



[www.peer-review-social-inclusion.net](http://www.peer-review-social-inclusion.net)

Italy

## Trends, Recent Developments, Active Inclusion and Minimum Resources

First Semester Report 2006

Filippo Strati  
SRS



On behalf of  
**European Commission**  
DG Employment, Social Affairs and Equal Opportunities



## Content

|   |           |
|---|-----------|
| Executive summary .....                                       | 1         |
| <b>Chapter 1: Social policy situation and trends .....</b>    | <b>4</b>  |
| Population, employment and poverty trends .....               | 4         |
| Policy and legislative developments .....                     | 13        |
| Key development issues and specific challenges .....          | 23        |
| <b>Chapter 2: Active inclusion and minimum resources.....</b> | <b>25</b> |
| Main links to employment policies.....                        | 25        |
| Relevant mechanisms concerning income support.....            | 28        |
| Access to services .....                                      | 34        |
| <b>Annex I: Recent legislation and documents.....</b>         | <b>40</b> |

## Executive summary

Presently, Italy is facing an important political change as the former national government (centre-right coalition) is being replaced by a new government with a different orientation (centre-left coalition).

The present report is aimed at providing a coherent baseline on which the future changes in social policies can be compared in the next reports.

The present report consists of two main chapters: the first updates the analysis of the Italian social policy situation and trends; the second explores the issues of active inclusion and minimum resources.

The two chapters are closely linked and lead to the main considerations of the report.

The analysis of the main changes and trends in population, employment and poverty highlights in recent years (2001 – 2005) results in the following characterisation of the population:

- is increasing very slowly with a significant contribution from immigration
- has a slight but declining differentiation in favour of women compared with men
- is concentrated in the Northern regional areas, followed by the Southern and Centre territories
- is ageing with an increasing differentiation between old (65 years and over) and new generations (aged 0-14)
- has registered a slight improvement in employment performance largely due to immigration
- has significant gender gaps and territorial imbalances related to employment and social problems as well as an increasing flexibility that has reduced stable perspectives, especially for young generations, and a continued high presence of irregular jobs
- poverty rate has remained relatively stable according to the national official statistics, registering a small reduction in the Northern and Central regions and a small increase in the Southern regions; however the Italian national indicator, based on consumption, tends to reduce the population at-risk-of-poverty rate by nearly 6 percentage points in comparison with the EU indicator based on income
- structural problems continue in relation to the Southern regions and households with elderly people, women and unemployed persons as reference persons, large households, families with three or more minors and households with a low education level

The analysis of policy and legislative developments underlines that during the same period of time:

- the process of empowering regional and local communities has been hindered by budget cuts and a movement away from regional and local management of some measures to the concentration of decision-making at a national level
- a public financial system towards the “fiscal federalism” is still lacking
- characteristics of the essential rights and services have yet to be defined in key sectors such as education and social policies
- the overall necessary multi-level co-ordination between national, regional governments and public authorities has not been implemented.

- local and regional authorities have not been supported and stimulated by the national government to comply with the attribution of new competences in many policy fields (including social services) while institutional conflicts have characterised many relationships
- the yearly financial laws have generally decreased the total budget allocation to the regional and local authorities
- a reduction in public spending affected the national fund for social policies (NFSP) created many years ago to support competences and initiatives performed by regional and local authorities
- on the contrary, measures to favour families were enforced through a “family and solidarity package” directly managed by the national government
- allocation of resources continues to be an area of conflict between the State on one side and regions and local authorities on the other
- the approach pursued by the 2001 National Action Plan for social inclusion (NAP) was more open and comprehensive than that of NAP 2003, mirroring changes in the institutional and policy scenario.

The analysis of active inclusion policy confirms that:

- there is a strong link between social inclusion and employment policies assisted by the role played by the European Structural Funds
- there is an increasing quality of and access to employment and education measures and services
- too much emphasis is generally put on the resolution of employment problems as the most important driving factor to the resolution of social exclusion problems
- income support is a complicated political issue since social protection and employment frameworks present benefits and allowances that are not harmonised within a system that can support the most vulnerable for a dignified life cycle, while problems arise that concern solidarity between persons, territories and generations, gender still remains an overarching issue
- young people have problems entering the labour market with stable and qualified employment and security perspectives of life; adult persons have to face restructuring processes in working and family life; ageing people with low income have to deal with unclear system linked to their professional career
- women continue to play the traditional family role in assisting and caring for children as well as for dependent (not-self-sufficient) persons (e.g. elderly and disable people)
- reconciling family burdens with the willingness to foster women’s activity and employment rates constitutes a main challenge
- even though attention has been focused on nurseries both at territorial and company level, there is still a low degree of accessibility to these basic services
- the current measures to support family are insufficient to meet the increasing cost of living (especially for children, disable and elderly support), limited in scope (e.g. devoted only to legally-married couples although the number of “de-facto” couples is relevant and increasing) and often imbalanced in nature (e.g. tax relief)
- resources to favour access to social housing are not currently sufficiently to meet the actual needs of families

- low income families do not receive significant benefits from recent reforms, e.g. the no-tax area is largely “virtual” for the poorest families (*incapienti*) as they do not receive any advantage from the fiscal rebates in terms of monetary compensation, in-kind benefits, assistance and services (e.g. school, training, health, housing, employment)
- regions and local authorities have developed a wide range of initiatives orientated towards issues ranging from gender mainstreaming to social entrepreneurship, employment and self-employment, employment and social services, multicultural approaches and innovative methods to deal with immigration, reconciliation of work, family and social life, territorial plans for co-ordinating services’ time (“city-times”), service exchange within local communities (e.g. “time-banks”), etc.

As an overall conclusion, the main challenges remain to be resolved in relation:

- the combination between public budgetary constraints, decentralisation process and regional imbalances
- the combination between monetary incentives, the rationing of public spending for family care and education and the low women rates in activity and employment
- the combination of the immigration flow and the current legislation and policy measures that limit civil rights and citizenship to immigrants
- the increased labour flexibility and unreliable welfare system
- the lack of a coherent reform in a range of benefits (unemployment and social insertion) taking into account personal and family situations

## CHAPTER 1

### Social policy situation and trends

Three themes will be analysed in the present chapter:

- the main changes in population, employment and poverty in Italy during the last five years, leading to baseline for examining the issues of the following sections
- policy and legislative developments related to creation and follow up of the National Action Plans (NAPs) for social inclusion 2001 and 2003
- key development issues and specific challenges that Italy will face following the implementation of NAPs 2001 and 2003

These themes offer the scenario on which the second chapter is developed. This second chapter is dedicated to active inclusion policies and minimum resources. The connection between Chapters 1 and 2 is introduced by links between social inclusion policies and employment and development issues (including the role played by the European Structural Funds).

Results of the analysis are summarised at the beginning of each of the following paragraphs.

### Population, employment and poverty trends

#### Population

In recent years (2001 – 2005), according to data provided by the national institute of statistics (ISTAT), the Italian population:

- is increasing very slowly with a significant contribution from immigration
- has a slight but declining differentiation in favour of women compared with men
- is concentrated in the Northern regional areas, followed by the Southern and Centre territories

- is ageing with an increasing differentiation between old (65 years and over) and new generations (aged 0-14)

| Table 1: Indicators (*)      | 2005       | 2004       | 2003       | 2002       | 2001       |
|------------------------------|------------|------------|------------|------------|------------|
| Population                   | 58.462.375 | 57.888.245 | 57.321.070 | 56.993.742 | 56.995.744 |
| Women                        | 51,5%      | 51,5%      | 51,6%      | 51,6%      | 51,6%      |
| Men                          | 48,5%      | 48,5%      | 48,4%      | 48,4%      | 48,4%      |
| North                        | 45,3%      | 45,1%      | 45,0%      | 44,9%      | 44,9%      |
| Centre                       | 19,2%      | 19,2%      | 19,2%      | 19,1%      | 19,1%      |
| South                        | 35,5%      | 35,7%      | 35,9%      | 36,0%      | 36,0%      |
| Over 65 years                | 19,5%      | 19,2%      | 19,0%      | 18,7%      | 18,4%      |
| 15-64 years                  | 66,4%      | 66,6%      | 66,8%      | 67,1%      | 67,3%      |
| 0-14 years                   | 14,2%      | 14,2%      | 14,2%      | 14,2%      | 14,3%      |
| Ageing ratio (1)             | 137,7%     | 135,9%     | 133,8%     | 131,4%     | 129,3%     |
| Dependency ratio (2)         | 50,7%      | 50,1%      | 49,8%      | 49,1%      | 48,6%      |
| Old-age-dependency ratio (3) | 29,4%      | 28,9%      | 28,5%      | 27,9%      | 27,4%      |

(\*) data concerning 2001 refer to the 21/10/2001 Census, all other years to the 1<sup>st</sup> of January  
(1) population aged 65 and over divided by population aged 0-14 (percentage)  
(2) population aged 0-14 plus population aged 65 and over divided by population aged 15-64 (percentage)  
(3) population aged 65 and over divided by population aged 15-64 (percentage)  
Source: ISTAT, *Annuario Statistico Italiano*, 2005 and [www.demo.istat.it](http://www.demo.istat.it).

The increase in population between 2002 and 2005 was around 1% per year due to the contribution from immigration flow from abroad.

| Table 2: Indicators            | 2005      | 2004      | 2003      | 2001      |
|--------------------------------|-----------|-----------|-----------|-----------|
| Registered foreigners          | 2.402.157 | 1.990.159 | 1.549.373 | 1.334.889 |
| Over 65 years                  | 2,1%      | 2,3%      | 2,8%      | 3,5%      |
| 18-64 years                    | 77,0%     | 76,9%     | 74,4%     | 75,2%     |
| 0-17 years                     | 20,9%     | 20,8%     | 22,8%     | 21,3%     |
| Percentage of total population | 4,1%      | 3,4%      | 2,7%      | 2,3%      |

Source: ISTAT, *La popolazione straniera residente in Italia per classi di età*, 30 Marzo 2006; *Annuario Statistico Italiano*, 2005; (2002 data not available)

| Table 3: Indicators (*)                  | 2005     | 2004     | 2003     | Total     |
|--|----------|----------|----------|-----------|
| Population – increase over previous year | +574.130 | +567.175 | +327.328 | 1.468.633 |
| Registrations from abroad per year       | 444.566  | 470.491  | 222.801  | 1.137.858 |
| Net migration balance (1)                | 379.717  | 407.521  | 173.418  | 960.656   |

(\*) data concern the 1<sup>st</sup> of January of each year  
(1) balance between registration (from abroad) and removals (to abroad)  
Source: ISTAT, *Annuario Statistico Italiano*, 2005; *La popolazione straniera residente in Italia per classi di età*, 30 Marzo 2006; *Bilancio demografico nazionale Anno 2003*, 15 Luglio 2004; *Bilancio demografico nazionale Anno 2004*, 27 Giugno 2005

Immigration led to a slight decline in the increased percentage of women compared to men (from 3,2% in 2001 to 2,9% in 2005). For example, in 2005 the overall population was composed by 51,5% women and 48,5% men while the immigrant population consisted of 51,1% men and 48,9% women (ISTAT, *La popolazione straniera residente in Italia per classi di età*, 30 Marzo 2006). These latter are concentrated more in the North (63,5%) than in the Centre (24,5%) and in the South (12,5%) of Italy. Therefore it can be said that immigration from abroad moved along paths that have been historically determined by the last century internal migration.

Moreover the Italian internal migration (from the Southern to the Northern and Central regions) started again with an increase of nearly 130.000 persons per year (Banca d'Italia, *Relazione sull'esercizio 2004*), which is comparable to flows registered during the first half of the 1970s and

less than half of those registered during the sixties. For example, the South lost nearly 0,3% of its population in 2002 (Svimez, *Rapporto 2005 sull'economia del Mezzogiorno*).

