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EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Italy

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Social Europe

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ESPN Thematic Report: Social protection and inclusion policy responses to the COVID-19 crisis

Italy

2021

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Directorate-General for Employment, Social Affairs and Inclusion
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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.

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SUMMARY

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Italy, it was 6,554. The total number of deaths per 100,000 people was 151 for the EU-27 versus 197 in Italy. Italy was actually one of the countries which were hit the hardest by the COVID-19 crisis. Compared with other early-affected countries such as Spain and Greece, the Italian government's reaction was slow and late, resulting in a national, partial lockdown between 9 March and 4 May 2020. In that period, roughly a third of the employed population had either suspended activity or lost jobs, despite the temporary ban on dismissals introduced by the government. Also, the economic and social impacts of both the pandemic and lockdown measures were greater than in most other European countries, resulting in a reduction in GDP growth above the EU average, losses of employment income, and higher unemployment rates throughout the period covered in this report (February 2020 to January 2021). The pandemic therefore represents a unique "stress test" for the Italian social protection system traditionally marked by imbalances and structural weaknesses. Against such backdrop, the response to the pandemic crisis was two-pronged.

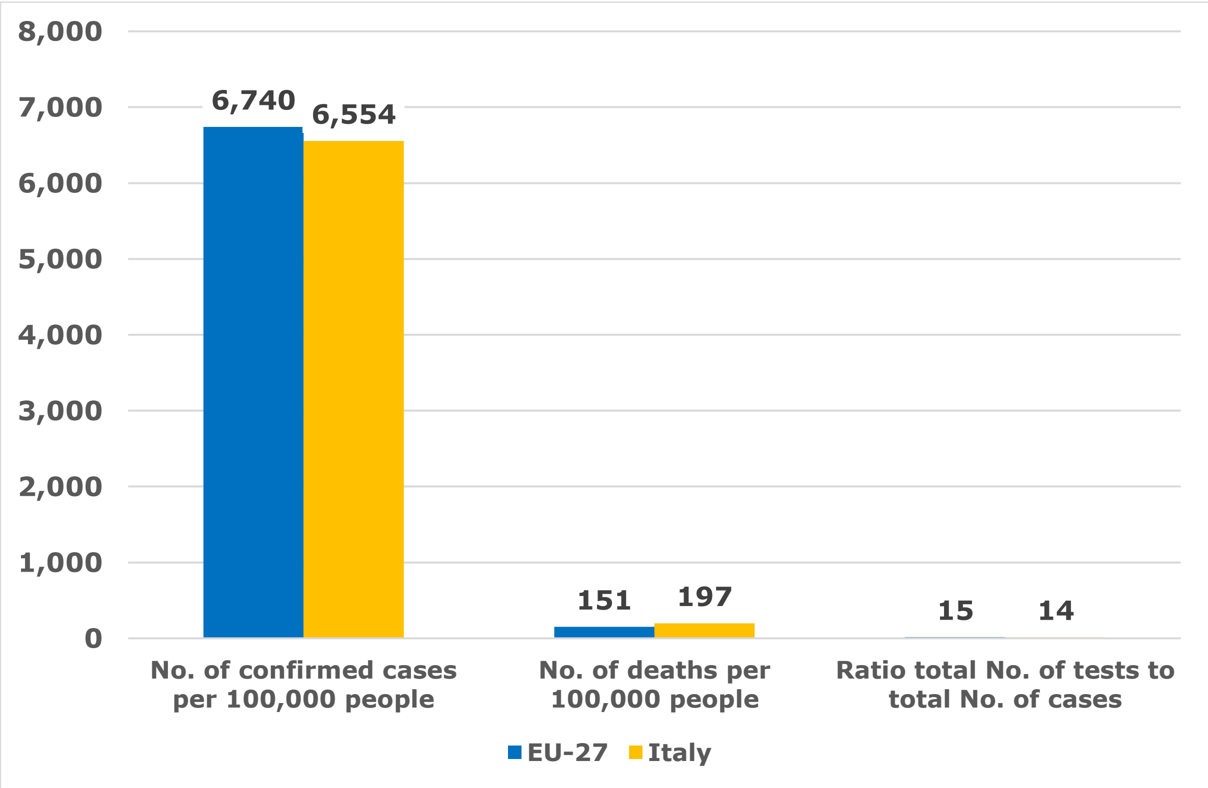
On the one hand, the social impact of the pandemic crisis was mostly tackled by resorting to existing social protection schemes which are often inclusive – the universalistic national healthcare system, the main unemployment protection scheme, the citizenship income introduced in 2019, and especially the short-time work compensation scheme which was also extended during the emergency. On the other hand, although delayed, the government's response materialised in several measures introduced – and often extended – by a series of government decrees adopted on 17 March, 19 May, 14 August, 28 October, and 30 November 2020. These measures were aimed at both strengthening the healthcare sector and filling the main social protection gaps revealed by the pandemic. These gaps mostly stemmed from the interplay between the design of existing welfare programmes and the structural peculiarities of the Italian labour marked – substantial segmentation due to several forms of atypical employment, and also a comparatively high share of self-employment and informal employment. Accordingly, the main emergency policy initiatives were directed at providing some kind of income support to several categories of self-employed and atypical workers – typically through lump-sum transfers – and to those households not entitled to the main anti-poverty programme (the citizenship income) due to strict eligibility requirements – primarily third-country national households – which were then covered through the emergency income scheme. Moreover, the specific challenges raised by both lockdown measures and the switch to remote, online working conditions for a significant share of the workforce prompted the adoption of ad hoc work-family reconciliation measures. The welfare effort to cushion the dramatic effect of the pandemic was massive (amounting to roughly 2.7% of 2019 GDP overall), implying major expenditure increases in job-protection measures through: support to employers, employees and self-employed people (€31.2 billion: corresponding to 1.75% of GDP); minimum-income schemes and other forms of social assistance (€7.35 billion: 0.41% of GDP); and healthcare (€6.7 billion: 0.38% of GDP). In addition, measures adopted in other policy fields increased expenditure, though less substantially: €1.9 billion in the field of unemployment benefits; €540 million for housing support; and €680 million for emergency leave – amounting to 0.1%, 0.03%, and 0.04% of GDP respectively. Some recent simulations (see Section 1.3) on the distributional profile of the social consequences of the pandemic and the buffering role of emergency measures point at the key role of the latter in both tackling the most serious social consequences of the crisis and mitigating the risks of increased inequality and further income polarisation in the Italian labour market. Since all the measures adopted have been temporary in nature – with exception of the new allowance introduced as a pilot scheme for the period 2021-2023 for a narrow category of self-employed people – it is certainly too early to assess the possible permanent impact of the pandemic on the welfare state structure in Italy. However, if carefully revised, the work-family reconciliation, family, and childcare measures introduced during the COVID-19 crisis might contribute to strengthening these traditionally underdeveloped sectors of the Italian welfare state.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT[1]

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Italy, it was 6,554. The total number of deaths per 100,000 people was 151 for the EU-27 versus 197 in Italy. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 14.4 for Italy.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Italy)

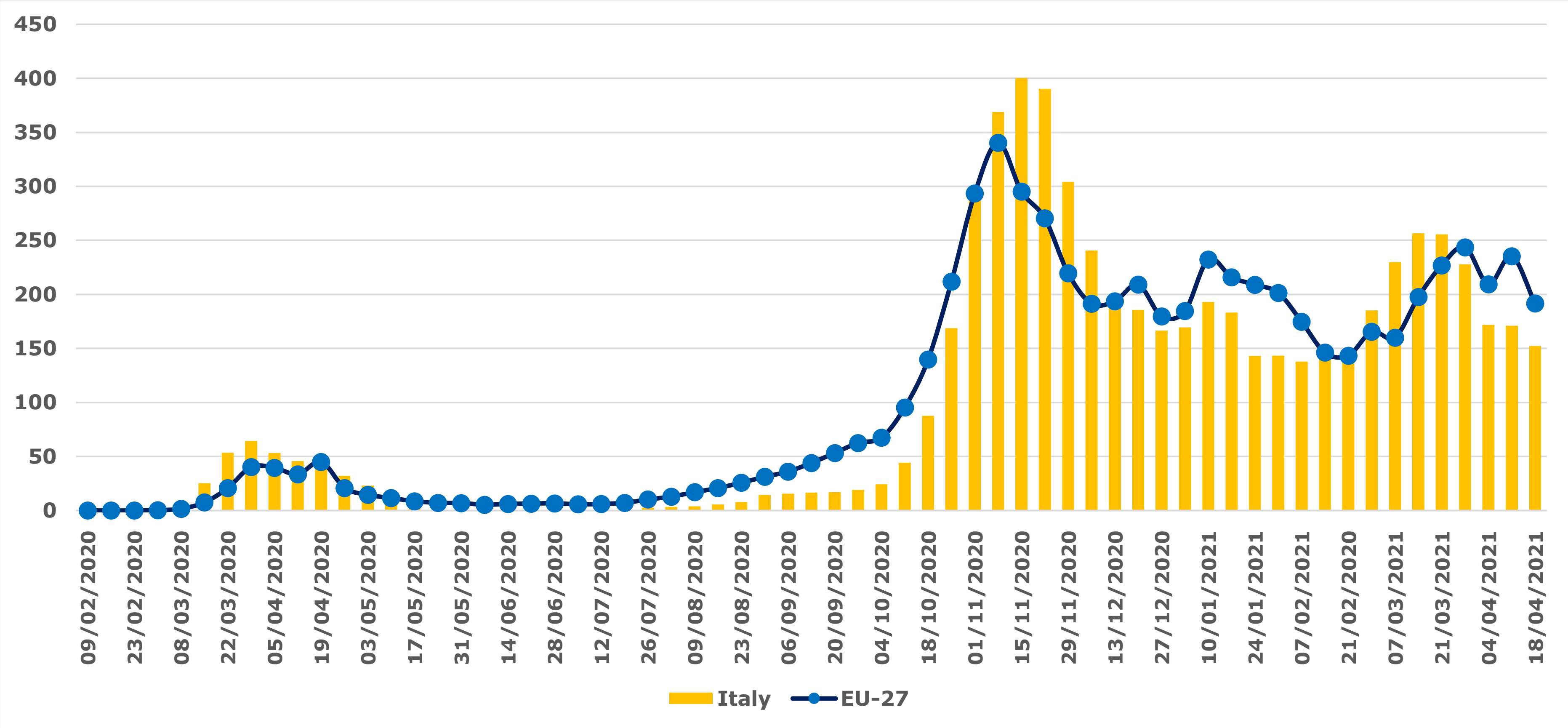


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

[1] Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: https://ourworldindata.org/coronavirus-source-data) and the statistical office of the European Union (Eurostat: https://ec.europa.eu/eurostat). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded here.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Italy, it was 152.3.

