts in the cases of accidents at work and occupational injuries

The benefit for occupational injuries and accidents at work amounts at 60% of the average daily income for the first 90 days, and 75% afterwards until total recovery.

All workers participating to the social insurance system, in the case of disability are entitled to the "ordinary disability allowance" (if disabled at least 66 percent) or to the "disability pension" (if disabled at 100 percent). For entitlement, 5 years of contributions

are required, of which at least 3 in the five years preceding the date of application. The amount of the allowance is calculated on the basis of the contributions actually paid.

2.6 Maternity

In the case of maternity, it is expressly provided the pregnant worker's right (not compulsory) to abstain from work during the 5 months before and after childbirth, with the suspension of the contract and the maintenance of the workplace. The maternity allowance of projected workers amounts to 80% of the overall salary received in the 365 days prior to the beginning of the maternity period, provided that the worker has paid contributions for at least three months in the previous year and they enjoy such as optional abstinence from work (up to three months and up to the first year of life of the child).

In case of pregnancy, as well as in case of illness or accident, the employment relationship continues but remains suspended (without payment of remuneration) until the end of the period. However, the employer and the collaborator can establish in the contract that the relationship automatically extends for a period of time equivalent to that of the suspension.

In any case, the employer may be released from the contract if the suspension is higher than:

- one sixth of the duration fixed in the contract, when the duration has been determined;
- thirty days for contracts of definable duration.

In the event of a pregnancy, the duration of the contract is extended by law for a period of 180 days or for the period specified in the contract itself.

The period in which the Co.co.pro. worker has to abstain from work is the same of employed, that is from two months before the expected date of delivery up to three months after the birth.

There are no parental leave, or child illness.

2.7 Family benefits

Family benefits follow a categorical approach. At first they were limited to dependent employees but they have progressively been extended as to include all workers in *Gestione Separata*.

As to tax deductions for households, they include:

- deductions for dependent spouse (not legally and effectively separated);
- deductions for dependent children (natural, recognized or adopted or entrusted or affiliated);

- deductions for other dependent family members (parents or in-laws, kindergarten or young people, brothers, etc.);
- deductions for large families (with at least 4 children); and finally a deduction for residents abroad.

2.8 Social Assistance, Long-term care, Health

Social assistance, long-term care and health are provided independently from employment conditions or contributions according to categorical or mean-tested approaches.

Italy lacks a comprehensive policy on social exclusion and income support: measures to contrast poverty have traditionally been categorical, fragmented and occasional. A recent measure aimed to fill that gap has just been implemented in 2016 and modified in 2017 ("*Sostegno per l'inclusione attiva*" e "*Reddito di inserimento*"). It is a means-tested benefit, targeting low-income households. It maintains categorical aspects since it targets households in the following categories: one child less than 18 years of age; a disabled child; a pregnant woman; or unemployed persons aged 55 and over. The amount of the cash benefit increases depending on the number of household members.

A universal approach is instead followed for long-term care, health and the main cash allowance concerning long-term care *Indennità di Accompagnamento*, and access is granted on the basis of care needs. Access to social services is granted for all residents and is managed by local authorities. The National Health System is also accessible by all residents and is managed by Regions.