The Italian population is ageing with nearly five percentage points that differentiate old (65 years and over) from new generations (aged 0-14) and an increase in dependency on working age population (aged 15-64) notwithstanding the renewal produced by the immigration flow from abroad. In 2005, the overall population had an average age of 42,5 while the registered foreigners averaged 30,9 (ISTAT, *La popolazione straniera residente in Italia per classi di età, 30 Marzo 2006*). Life expectancy at birth (average number of years a new born is expected to live) of 83,7 for women and 77,8 for men in 2004 also influences the ageing factors (ISTAT, *Annuario Statistico Italiano, 2005*).

Notwithstanding immigrant flows, a substantially stable population is expected (ISTAT, *Previsioni demografiche nazionali 1° gennaio 2005 – 1° Gennaio 2050, 22 Marzo 2006*) during the next 25 years (e.g. 58.428.170 inhabitants in 2029) and a progressive decrease in the following years (e.g. 55.936.140 inhabitants in 2050). Further ageing of the population is associated with the above-mentioned forecasts arriving in 2050 at an ageing ratio of 264%, a dependency ratio of 86% and an old-age-dependency ratio of 63%.

## Employment

In recent years (e.g. 2001 – 2005), the Italian labour market presents the following characteristics, according to data provided by the national institute of statistics (ISTAT) and the national bank (Banca d'Italia):

- a slight improvement in the employment performance
- a significant contribution from immigration flow
- significant gender gaps and territorial imbalances
- increasing flexibility while reducing stable perspectives especially for young generations
- still highly influenced by the presence of irregular jobs

| <b>Table 4: Indicators</b>              | <b>2005</b> | <b>2004</b> | <b>2003</b> | <b>2002</b> | <b>2001</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Active population (000)                 | 24.451      | 24.365      | 24.289      | 23.975      | 23.769      |
| Activity rate (population aged 15-64)   | 62,4%       | 62,5%       | 62,9%       | 62,1%       | 61,6%       |
| Employed persons (000)                  | 22.563      | 22.404      | 22.241      | 21.913      | 21.605      |
| Employment rate (population aged 15-64) | 57,5%       | 57,4%       | 57,5%       | 56,7%       | 55,9%       |
| Unemployed persons (000)                | 1.899       | 1.960       | 2.048       | 2.062       | 2.164       |
| Unemployment rate                       | 7,7%        | 8,0%        | 8,4%        | 8,6%        | 9,1%        |

Active population (labour force) is the sum of employed and persons without work but available for work and actively seeking job (unemployed)  
 Activity rate represents labour force as a percentage of same age total population (e.g. 15 – 64 years)  
 Employed persons are those aged 15 years and over  
 Employment rate represents employed persons as a percentage of the same age total population (e.g. 15 – 64 years)  
 Unemployed persons comprise persons aged 15 to 74  
 Unemployment rate represents unemployed persons as a percentage of active population aged 15 years and over  
 Source: ISTAT, *Rilevazione sulle forze di lavoro. IV trimestre 2005, 21 Marzo 2006; Rilevazione sulle forze di lavoro. IV trimestre 2004, 21 Marzo 2005; Ricostruzione delle serie storiche*  
[www.istat.it/dati/dataset/20050324\\_00/serie\\_indicatori.xls](http://www.istat.it/dati/dataset/20050324_00/serie_indicatori.xls)

As revealed by the national institute of statistics (ISTAT), the above figures are clearly influenced by the regularisation of immigrants who were previously considered as “illegal” persons and successively included in the survey on labour forces.

In 2002 an amnesty Law No 189/02 and 222/02 allowed 646.829 illegal immigrants to be legalised. Previous amnesties (in 1990, 1995 and 1998) effected similar amount of persons (679.242).

| Table 5: Indicators         | 2005 –2004 | 2004-2003 | 2003-2002 | 2002-2001 | Total     |
|-----------------------------|------------|-----------|-----------|-----------|-----------|
| Legal immigrants - increase | +92.433    | +724.281  | +54.894   | +68.643   | 1.067.268 |

Source: ISTAT, *Gli stranieri in Italia: gli effetti dell'ultima regolarizzazione*, 15 Dicembre 2005

The prolonged effects of this regularisation (e.g. between 2002 and 2004) were due to a rather complex series of administrative procedures that contributed to an increase in the yearly number of employment and in the regular residence permits (*permesso di soggiorno*), which regard immigrants who work in Italy and the often associated family reunification (90%).

| Table 6: Indicators                      | 2005      | 2004      | 2003      | 2002      | 2001      |
|--|-----------|-----------|-----------|-----------|-----------|
| Immigrants with regular residence permit | 2.320.000 | 2.227.567 | 1.503.286 | 1.448.392 | 1.379.749 |
| Women (*)                                | 49,2%     | 48,3%     | 48,3%     | 47,2%     | 45,9%     |
| Men (**)                                 | 50,8%     | 51,7%     | 51,7%     | 52,8%     | 54,1%     |

(\*) aged 34 –37 as an average  
 (\*\*) aged 31-35 as an average  
 Source: ISTAT, *Gli stranieri in Italia: gli effetti dell'ultima regolarizzazione*, 15 Dicembre 2005

Generally speaking, legal immigrants became a labour resource for the Northern (e.g. 58,6% in 2003 and 58,2% in 2004), Central (e.g. 28,4% in 2003 and 27,8% in 2004) and Southern (e.g. 13% in 2003 and 14% in 2004) regions (ISTAT, *Gli stranieri in Italia: gli effetti dell'ultima regolarizzazione*, 15 Dicembre 2005).

Notwithstanding the above-mentioned regularisations, nearly 540.000 irregular (or undocumented/clandestine) immigrants are estimated to live in Italy as of July 2005 (Fondazione ISMU, *XI Rapporto nazionale sulle migrazioni*, 2006). This number of irregular immigrants is indirectly confirmed by response to the 2006 decree (DPCM 15 Febbraio 2006) aimed at regulating the flow of immigrant workers: in front of a share of 170.000 persons allowed entry into Italy by law, nearly 484.000 persons requested regularisation, many of them corresponding to persons already leaving in Italy (*Il Sole-24 Ore*, 14 April 2006).

Although interpretations of the impact of immigrants on the Italian labour market performances remain controversial, some key factors need to be taken into account, between 2003 and 2005:

- the activity rate (population aged 15-64) decreased (-0,5%); this rate represents people who will want to enter the labour market (supply) determined by expectations on the existing opportunities to find a job (demand); of course, the “discouraged workers” hypothesis (low expectations = low supply) reflects also cultural habits influenced by lack of social infrastructures and services
- the reduction in activity rate, combined with the regularisation of immigrant workers, probably allowed the unemployment rate to decrease (-0,7%), while employment rate stabilised (around 57,5%).

Commenting on the ISTAT data, the national bank (Banca d’Italia, *Bollettino Economico*, No 45, Novembre 2005 and No 46, Marzo 2006) underlined that:

- the illegal immigrants were actually employed but not registered and therefore not previously surveyed on a regular quarterly basis
- the 2005-2003 “net migration balance” (see Table 3), which included the immigrants’ regularisation, represented the 69% (787.238 persons) of the population increase (+1.141.305 persons) whilst the other increase was especially due to adjustment in the resident registers according to the results of the 2001 census



- both the above-mentioned factors determined an increase in active population and activity rate, employment and employment rate measured in numbers of persons (as it is made by the ISTAT Labour Force Enquiry)
- if not only “persons” but full-time equivalent jobs are utilised to measure employment trends (as it is made by the Banca d’Italia National Accounts), a decrease (-0,4%) can be discovered in employment between 2005 and 2004; this decrease occurs for the first time since 1995, mainly because of an ongoing increase in part-time jobs.

Gender and territorial imbalances remain structural problems in the Italian labour market, as underlined by data (2005 yearly mean) of the most recent survey on labour forces (ISTAT, *Rilevazione sulle forze di lavoro – IV trimestre 2005, 21 Marzo 2006* – see elaboration reported in Tables 7, 8 and 9).

**Table 7: Activity rate population aged 15 – 64**

| Geographical areas | Total (women + men) | Women | Men   |
|--------------------|---------------------|-------|-------|
| South              | 53,6%               | 37,5% | 69,9% |
| Centre             | 65,2%               | 55,5% | 75,2% |
| North              | 68,1%               | 58,6% | 77,7% |
| All Italy          | 62,4%               | 50,4% | 74,4% |

Main gaps:

- 15 percentage points divide the South from the North as a total
- 24 percentage points divide women from men as a national average and the difference arrives at 33 percentage points in the South

**Table 8: Employment rate population aged 15 - 64**

| Geographical areas | Total (women + men) | Women | Men   |
|--------------------|---------------------|-------|-------|
| South              | 45,8%               | 30,1% | 61,9% |
| Centre             | 61,0%               | 50,8% | 71,4% |
| North              | 65,2%               | 55,1% | 75,1% |
| All Italy          | 57,7%               | 45,3% | 69,7% |

Main gaps:

- 19 percentage points divide the South from the North as a total
- 24 percentage points divide women from men as a national average and the difference arrives at 32 percentage points in the South

**Table 9: Unemployment rate, in brackets youth (population aged 15-24)**

| Geographical areas | Total (women + men) | Women         | Men           |
|--------------------|---------------------|---------------|---------------|
| South              | 14,3% (38,6%)       | 19,6% (44,6%) | 11,4% (34,8%) |
| Centre             | 6,4% (21,1%)        | 8,3% (24,8%)  | 4,9% (18,4%)  |
| North              | 4,2% (13,2%)        | 5,8% (16,3%)  | 3,0% (10,8%)  |
| All Italy          | 7,7% (24,0%)        | 10,1% (27,4%) | 6,2% (21,5%)  |

Main gaps:

- 10 percentage points divide the South from the North but they are 25 for young people
- 8 percentage points divide women from men and they regard the South arriving at 10 points for young people, however differences are around 3 points in the other regional areas arriving at 6 points for young people
- Moreover long-term unemployed (job seekers for more than 12 months) constitutes 3,7% of the overall unemployment rate (5,1% for women and 2,8% for men), 8% in the South compared to 1,4% in the North and 2,8 in the Centre, arriving at 11,6% for women and 6,1% for men in the South

Both the above-mentioned and the previous surveys (ISTAT, *Annuario Statistico Italiano*, 2005) reveal a stable range of around 13 - 12% as the percentage of persons with fixed-term jobs in relation to the total overall dependent workers in the years between 2000 and 2005. This percentage increases to 23 - 20% when considering part-time employment in regular dependent jobs.

Women are generally more concerned with part-time jobs than men (a difference of 18-20 %) as well as by fixed-term jobs (+ 4-5 %).

The earnings gap is another source of inequalities between women and men: it is estimated to be around 27% as a national average (survey carried out in 2005 by Sda Bocconi-Laboratorio Armonia e Hay Group; OD&M, 7° *Rapporto sulle Retribuzioni in Italia, 2006*).

Commenting on the data provided by the ISTAT quarterly labour force enquiry, the national bank (Banca d'Italia, *Bollettino Economico*, No 46, Marzo 2006) underlines that there is a general increase (e.g. from 38,6% to 40,5% between 2004 and 2005) in fixed-term jobs concerning new employees, arriving at nearly 50% for those aged 15-29 (from 46,4% to 49,8% between 2004 and 2005).

In other words, it is expected that one out of two young people who enter the labour market will be involved in temporary jobs.