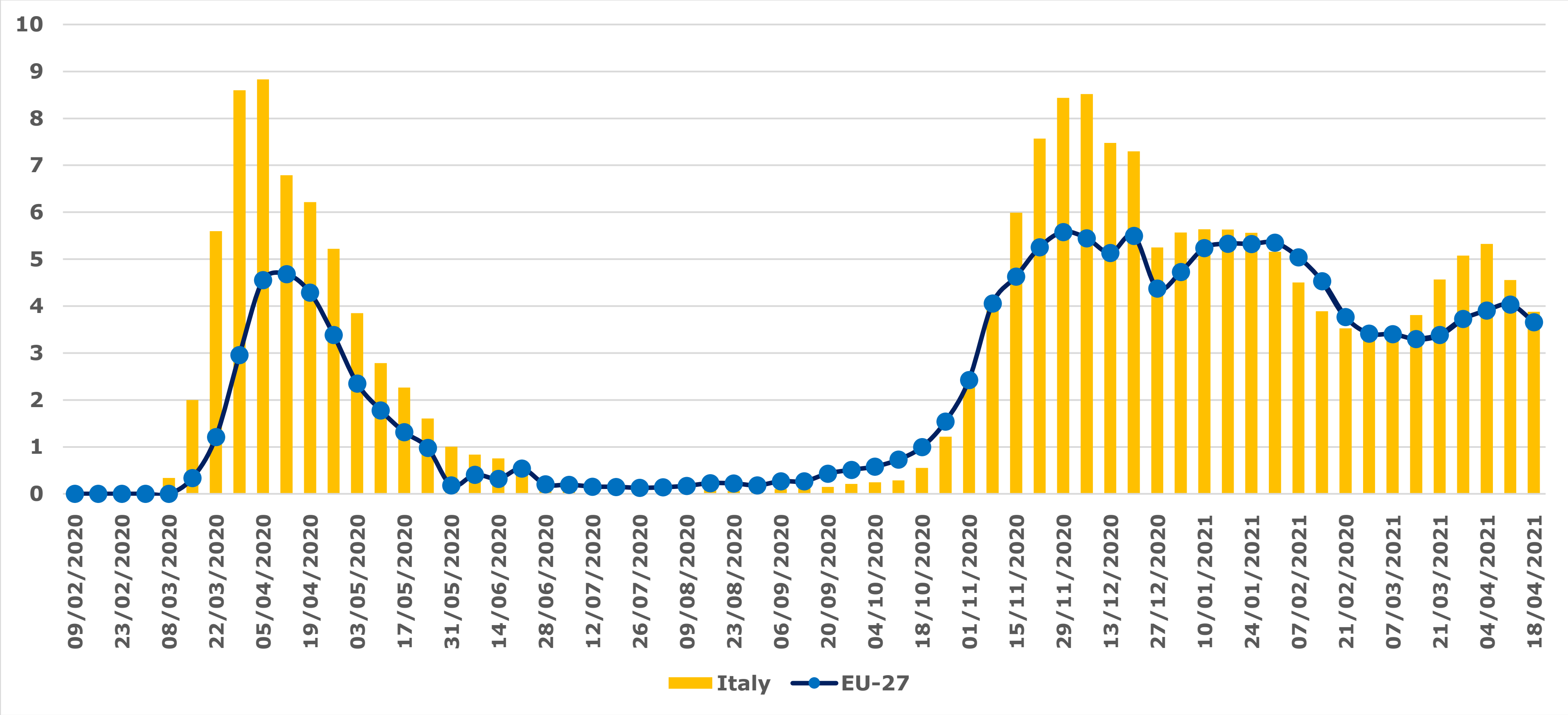
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Italy)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Italy, it was 3.88.

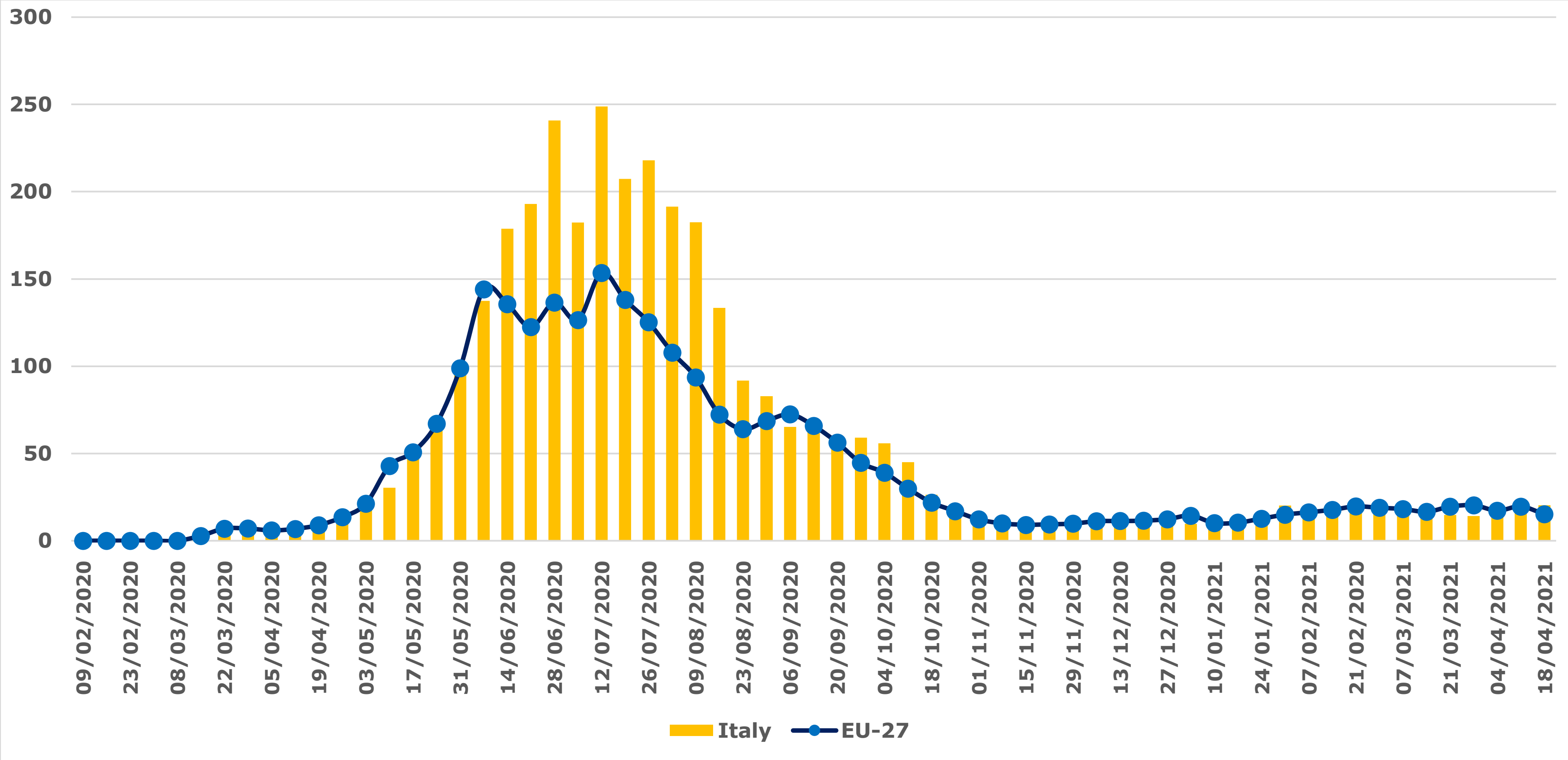
Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Italy)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Italy, it was 20.3.

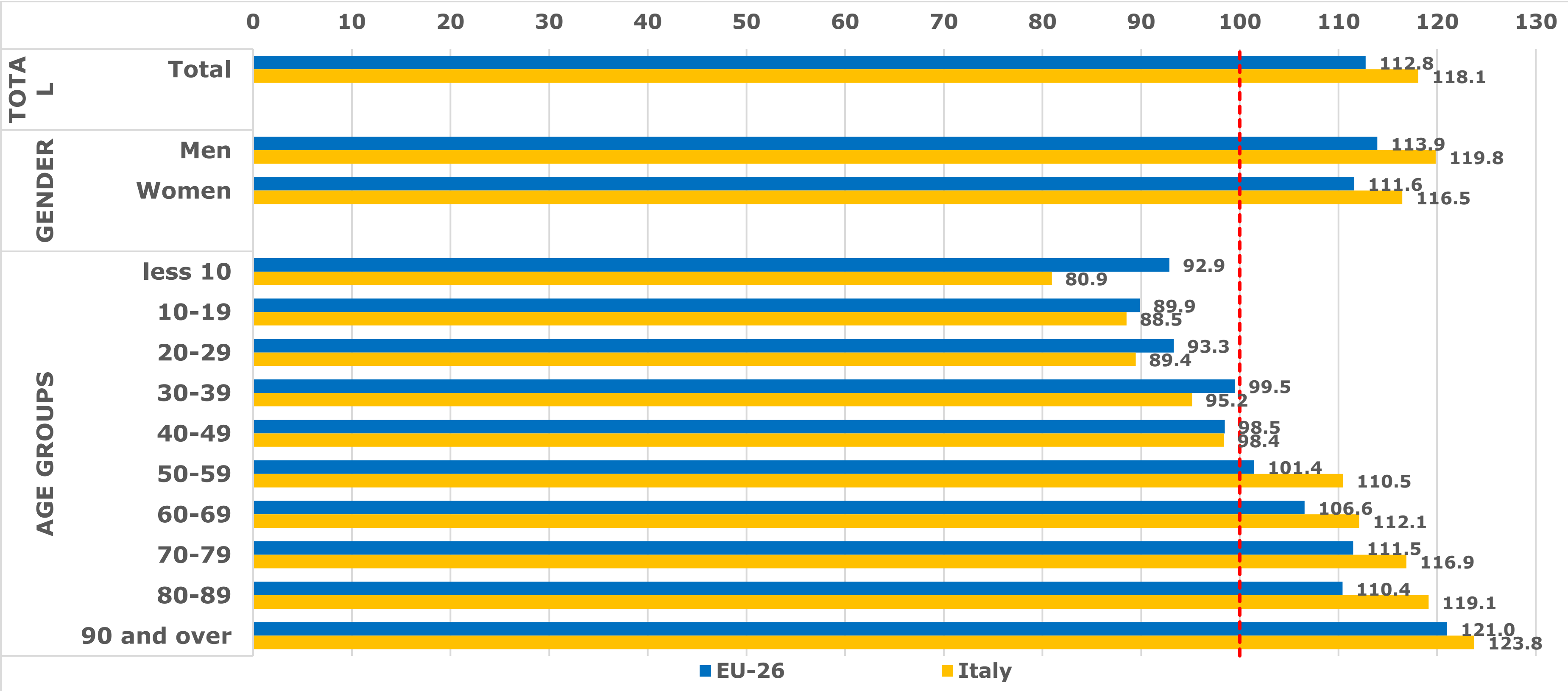
Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Italy)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". Sci Data 7, 345 (2020) (https://www.nature.com/articles/s41597-020-00688-8).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 118.1% in Italy. For the EU-26, it is 113.9% for men and 111.6% for women. In Italy, these gendered ratios are 119.8% and 116.5% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 123.8% for Italy.

Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Italy)

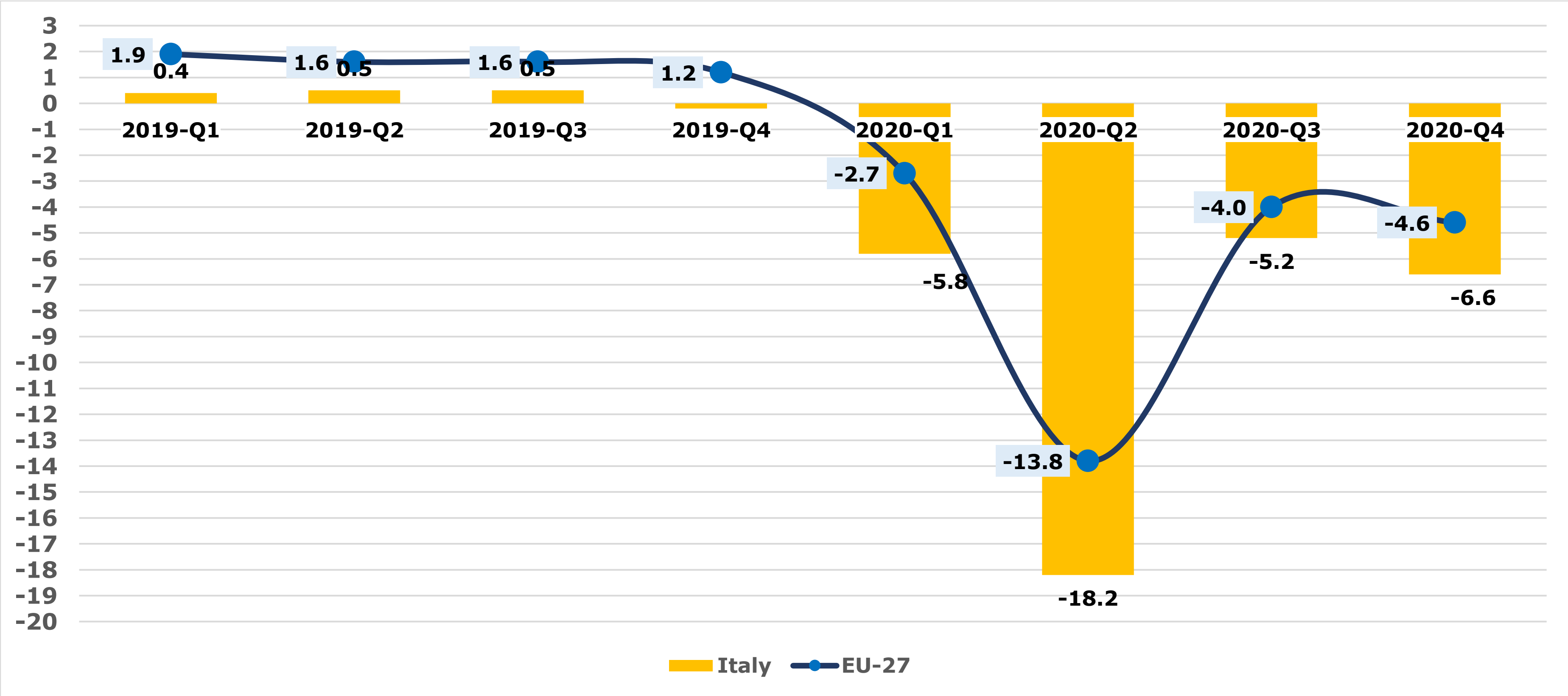


Source: Eurostat - indicator [DEMO_R_MWK_10__custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Italy, the decrease was 6.6% for the same period.