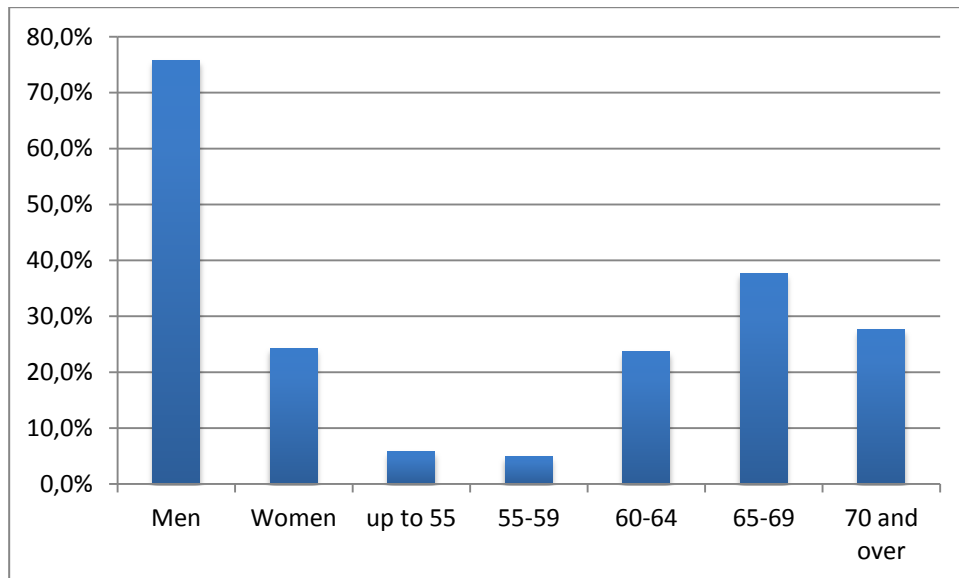
3 CLOSING SOCIAL PROTECTION GAPS BY OTHER MEANS

3.1 Derived social protection rights

As shown in the previous section, in the field of healthcare the Italian welfare system follows a universal approach. As a result, the possibilities of these workers to close the gap into their access to social protection, through derived social protection rights, mainly concerns indirect pensions.

According to the INPS data used in the first section, in 2015 10.388 Co.co.pro. have earned an indirect pension. The same data also allow to analyze the distribution of such workers by characteristics.

Figure 7. Distribution by gender and age of Co.co.pro. earning indirect pensions



Source: elaborations on INPS "Osservatorio sul precariato 2015"

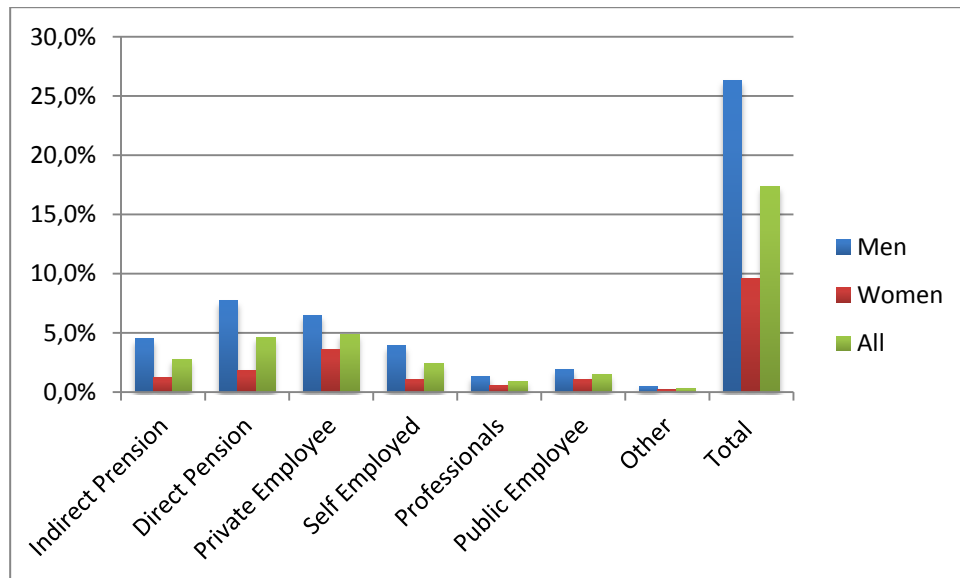
Most of indirect pensions earned by Co.co.pro. are widow or widower since they are mostly concentrated on workers having more than 60 years. Accordingly to the evidences provided in Figure 1, and contrary to the overall cases, among elderly Co.co.pro. mostly a phenomena concerning males, and this feature holds also in the case of workers earning indirect pensions.

3.2 Other income sources

Co.co.pro. can be combined not only with self employment and other non-standard working contracts but also with standard employee contract both in the private and in the public sector. Moreover, in Italy no limits are set on labor incomes for retired workers. In particular from 2007 income thresholds have been removed also for early pensioners. Thus Co.co.pro. contracts may also be used by retired workers earning pensions. According to INPS data, in 2015 82,6% of Co.co.pro. have had other income sources. The distribution of the remaining 17,4% is shown in Figure 7. A share of 7,4% of Co.co.pro. has a direct or indirect pension, and 8,4% are employed in the public or the private sector. It is worth to notice that, while women have a larger share on overall, they have low weight among the workers having also other income sources, which is instead coherent with the women share in the rest of the Italian labor market. Furthermore, male Co.co.pro. earning direct or indirect pensions are more than three times of women, thus well above the correspondent gender gap of pension earners. Indeed, as noted also in the previous paragraph, the use of Co.co.pro. among retired workers is a phenomenon mainly concerning male pensioners.