Temporary and other odd jobs (so called in Italy "atypical jobs" - see Magnani M., Varesi P. A. et al., *Organizzazione del mercato del lavoro e tipologie contrattuali*, Giappichelli Editore, Torino, 2005) are not easy calculable but are increasing in several sectors, for instance:

- in 2003 the amount of "atypical jobs" arrived at 23,9% of the total employment in the industry sectors and private services (ISTAT, *Rapporto Annuale. La situazione del Paese nel 2004*)
- in 2004 underemployed (those who declared to work less hours than desired) were estimated to constitute the 4,4% of the employed as a whole and higher shares of precarious jobs (e.g. 9,1% of fixed-term jobs, 10,5% of occasional and temporary jobs) (ISTAT, *Rapporto Annuale. La situazione del Paese nel 2004*)
- 44 typologies of employment contracts move from odd jobs (e.g. on project, occasional collaborations, contract of workers, socially useful works, temporary and fixed-terms duration) to full-time contracts of indefinite duration (source: *Fondazione Rodolfo Debenedetti*)
- labour contract flexibility was supported by the Italian Law No 30/2003 determining risks of segmentation in the labour market and an increased complication in norms and procedures (*Il Sole 24 Ore*, 5 May 2006);
- in 2005 (31 December) 5.581.000 one-man-businesses constituted the 68% of the total VAT registered firms (8.198.000) demonstrating that a large number of persons act as a self-employed while trying to face complications in the national labour rules through a simpler contractual arrangement (*Il Sole 24 Ore* 1 March 2006)

An unstable labour market is moreover influenced by irregular jobs, those that are not declared according to the current fiscal and social security laws. According to recent estimates (ISTAT, *La misura dell'economia sommersa secondo le statistiche ufficiali. Anno 2003, 22 Settembre 2005*), this situation of precariousness:

- constituted 13,4% of the overall employment
- was concentrated more in the South (22,8%) than in Centre (12,3%), in the North-East (9,3%) and in the North-West (8,3%)
- decreased (-0,8%) with respect to the previous year (14,2%) mainly because of the above-mentioned regularisation of immigrant workers
- accounted for 7,6% of the GDP and for nearly 46% of the overall weight attributed to the black economy (16,7% of the GDP).

## Monetary poverty

In recent years (e.g. 2001 – 2005), according to data provided by the national institute of statistics (ISTAT) and the national bank (Banca d'Italia), the poverty rate in Italy:

- has remained relatively stable
- registered a small statistical reduction in the Northern and Central regions and a small increase in the Southern regions
- confirmed the structural problems that regard the Southern regions and households with elderly people, women and unemployed persons as reference persons, large households (e.g. 5 members and over), families with three or more minors (under age children) and households with a low education level

More inhabitants, new labour resources (e.g. immigrants), low activity rates and declining unemployment rates, stable employment rates and precariousness in labour markets, irregular labour and black economy, all those aspects refer to a period of time where the 2005 GDP and household consumption expenditure remained invariable (respectively 0% and +0,1%) with respect to poor economic trends registered in the previous four years:

| <b>Table 10: Economy macro-indicators (*)</b>          | <b>2004</b> | <b>2003</b> | <b>2002</b> | <b>2001</b> |
|--|-------------|-------------|-------------|-------------|
| Gross Domestic Product (GDP)                           | +1,2%       | +0,3%       | +0,4%       | +1,8%       |
| Households consumption expenditures                    | +1,0%       | +1,4%       | +0,4%       | +0,8%       |
| Households consumption expenditures, durable goods     | +8,0%       | +1,3%       | -1,7%       | -0,7%       |
| Households consumption expenditures, non-durable goods | -0,8%       | +0,8%       | -0,1%       | +0,1%       |
| Households consumption expenditures, services          | +1,3        | +1,3        | +0,6        | +1,6%       |

(\*) Percentage increase on previous year  
 Source: ISTAT, *Annuario Statistico Italiano*, 2005; Banca d'Italia, *Bollettino Economico*, No 46, Marzo 2006 and *Relazione sull'esercizio 2004*

Therefore, it is not surprising that household indebtedness reached the 30% of GDP in September 2005 (Banca d'Italia, *Bollettino Economico*, No 46, Marzo 2006) while household savings decreased by 40% between 2001 – 2005 (EURISPES, *Il Risparmio punito*, Aprile 2006). Loans are requested by households for basic needs (e.g. health care, cars, houses, home services) in order to maintain a previous standard of living rather than to acquire unnecessary and luxury goods and services (e.g. travels, holidays), as revealed by recent surveys (EURISPES, *Rapporto Italia 2006*).

The basis of the Italian method to assess poverty rate is the consumption expenditures. These are based on the assumption that consumption expenditure is a appropriate indicator of the actual poverty situation. Two indicators are adopted to monitor poverty trends:

- relative poverty, through which a two-member household is assessed as poor when its monthly consumption expenditure is equal or below per capita average national consumption expenditure; e.g. relative poverty line was of 814,55 € in 2001 and 919,98 € in 2004
- absolute poverty, through which a two-member household is assessed as poor when its economic condition does not allow for buying basic goods and services according to an average basket that includes expenditure for food, housing and other basic needs; e.g. the absolute poverty line was of 559,63 € in 2001; the calculation of the absolute poverty line was interrupted in 2003 as a new methodology on the basket composition in terms of goods, services and the associated prices was being developed.

According to the national institute of statistics (ISTAT, *La povertà relativa in Italia nel 2004*, 6 Ottobre 2005; *La povertà relativa in Italia nel 2003*, 13 Ottobre 2004; *La povertà in Italia nel 2002*, 22 Luglio 2003) data on poverty reveal the following trends between 2001 and 2004 (last available figures):

| <b>Table 11: Relative poverty</b>         | <b>2004</b> | <b>2003</b> | <b>2002</b> | <b>2001</b> |
|---|-------------|-------------|-------------|-------------|
| Households (000)                          | 2.674       | 2.401       | 2.456       | 2.663       |
| Percentage on total number of families    | 11,7        | 10,8        | 11,0%       | 12,0%       |
| South (% on number of families)           | 25,0%       | 21,6%       | 22,4%       | 24,3        |
| Centre (% on number of families)          | 7,3%        | 5,8%        | 6,7%        | 8,4%        |
| North (% on number of families)           | 4,7%        | 5,5%        | 5,0%        | 5,0%        |
| Persons (000)                             | 7.588       | 6.829       | 7.140       | 7.828       |
| Percentage on total number of inhabitants | 13,2%       | 12%         | 12,4%       | 13,6%       |
| South (% on number of inhabitants)        | 26,7%       | 22,6%       | 23,6%       | 26,2%       |
| Centre (% on number of inhabitants)       | 7,4%        | 6,6%        | 7,9%        | 9,6%        |
| North (% on number of inhabitants)        | 4,9%        | 5,8%        | 5,4%        | 5,2%        |

| <b>Table 12: Absolute poverty</b>         | <b>2002</b> | <b>2001</b> |
|---|-------------|-------------|
| Households (000)                          | 926         | 940         |
| Percentage on total number of families    | 4,2%        | 4,2%        |
| South (% on number of families)           | 8,9%        | 8,7%        |
| Centre (% on number of families)          | 2,2%        | 2,3%        |
| North (% on number of families)           | 1,7%        | 1,3%        |
| Persons (000)                             | 2.916       | 3.028       |
| Percentage on total number of inhabitants | 5,1%        | 5,3%        |
| South (% on number of inhabitants)        | 10,2%       | 11,3%       |
| Centre (% on number of inhabitants)       | 2,9%        | 2,8%        |
| North (% on number of inhabitants)        | 1,9%        | 1,5%        |

Within this statistical fluctuation, the structural characteristics of the poorer households remain unchanged. The relative poverty is remains characterised as follows:

| <b>Table 13: Key aspects of the relative poverty</b>  |   |
|---|---|
| <b>South households</b>   |   |
| 2004: 13,3 percentage points more than the national average   |   |
| 2001: 12,3 percentage points more than the national average   |   |
| Percentage on total number of families disaggregated by social categories: national average and in brackets the South average |   |
| <b>Minors</b> (households with three or more under age children)  | <b>Large households</b> (e.g. five members and over)                              |
| 2004: 26,1% (41%)   | 2004: 23,9% (36,2%)   |
| 2001: 28% (37%)   | 2001: 24,5% (36,4%)   |
| <b>Elderly</b> (households with a reference person aged 65 years and over)  | <b>Women</b> (households with women as reference persons)                         |
| 2004: 15,1% (29,9%)   | 2004: 11,9% (26%)   |
| 2001: 15,2% (28,9%)   | 2001: 12,1% (25,8%)   |
| <b>Low education</b> level (e.g. with a reference person who has no formal education or only a primary school education)      | <b>Unemployment</b> status (households with a reference person looking for a job) |
| 2004: 19,3% (35,7%)   | 2004: 28,9% (38,5%)   |
| 2001: 18,7% (33,6%)   | 2001: 31,8% (42,5%)   |

It should be noted that consumption expenditure is influenced by the national consumption averages, when these conditions of life are worsening, the value of the expenditure-based poverty line is consequently reduced. In this case, while some territorial areas (e.g. the South) always remain below the poverty line, others (e.g. the North and the Centre) may result less poor than they are in reality.

This statistical approach can lead to a unclear understanding of trends in the number of people at-risk-of-poverty rate. This happened, for instance, in 2002 and 2003 when poverty appeared to statistically decrease while increasing in reality.

At the EU level, the use of this type of indicator was discussed and rejected both from a theoretical and practical point of view. "Expenditure reflects choices, not opportunities, and thus fails to reflect resources accruing to the household", as stated in the EU Joint Report 2004 (COM(2003)773).

The Italian national indicator, based on consumption, tends in fact to reduce the population at-risk-of-poverty rate of nearly 6 percentage points in comparison with the EU indicator based on income.

| (A) EU indicators                        |       | (B) Italian indicators                   |       | Difference (A-B)      |
|--|-------|--|-------|-----------------------|
| Population at-risk-of-poverty rate       | 19,0% | Persons in condition of relative poverty | 13,6% | 6 percentage points   |
| Population at persistent risk of poverty | 13,0% | Persons in condition of absolute poverty | 5,3%  | 8,3 percentage points |

Source: (A) European Commission, *Joint report on social inclusion 2004*; (B) ISTAT, *La povertà in Italia nel 2002, 22 Luglio 2003*

However, since the beginning of its inquiry on poverty, the Italian institute for statistics has recommended caution in considering the analysis of trends in poverty data. If an extended criterion is adopted, the poverty risk arrives at the following percentages:

|                        | 2004  | 2003  | 2002  | 2001 |
|------------------------|-------|-------|-------|------|
| Surely poor households | 5,5%  | 4,9%  | 5,1%  | 5,4% |
| Just poor households   | 6,2%  | 5,7%  | 5,9%  | 6,6% |
| Nearly poor households | 7,9%  | 7,9%  | 8,0%  | 8,0% |
| Total                  | 19,6% | 18,5% | 19,0% | 20%  |

Source: ISTAT, *La povertà relativa in Italia nel 2004, 6 Ottobre 2005*; *La povertà relativa in Italia nel 2003, 13 Ottobre 2004*; *La povertà in Italia nel 2002, 22 Luglio 2003*

The above figures are nearer to those calculated by EUROSTAT (European Commission, *Employment in Europe 2005*) in 2003:

| Before social transfers | After social transfers | After social transfers |            |
|-------------------------|------------------------|------------------------|------------|
|                         |                        | Employed               | Unemployed |
| 22,0%                   | 19,0%                  | 10,0%                  | 51,0%      |

Risk-of-poverty rate is the share of persons with an equivalent disposable income below 60% of the national median equivalised disposable income. This share is calculated before social transfers (original income including pensions but excluding all other social transfers) and after social transfers (total income).

## Policy and legislative developments

### Key changes

In recent years the process of empowering regional and local communities has been hindered by budget cuts and a movement away from regional and local management towards a concentration of decision-making at a national level. This tendency can be seen in the relevant policy and institutional changes which occurred between 2000 and 2006.