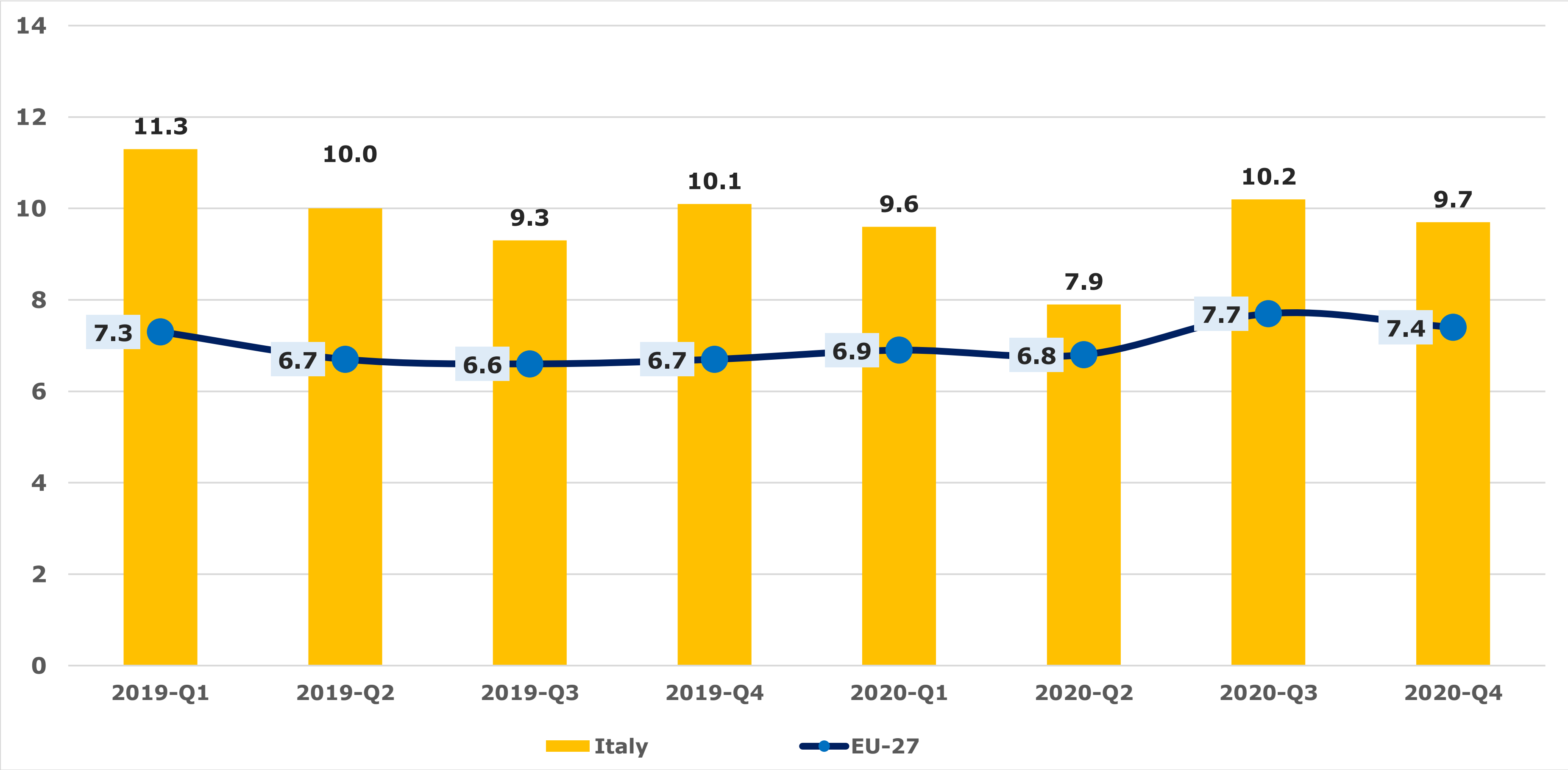
Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Italy, %)



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ_10_GDP__custom_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Italy, it is 9.7%.

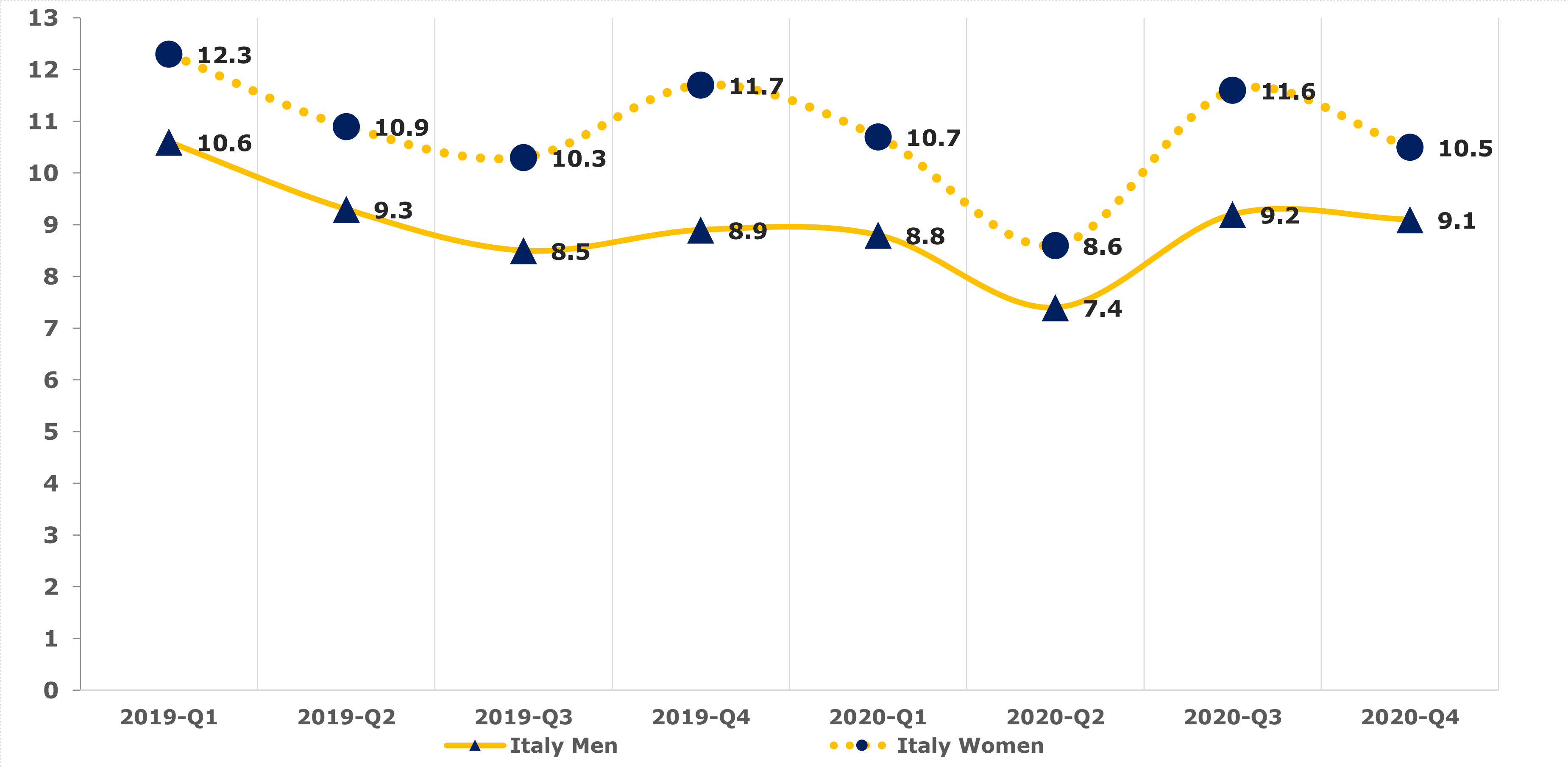
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Italy, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Italy, these figures are 9.1% and 10.5% respectively.

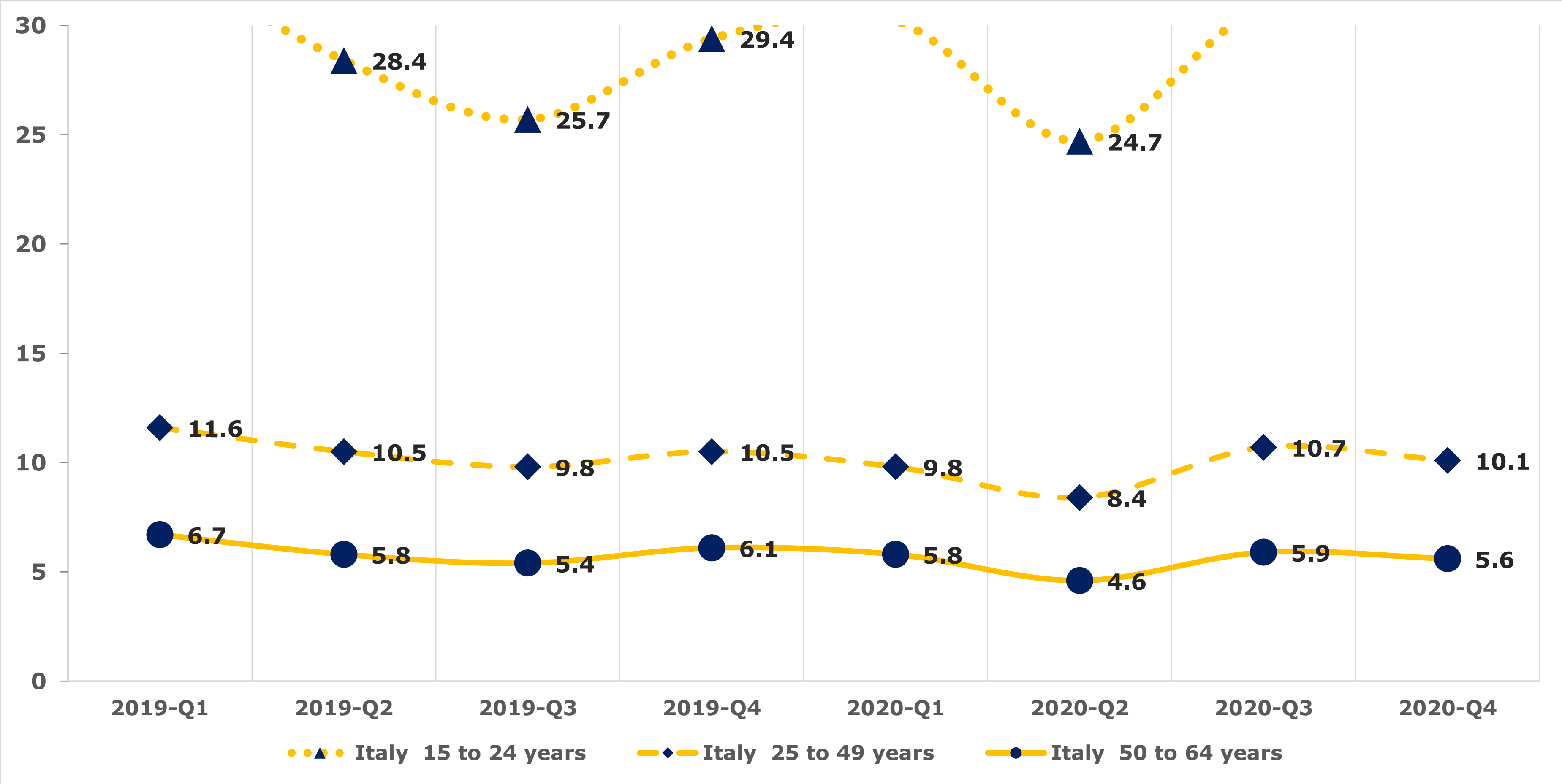
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Italy, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Italy, it is 31.0%.