No data are available on other income sources at the household level.

Figure 7. Share of Co.co.pro. having also other labor income sources or pensions



Source: elaborations on INPS "Osservatorio sul lavoro parasubordinato"

3.3 Coverage and access by other means

In Italy, insurance and mutual insurance brokering concerns only 15% of the over € 36 billion of private healthcare expenditure. Furthermore, subsidization of work related health insurances mainly concerns occupational welfare, i.e. the welfare benefits and services accessible on the basis of a collective bargaining. This form of welfare second pillar is recently increasing its relevance as a result of the extension of fiscal incentives. Since this subsidized private welfare is strictly connected to collective bargaining, it is still mainly devoted to dependent employees. However, although fiscal incentives usually exclude Co.co.pro workers with the exceptions of managers, some private occupational funds are emerging (see the case of *Ebitemp* in Jessoula et al. 2017).

As to private pension plans, *COVIP*, the official public authority in this field, doesn't provide data at sufficiently disaggregated level as to analyze the diffusion of the second pillar among exclusive collaborators. However the main fiscal incentives set to encourage complementary pension plans mainly exclude Co.co.pro., since they mostly concern the use of *TFR (Trattamento di Fine Rapporto)*, which is a specific feature of dependent workers contract. Also the remaining fiscal incentive are less attractive for Co.co.pro. as a result of their overall low incomes. Indeed, the incentives not related to *TFR* take the form of deduction to income taxes (*IRPEF*), which have a strong progressive structure, in particular in the bottom of the income distribution. Thus, for most of Co.co.pro., such incentives are actually ineffective.

3.4 Options for cross-subsidization

As highlighted in section 1, recent reforms have given Co.co.pro. the same access to social protection of standard dependent contract in terms of pension schemes, sickness, maternity cash benefits, accidents at work and occupational injuries benefits. However de facto gaps in access to welfare still persist due to the different labor market outcome of these workers which are often characterized by lower remunerations, less yearly working hours and higher unemployment risk. Since the Italian pension system follows an NDC approach, such gaps, together with the low former contribution rates involve higher risk of poverty at retirement and require a resettlement of the minimum pension schemes.

To this purpose, the Government is considering the adoption of a "guarantee pension" mechanism consisting in a state tax supplement to fill the gap between the retirement pension and the guarantee pension for all workers. The supplement would correspond to the current minimum pension level plus a monthly amount of 30 euro for each year of actual or figurative contribution, up to a maximum of 1000 euro⁷.

The cost of this measure would be significant only from 2020 onwards and would be increasing up to 2040, when the total estimated cost would correspond approximately to around 1% of overall pensions expenditure (0.16% of GDP)

In the years between 2020 and 2040, the intervention would be much less relevant, but would particularly affect the workers in *Gestione Separata* that entered the labor market from 1996 and which have experienced low-income careers.

⁷ See S. Patriarca 2017.

BIBLIOGRAPHY

Fabrizi E. and Raitano M. 2012 *“Rigido, flessibile o liquido? L’immagine del mercato del lavoro italiano dal dataset AD-SILC”* Economía & lavoro Vol. 46, N° 3.

ISFOL 2012 *“Il mondo del lavoro tra forma e sostanza”* Indagine Plus vol. 3, European Social Fund Books.

Jessoula M., Pavolini E. and Strati F. 2017 *“Access to social protection of people working as self-employed or on non-standard contracts – Italy”* ESPN Thematic Report – European Commission.

Patriarca F. and Raitano M. 2014 *“Gli sgravi contributivi sulle nuove assunzioni: convenienze per le imprese ed effetti sul bilancio pubblico”* Rivista delle Politiche Sociali/Italian Journal of Social Policy (4-2014).