In 2000 an important reform (Law N° 328/2000) was made, aiming at:

- establishing a more coherent planning framework (between national, regional and local plans) for social and health services based on the concept of subsidiarity and welfare community
- supporting the planning framework with a national fund (NFSP - national fund for social policies) that allocates additional financial resources to those usually provided by regions and local authorities for their social policies
- simultaneously correlating the attribution of additional financial resources (e.g. NFSP) with the definition of basic levels of social services and care
- stimulating innovation, diversification and territorial networks for service delivery (public, private and not-for-profit agencies)
- providing individuals and families with a combination of services and allowances in order to alleviate disadvantaged situations, activating all the concerned stakeholders, their networks and the family
- promoting the principles of universalism (all citizens have the access to civil and social rights) and selectivity (different needs according to different conditions of life) in social policies and services (lifelong support) with attention to the most vulnerable (categorisation)
- reorganising the fragmented and dispersed series of measures regarding social policies and assistance
- overcoming difficulties due to a fragmented series of norms, plans and initiatives that characterise the Italian social protection and employment framework, where benefits and allowances are confusingly overlapping

In 2001 a major Constitutional reform (Law No 3/2001, confirmed by a referendum) strengthened the principles of unity, subsidiarity, differentiation and adequacy on which Law N° 328/2000 was based. It is worth mentioning the following key factors among the innovative norms dictated by the reform:

1. the local dimension is the starting point of administrative and policy-making processes (e.g. full responsibility and autonomy on social, employment and labour active policies, placement and training services are assigned to the local and regional authorities, while social security, labour inspectorate, employment relationship rules, immigration, general norms on education and the identification of civil and social rights throughout the national territory are reserved to the State legislation)
2. municipalities, provinces, regions and the State must collaborate to solve problems according to their territorial dimensions along a value added spiral that is no longer determined by a hierarchical distinction between and within the policy fields (for example, health, education, labour protection and security are policy fields of dual converging legislation between the State and the Regions)
3. all citizens, independently of where they live, must have access to essential services (basic levels) that must be determined respecting the social and civil rights affirmed by the Constitution throughout the national territories
4. local and regional authorities have autonomous financial resources, receive a part of tax revenue collected in their territories, enforce their own taxation and revenue systems, while

co-ordination of public finance is ensured by a dual converging legislation between the national and regional governments

5. a national fund must be created to equalise the distribution of resources without mandatory destination in favour of less favoured territories
6. the State must provide additional resources and differentiated actions to promote economic development, social cohesion and solidarity

Unfortunately, since its passage, efficient institutional mechanisms have not been created to apply the above-highlighted key factors:

- overall regulations on the public financial system towards the “fiscal federalism” (factors 4, 5 and 6) are still lacking even though they have been recognised as necessary since 2000 (Law No 56/2000), a high-level-ranked commission (Alta Commissione sul federalismo fiscale) elaborated a final report in 2005 and a document on basic guidelines was previously (in 2003) approved by regions and local authorities but not yet by the national government
- the characteristics of the essential services (factor 3) have yet to be defined in key sectors such as education and social policies, while they were established in the health field before the Constitutional reform through the National Health Plan 1998 – 2000
- the overall necessary multi-level co-ordination between national, regional governments and public authorities (factor 2) has not been implemented at all apart from an institutional co-decision structure reformed in 1997 (the unified permanent conference between the State, Regions and local authorities)
- local and regional authorities have not been supported and stimulated by the national government to comply with the attribution of new competences in many policy fields (for instance to implement the social services reform envisaged by Law N° 328/2000) whilst institutional conflicts arose between them, for example appeals to the Constitutional Court were promoted both by the Regions (e.g. 103 cases) and the State itself (e.g. 99 cases) during 2001 - 2003

Between 2002 and 2006, the yearly financial laws decreased the total budget allocation to the regional and local authorities.

Decrease was officially motivated by the necessity to cut unnecessary expenditures, to reduce the national public debt and to respect parameters of financial stability throughout the civil services while improving their efficiency (Patto di Stabilità).

With the most recent financial law (2006), reductions reached 6,5% and 3,8% in relation to the budgets respectively of 2004 for the local and regional authorities.

The reductions have led the national association of municipalities (ANCI) to estimate that the total allocations to large municipalities were reduced around 10-15% between 2003 and 2004. While in small municipalities, reductions reached up to 40%.

The most relevant consequence has been that both large and small municipalities have to face a negative impact on the local welfare system with a reduction of assistance and services for elderly people, children and minors, disable and not self-sufficient persons, and households with a low income.

In other words, many municipalities may not be able to satisfy local needs, nor focus on envisaged priorities or persistent poverty situations.

Reduction in public spending affected also the national fund for social policies (NFSP) in particular in 2005 (-31%) and 2006 (-12%) with an overall decrease (-27%) between 2001 and 2006.

While creating new local strategies, some Regions are experimenting with the integration of social and health policies through institutional mechanisms (e.g. public consortia in the Tuscany region) that combine services according to a local plan when several financial sources converge. The basic instrument to finance health policies, which are attributed to Regions, is the national health fund (NHF). Health policies constitute the largest part of the regional public spending (around 65-70%), an expense that is increasing yearly.

National financial laws try to limit the unavoidable increase in regional health expenditures mainly determined by demographic changes (e.g. ageing population) and by the necessity to improve personal and family care. For instance the 2006 national financial law allocated 91.173.000 € to the NHF while the expected need was of 93.200.000 € and a dispute between the State and the Regions concerns nearly other 4.500.000 € referred to 2004.

A trend towards the centralisation of decisions in the social policy field accompanied the above-mentioned reductions in financial resources, for instance:

- the 2006 national financial law created a “family and solidarity package” (Fondo per la famiglia e la solidarietà) directly managed by the national government, while reducing the NFSP overall amount and the resources assigned to the regional and local authorities,
- the 2004 financial law created a separate fund and a specific plan on anti-drug policies directly managed by the national government while reducing competences and resources previously attributed to regional and local authorities,
- the 2003 and 2004 financial laws increased the share of resources with a mandatory destination (for example, first home purchase and birth-rate support, in-firms-children nurseries, services for children and other measures to support elderly and disabled persons) allocated by the NFSP to regional and local authorities while the Constitutional Court in 2004 restored their rights to manage autonomously resources attributed to them,
- a new Commission for Equal Opportunities was formed in 2004 to be chaired by the Minister for Equal Opportunities while the previous commission (an autonomous body with an important role in policy making) was suppressed in 2003.

The tendency towards power centralisation is at the basis of a referendum to be held in June 2006 on the new Constitutional reform approved by the Parliament in the late 2005. This reform (Constitutional Law 18/11/2005) has been characterised by numerous observers (from high-profile constitutionalist experts to associations of regions, provinces and municipalities, trade unions and other groups of social and institutional interests) as a combination of an ostensible federalism and an actual centralism. In other words, although it was directed by the ambitious principle of power devolution, the reform allows the State to retake competence and authority in a series of policy fields attributed by the previous reform (Law No 3/2001) to the Regions or to a dual converging legislation between the State and the Regions. Devolution appears only as a clarification of what was already envisaged by the 2001 reform in the fields of regional and local police, health and education policies.

### **Relationships between the State, Regions and local authorities**

Allocation of resources for social policies and services has often led to conflicts between the State and regions-local authorities. The legal framework on which the fund is based has changed yearly in relation to differences of the annual financial laws.

The most recent developments on the measures to favour families are those enforced by the 2006 financial law through the “family and solidarity package” managed by the national



government and clearly separated from competences and initiatives performed by regional and local authorities also by means of the already mentioned national fund for social policies (NFSP).

| Measure   | Amount (€)         |
|---|--------------------|
| Allowance for every child born or adopted in 2005 (1.000 € each child)                      | 696.000.000        |
| Allowance for a second and additional children born or adopted in 2006 (1.000 € each child) |                    |
| Allowance in discount of nursery fees paid in 2005 (120 € each child)                       | Data not available |
| Support for young workers with term-fixed-term jobs who wish to buy a flat                  | 10.000.000         |
| Total   | 1.140.000.000      |

Source: Elaboration on data from the 2006 financial law (Law No 266/2005)

While financial resources were provided for the new “family and solidarity package”, those allocated to the old NFSP decreased.

A short description of the history and the structure of the latter can be useful to discover how some measures have moved towards very similar purposes but along paths that are some time parallel, converging or diverging.

The Financial Law 1998 (Law No 449/1997) instituted the NFSP, which was subsequently revised and strengthened by the Law No 328/2000.

A series of previously existing sectoral funds (e.g. those concerning disable people, minors, anti-drug, migration, volunteer associations) merged into the NFSP, which supports some of the measures considered in the previous paragraphs, for instance:

- maternity and family allowances allocated to and managed by the national institute of social insurance (INPS) as well as allowances for parents of seriously disable persons and workers with serious illness (e.g. thalassaemia)
- children nursery, in-firm-nurseries and the first home mortgages for young families established by the Constitutional Court to fall within the full responsibilities of the regional and local authorities

The NFSP was defined as a “national” but not “state-owned” fund to underline the spirit of the 2000 reform that fully recognised the role of Regions and local authorities, attributing to them competences according to the principles of subsidiarity and solidarity (Balboni E. et al., *Il sistema integrato dei servizi sociali*, Giuffrè Editore, Milano, 2003). National is intended to mean to favour collaboration between different levels and dimensions in order to perform co-decided policies.

The NFSP in fact allocates yearly resources to all the institutional decision makers, distinguishing between the central (State) and regional role (Regions and local authorities).

| NFSP                           | 2001      | 2002      | 2003      | 2004      | 2005      | 2006               |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|--------------------|
| Regions and local authorities  | 62%       | 50%       | 55%       | 55%       | 43%       | data not available |
| State agencies and departments | 38%       | 50%       | 45%       | 45%       | 57%       | data not available |
| Total amount                   | 1.590.713 | 1.622.889 | 1.716.556 | 1.884.347 | 1.308.081 | 1.157.000          |
| Yearly increase                | =         | +2%       | +6%       | +10%      | -31%      | -12%               |

Source: elaboration on data provided by the Ministry of Labour and Social Policies

The above trends in the NFSP distribution and total budget have been determined by an unstable legal framework continuously accompanied by institutional disputes between the State and the Regions since the 2000 reform (Law No 328/2000).

Typical examples of the unstable framework that characterises the NFSP are the following ones (see Table 19):

- the experimentation with a “minimum income for social insertion” (Reddito Minimo di Inserimento, RMI) was financed with resources attributed to the local authorities in 2001, to the State in 2002 and to the Regions in 2003; a substituting instrument “income of last resort” (Reddito di ultima istanza, RUI) was allocated to the State in 2004
- resources related to children nurseries were included in the NFSP 2004 but excluded from the NFSP 2003 being allocated in an external fund and inappropriately “owned” by the State as well as the fund for in-firm nurseries

Typical examples of institutional dispute between the State and the Regions concern:

- the reduction of the overall amount of resources attributed to the Regions
- the regional autonomy to utilise the NFSP resources according to the regional decision making and planning

Resources attributed to the Regions were consistently reduced in the NFSP 2005 (nearly 500.000.000 €) and a similar decrease is expected in the NFSP 2006 as an effect of the 2006 financial law.

| NFSP  | 2001               | 2002               | 2003               | 2004                 | 2005               |
|---|--------------------|--------------------|--------------------|----------------------|--------------------|
| Regions   | 757.760.410        | 771.461.269        | 896.823.876 (3)    | 1.000.000.000 (5)    | 518.000.000 (7)    |
| Local authorities   | 225.226.854 (1)    | 44.466.939         | 44.466.939         | 44.466.939           | 44.466.939         |
| <i>Regions + local authorities</i>  | <i>982.987.264</i> | <i>815.928.208</i> | <i>941.290.815</i> | <i>1.044.466.939</i> | <i>562.466.939</i> |
| INPS (national institute of social insurance)   | 475.656.804        | 487.535.313        | 678.279.253        | 808.630.000          | 706.630.000        |
| National Ministry & Departments   | 132.069.004        | 319.425.678 (2)    | 96.985.863 (4)     | 31.250.001 (6)       | 38.984.000         |
| <i>State agencies + departments</i>   | <i>607.725.808</i> | <i>806.960.991</i> | <i>775.265.116</i> | <i>839.880.001</i>   | <i>745.614.000</i> |
| Total amount  | 1.590.713.072      | 1.622.889.199      | 1.716.555.931      | 1.884.346.940        | 1.308.080.940      |
| (1) including 180.759.915 € dedicated to RMI and directly managed by the concerned municipalities<br>(2) including 222.076.467 € dedicated to extend the RMI experimentation<br>(3) including 35.647.753 € dedicated to the last phase of experimentation with RMI<br>(4) including 10.000.000 € devoted to in-firm nurseries for children<br>(5) including 150.000.000 € devoted to children nurseries<br>(6) including 1.700.000 € devoted to RUI<br>(7) resources without any mandatory destination (undifferentiated) following the Constitutional Court sentence No 423/2004 |                    |                    |                    |                      |                    |
| Source: elaboration on data provided by the Ministry of Labour and Social Policies  |                    |                    |                    |                      |                    |