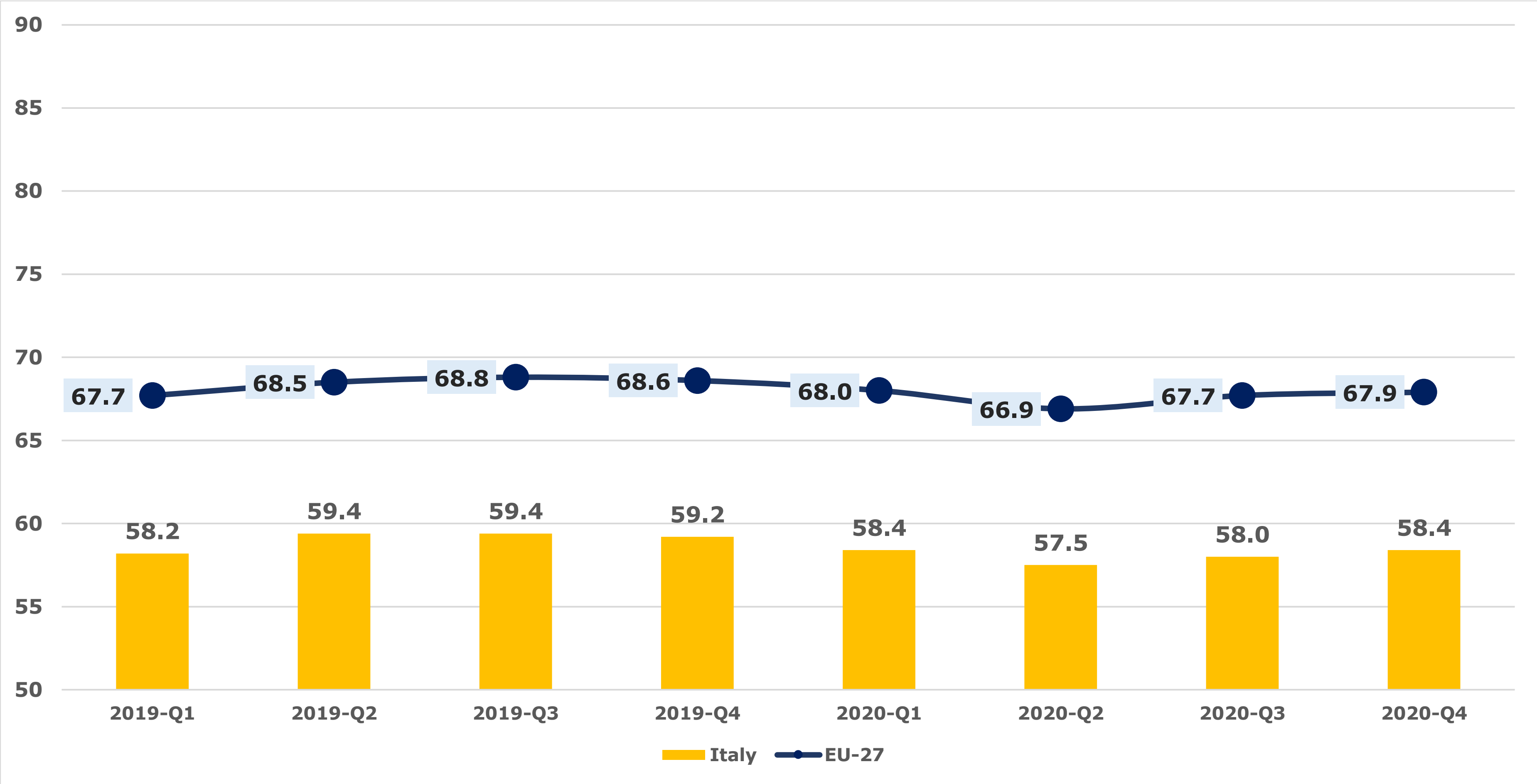
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Italy, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Italy, it is 58.4%.

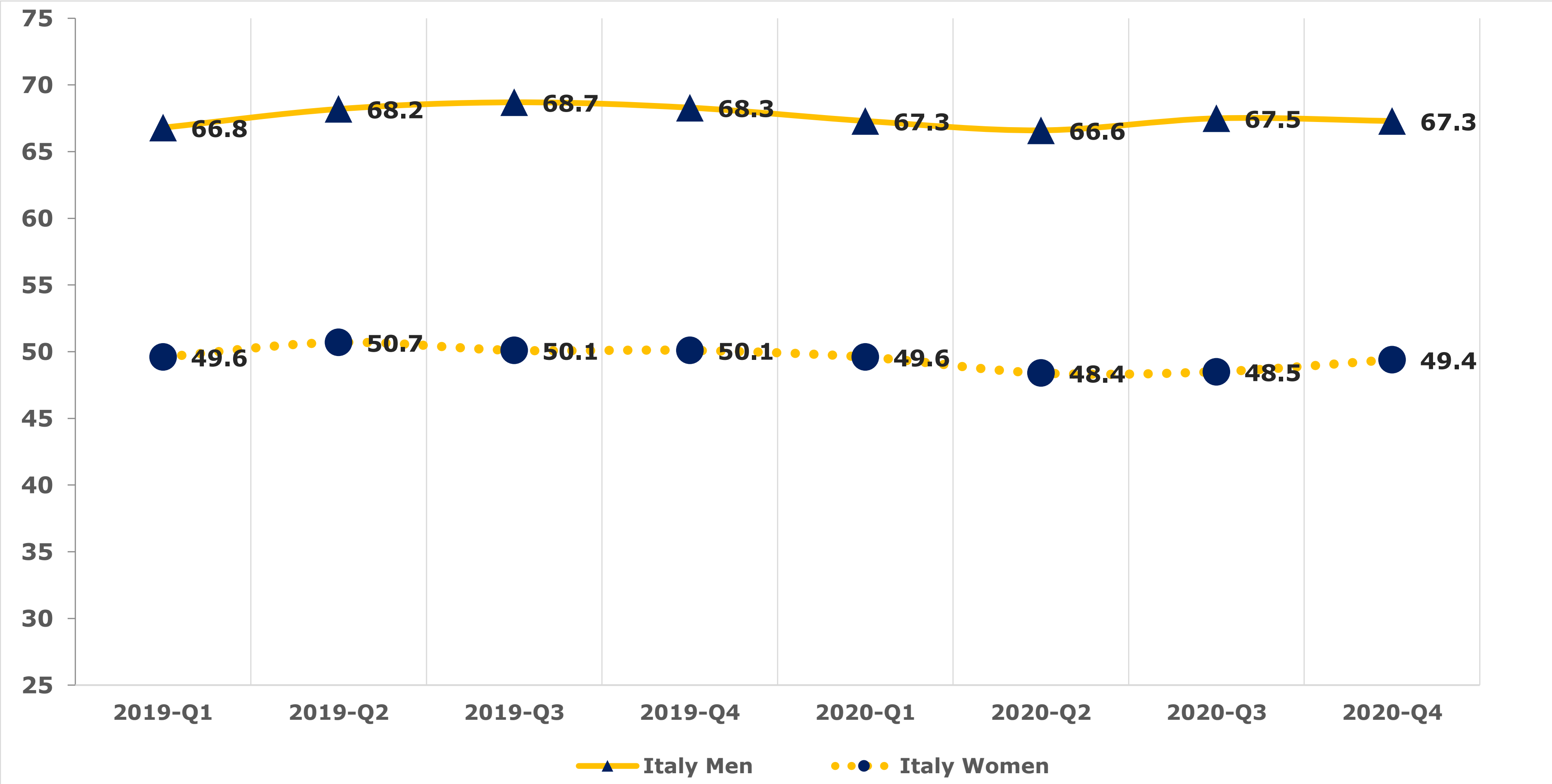
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Italy, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Italy, these figures are 67.3% and 49.4% respectively.

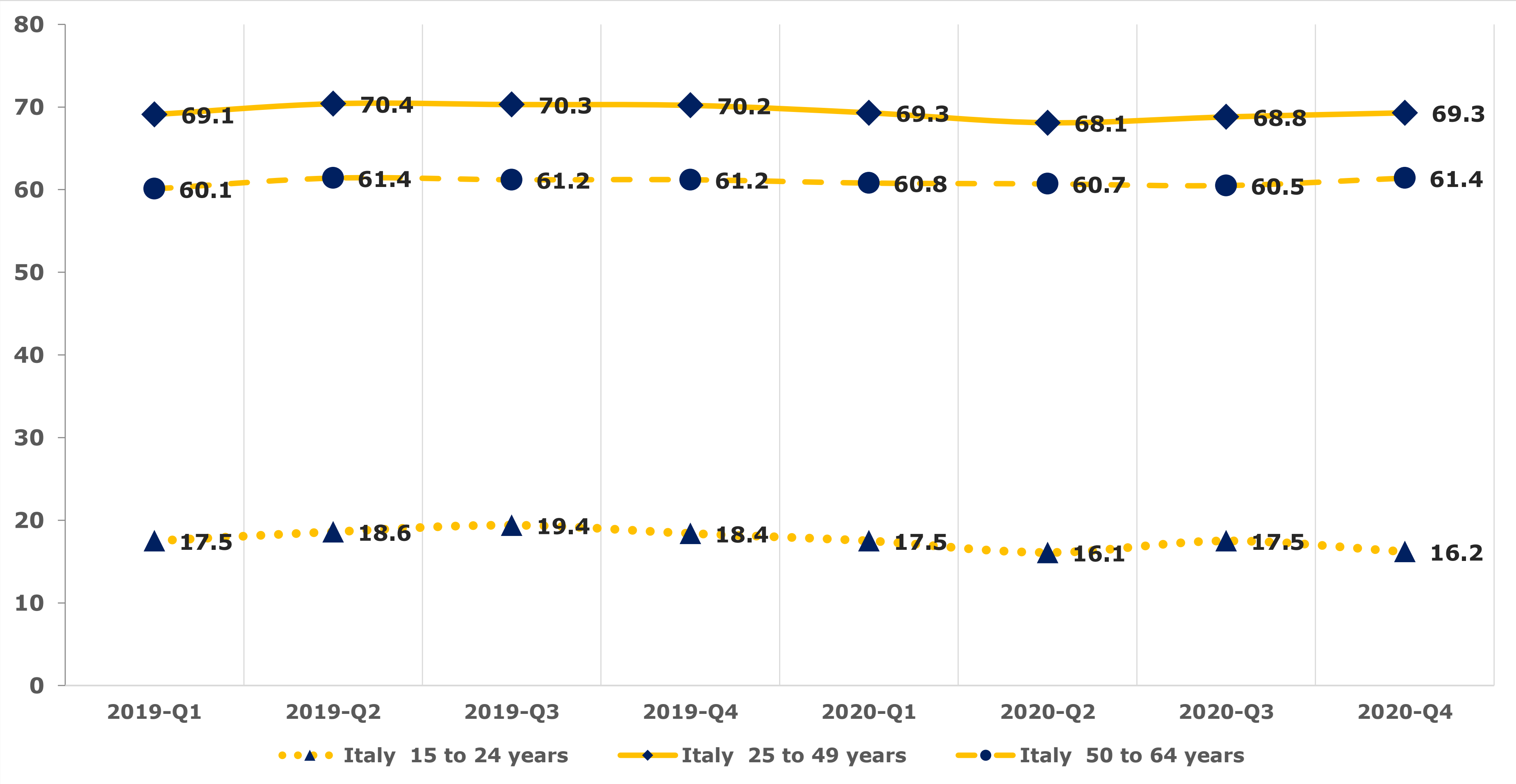
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Italy, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Italy, it is 16.2%.

Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Italy, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

National data about the social and especially the distributive effects of the pandemic in terms of inequality, poverty, and social exclusion are still extremely limited. However, preliminary estimates released by the National Institute of Statistics (ISTAT) – in March 2021 reveal that the pandemic halted the progress in poverty reduction registered in 2016-2019. The share of families in absolute poverty actually increased from 6.4% in 2019 to 7.7% in 2020 – corresponding to an increase of 335,000; in terms of individuals, the share increased from 7.7% (2019) to 9.4% (2020) – an increase of slightly above one million, leaving a total of around 5.6 million people in absolute poverty (ISTAT 2021). Moreover, if we look at the number of beneficiaries of the main social assistance scheme (i.e. the citizenship income – r*eddito di cittadinanza* [RdC]), we notice a considerable increase: from 980,900 households receiving at least one monthly benefit in 2019 to 1.44 million in 2020 – although these figures are not fully comparable since RdC implementation only started in April 2019.

Turning to changes in the income distribution of workers and households in the whole of 2020, simulations by Gallo and Raitano (2020) show a potentially major impact of the pandemic crisis on inequality and poverty. The authors find that the pandemic has led to a relatively larger drop in labour incomes for those in the poorest quantiles – who more often work in non-essential sectors (i.e. those sectors, as tourism and restaurants, which were mandatorily shutdown during March-May 2020); but these individuals have also benefited most from emergency measures. As a result, compared with a "no COVID-19 scenario", income poverty and inequality indexes largely grow when emergency benefits (introduced or strengthened during the pandemic: see Sections 2.1, 2.2 and 2.5) are not considered, whereas the poverty increase is reduced, and inequality levels fall slightly, once benefits are taken into account. In the worst-case scenario for the spread of the pandemic (unfortunately, the most similar to the current situation) the at-risk-of-poverty rate (computed, however, keeping the no-COVID-19 poverty line constant) would have increased from 21.1% to 29.9% without considering emergency benefits, but "only" from 21.1% to 23.6% once emergency measures are considered. Furthermore, the Gini coefficient of equivalised income inequality would have increased by 1.7 percentage points if emergency benefits had not been paid, in contrast to a reduction by 1.1 point due to the progressive impact of emergency benefits.

2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC[2]

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

a) Short description of the measure.

b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?

c) Timing: When did the measure start/end? Has it been extended?

d) Depending on the category:
- amount and duration (for flat measures); and
- range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is indicated by "Not applicable".

e) Targeted population: what is/are the target(s) of the measure? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.

f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?

g) Novelty: Was the measure new or an already existing one that was adjusted?

2.1 Measures related to unemployment benefits

2.1.1 *Estensione della durata di NASPI e DISCOLL* (Extension of duration of *NASPI* and *DISCOLL* – unemployment benefits for employees and para-subordinate collaborators)

a) Short description of the measure: This measure extended by up to four months the duration of the two ordinary unemployment benefit schemes: NASPI (*nuova assicurazione sociale per l'impiego*) for former employees; and DISCOLL (*disoccupazione collaboratori*) for those previously employed in para-subordinate collaborations (i.e. individuals legally self-employed but often economically dependent on a single client; cf. Raitano 2018).

b) Category: Conditional benefit.

c) Timing: The "Cure Italy Decree" (Decree No 18, issued on 17 March 2020) extended by two months the duration of the benefits which would have expired in March and April 2020; then, the "August Decree" (Decree No 104, issued on 14 August) extended for two additional months the duration of the benefits which expired in May and June 2020 (recipients whose benefit duration was extended by the Cure Italy Decree were also included).

d) Range, duration and conditionality: The calculation formula was the same for both benefits (which are entirely paid for by the state): they provide a replacement rate of 75% (calculated on the last wage up to a maximum of €1,227.55, corresponding to €920), plus an additional 25% of the portion of wage exceeding €1,227.55, with a maximum benefit amount of €1,335.40 in 2020. However, the benefit amount reduces

[2] The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

by 3% monthly after the third month. The amount of the additional monthly instalments introduced during the pandemic period is equal to the amount received in the last month before the duration extension.

e) Targeted population: The measures concerned the beneficiaries of these two schemes whose benefits would have expired in the first four months of the pandemic.[3] Since contributory requirements are rather loose, almost 100% of employees in the private sector (about 15.7 million workers) and para-subordinate collaborators (about 800,000 workers) are eligible for unemployment benefits (para-subordinate professionals are not entitled to this benefit).

f) Beneficiaries: According to the technical document accompanying the decree, approximately 520,000 individuals would have benefited from the extension of NASPI and 4,200 in respect of DISCOLL. Also, data from the Italian Social Security Institute (INPS) (INPS 2021) show that applications for NASPI and DISCOLL fell in January-November 2020 (latest available data) compared with the same period in 2019 (by 2.3%, from 1,935,000 to 1,890,000). Despite the increase in the number of temporary employees who became unemployed due to the non-renewal of their contract due to the pandemic, the suspension of layoffs introduced from March 2020 (see Section 2.2.2) then engendered a fall in the number of new recipients of unemployment benefits.

g) Novelty: The structure of the unemployment benefit schemes was not changed; change only concerned the (up to) four-month extension of benefit duration.

2.1.2 *ISCRO – Indennità straordinaria di continuità reddituale e operativa* (Extraordinary allowance to guarantee income and operational continuity)

a) Short description of the measure: The ISCRO (*indennità straordinaria di continuità reddituale e operativa*) benefit was introduced by the Budget Law for 2021 (Law No 178/2020) to protect some categories of the self-employed suffering from a serious reduction in labour income.

b) Category: Conditional benefit.

c) Timing: ISCRO was introduced on an experimental basis for 2021-2023.

d) Range, duration and conditionality: Professionals enrolled in a special INPS fund (*gestione separata*) are entitled to receive the ISCRO when their labour income drops by at least 50% compared with the average income of the three previous years. In order to be entitled to receive the new benefit, however, the annual income when the benefit is claimed cannot exceed €8,145. The benefit is paid for six months and its amount corresponds to 25% of the average income in the three-year period – with minimum and maximum amounts equal to €250 and €800 respectively. Individuals may apply for the ISCRO only once in a three-year period. An additional contribution – equal to 0.26% in 2021 and 0.51% from 2022 – is levied on labour incomes of professionals enrolled in the *gestione separata* in order to finance the ISCRO.

e) Targeted population: The measure is targeted at para-subordinate professionals[4] (i.e. professional workers who are not members of a specific professional association and pay social security contributions to the *gestione separata*).[5] Thus, all categories of professionals enrolled in the INPS (i.e. as mentioned, professionals who do not belong to a specific professional association; for example, web-designers and archaeologists),

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[3] Recipients of the two newly introduced extraordinary allowances illustrated in Section 2.5 are excluded from duration extension.

[4] Note that two main groups of workers are enrolled in the *gestione separata*: (a) various types of "collaborators" – e.g. co-ordinated and continuous collaborators, occasional or project collaborators and "additional workers" (also named "workers on vouchers") – who are covered by the DISCOLL (Section 2.1.1); and (b) professionals employed in an unlicensed sector, not regulated by a specific professional register (e.g. web-designers, archaeologists), who are instead protected through the ICSRO.

[5] By contrast, professionals with an association – e.g. lawyers, architects – are covered by the private social security fund managed by their professional association.

amounting to approximately 290,000 individuals, constitute the potential target of the ISCRO.

f) Beneficiaries: Estimates contained in the technical documents accompanying the decree show that the ISCRO will be claimed by approximately 41,000 individuals in 2021 and 9,500 individuals from 2022 onwards (approximately 14.1% and 3.3% of total contributors in 2021 and 2022, respectively).

g) Novelty: The measure is entirely new, since no benefits protecting the self-employed against labour income drops previously existed in Italy. The ISCRO is, indeed, the first kind of income-support measure introduced in Italy to support the self-employed who do not have access to any unemployment benefit.

2.2 Measures of job protection provided through support to employers, employees and the self-employed

2.2.1 *Estensione della cassa integrazione guadagni* (Extension of CIG allowance: short-time work compensation scheme)

a) Short description of the measure: The *cassa integrazione guadagni* (CIG) is a short-time work compensation scheme for employees (including those on fixed-term arrangements). The CIG protects workers independently of the extent of the working time reduction (i.e. it also protects workers whose working time is reduced to zero).[6] The Cure Italy Decree extended eligibility conditions by introducing an additional reason for firms to claim CIG benefits: this reason concerned a reduction of working time due to COVID-19. The subsequent decrees issued from March 2020 onwards then extended the duration of this allowance.

b) Category: Conditional benefit.

c) Timing: The Cure Italy Decree first introduced a CIG lasting nine weeks in order to protect workers until 31 August 2020; it was subsequently extended by nine weeks until 31 October, with the adoption of the "Relaunch Decree" (Decree No 34, issued on 19 May). An additional 18 weeks, until 31 December, were then introduced by the August Decree. Subsequently, the "Reliefs Decree" (Decree No 137, issued on 28 October) introduced a further extension of CIG for the period from 16 November 2020 to 31 January 2021 to protect those workers whose working time had been reduced because of the new social distance measures introduced in October 2020 to deal with the second wave of the pandemic. Finally, the "Support Decree" (Decree No 41, issued on 28 March 2021) extended the CIG until the end of May 2021.[7]

d) Range, duration and conditionality: The amount of the CIG allowance paid is the same for COVID-19 as for other reasons – that is, 80% of the previous wage up to a maximum (in 2020) of €998.18 or €1,199.72 – in case of wages below and above €2,159.48, respectively. The duration of the CIG was continually extended by the various decrees issued in 2020.

e) Targeted population: The CIG was extended to all employees, independent of the contractual arrangement (i.e. including part-timers, temporary and seasonal workers and temporary agency workers),[8] firm size/sector (including those working in firms with fewer than five employees not covered by the pre-COVID-19 CIG), and the previous usage of the scheme by the employer (approximately 15.7 million workers in 2019).

f) Beneficiaries: The scope of CIG is not computed with reference to the number of individuals who receive this allowance but with reference to the total number of hours

[6] Also note that workers on the CIG cannot be dismissed by the firm.

[7] Note that the CIG may have been used by a firm during the entire period it was available.

[8] Para-subordinate workers, instead, are not eligible for the CIG since which do not belong to the employee category.

of short-time work compensation authorised by the INPS to employers. According to most updated INPS data, 4.33 billion hours were authorised in 2020 (up 1,467% from 2019). Considering a base of 1,700 annual working hours for a full-time employee, the number of authorised hours of short-term compensation corresponds to approximately 2.55 million full-time equivalent workers in a year.

g) Novelty: The measure concerns adjustments – regarding eligibility conditions and duration – to a previously existing scheme. The actual amount of the CIG benefit was not changed.