Patriarca S. 2017 *“Il cantiere della fase 2 tra pensione di garanzia e riforma del contributivo”*. mimeo

Paper presented at Democratic Party Seminary in Rome, July 2017.

Patriarca F. and Tilli R. 2016 *“L’impatto delle recenti riforme sul dualismo del mercato del lavoro”* Rivista delle Politiche Sociali/Italian Journal of Social Policy (2-2016).

Raitano M. 2017 *“Para-subordinate workers in Italy: Extent of the phenomenon, characteristics and expected coverage by the welfare state”* forthcoming for OECD.

ANNEX

Data from Inps "Osservatorio sul lavoro parasubordinato" used for the figures and available at www.inps.it

Age distribution of Co.co.pro. in 2015

Age	20-24	25-29	30-34	35-39	40-44	25-29
Men	1.688	16.005	23.233	23.543	20.011	19.154
Women	1.836	20.749	36.280	35.352	28.433	24.564
Total	3.524	36.754	59.513	58.895	48.444	43.718
Age	45-49	50-54	55-59	60-64	65-69	70+
Men	15.640	13.257	10.193	11.421	12.268	8.360
Women	19.573	14.578	8.760	5.884	3.884	2.108
Total	35.213	27.835	18.953	17.305	16.152	10.468

Co.co.pro with no single Employer in 2015

Total	10,5%	2,2%
Women	11,2%	2,2%
60 y. and over	11,5%	4,9%
less than 30 y.	13,2%	2,7%
below 5000 €	9,0%	2,0%
above 50000 €	16,0%	7,0%

Number of months in the last 5 years with Co.co.pro. contracts in 2015:

60	7,0%
48-59	6,7%
36-47	7,0%
24-35	10,4%
13-23	17,1%

Case study - Gaps in access to social protection for project workers on continuous collaboration projects in Italy

<12	51,7%
-----	-------

Co.co.pro by annual gross income classes in 2015

Income class	%
75000-	1,6%
50000-75000	1,7%
25000-50000	6,3%
10000-25000	20,2%
5000-10000	20,8%
500-5000	39,7%
0-500	9,8%

Number of co.co.pro. in 2009-2015

Year	2009	2010	2011	2012	2013	2014	2015
Co.co.pro.	716167	730313	742414	696185	545695	503313	418338

Distribution by sex and age of Co.co.pro. earning indirect pensions in 2015

Men	75,8%
Women	24,2%
up to 55	5,8%
55-59	4,9%
60-64	23,7%
65-69	37,6%
70 and over	27,7%

Share of Co.co.pro. having also other labor income sources or pensions in 2015

	Ind. Prens.	Dir. Pens.	Priv. Empl.	Self Empl.	Profess.	Public Empl.	Other	Total
Men	4,5%	7,7%	6,5%	3,9%	1,3%	1,9%	0,5%	26,3%

Case study - Gaps in access to social protection for project workers on continuous collaboration projects in Italy

Women	1,2%	1,8%	3,6%	1,1%	0,6%	1,1%	0,2%	9,6%
All	2,8%	4,6%	4,9%	2,4%	0,9%	1,5%	0,3%	17,4%

This report has received financial support from the European Union Programme for Employment and Social Innovation ("EaSI") 2014-2020. For further information please consult: <http://ec.europa.eu/social/easi>



The information and views set out in this study are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this study. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.

This report was produced under the European Programme for Employment (2014-2020) in the frame of a specific contract with DG Employment, Social Affairs and Inclusion. The content of this report represents the views of the author and is its sole responsibility; it can in no way be taken to reflect the views of the European Commission or any other body of the European Union. The European Commission does not guarantee the accuracy of the data included in this report, nor do they accept responsibility for any use made by third parties thereof.

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- one copy:
via EU Bookshop (<http://bookshop.europa.eu>);
- more than one copy or posters/maps:
from the European Union's representations (http://ec.europa.eu/represent_en.htm);
from the delegations in non-EU countries
(http://eeas.europa.eu/delegations/index_en.htm);
by contacting the Europe Direct service (http://europa.eu/europedirect/index_en.htm)
or calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (*).

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Priced publications:

- via EU Bookshop (<http://bookshop.europa.eu>).

Priced subscriptions:

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