The degree of regional autonomy to manage the resources can be detected comparing resources without any mandatory destination (undifferentiated = undedicated) with the total amount allocated to the Regions:

| NFSP                            | 2001        | 2002        | 2003        | 2004          | 2005        |
|---------------------------------|-------------|-------------|-------------|---------------|-------------|
| Total resources to Regions      | 757.760.410 | 771.461.269 | 896.823.876 | 1.000.000.000 | 518.000.000 |
| Yearly increase                 | -           | +2%         | +16%        | +12%          | -48%        |
| - undifferentiated resources    | 471.370.212 | 461.044.850 | 700.176.123 | 479.565.306   | 518.000.000 |
| % of undifferentiated resources | 62%         | 60%         | 78%         | 48%           | 100%        |

Source: elaboration on data provided by the Ministry of Labour and Social Policies

The destination of resources attributed to the Regions was, in part, determined by the State laws. It was the Constitutional Court that solved the institutional dispute, declaring that the specific resources (marked with an “\*” in Table 21) must converge into the regional budgets to be autonomously utilised by the Regions according to their decisions on social policy (sentences No 370/2003 and 423/2004).

|   |                 |
|---|-----------------|
| Resources allocated to the Regions                                |                 |
| Undedicated resources   | 479.565.306     |
| First home purchase and birth-rate support                        | 173.434.694 (*) |
| Family policies especially for elderly and disabled people        | 70.000.000 (*)  |
| Reduction of architectonic barriers                               | 20.000.000 (*)  |
| School integration of disabled pupils                             | 40.000.000 (*)  |
| Services for children and primary schooling for children          | 67.000.000 (*)  |
| No-bound resources for children nurseries                         | 150.000.000 (*) |
| Total amount attributed to the Regions                            | 1.000.000.000   |
| Resources allocated to the Ministry of Labour and Social Policies |                 |
| Poverty allowances – RUI (income of last resort)                  | 1.700.000 (*)   |

Source: elaboration on data provided by the Ministry of Labour and Social Policies

With the creation of an inter-departmental working group in June 2004, for the first time Italy initiated an in depth monitoring system on public spending in social policies at a local level following several institutional changes occurred from the 1980s to the most relevant reforms of social services (Law No 382/2000) and the Constitution Charter (Law No 3/2001). The enquiry aims also at providing useful information to define the “essential levels of benefits and services” (Law No 289/2002, Article 46). However this task has yet to be performed by the national government respecting the responsibility attributed to the State.

A draft report (Ministero del lavoro e delle Politiche Sociali, *Rapporto di monitoraggio sulle politiche sociali*, September 2005) analysed this policy field aggregating data from several sources to determine a more coherent information base. For instance, in 2003, other resources must be added to the already mentioned NFSP contribution to the Regions and to the municipalities, namely: regional transfer from the regions to the local authorities (1.517.908.000€) and the autonomous expenditure provided by the municipalities (7.975.100.000 €). The latter includes: educational assistance, school transportation and food services, children day care, child and minors services, residential structures for older persons, public assistance and various services.

A pilot survey performed in 2002 allowed for a systematic enquiry, revealing that 5.260.617.766 € were invested in 2003 by local authorities to provide services, structures and monetary support regarding the problems of social exclusion and poverty in their own territory (ISTAT, *La prima indagine censuaria sugli interventi e i servizi sociali dei Comuni - Anno 2003*, 2 dicembre 2005, see elaboration reported in Tables 22, 23 and 24):

| Category                                      | Percentage | Description   | Percentage |
|---|------------|---|------------|
| Individual municipalities                     | 75%        | Structures (residential and semi-residential centres, nurseries, recreation facilities, etc.) | 37%        |
| Associated municipalities                     | 18%        | Services (home care, social integration, socio-educational initiatives, etc.)                 | 37%        |
| Socio-health districts between municipalities | 7%         | Monetary support and transfer to the beneficiaries (target groups)                            | 26%        |
| Total   | 100%       |   | 100%       |

| Recipients                        | Percentage | Structures                     | Services  | Monetary support |
|-----------------------------------|------------|--------------------------------|-----------|------------------|
| Families and minors               | 38,6%      | A = 55,4%<br>(39,3% nurseries) | C = 17,8% | B = 26,8%        |
| Elderly persons over 65           | 24,9%      | B = 30,3%                      | A = 44,9% | C = 24,8%        |
| Disabled persons                  | 20,6%      | B = 29,9%                      | A = 44,1% | C = 26%          |
| Adults in difficulties aged 18-65 | 6,8%       | C = 14,6%                      | B = 30,6% | A = 54,8%        |
| Registered immigrants             | 2,3%       | B = 32,1%                      | A = 44,7% | C = 23,2%        |
| Drug addiction                    | 1,1%       | B = 24,6%                      | A = 55,2% | C = 20,2%        |

Note: the remaining 6% is dedicated to activities of a transversal nature (secretary, organisation, elaboration of local social plans, training for practitioners, quality systems, etc.)

Locally-based public spending per capita differentiate the Italian geographical areas between and within them:

| Geographical areas | Expenditure per inhabitant (€) | Region with the highest expenditure level (€) | Region with the lowest expenditure level (€) |
|--------------------|--------------------------------|---|--|
| North              | 120,1                          | Trentino Alto Adige (317,1€)                  | Lombardia (91,6)                             |
| Centre             | 102                            | Emilia Romagna (142,2)                        | Umbria (76,7)                                |
| South              | 49,4                           | Sardegna (125,5)                              | Calabria (26,9)                              |
| Italy              | 91,3                           | Trentino Alto Adige (317,1€)                  | Calabria (26,9)                              |

### NAP 2001 and NAP 2003

The approach pursued in the 2001 National Action Plan for social inclusion (NAP) was more open and comprehensive than that of the 2003 NAP, the changes in the institutional and policy scenario.

A generalised comparison between two NAPs is shown in Table 25.

| <b>Table 25: An outline of the main characteristics of NAP 2001 and NAP 2003</b>  |   |
|---|---|
| <b>NAP 2001</b>   | <b>NAP 2003</b>   |
| <p><u>Preparation and consultation</u><br/>The NAP was elaborated by a team from the Department of Social Affairs, with the attention of the Prime Minister and the collaboration of several committed officers and experts, while stakeholders' consultation was present at a starting phase.</p>  | <p><u>Preparation and consultation</u><br/>The NAP was elaborated in less than two months by a very limited number of people, while stakeholders' consultation was limited to a main meeting at the end of the NAP elaboration process.<br/>Social partners (the three main trade unions CGIL, CISL and UIL) stated their complete disagreement on the NAP contents and the Italian section of the European Anti Poverty Network (EAPN) declared that consultation was only symbolic.</p>                               |
| <p><u>Approach</u><br/>This NAP can be considered innovative at that time for Italy since it proposes as a starting point <i>an organic and multi-actor approach</i>, following the Law N° 328/2000, which addresses two basic needs: the integration of several courses of action; a converging path between different legislative trajectories.</p>   | <p><u>Approach</u><br/>This NAP can be considered conventional at that time for Italy since it proposes a rather narrow approach, following the 2003 Italian White Paper on Welfare, which addresses two basic issues: a low fertility rate combined with a high rate of ageing population; the family role as a pillar of the Italian social model.</p>  |
| <p><u>Distinctive aspects</u><br/>The NAP moved towards:</p> <ul style="list-style-type: none"> <li>▪ merging and capitalising on supportive legislation and plans enforced between 1997 and 2001</li> <li>▪ programmes and plans that selectively addressed the EU objectives</li> <li>▪ four main legislative trajectories in <i>social services; health services; education and training; employment</i></li> <li>▪ six main categories of disadvantaged people (<i>minors, immigrants, young; disabled; convicts; elderly</i>)</li> </ul> | <p><u>Distinctive aspects</u><br/>The NAP moved towards:</p> <ul style="list-style-type: none"> <li>▪ monetary support (allowances, bonuses, vouchers and taxation relief)</li> <li>▪ services' liberalisation, privatisation and outsourcing</li> <li>▪ family and individual responsibility and commitment</li> <li>▪ centralising competences that were previously attributed to regional and local authorities, introducing for instance a separated legislative trajectory on <i>anti-drug policies</i></li> </ul> |
| <p><u>Targets</u><br/>Targets were not clearly defined while exceeding in guidelines and waiting for subsequent regulative acts.</p>  | <p><u>Targets</u><br/>A series of principles and guidelines were expressed without specific long and short-term targets.</p>  |
| <p><u>Similarities</u><br/>Both the NAPs reflect the Italian social protection model as it has evolved over decades: rather than management by objectives (expressed in expected results and clear targets), this model is based on legislative measures implemented by subsequent acts and plans.</p>  |   |

Lacking in availability of clearly defined targets and even though data collection improved between NAP 2001 and NAP 2003, quantitative indicators tend more to describe characteristics of the poverty and social exclusion phenomena than to monitor and explain changes occurred in and promoted by social inclusion strategies.

For instance:

- a group of experts was created to elaborate indicators (persons from the national statistics agency – ISTAT -, the Ministry of Labour and Social Policies, the Department of Economic Affairs, the Department for Development and Cohesion Policies)
- an inventory of legislation and information was made without any evident contribution to the elaboration of coherent policy strategies
- evaluation structures are lacking both at national level and in a series of regions, especially to analyse those social groups that are very generically considered in policy measures (e.g. homeless people, ethnic minorities, people in condition of indebtedness, alcohol abusers, drug addicts, etc. with problems referring to health, housing and other living conditions)
- involvement and participation of stakeholders (especially the vulnerable groups) are not monitored (e.g. number and typology of stakeholders involved in decision-making process, number and typology of relevant meeting according to the specific characteristics of the concerned geographical territories, etc.)

As a result, only a generic assessment can be made of the NAPs and the associated policies, utilising numerous sources of information to explain the extent to which the EU Objectives have been addressed and implemented until now.

To support the assessment, more details are provided in the following sections and in the Annex No 1, where a reconstruction of the main legislative paths is made in terms of trajectories and social categories.

| EU Objectives –  | NAP 2001 | NAP 2003 |
|--|----------|----------|
| Ob 1.1 – To facilitate participation in stable and quality employment  | A        | B        |
| Ob 1.2 – To facilitate access to resources, rights, goods and services | B        | C        |
| Ob. 2 – To prevent the risks of exclusion                              | B        | C        |
| Ob. 3 – To help the most vulnerable                                    | B        | C        |
| Ob 4 – To mobilise all relevant actors                                 | B        | C        |

Note: A) policy reform and measures in progress addressing the EU objective; B) limited scope of policy reform and measures with respect to the EU objective; C) business-as-usual strategy and insufficient policy measures to address the EU objective.

Within the above-mentioned Objectives, the Member States were urged to focus a particular attention on the following seven priorities in order to elaborate and perform NAP 2003.

| Priorities  | NAP 2003 |
|---|----------|
| To increase labour market participation   | B        |
| To modernise social protection systems  | C        |
| To tackle disadvantages in education and training   | B        |
| To eliminate child poverty and enhance assistance to families   | C        |
| To ensure decent housing and tackle homelessness  | C        |
| To improve access to quality services   | C        |
| To overcome discrimination and increase the integration of people with disabilities, ethnic minorities and immigrants (first and second generation) | C        |

Note: A) policy reform and measures in progress addressing the EU priority; B) limited scope of policy reform and measures with respect to the EU priority; C) business-as-usual strategy and insufficient policy measures to address the EU priority

## Key development issues and specific challenges

Some key issues continue to be present in the NAP development since its origin (2001) to the current situation (2006).