2.2.2 *Sospensione temporanea dei licenziamenti* (Temporary suspension of layoffs of people on open-ended contracts)

a) Short description of the measure: The Cure Italy Decree suspended individual and collective layoffs starting from 23 February 2020. Almost all employees have benefited from the suspension of individual and collective layoffs for economic reasons. The few exceptions concern, for instance, individuals working in firms which either went bankrupt or closed down.

b) Category: Neither flat nor conditional benefit.

c) Timing: The duration of temporary suspension has been subsequently extended by various decrees and, according to the Support Decree, dismissals are currently forbidden until 30 June 2021 (31 October 2021 for firms which are using the CIG allowance). An exception was introduced by the August Decree concerning those firms that had exhausted access to the CIG allowance; however, the exception was subsequently eliminated by the Reliefs Decree. Further exceptions concern firms that have definitively closed their activity or in case of bankruptcy.

d) Amount and duration/range, duration and conditionality: Not applicable.

e) Targeted population: This measure protects all dependent employees, regardless of contract type and duration – approximately 12 million individuals in the private sector according to ISTAT figures in 2019. The only exception is that fixed-term contracts may not be renewed.

f) Beneficiaries: Estimates from the Bank of Italy (Viviano 2020) point out that approximately 400,000 workers on open-ended contracts (approximately 3.3% of the total) would have been fired due to the pandemic if the suspension of layoffs had not been introduced.

g) Novelty: This is a new measure since no limits on individual and collective layoffs for justified economic reasons existed before COVID-19.

2.3 Measures related to sickness benefits and sick pay

2.3.1 *Tutele quarantena e malattia per COVID-19* (Measures related to social protection against COVID-19 as a sickness benefit)

a) Short description of the measure: The Cure Italy Decree: i) extends to workers in quarantine the existing rules and benefit amount in case of sickness; ii) prescribes that workers with particularly critical health conditions and diseases may abstain from work as if they were hospitalised; iii) recognises "COVID-19 sickness" as equivalent to any other sickness; and iv) reimburses employers fully for the cost of continuing to pay quarantined or sick workers.

b) Category: Neither flat nor conditional benefit.

c) Timing: All these measures were introduced in March 2020 and they are still effective.

d) Amount and duration/range, duration and conditionality: Not applicable.

e) Targeted population: The first measure applies to employees in the private sector only. The other two apply to both public and private sector workers.

f) Beneficiaries: No data on beneficiaries of the measures are available yet. The usual rules for sickness benefits also apply in case of COVID-19 sickness.

g) Novelty: These were all regulations specifically targeted at COVID-19.

2.3.2 *Tutele INAIL a favore del lavoratore colpito dall'infezione COVID-19* (Measures related to social protection against COVID-19 as a work injury)

a) Short description of the measure: The Cure Italy Decree equates COVID-19 sickness and COVID-19-related quarantine to any other condition of illness as a consequence of a work injury. In the regulation, COVID-19 is in fact equated to cases of contraction of infectious and parasitic diseases in the work environment and/or in the exercise of work activity. The usual rules for work injury benefits apply also in case of COVID-19 sickness. Employers are fully reimbursed for the cost of continuing to pay quarantined or sick workers

b) Category: Neither flat nor conditional benefit.

c) Timing: The measure was introduced in March 2020 and it is still effective.

d) Amount and duration/range, duration and conditionality: Not applicable.

e) Targeted population: It covers all employees and some self-employed categories (in particular, para-subordinate workers). It was particularly thought to protect workers in the healthcare sector, who are the most exposed to COVID-19 patients.

f) Beneficiaries: The National Institute for Work Injury Insurance (INAIL) provides data on the number of individuals who have benefited from protection against COVID-19-related work injuries. In 2020 (INAIL, 2020), a total of 131,090 workers reported this type of injury. Moreover, the second wave of the pandemic (October-December 2020) entailed more COVID-19-related work injuries than the first wave (February-May 2020): 58% of injuries took place after the summer of 2020. Around 69% of the total cases refer to workers employed in the healthcare and long-term care sectors. In particular, around a third of injuries (31%) concerned nurses.

g) Novelty: This is a new measure specifically related to COVID-19.

2.3.3 *Congedo per quarantena del figlio* (Measures related to parents' time off work to care for sick children)

a) Short description of the measure: Decree No 111/2020 (September 2020) introduced the right to parental leave in the case of children (aged under 14) either affected by COVID-19 or on quarantine, granting an allowance equal to 50% of a workers' wage. Employers have been fully reimbursed for the cost of continuing to pay workers benefiting from the measure.

b) Category: Conditional benefit.

c) Timing: The measure was introduced in March 2020 and it is still effective.

d) Range, duration and conditionality: The measure grants an allowance equal to 50% of a worker's wage. The allowance last for as long as the child tests positive for the COVID-19 virus.

e) Targeted population: Employees with children under 14.

f) Beneficiaries: No data on beneficiaries are available yet on the use of the measure.

g) Novelty: It is a new measure specifically related to COVID-19.

2.4 Measures related to health insurance

2.4.1 *USCA – Unità speciali di continuità assistenziale* (Special units for care continuity)

Italy has a national healthcare system (NHS), which does not formally exclude any group from care and assistance, providing a relatively extensive array of healthcare services (from prevention to hospital care and territorial care). The rules for the functioning of the NHS did not change during the pandemic. No change was introduced concerning the healthcare basket. Therefore, no change is detectable in terms of coverage. The measures adopted during the first year of the COVID-19 pandemic typically implied additional resources aimed at strengthening already existing services.

a) Short description of the measure: The main novelty in terms of benefits concerns the introduction, in March 2020 (Cure Italy Decree), of a new type of organisational response to COVID-19: the special units for care continuity are aimed at assisting at home COVID-19 patients who do not need to be hospitalised (*USCA – unità speciali di continuità assistenziale*), completely free of charge for beneficiaries. These units are composed of doctors (often general practitioners) and the law prescribed one unit for every 50,000 inhabitants. After a slow start in the early months of the COVID-19 pandemic, the whole USCA system has been implemented at the national level, covering the entire Italian territory, although with differences among regions in terms of how well they meet the prescribed coverage.

b) Category: Neither flat nor conditional benefit.

c) Timing: The measure was introduced in March 2020.

d) Amount and duration/range, duration and conditionality: Not applicable.

e) Targeted population: USCAs cover the whole population.

f) Beneficiaries: No data available.

g) Novelty: It is a new measure specifically related to COVID-19.

2.5 Measures related to minimum-income schemes and other forms of social assistance

2.5.1 *RdC – Reddito di cittadinanza* (Citizenship income)

a) Short description of the measure: the RdC, introduced in 2019, is the main means-tested minimum-income scheme in Italy (Jessoula et al. 2019). It is paid to all households residing in Italy for at least 10 years and satisfying a number of entitlement conditions concerning income and wealth. Two novelties concerned the RdC during the pandemic: i) conditionality rules about job-search activities by beneficiaries were temporarily suspended until July 2020; and ii) the government introduced a top-up supplement for RdC recipients.

b) Category: Conditional benefit.

c) Timing: i) Conditionality rules were temporarily suspended until July 2020; ii) the top-up supplement is paid until the extraordinary allowances described in Sections 2.5.3-2.5.5 are provided.

d) Range, duration and conditionality: No changes in RdC rules were introduced from February 2020, apart from the temporary suspension of conditionality rules and the possibility of topping up the RdC amount if the recipient belonged to a worker category entitled to one of the flat-rate allowances for self-employed, para-subordinate, seasonal and intermittent workers (see Sections 2.5.3-2.5.5) and the amount of the flat-rate allowance was higher.

e) Targeted population: The target population is composed of RdC recipients.[9] The top-up supplement is paid to households whose members belong to the categories of workers protected through the extraordinary allowances described in Sections 2.5.3-2.5.5 (e.g. self-employed and seasonal workers), where the RdC amount is lower than the amount of these allowances. No increase in the number of people targeted by the measure was established from beginning of the pandemic, since entitlement conditions have not changed. The suspension of conditionality rules concerned all recipients of the RdC who belong to the active workforce (approximately one million people). No data about the potential number of RdC recipients entitled to the top-up supplement exist (however, the number of potential beneficiaries is rather low since the amount of the RdC should often exceed the flat-rate allowance, especially for individuals living in large households).

f) Beneficiaries: An increase in the number of RdC recipients was reported in 2020 due to the growing number of those in poverty as a consequence of the effect of the pandemic on household incomes. According to the latest INPS data, in February 2020 944,527 households were receiving the RdC and the number of beneficiaries then greatly increased after the outbreak of the crisis up to a maximum of 1,255,152 beneficiary households in September 2020 (up 32.9% compared with February 2020). No data are available on the number of recipients of the RdC who received the supplementary amount (those entitled to a flat-rate allowance whose amount was higher than the RdC).

g) Novelty: The structure and the eligibility criteria of the RdC were not changed during the pandemic. The only novelties concern the temporary suspension of conditionality rules and the increase in the benefit amount for those entitled to the emergency allowances.

2.5.2 *REM – Reddito di emergenza* (Emergency income)

a) Short description of the measure: The Relaunch Decree introduced the emergency income (*reddito di emergenza*, REM), a new anti-poverty means-tested cash benefit aimed at supporting poor households not covered by other ordinary or extraordinary benefits.

b) Category: Conditional benefit.

c) Timing: REM duration was initially set for a period of two months, from May to July 2020. However, the August Decree established a further one-month extension. The subsequent Reliefs Decree established that applicants could receive two further monthly REM instalments in November and December 2020 (thus, recipients were not protected in September and October). Therefore, households that made all applications and always satisfied entitlement conditions received the REM for five months in total in 2020. Finally, the Support Decree established that applicants could receive three further monthly REM instalments, in March, April, and May 2021.

d) Range, duration and conditionality: The amount of the REM is €400 per month for a single-member household, and higher amounts in accordance with an equivalence scale assigning 0.4 to each adult and 0.2 to each member aged below 18 in addition to the household head (the maximum amount of the scale is set at 2.0, or 2.1 if there is a disabled member in the household). REM is a flat-rate benefit (i.e. it is not a top-up benefit paid according to the difference between household income and a predefined income threshold). Means-testing conditions for the REM comprise both household income and wealth. In order to be eligible for the REM, households must, in addition to being resident in Italy, have an ISEE value (the indicator of equivalised socio-economic condition, computed taking into account household income and wealth)

[9] All households residing in Italy for at least 10 years and satisfying means-tested eligibility requirements about income and wealth are entitled to receiving the RdC, conditional on household member participation in job-search activities.

lower than €15,000 per year; financial wealth for a single-member household lower than €10,000 in 2019 (increased by €5,000 for each household member up to a maximum value of €20,000); and household equivalised monthly income in April 2020 lower than €400 – increased according to the equivalence scale illustrated above. Moreover, no household member must be a beneficiary of unemployment benefits, CIG, RdC or any of the allowances introduced to tackle the COVID-19 crisis. Until July 2020, REM could only be paid for two months. Subsequently, the August Decree and the Reliefs Decree extended the duration of the REM by an additional one and two months respectively. Therefore, households whose applications met all entitlement conditions received REM for five months on total in 2020. Finally, as mentioned, the Support Decree established three further monthly REM instalments, in March, April, and May 2021, also extending this benefit to those unemployed people whose NASPI or DISCOLL benefit had expired between 1 July 2020 and 28 February 2021 and had an ISEE value no higher than €30,000 per year.

e) Targeted population: The REM was designed to protect poor households – according to a means test based on household income and wealth (see above) – who were neither covered by the emergency measures introduced by the Cure Italy Decree, nor entitled to unemployment benefits, short-time work allowances, or the RdC (Natili and Raitano, 2020). The government estimated that around 868,000 households would have been eligible to apply for the REM.

f) Beneficiaries: The actual number of beneficiaries was much lower than government expectations. The most recent INPS figures, updated on 7 April 2021, show that: 292,143 households received the two-month REM in June-July introduced by the Relaunch Decree (33.6% of the total expected); 254,743 households (29.2% of the total expected) received the additional monthly benefit established by the August Decree; and 81,493 (9.4% of the total expected) received the two additional monthly instalments established by the Reliefs Decree. (These figures cannot be summed since, in most cases, they refer to the same household; figures on the total number of beneficiary households are not available.)

g) Novelty: REM is a new residual benefit.