**Table 28: key issues in the current situation**

### Gender dimension

Equal opportunities for women and men were not adequately developed. Even though measures were taken to reconcile work and family, the emphasis was placed on increasing the birth-rate and strengthening the role traditionally assigned to family and its network to assist and care for dependent (not-self-sufficient) persons (e.g. elderly and disable people) rather than fostering women's activity and employment rates.

### Stakeholders' mobilisation and involvement

The mobilisation of all actors was not strongly promoted by national authorities apart from some major conferences (e.g. on disabled, minors, employment, voluntary and third sectors).

Mobilisation was more present from a bottom up approach in expressing criticism regarding national measures than in an organised constructive direction towards specific goals. Moreover:

- Parliament was not involved in the NAP approval
- no specific and permanent structures were created to implement the open method of co-ordination (OMC) with the involvement of all the concerned actors
- the dissemination of the NAP and other related documents (e.g. the EC Joint Reports) was very limited with the consequence that they are not well known at the strategic and operational levels in regional and local contexts; limiting the influence that the NAP could play as an information source on national policies
- NAP seems to be conceived more as a report to be sent to the European Commission than an useful planning instrument to coherently integrate strategies, actions and measures with the participation of the relevant stakeholders
- institutional arrangements for co-ordinating national and regional actions in the field of social policies were based on agreements between ministries and the regions (e.g. the State – Regions and local authorities permanent Conference) but a coherent strategy to involve systematically all the stakeholders in the decision making does not exist at a national level
- with the aim of mainstreaming social inclusion policies

Volunteer associations and trade unions play a key role in this direction, for instance by promoting, recently, inclusion and integration of immigrants in their membership.

### Mainstreaming in other decision making

The limited participatory mechanisms contribute also a low mainstreaming of social inclusion policies.

A conventional "frame of mind" still exist in policy fields (employment, the emphasised approach from "welfare" to "workfare", restructuring patterns, etc.) to consider poverty as a residual phenomenon due to individual incapability (e.g. lack of pro-active attitude) to face economic situations (e.g. crises) and restrictions (e.g. rules and taxes), while asking for a State interference in vital sectors (e.g. economy, labour market, social policies and delivery mechanisms).

### Regional and local interests

At a national level, difficulties exist in co-ordinating and producing policies that add an overall value to the regional and local good practices, while as already-mentioned financial transfer to local authorities tends to be further reduced, limiting the capacity to provide services to social categories from the bottom-up.

However differences exist between national and regional dynamics. Regions and local authorities have improved their capacity to integrate multi-sectoral, decentralised, stakeholder and partnership-based planning. Compared to the NAPs, local plans and initiatives concern a wider range of social categories and persons at risk of poverty, including homeless and ethnic minorities.

Considering the nationally fragmented system of allowances and benefits for individuals and families, only at a local level is there an attempt to co-ordinate them through social plans that search for a clearer approach regarding poverty and exclusion relief. Some innovative regions have elaborated methods to promote a better governance of the territorial welfare system according to the EU Governance principles, while improving the capacity to mobilise relevant stakeholders in decision-making processes.

As an overall conclusion, the main challenges to be faced by the Italian government remain those already underlined by the Joint Reports (the 2005 report included):

- those arising from the combination of public budgetary constraints, the decentralisation process and regional imbalances; there is a need for better co-ordinated national planning capable of integrating both sectoral plans and regional/local plans; the value added at a national level should be aimed at developing structural policies especially devoted to improving the social conditions in the South of Italy, while reducing regional disparities
- those regarding the connection between the labour market and social exclusion; increased flexibility in the labour market are not being compensated by a reliable welfare system; there is a need to reduce the risk of creating a two-tier labour market; there is a need to co-ordinate and integrate flexibility and security (flexicurity), redrawing the structure of social protection with a closer attention to the most vulnerable and through an universal approach that combines specific measures (e.g. family and individual allowances, unemployment benefits, minimum wage and income support)
- those arising from the combination of monetary incentives (e.g. to raise the birth-rate), the rationing of public spending for family care and education (facilities for children and ageing people, schools, etc.) and the already low women activity and employment rates; there is a need to implement structural policies aimed at providing services, facilities and incentives that support gender mainstreaming and the reconciliation of family, work and social life; and more in general, there is a need to raise employment rates, particularly those of women and older workers and bring forward the entry into the labour market in order to further raise the overall participation level

A further major challenge can be identified in the issues dealing with immigration. These issues have implications also for employment policies. Increases in the rate of immigration, its territorial distribution, its gender balance are aspects that show immigrants as being more and more embedded into the Italian economic and social fabric. However, social integration of immigrants is insufficiently addressed by current legislation and policies.

## CHAPTER 2

### **Active inclusion and minimum resources**

Three issues are analysed in this thematic chapter:

- main links to employment policies
- relevant mechanisms concerning income support
- access to services that may support individuals and their families towards social empowerment and re-insertion into employment

### **Main links to employment policies**

Similar challenges identified in social inclusion policies are echoed by the Joint Employment Reports and the Recommendations formulated by the European Council in 2003, 2004 and 2005 on the implementation of employment policy (through the related NAP), highlighting inter alia the necessity for:

- comprehensive actions to address and reduce regional imbalances, to increase employment rates and activity rates, as well as to reduce labour market segmentation and imbalances between permanent and non-permanent contracts
- synergy between flexibility and security through a system of unemployment benefits and social assistance improved and harmonised in terms of level, coverage and effectiveness



- a closer attention to disadvantaged groups and persons, the low-skilled, the young and the ageing people
- efficient personalised services to participate in active labour market schemes;
- availability and affordability of care facilities (for children and other dependants) to promote women participation in the labour market

In Italy the European Structural Funds have facilitated social inclusion policies as well as playing a significant role in employment and development policies.

| <b>Table 29: financial performance of the European Structural Funds (EU SF) 2000-2006 in Italy</b>   |                  |                              |                           |                                 |
|--|------------------|------------------------------|---------------------------|---------------------------------|
| <b>Objectives</b>  | <b>EU SF</b>     | <b>Total amount in € (1)</b> | <b>Engaged amount (2)</b> | <b>Effectuated payments (2)</b> |
| Objective 1  | ERDF             | 32.934.845.297,99            | 81,0%                     | 49,5%                           |
|  | ESF              | 6.774.293.780,94             | 74,0%                     | 50%                             |
|  | EAGGF - Guidance | 5.604.504.792,00             | 68,3%                     | 47,7%                           |
|  | FIFG             | 760.151.776,78               | 65,1%                     | 42,1%                           |
|  | Total            | 46.073.795.647,71            | 78,1%                     | 49,2%                           |
| Objective 2  | ERDF             | 7.194.647.932,70             | 85,4%                     | 52,2%                           |
| Objective 3  | ESF              | 9.098.356.894,33             | 84,5%                     | 61,9%                           |
| Interreg III   | ERDF             | 1.162.981.502,93             | =                         | 40,4%                           |
| Urban II   | ERDF             | 268.010.837,00               | 72%                       | 50,3%                           |
| Equal  | ESF              | 802.729.614,00               | 85,2%                     | 43,7%                           |
| Leader +   | EAGGF - Guidance | 571.795.557,10               | 52,3%                     | 35,7%                           |
| Innovative Actions   |                  | 106.917.370,98               | 82,3%                     | 69,3%                           |
| Others outside Objectives  | FIFG             | 388.114.044,24               | 75,6%                     | 42,8%                           |
| Total  |                  | 65.667.349.400,99            | =                         | 51,0%                           |
| (1) Total amount regards the 2000-2006 period  |                  |                              |                           |                                 |
| (2) Engaged amount and effectuated payments refer to the period till the 31 <sup>st</sup> of December 2005   |                  |                              |                           |                                 |
| Source: Elaboration on data provided by the Ministry of Economy and Finance – General Accounts Office:<br><a href="http://www.rqs.mef.gov.it">www.rqs.mef.gov.it</a> |                  |                              |                           |                                 |

ERDF accounts for 63,4%, ESF for 25,4%, EAGGF – Guidance for 9,4% and FIFG for 1,8% of the total Funds amount excluding the Innovative Actions.

The ESF Article 6 fosters innovative courses of actions that concern a wider range of policies (local social capital, age and gender management, restructuring, local employment initiatives, etc.).

Similarly, the Community Initiative EQUAL extends its influence from the employment policies to those regarding social inclusion. With this role, EQUAL projects represent a useful instrument to link, connect and progressively integrate social and employment strategies through the involvement of local stakeholders.

Tacking advantage of and utilising intensively these EU instruments:

- at a national level, NAP employment (e.g. 2004) plays a positive role also in social inclusion policies, especially through measure 1.1. on employability (to facilitate access to the labour market for the vulnerable categories), measures 1.2. devoted to immigrants and ethnic minorities, and through measure 5.1. on social and labour integration of asylum seekers
- at regional and interregional levels many projects are carried out aimed at favouring disadvantaged individuals and geographical areas, while stimulating networking and partnership that combine local and transnational dimensions
- regions and local authorities develop a wide range of initiatives orientated towards important issues of a transversal nature, for instance gender mainstreaming, social economy and entrepreneurship, employment and self-employment, modernisation of employment and social services, multicultural approaches and innovative methods to deal with immigration,

reconciliation of work, family and social life, territorial plans for co-ordinating services' time ("city-times"), service exchange within local communities (e.g. "time-banks"), etc.

However, the processes that characterise the EU strategies on employment and social inclusion are numerous and the need for integrated policies and measures is differently perceived. More emphasis is generally put on the employment strategy and less on the social inclusion policy, strengthening a conventional way of thinking that affirms the resolution of the former leads to the resolution of the latter.

What seems to emerge from these experiences is an increasing attention on the opportunities offered by the EU programmes and funds:

- to comply with an increasing demand for meeting needs which are unanswered by the ordinary policies;
- to face and overcome difficulties due to continuous cuts in the public budget of regional and local authorities made by the national financial laws.

As a correlated effect, fears emerge of lost opportunities due to probable limitation, reduction, uncertainty and instability of the above-mentioned EU resources in the near future.

Expenditures for employment policies can be roughly distinguished in active (e.g. orientated towards labour insertion or reinsertion) and passive policies (e.g. unemployment benefits and early retirements).

According to recent data provided by the national institute of statistics (ISTAT), active policies covered the 53% of the overall expenditure between 2001 and 2003, followed by a trend reversal in 2004 (46%):

|   | 2001                   | 2002                   | 2003                   | 2004 (*)               |
|---|------------------------|------------------------|------------------------|------------------------|
| Vocational training                                       | 540.850                | 611.950                | 1.216.695              | 1.380.042              |
| Labour contract with training support                     | 2.419.821              | 2.491.028              | 2.521.733              | 2.474.169              |
| Incentive to recruitment                                  | 3.007.973              | 4.494.821              | 3.760.392              | 2.295.657              |
| Incentive to stable jobs                                  | 352.196                | 385.267                | 524.258                | 541.882                |
| Incentive to maintain employment                          | 164.784                | 33.188                 | 3.390                  | 3.460                  |
| Territorial allowances (relief)                           | 416.656                | 130.246                | 42.159                 | 40                     |
| Incentive for disables                                    | 30.987                 | 30.987                 | 30.987                 | 30.987                 |
| Incentives for job creation                               | 556.861                | 450.207                | 365.801                | 153.599                |
| Incentives for self-employment                            | 938.489                | 575.346                | 707.724                | 729.013                |
| <i>Active policies (A) - Total</i>                        | <i>8.428.617 = 53%</i> | <i>9.203.041 = 53%</i> | <i>9.173.140 = 53%</i> | <i>7.608.849 = 46%</i> |
| Unemployment benefits                                     | 6.478.235              | 6.765.504              | 6.669.046              | 7.439.864              |
| Early retirements   | 973.363                | 1.244.203              | 1.379.703              | 1.341.218              |
| <i>Passive policies (B) - Total</i>                       | <i>7.451.597 = 47%</i> | <i>8.009.707 = 47%</i> | <i>8.048.750 = 47%</i> | <i>8.781.082 = 54%</i> |
| <b>Total (A + B)</b>                                      | <b>15.880.215</b>      | <b>17.212.748</b>      | <b>17.221.889</b>      | <b>16.389.931</b>      |
| (*) provisional data                                      |                        |                        |                        |                        |
| Source: ISTAT, <i>Annuario Statistico Italiano</i> , 2005 |                        |                        |                        |                        |

During the same period of time, investments regarded services in employment, vocational training and education fields were:

|   | 2001    | 2002      | 2003      | 2004 (*)  |
|---|---------|-----------|-----------|-----------|
| Public employment services                                | 102.028 | 173.458   | 236.440   | 202.317   |
| Actions in education and vocational training systems      | 228.286 | 1.170.131 | 1.568.115 | 1.697.596 |
| (*) provisional data                                      |         |           |           |           |
| Source: ISTAT, <i>Annuario Statistico Italiano</i> , 2005 |         |           |           |           |

### **Relevant mechanisms concerning income support**

Income support in Italy is a complicated issue. The social protection and employment frameworks present benefits and allowances that are not harmonised. These frameworks are sometimes linked to the security insurance profile of the recipients, other times to their family load or to the role assigned by the Italian welfare system to the family.

Unbalanced, sectoral and fragmented opportunities are available for a dignified life cycle of a person when she/he wishes and attempts to:

- enter labour market while not having other sources of income or support
- remain in the labour market while facing crises and unemployment
- retire with a low income and without other sources of income or support

The need for a coherent reform of all types of benefits (linking those concerning unemployment to those devoted to social insertion) was recognised by many documents and laws but no relevant initiatives have been so far undertaken. The issue is very complex as a wide range of allowances need to be taken into account in relation to family and personal situations.

### **Minimum income schemes**

An experimentation with a minimum income scheme was made only few years ago.

This allowance, called “minimum income for social insertion” (Reddito Minimo di Inserimento, RMI), was introduced by the Financial Law 1998 (Law No 449/1997) and defined by the following legislative decree N° 237/1998 and the national Law No 328/2000 (on social services reform).

RMI was an instrument orientated towards universalism with selectivity approach: all people with low income; Italian citizens; European citizens in Italy for at least 12 months; non-European citizens or stateless people in Italy for at least 3 years.

Beneficiaries received an income support allowance according to customised plans of social integration, co-ordinated with other services and based on capacity building, compulsory education, vocational training, and reconstruction of social networks.

RMI was experimented in two phases: the first (1998 – 2000) regarded 39 municipalities, the second one (2001 – 2002) other 268.

The experimentation with RMI ended with the Financial Law 2003 (Law No 289/2002) that did not allocate resources to this instrument. The official deadline was June 2003. Without the commitment of the Regions to co-finance the experimentation, the experimentation would have ended 31 December 2002. Moreover in several local areas the effects of the RMI lasted until the end of 2004 because of the delays in the allocation of financial resources from the State to the concerned municipalities. Looking at the main financial instrument of the social policies (NFSP), the total amount devolved by the State regarding this measure was 438.484.135 €.

Motivations to end the experimentation have been limited, also with respect to recent enquiries that demonstrated the usefulness and efficacy of RMI (Baldi S. and Berardinelli D., *Da Genova a Rovigo inseguendo un reddito. Minimo*, [www.lavoce.info](http://www.lavoce.info), 09-05-2005).

However, the Financial Law 2004 (Law No 289/2003) envisaged a new instrument, following the strategic orientation provided by the 2003 Italian White Paper on Welfare) and the “Pact for Italy” (Patto per l’Italia) signed by the social partners and the government in July 2002, but not by one of the most important trade unions.

This instrument is called “income of last resort” (Reddito di ultima istanza - RUI), but its criteria and characteristics have been not defined apart from generic indications.

RUI is partly financed by a solidarity contribution (3%) from income taxes from the wealthiest persons. Regions and the State cover the financial costs due to RUI with an equal share (50%). This measure was included into the 2004 NFSP (National Fund for Social Policies) with the allocation of 1.700.000 € to the Ministry of Labour and Social Policies.

However, the financial intervention of the State in this policy field was declared unlawful by the Constitutional Court in 2004 (sentence No 423) as social services are assigned to the legislative competence of the Regions. As a result, RUI will depend on the willingness of the Regions to follow the unclear national strategy.

#### **Regionally-based experimentation with a minimum income scheme**

The Campania Region (South of Italy) with its law No 2/2004 is implementing criteria for a “citizenship income” allowance (Reddito di Cittadinanza, RC).

The act is based on the principles of universalism (all citizens have the access to civil and social rights) and selectivity (different needs according to different conditions of life). Main criteria distinguish this allowance from the “minimum income for social insertion” (Reddito Minimo di Inserimento, RMI) as follows:

- RMI was refers to the family, RC is focused on the person while taking into consideration household conditions; this means that recipients are adult individuals and family is included in the evaluation of the overall income of the beneficiary
- RMI was devoted to Italian and foreigners citizens within a certain poverty threshold, RC is for all citizens (Italians and foreigners) with at least 5 years residence in the region (homeless included) with a household income below 5.000 €
- RMI was based on a “contract for insertion” represented by social, training, educational and employment customised paths, RC does not envision mandatory terms of reference as it is directed to supporting a dignified life as a basic right of citizenship; parallel is the path to be created by the regional and local authorities in order to create and offer opportunities in terms of schooling, training, employment and so on
- RMI was financed by the national fund for social policies (NFSP), RC by the regionally-owned resources.

The last criteria has been debated (e.g. by experts, practitioners and politicians) linked to the risk of a pure monetary transfer. But the innovation is based on distinguishing between the basic individual rights, the functioning of services and opportunities (e.g. labour market, social, housing, health, education and employment policies) and the activation of underprivileged persons according to their capabilities and autonomous choice of life (Amartya Sen approach). In other words, different roles are taken into account and specific responsibilities that are attributed to the society as a whole and the individuals as a part of the whole citizenship system. The key issue is to not limit citizenship rights according to the opportunities existing in the field, and not pass the burden of inefficient services and policies to the most vulnerable citizens. The regional and local

authorities collaborate in managing the “citizenship income” allowance in order to ensure basic social and civil rights while providing a series of essential services, for instance: integrated education and training measures; access to social services (housing and transport included); employment and self-employment support; the fight against irregular jobs (illegal work), .... The monetary monthly allowance of 350 € is accompanied by customised measures (e.g. plans) for schooling, training and labour insertion.

The experimentation with the RC will last three years and its could be prolonged according to the evaluation of its impacts on the regional context.

(further information on: [www.sito.regione.campania.it](http://www.sito.regione.campania.it))

### **Unemployment-related income support**

There are three important instruments that concern unemployment-related income support :

- integrative public subsidy for workers’ redundancy (cassa integrazione guadagni)
- labour mobility allowance (indennità di mobilità)
- unemployment insurance

#### Integrative public subsidy for workers’ redundancy (Cassa Integrazione Guadagni)

This allowance, introduced in 1945 (Act No 788/1945), was progressively reformed and extended to a large number of workers’ categories and sectors (Law No 144/1999) being connected with vocational training initiatives. The allowance: a) provides support in external temporary difficulties (e.g. bad weather) as well as in restructuring processes and industrial crises; b) gives a monetary integration to the wages of workers while waiting for their reemployment in the concerned companies. As a general rule, the concerned workers receive the 80% of the previous wage for a duration of 12 months for two years at a maximum. However the allowance does not constitute an general instrument concerning all the persons at risk of unemployment. The allowance is limited to persons who were already employed in medium and large companies (e.g. those with more than 15 employees) and different conditions exist according to sectors of activity and geographical areas (e.g. the South) and wage ceiling.

#### Labour mobility allowance (indennità di mobilità)

This allowance was introduced by the Law No 223/1991. The law distinguishes between two main categories of workers: 1) those who are expected to be reemployed in the company affected by restructuring processes and industrial crises (see “Cassa Integrazione Guadagni” above); 2) those who are expected to have definitely lost employment as a result of industrial restructuring plans. The latter receive a “mobility allowance” as a monetary support while searching for another job. Vocational training and other initiatives to favour labour reinsertion usually accompany this allowance. The allowance consists in the 80% of the previous wage for the first 12 months of unemployment with a reduction in the following 12 months. Diversity and limitations exist according to sectors of activity, geographical area (e.g. the South), age (e.g. over 50) and wage ceiling.

#### Unemployment insurance

This insurance is mandatory in order to receive an unemployment benefit. The system was introduced in 1919 (Act 2214/1919) and was reformed to support persons who lost their job for specific reasons. The concerned workers must have a minimum insurance record (for instance at least two years) and they receive for six months at a maximum the 40% of wage received during three months before becoming unemployed. Limits and diversity exist according to age (e.g. over 50) and wage ceiling.

### **Income support for retired persons**

Allowances given to ageing people with a low income mainly consist of the social security pension, minimum social pension allowance, disability pension and civil disability allowance, which were improved by the reform of the pension system (Law No 335/1995). A slight increase in the monetary value of the pensions for those who are more vulnerable (e.g. social allowances for people over 70 years old) was introduced by the Financial Law 2002 (Law No 448/2001) but there remains no harmonisation of the different levels of individual benefits according to the viability of financial resources.

### **Family-oriented income support**

The family-oriented income support, from the 1990's onwards is mainly constituted by:

- financial support to initiatives aimed at reconciling family and work life
- parental leave
- maternity and family allowances
- support to family income through taxation relief
- financial support for young couples wishing to purchase their first home

According to the rationale of the 2003 White Paper on Welfare, the family is considered a pillar of social welfare and two specific measures were recently added:

- financial allowances to favour new births
- financial support for crèches and children nurseries

These measures, aimed at raising the birth-rate and strengthening family responsibility and commitment, concern mainly women and their role in managing household responsibilities.

#### Financial support to initiatives aimed at reconciling family and work life

Norms for supporting a better management of family and working time (Law No 53/2000 and Legislative Decree No 151/2001) have been improved and integrated (Legislative Decree No 115/2003) especially to favour organisational flexibility projects (e.g. part-time, flexible working hours, training during maternity leave or upon return to work, tele-work).

As established by Article 9 of the Law No 53/2000, the National Ministry gives financial contribution to firms that carry out projects on positive actions in favour of labour flexibility based on agreements with, or between, the relevant trade unions and associations. 218 projects were approved between 2001 and 2005:

| Year (*)  | Projects   | €                  |
|---|------------|--------------------|
| 2005 (all three rounds)   | 52         | 3.962.459,41       |
| 2004 (all three rounds)   | 67         | 3.435.696,38       |
| 2003 (all three rounds)   | 47         | 3.287.184,39       |
| 2002 (all three rounds)   | 39         | Data not available |
| 2001 (only the November round)  | 13         | Data not available |
| <b>Total</b>  | <b>218</b> |                    |
| (*) Three application rounds are scheduled each year, apart from 2001       |            |                    |
| Source: Elaboration on data from the Ministry of Labour and Social Policies |            |                    |

#### Parental leave

Norms have been improved and extended for spouse and parents of minors with serious health problems and disabilities (e.g. reducing the time necessary to obtain leave) as well as for civil servants with very young children (aged under 3) to work temporarily in provincial and regional

territories where their families live (Law No 53/2000 and Legislative Decree N° 151/2001 modified by the Legislative Decree No 115/2003 and the Financial Law 2004 - Law No 350/2003).

#### Maternity and family allowances

Following the norms established by the Financial Law 1999 (Law No 448/1998) and the subsequent modification and integration, the monetary value of the family allowance (families with a low income and three or more children) and the maternity allowance to women (family with low income and without social security benefit for maternity) is increase in relation to the average family consumption index determined by the national institute of statistics (ISTAT).

Improvement in the maternity allowance regarded inter alia self-employed women (integration made by the Law No 289/2003 to the Legislative Decree N° 151/2001).

Maternity allowance, initially limited to Italian mothers, was extended all the EU citizens, as a result of the infraction to article 7 of Regulations the EEC n.1612/68, which guarantees the parity of treatment between the national and EU citizens in social matter.