2.5.3 *Indennità per autonomi e para-subordinati* (Flat-rate allowances for self-employed and para-subordinate workers)

a) Short description of the measure: The Cure Italy Decree introduced a monthly lump-sum allowance for some categories of self-employed and para-subordinate workers.

b) Category: Flat benefit.

c) Timing: The monthly lump-sum benefit was paid to para-subordinate collaborators and professionals, as well as liberal professionals in March, April, and May 2020, whereas the self-employed enrolled in the INPS received the benefit in March and April 2020 only. Actually, the latter category was entitled to receive specific measures targeted at employers as from May 2020.

d) Amount and duration: Para-subordinate collaborators and professionals received a €600 monthly benefit in March and April and a €1,000 monthly benefit in May. Self-employed people enrolled in the INPS (i.e. craftsmen, dealers and farmers) received a €600 monthly benefit in March and April. Professionals enrolled in a private social insurance fund managed by their professional associations received a €600 monthly benefit from March to May in cases where they reported an income below €35,000 in 2018 – or an income of between €35,000 and €50,000 in 2018 – and experienced at least a 33% income drop in the first quarter of 2020 compared with the first quarter of 2019.

e) Targeted population: This allowance was targeted at the main categories of workers that cannot be covered by the CIG short-time work allowance, since they do not work under a dependent employment contract. Specifically, it protected self-employed people registered with the INPS (i.e. farmers, craftsmen, dealers), para-subordinate collaborators, and para-subordinate professionals (i.e. those enrolled in the *gestione separata* managed by the INPS), as well as liberal professionals (i.e. those enrolled in the social security scheme managed by their professional associations). Self-employed people enrolled in the INPS and para-subordinate collaborators and professionals constitute approximately 3.3 million workers. Professionals enrolled in professional associations that satisfy the two aforementioned income conditions are approximately 36% of the approximately 1.4 million professionals enrolled in a professional association.

f) Beneficiaries: According to Parliamentary Budget Office's figures (UPB 2020a), approximately 3.3 million individuals enrolled in the INPS as self-employed or para-subordinate workers received this flat-rate benefit. Furthermore, according to figures provided by the various professional social insurance funds, approximately 500,000 liberal professionals enrolled in their professional association (36% of total members of professional social insurance funds) obtained the flat-rate benefit.

g) Novelty: This allowance was a new temporary measure introduced to deal with the COVID-19 emergency.

2.5.4 *Indennità per lavoratori intermittenti e stagionali* (Flat-rate allowance for intermittent and seasonal workers)

a) Short description of the measure: The Cure Italy Decree introduced a monthly lump-sum allowance for some categories of intermittent and seasonal workers registered with the INPS.

b) Category: Flat benefit.

c) Timing: Apart from employees in agriculture, who received the benefit in March-April 2020 only, all other targeted categories received this allowance in March, April, and May 2020. Moreover, excluding those employed in agriculture, three further monthly instalments were introduced (one month each) by the August Decree, the Reliefs Decree and the "Reliefs *quater* Decree" (Decree No 157, issued on 30 November 2020) whereas the Support Decree introduced (March 2021) a further *una tantum* allowance for the categories covered by the Reliefs Decree.

d) Amount and duration: The amount of the flat-rate benefit varied across the different professional categories. All categories received a €600 monthly benefit in March and April 2020. Since May, the monthly amount for seasonal workers in tourism increased to €1,000, whereas it remained at €600 for seasonal and intermittent employees in other industries. The same difference in the monthly amount was established as concerns the three additional monthly instalments of this allowance introduced by the August Decree, Reliefs Decree, and Reliefs *quater* Decree. Moreover, all intermittent, occasional, and seasonal workers benefited from an additional €2,400 lump-sum payment in April 2021. By contrast, temporary employees in agriculture were entitled to €600 in March and €500 in April, but did not receive any further allowance in subsequent months.

e) Targeted population: The allowance for intermittent and seasonal workers was targeted at some categories of workers who were active in 2019 but were not working when the pandemic started (i.e. on 21 February 2020). In more detail, it targeted intermittent workers, seasonal workers, home sellers, occasional self-employed people (i.e. those performing self-employment activities without holding a VAT number), workers in sport and entertainment sectors, and seasonal and fixed-term employees in agriculture. The various decrees issued in 2020 extended the share of intermittent and seasonal workers entitled to these benefits so that all workers belonging to these categories – approximately 900,000 individuals – were covered by the flat-rate allowance.

f) Beneficiaries: According to INPS figures, approximately 900,000 individuals received this allowance in 2020 (for details, see UPB 2020a). Recent INPS figures also show that

235,509 intermittent, occasional, and seasonal workers received the *una tantum* allowance introduced by the Support Decree.[10]

g) Novelty: This allowance was a new temporary measure introduced to deal with the COVID-19 emergency.

2.5.5 *Indennità per lavoratori domestici e badanti* (Flat-rate allowance for domestic workers and carers)

a) Short description of the measure: The Relaunch Decree introduced a flat-rate allowance to protect domestic workers and carers.

b) Category: Flat benefit.

c) Timing: The allowance was paid in April and May 2020.

d) Amount and duration: Domestic workers and carers were entitled to a €500 monthly benefit in April and May.

e) Targeted population: This allowance targeted domestic workers and carers who, on 23 February 2020, were on a job contract with a minimum of 10 working hours per week. Domestic workers and carers either living in their employer's home or entitled to the REM or RdC were excluded from this allowance. Approximately 215,000 workers satisfied the conditions described.

f) Beneficiaries: The INPS reports that 215,000 domestic workers and carers received this bonus.

g) Novelty: This allowance was a new temporary measure introduced to deal with the COVID-19 emergency.

2.5.6 *Solidarietà alimentare* (Food solidarity)

a) Short description of the measure: In March 2020, additional funds were assigned to municipalities with the aim of supporting, through food vouchers, people in poverty without adequate access to food.

b) Category: Neither flat nor conditional benefit.

c) Timing: Both the timing and duration of the scheme varied according to the municipality. However, these funds were used during the spring lockdown (9 March to 4 May 2020).

d) Amount and duration/range, duration and conditionality: Not applicable.

e) Targeted population: This measure was targeted at individuals and households in extreme poverty and suffering severe material deprivation. The specific entitlement conditions varied according to municipality.

f) Beneficiaries: No figures on beneficiaries or the value of the food delivered to beneficiaries are available, due to municipalities' discretion in defining the criteria according to which food should be distributed to people in extreme need.

g) Novelty: This was a new temporary measure provided during the spring 2020 lockdown period.

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[10] See: https://servizi2.inps.it/Servizi/CircMessStd/VisualizzaDoc.aspx?sVirtualUrl=%2fMessaggi%2fMessaggio%20numero%201452%20del%2008-04-2021.htm.

2.6 Measures related to housing support

2.6.1 *Fondo di solidarietà per i mutui per l'acquisto della prima casa* (Solidarity fund to support mortgage loans for the purchase of first home).

a) Short description of the measure: The Cure Italy Decree increased the resources, and extended the operation, of the national "solidarity fund" in order to temporarily suspend the payment of mortgage instalments for new categories of workers buying their first home. The fund, introduced by Law No 244 of 24 December 2007, had actually introduced the possibility for holders of a mortgage contracted for the purchase of a first home to benefit from the suspension of the payment of instalments in the event of "temporary" economic difficulties. Law No 92/2012 restricted eligibility only to cases of the termination of an open-ended or a fixed-term employment contract. The suspension of payment of mortgage instalments is granted for a maximum duration of: six months in cases where working time is suspended or reduced by 30-150 consecutive working days; 12 months for 151-302 consecutive working days; and 18 months for more than 303 consecutive working days. The solidarity fund covers 50% of the interest accrued during the suspension period.

b) Category: Neither flat nor conditional benefit.

c) Timing: Access was extended to self-employed workers for nine months, from 17 March to 17 December 2020. By contrast, for employees the measure has been extended from 17 March until 31 December 2021.

d) Targeted population: The new measure also allowed access to the fund to: i) employees suspended from work or those with working hour reduction of at least 20% for at least 30 consecutive working days; and ii) self-employed people suffering an average daily drop in their revenue of at least 33% compared with the last quarter of 2019. The technical report accompanying the Cure Italy Decree (Decree Law No 18/2020 issued on 17 March) estimated that around 236,000 self-employed workers could apply to the fund.

e) Beneficiaries: No official data are available regarding applicants and/or actual beneficiaries – though the Bank of Italy estimates that, up to 15 May 2021, 134,000 applications (i.e. 56.8% of the 236,000 self-employed people estimated by the government) for access to the fund had been submitted.

f) Novelty: This is not a new measure, but rather a strengthening of an already existing measure.

2.6.2 *Fondo nazionale per il sostegno all'accesso alle abitazioni in locazione* (National fund to support access to rental housing)

a) Short description of the measure: Law No 77 issued on 17 July 2020 substantially increased, for 2020, the resources of the national fund to support access to rental housing (Laws No 431/1998, 124/2013 and 80/2014) (i.e. the fund allowing local authorities to grant contributions to low-income households to lessen the burden of rent costs on household income).

b) Category: Flat benefit.

c) Timing: This measure increased the budget for 2020, starting from July 2020. The Budget Law for 2021 (Art. 234 of Law No 178 of 30 December 2020) further increased the resources of the fund for the whole of 2021.

d) Amount and duration: It is up to the municipalities to define the eligibility conditions as well as the amount and the duration of the support to tenants, identifying their requirements by means of special notices.

e) Targeted population: This measure is targeted at low-income tenants. The specific entitlement conditions vary according to municipality. The government did not provide an estimate of potential beneficiaries; however, Eurostat estimated that in Italy approximately 16.7 million people (i.e. 27.6% of the population) were tenants in 2019, and that 32.6% of tenants were at risk of poverty – around 5.4 million people.

f) Beneficiaries: There are no available data regarding the number of people accessing this fund on a national basis.

g) Novelty: This intervention significantly strengthened an already existing measure to support tenants in economic difficulties as result of the pandemic crisis and, thus, reduce the risk of evictions.

2.6.3 *Moratoria sugli sfratti* (Suspension of evictions)

a) Short description of the measure: The Cure Italy Decree suspended the execution of eviction orders, including both residential and non-residential buildings.

b) Category: Neither flat nor conditional benefit.

c) Timing: The suspension was originally introduced from 17 March to 30 June 2020. The term of the suspension was later extended by subsequent legislative interventions to 30 June 2021.

d) Amount and duration/range, duration and conditionality: Not applicable.

e) Targeted population: All tenants are potential beneficiaries of this intervention. No estimate of evictions avoided through this intervention is available (in 2019, in better economic conditions, the total number of approved arrears evictions was 48,543).

f) Beneficiaries: Not applicable.

g) Novelty: This measure was adopted in Italy for the first time.

2.6.4 *Contributo a fondo perduto per la riduzione dei canoni in locazione* (National contribution to reducing rent costs)

a) Short description of the measure: Law No 176 of 18 December 2020 introduced a contribution for owners of residential real estate units who decide to reduce the rent for the contracts in place on 29 October 2020, with the aim of addressing tenants' economic difficulties and consequently reduce the risk of evictions.

b) Category: Conditional benefit.

c) Timing: This contribution is envisaged only for 2021.

d) Range, duration and conditionality: The contribution will reduce, in 2021, the rent for the contracts already in place on 29 October 2020 by 50%, up to a maximum of €1,200, within the limit of the resources allocated to this measure (€50 million for 2021). The Support Decree introduced in March 2021 increased the budget by an additional €50 million, bringing the total endowment of the fund to €100 million for 2021. If the total amount of contributions to be disbursed based on the applications received should exceed the financial resources allocated, the Revenue Agency will reduce proportionally the percentage due to individual tenants.

e) Targeted population: The reduction is targeted at home-owners of properties that constitute the tenant's main residence and are located in a town with "high housing voltage" – that is, the 714 municipalities, including all the provincial capitals, listed in an old provision (Resolution No 87 of 13 November 2003) of the Inter-ministerial Committee for Economic Planning (CIPE). The CIPE established the number of inhabitants in high housing voltage municipalities per region on the basis of the population living in both provincial capitals and municipalities with a population of over 30,000 inhabitants. Within this limit, regions and autonomous provinces identified their list of municipalities – the only criterion being that the list must include the provincial capitals. The government did not provide an estimate of potential beneficiaries; however, Eurostat estimated that in Italy 27.6% of the population were tenants in 2019 – approximately 16.7 million people.

f) Beneficiaries: Not available.

g) Novelty: This is a new measure.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

2.7.1 *Congedo per sospensione attività didattica in presenza del figlio convivente* (Parental leave)

a) Short description of the measure: The Cure Italy Decree introduced the right to specific parental leave for parents with children under the age of 14. The subsequent Relaunch Decree both extended the duration of this leave from 15 days to a total of 30 days – which may be either taken continuously or split – and introduced unpaid leave for the whole period that children are unable to attend school or pre-school provision by reason of COVID-19, for parents of children up to age 14. As an alternative to leave, the Cure Italy Decree introduced a voucher to purchase baby-sitting services. The subsequent Relaunch Decree increased the value of this voucher and made it available for children enrolled in summer camps. For health sector employees, the value of this bonus was increased. People employed in teleworking cannot be beneficiaries of the measure. Employers have been fully reimbursed for the cost of continuing to pay people who use this leave.

b) Category: Conditional benefit.

c) Timing: First introduced in March 2020; subsequently the measures were revised and strengthened in May 2020.

d) Range, duration and conditionality: The ad hoc parental leave for parents with children under 14 granted an allowance equal to 50% of their salary. The voucher to purchase baby-sitting services initially had a value of maximum €600, later increased to €1,200 by the Relaunch Decree. For health sector employees, this bonus initially had a maximum value of €1,000, which was then increased to €2,000.

e) Targeted population: Private and public sector employees, including non-standard workers, as well as self-employed people.

f) Beneficiaries: The INPS reported that, from March 2020 to mid-September 2020, 320,540 applications were received for the COVID-19 parental leave and 1.3 million for the baby-sitting bonus (INPS, 2020). 96% of workers who applied for the COVID-19 parental leave were private sector employees. Out of 1.3 million requests for the baby-sitting bonus, 72% were accepted (for a total expenditure amount of €703 million); 13% still had to be processed in September 2020; and 15% were rejected due to lack of eligibility. In relation to this latter measure, since it was possible to present more than one application, a total of 830,049 parents presented a request.

g) Novelty: This set of measures was introduced in March 2020, revised in the following months, and is still effective.

2.7.2 *Diritto allo smart-working* (Right to smart working)

a) Short description of the measure: For parents with at least one child under the age of 14, the Cure Italy Decree introduced the right to work from home, even without an individual agreement to do so, provided that there is no other parent in the household benefiting from income-support schemes for suspension or termination of work, and as long as the other parent is working.

b) Category: Neither flat nor conditional benefit.

c) Timing: This measure was introduced in March 2020 and it is still effective.

d) Amount and duration/range, duration and conditionality: Not applicable.

e) Targeted population: Employees in both the private and the public sector with at least one child under the age of 14.

f) Beneficiaries: No data on beneficiaries are available yet on the use of the measure.

g) Novelty: It is a new measure specifically related to COVID-19.

3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

3.1 Expected cost of social protection and inclusion measures

According to available figures, the overall expected cost of measures adopted in response to the pandemic is around 2.7% of GDP (2019 GDP: €1,787 billion).

Such a "welfare effort" may be broken down as follows.

The expected cost of measures related to unemployment benefits (**Section 2.1**) totalled €1.9 billion in 2020, corresponding to 0.1% of GDP, as follows.

- Extension of the duration of ordinary unemployment benefits: around €1.9 billion for the period March-June 2020 (€600 million provided with the Cure Italy decree of March 2020; €1.3 billion with the August Decree in August 2020, as reported in the technical annexes accompanying the two decrees).
- No costs can be imputed to the ISCRO since it is going to be implemented from January 2021.

The expected cost of job-protection measures through support to employers, employees and the self-employed, including the extension of the CIG short-term work allowance (**Section 2.2**), totalled €31.2 billion in 2020, corresponding to 1.75% of GDP (UPB 2020b).

No direct costs can be attributed to the temporary suspension of employee dismissals.

An estimate of the expected cost of measures related to sickness benefits and sick pay (**Section 2.3**) is not yet available.

Although measures adopted in the field of healthcare insurance did not target healthcare system coverage – in accordance with the universalistic nature of the latter – they enlarged the benefit package by introducing the USCA, and expanded expenditure in the field of healthcare (**Section 2.4**): €6.7 billion in 2020 (0.38% of GDP) was added to healthcare public expenditure, of which €165 million was specifically for the functioning of the USCA (Camera dei Deputati, 2021).

Interventions in the field of minimum-income schemes and other forms of social assistance (**Section 2.5**) led to increased costs expected to total €7.35 billion in 2020, corresponding to 0.41% of GDP. These costs can be broken down as follows.

- €300 million for the REM.
- €7 billion (0.4% of GDP) for the lump-sum allowances targeted at: self-employed and para-subordinate workers; intermittent and seasonal workers; domestic workers and carers (Sections 2.5.3; 2.5.4; 2.5.5) (UPB 2020b).
- €50 (additional) million for food solidarity.
- Whereas expenditure on the RdC expanded in 2020, this cannot be attributed to direct measures by government/parliament, but rather to the growing number of people in poverty due to the pandemic.

The expected cost of measures related to housing support (**Section 2.6**) totalled €540 million in 2020 – €400 million for the solidarity fund and €140 million for the national fund to support access to rental housing – corresponding to 0.03% of GDP.[11]

[11] The €100 million for the national contribution to reducing rent costs will only affect the 2021 budget.

The expected cost of measures related to leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19 (**Section 2.7**) totalled €680 million in 2020, corresponding to 0.04% of GDP.

3.2 Impact on the social protection system and on social inclusion policies

It is definitely too early to assess the possible permanent impact of the pandemic on the structure of the welfare state in Italy. To date, only the ISCRO – the extraordinary allowance aimed at guaranteeing income and operational continuity to a small category of self-employed people (para-subordinate professionals) – stretches beyond the likely duration of the pandemic, since it was introduced as a pilot scheme for the period 2021-2023.

All other measures have been temporary in nature. In fact, the social impact of the pandemic crisis has mostly been tackled by resorting to existing social protection schemes which are often inclusive (the universalistic national healthcare system, the NASPI, and especially the CIG).

However, the pandemic also revealed substantial social protection gaps – and the structural peculiarities of the Italian labour market (Section 3.3) – which prompted emergency policy initiatives aimed at providing some kind of income support to several categories of self-employed and atypical workers and to those households who were not entitled to the main anti-poverty programme (the RdC) due to strict eligibility requirements – mostly third-country national households which were then covered through the REM (cf. Natili and Raitano 2020). Moreover, the specific challenges raised by both lockdown measures and the switch to remote, online working conditions for a significant share of the workforce required the adoption of ad hoc measures, which could be further maintained in the future as a more adequate source of work-family reconciliation. Finally, USCAs in healthcare could be a good example of how to strengthen home nursing care beyond the pandemic.

3.3 Remaining gaps in the social protection system and social inclusion policies

Two key sources for the main gaps in the Italian social protection system can be identified.

On the one hand, as mentioned in the previous section, these gaps stem from the combination of the current welfare state architecture – especially in the field of income-maintenance schemes (primarily unemployment benefits and short-time work allowances) – and three key structural peculiarities of the Italian labour market, characterised by: a comparatively high share of: self-employed workers (21.3% of total employment vs 14.2% in the EU[12]) and people employed in the informal economy; and severe labour market segmentation due to several forms of atypical employment. The pandemic crisis made clear the need to reform the unemployment benefit system in order to better adjust it to a peculiar – as well as rapidly changing – labour market, and especially to ensure some income compensation to the various categories of self-employed and atypical workers. On the same note, the main anti-poverty programme (the RdC) should be reformed in order to make it more inclusive and, thus, effective – especially with respect to third-country nationals, who are often excluded from this measure because of the tight requirements about residence in Italy (Section 3.4).

On the other hand, the pandemic once more confirmed the traditional weakness of measures directed at families' care duties, both in the case of young children and frail older people – especially the dramatic underdevelopment of childcare services, work-family reconciliation policies, and adequate healthcare support at home – and housing policies as well. In the latter field, the pandemic crisis pushed the government and the regions to launch emergency initiatives aimed at temporarily addressing the economic difficulties of

[12] Includes UK.

poor tenants, thus avoiding the risk of evictions. However, none of the structural weaknesses in the field was properly addressed. The suspension of evictions was strongly criticised by landlords and the association of home-owners (*Confedilizia*) (Eurofound 2020) – whereas public intervention remains patchy, fragmented, and unable to provide adequate responses to the multiple housing needs in Italy (Chiaro 2020, Jessoula et al. 2019).

3.4 Debates and recommendations

In the field of social assistance policies, a debate around the main weaknesses of the RdC was already ongoing before the pandemic, and it has been further reinforced by the increased risk of poverty in 2020. In particular, both the social actors forming an "alliance against poverty" (more than 30 organisations including the three main trade unions)[13] and experts have repeatedly argued that two main weaknesses of the RdC should be addressed (see Jessoula et al. 2019). First, eligibility conditions should be revised by reducing the minimum residence requirement – currently 10 years, which disproportionately excludes migrants; second, both eligibility conditions and the calculation formula should be modified in order to ensure better protection for large households, who are at higher risk of poverty in Italy and are relatively disadvantaged by the design of this measure due to the use of an equivalence scale that favours single-member households (Natili and Raitano 2020).[14]

Similarly in the case of anti-poverty schemes (unemployment benefits and short-time work allowances), the pandemic strengthened arguments in favour of moving towards effective universal schemes, adequately covering all workers, regardless of contractual arrangements and (as concerns the CIG allowance) firm size and sector. As for unemployment benefits, this would imply increasing benefit duration for seasonal and intermittent workers while reducing the (currently major) drop in both NASPI and DISCOLL benefits after the fourth month of subsidised unemployment. However, the pandemic also revealed a key challenge in respect of how to introduce an income-support scheme for the various categories of self-employed people, suited to adequately protecting them without engendering incentives towards opportunistic behaviours and income under-reporting (Franzini and Raitano 2020). Although these issues were already present in the domestic debate around protection measures against the main social risks (primarily sickness and unemployment) for the self-employed – see for example the main trade union's law proposal for a "universal charter of workers' rights" released in 2015[15] – the pandemic certainly increased their salience and urgency.

In relation to households with children, it is absolutely necessary to strengthen the diffusion of good-quality childcare services (nurseries) and broader work-family reconciliation policies, as repeatedly argued by third sector organisations and experts in the last two decades, as well as called for by the Alliance for Infancy (*Alleanza per l'Infanzia* created in 2019) over the course of 2020.[16]

The healthcare system needs strengthening in the areas of prevention and territorial (ambulatory and domiciliary) services (nursing home-care, e-health) even more than hospital care.

Already before the COVID-19 crisis, housing distress was widespread in Italy, since the traditionally limited public investment in the field was insufficient to meet housing needs (Jessoula et al. 2019). In the context of the pandemic, housing needs remain under control thanks to the suspension of evictions (Chiaro 2020), which was extended until 31 December 2021 – a measure strongly criticised by *Confedilizia* (Eurofound 2020). However, no structural measures were adopted. Experts underlined the need to invest more

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[13] See: http://www.alleanzacontrolapoverta.it.

[14] Additionally, after the pandemic and (hopefully) the return to economic growth, the activation component of the RdC should be reshaped in order to provide a better balance between "enabling" measures and sanctions, in favour of beneficiaries, in a country characterised by persistently weak labour market performance and limited labour demand.

[15] See: http://www.cartacgil.it.

[16] See: https://www.alleanzainfanzia.it.

resources in housing plans to overcome the limited availability of public dwellings, and also drafted a programme to renovate public housing in a precarious condition in order to rent them out at controlled rates (Chiaro 2020). Moreover, it appears equally urgent to have a (long-lasting) increase in resources for the national fund to support access to rental housing, with the aim of covering all poor tenant families.

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