#### Support to family income through taxation relief

Taxation relief related to the number of children constitutes an important support to family income. Changes were subsequently introduced by a series of financial laws, namely those regarding 2002 (Law No 448/2001), 2003 (Law No 289/2002) and 2005 (Law No 311/2004), together with the reform of the fiscal system (Law No 80/2003).

Rates of income tax were reduced, providing a fiscal system that in the future will be probably based on two rates only: 23% for yearly incomes arriving at 100.000 € and 33% for higher incomes. Meanwhile a three-rate system was implemented in 2005 (Law No 311/2004): 23% for income up to 26.000 €, 33% up to 33.500 € and 39% over that ceiling. A solidarity contribution of 4% concerns incomes that overcome 100.000 €, arriving at a 43% rate (a share of the solidarity contribution, equal to 3% is devoted to the "income of last resort" allowance – RUI, see page 29).

Within this system, the Financial Law 2005 increased the taxation relief related to the family burden (e.g. a no-tax area was raised to the threshold of 14.000 € for a worker's family of four persons).

#### Financial support for young couples wishing to purchase their first home

Financial Law 2003 (Law N° 289/2002) established that 10% of the National Fund for Social Policies (NFSP) allocated to the Regions was to provide resources for first home mortgages to assist young people in the creation of regular families and indirectly for birth rate support. These resources amounted to 161.000.000 € in 2003 and 173.434.694 € in 2004.

These legally bound resources were declared unlawful by the Constitutional Court in 2004 (sentence No 423/2004) since they restrained the competence assigned to the Regions and local authorities while favouring the central authority of the State.

As a result, the Regions (and the local authorities) are allowed to utilise these financial resources according to their own autonomous decisions in social policies.

The 2006 financial law (Law No 266/2005) enforced a new measure within the so called "family and solidarity package" directly managed by the national government:

- a specific fund of 10.000.000 € to support young workers with fixed-term jobs to take a loan devoted to buy a flat

#### Allowance to favour new births

Law No 326/2003 and the Financial Law 2004 (Law No 350/2003) introduced an allowance for new births (second or additional children): 1.000 € for each child borne between 1.12.2003 and 31.12.2004. During that period of time 244.330 bonuses were distributed to 241.081 mothers.

The bonus was managed in a centralised way by the national institute of social insurance (INPS) even though the local authorities (municipalities) performed the related administrative procedures. In the end, the basic norm concerning this allowance was declared unlawful by the Constitutional Court (sentence No 423/2004) because it interfered in policy fields that are assigned to the Regions and local authorities (social policies), imposing the central authority on local government. Moreover the Court reaffirmed that centralised and legally bound allocation of funds are not allowed in policy fields that are of exclusive competence of the Regions or of a dual converging legislation of the State and the Regions.

As a result, the bonus for new-borns was suppressed and not considered in the following (2005) financial law.

The 2006 financial law (Law No 266/2005) enforced a new measure within the so called “family and solidarity package” directly managed by the national government:

- an allowance of 1.000 € devoted to every child born or adopted in 2005 for families with an yearly income reaching a maximum of 50.000 €
- an allowance of 1.000 € devoted to a second and additional children born or adopted in 2006 for families with an yearly income reaching a maximum of 50.000 €

#### Financial support for crèches and children nurseries

Two funds were created to finance this measure:

- one, established by the Financial Law 2002 (Law N° 448/2001) with a total amount of 300.000.000 € (50 in 2002, 100 in 2003 and 150 in 2004), regarded children nurseries in agreement with the Regions
- the other, established by the Financial Law 2003 (Law N° 289/2002) with a total amount of 10.000.000 €, allocated resources for employers who create children nurseries in their firms

Both the funds were declared unlawful by the Constitutional Court citing that:

- nurseries fall under the competence of the municipalities and the regions; financial resources must be transferred through the ordinary allocation system without centralisation in a national fund and plan (sentence No 370/2003)
- in-firm-nurseries are part of the education and labour protection policies and they are under the responsibilities of regional and local authorities (sentence No 320/2004)

As a result,

- the financial resources provided by the first fund (children nurseries) in 2004 (150.000.000 €) were integrated into the share of the National Fund for Social Policies (NFSP) allocated to the Regions and autonomously managed by them
- the financial resources (10.000.000 €) provided by the second fund (in-firm nurseries) were included into the share of the National Fund for Social Policies (NFSP) allocated to the State but they will be probably transformed in forgivable loans managed by the Regions; to this end an agreement between the latter and the State is expected to allow the already awarded projects (97 out of 227 proposals) to be performed by the interested parties

The 2006 financial law (Law No 266/2005) enforced a new measure within the so called “family and solidarity package” directly managed by the national government:

- an allowance in discount of nursery charges paid in 2005 up to a maximum of 120 € per each child



### Access to services

An overview of the main institutional mechanisms and the role played by different stakeholders in service delivery is necessary to understand the situation regarding access of the concerned social categories (e.g. unemployed, most vulnerable and at risk-of-poverty persons).

Several agencies participate in service delivery within a system often times fragmented by a large number of laws and regulations. While the current system is characterised by complicated network of relationships, a simplified profile is useful to understand those aspects that should be managed to improve current state of the art related to those measures already quoted in this report.

| <i>Measure</i>   | <i>Agency</i>   |
|--|---|
| Unemployment benefits (e.g. workers' redundancy, labour mobility, insurance)   | National institute of social insurance (INPS)                     |
| Income support for retired persons (e.g. social security pensions)   | National institute of social insurance (INPS)                     |
| Parental leave   | National institute of social insurance (INPS)                     |
| Maternity and family allowances  | National institute of social insurance (INPS)                     |
| Taxation relief  | National authorities  |
| Family and solidarity package (e.g. first home for young workers with fixed-term contracts, new births' allowance, discount of nursery charge) | National authorities  |
| Social security, labour inspectorate, employment relationship rule (e.g. contract typologies), immigration, general norms on education         | National authorities  |
| Actions to reconcile family and work life  | National, regional and local authorities                          |
| Education services (all typologies of schools before University system)  | Regional authorities  |
| Social services in general   | Regional and local authorities (e.g. municipalities)              |
| Health services in general   | Regional and local authorities (e.g. territorial health agencies) |
| Employment, placement and training services  | Regional and provincial authorities                               |
| Possible experimentation with minimum income schemes (see Campania Region)   | Regional and local authorities                                    |
| Source: elaboration on legislative framework   |   |

A number of opportunities exist to improve the integration of policies and services on the basis of different levels of responsibility and territorial dimensions while involving relevant stakeholders into the decision-making processes. This potential depends on the political and administrative willingness to co-ordinate a wide range of institutional agencies. However, institutional mechanisms are still weak (Chapter 1) and diverging political points of views and conflicting paths (e.g. between centralisation and decentralisation) threaten any development.

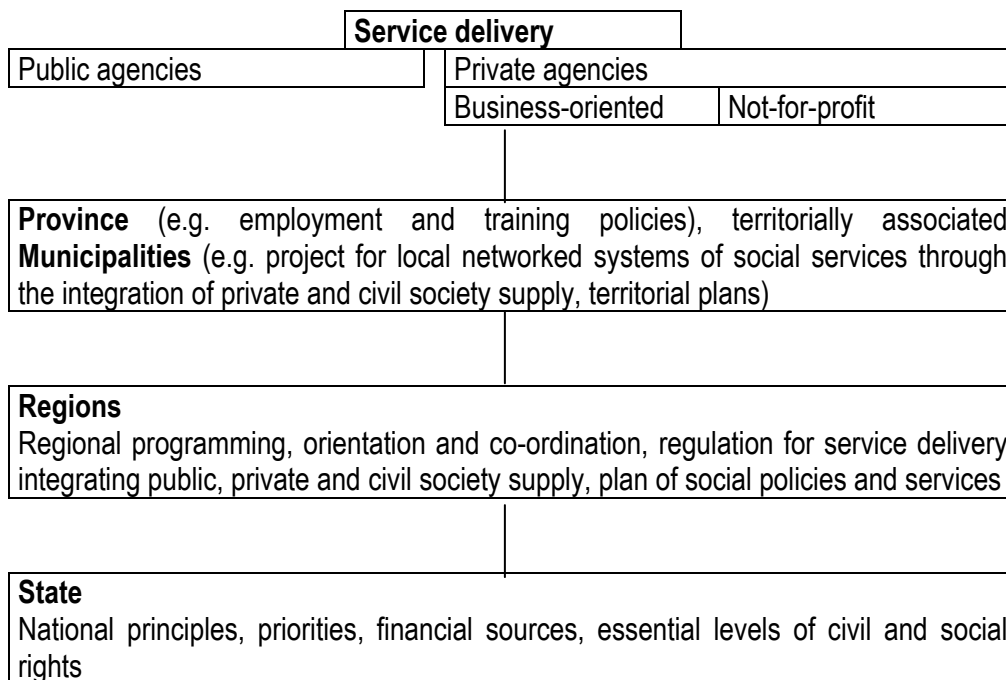
Institutional mechanisms aimed at modernising the governmental and administrative structure after nearly 140 years of Italian Unity have been created. Between 1997 and 1998, an innovative process was accelerated by a series of national laws (No. 59/1997, 127/1997 and 112/1998) that are both of a transversal and sectoral nature towards: de-centralisation, de-concentration, de-bureaucratisation.

Subsidiarity, responsibility, co-operation, administrative federalism succeeded to reduce the top-down delegation of power and functions between the different levels of government, in order to have institutions nearer to citizens, to streamline delivery mechanisms and to simplify procedures in various policy fields.

The new institutional structure was based on the following principles as defined by the Italian laws:

- **subsidiarity**, giving to local authorities (Municipalities, Mountain Communities, Provinces) the overall administrative functions and tasks according to their territorial dimensions in order to bring services closer to their citizens and to foster the capability of self-governance involving local communities, families, associations, individuals;
- **completeness**, giving to the Regions a role of programming agencies, along with administrative functions and tasks which are not included in those orientated towards the empowerment of the local authorities;
- **efficiency** and **inexpensiveness**, abolishing functions and tasks which became unnecessary;
- **co-operation** between State – Regions - Local Authorities also in order to assure an adequate participation to the initiatives adopted within the European Union;
- **responsibility** and **single** (unitary) **administration** in order to increase transparency, visibility and identification of each service and activity;
- **homogeneity** in order to distinguish different levels of government;
- **adequacy** in order to increase organisational capability, reliability and capacity building of the different levels of government;
- **differentiation** in order to respect local diversities, that is territorial, structural, demographic, social characteristics, etc.;
- **autonomy**, both in organisations and procedures, in order to enforce the responsibility given to the local authorities;
- **financial support** in order to cover the costs of the administrative functions and tasks which are assigned to each level of government.

As a result, the following outline of relationships and responsibilities can be summarised as an institutional model concerning social inclusion, health, employment and training policies, as well as other associated policy fields.



Representatives of civil society (e.g. volunteer associations, NGOs and social partners) are involved in institutionalised bodies (e.g. a provincial tripartite commission for employment policies; co-decision – round tables coordinated by secretary bodies for territorially based social plans) and through consultation mechanisms along the above mentioned decision-making profile. This structure allows for an Open Method of co-ordination (OMC) with the involvement of all the concerned actors.

The current policy debate has acknowledged problems related to solidarity between persons, territories and generations, while gender still remains an overarching issue. In the present conditions, young people have difficulties entering the labour market in relation to stable and qualified employment. On the other hand, adult persons face restructuring processes in working and family life. Finally, ageing people with a low income have to tackle a unclear system strictly connected to their individual professional career.

It is therefore necessary to examine the data and information currently available from research and official documents.

Recent enquiries (e.g. ISTAT, *Rapporto annuale. La situazione del Paese nel 2004*) demonstrate that women continue to play the traditional role within the family and its networks (e.g. more than 77% of the total time dedicated to household chores is attributed to women as an average).

Women are engaged in assisting and caring for children as well as for dependent (not-self-sufficient) persons (e.g. elderly and disabled people) to a very large extent. Therefore, reconciling family burdens with the willingness to foster women's activity and employment rates constitutes a main challenge.

#### **Experimentation with vouchers for access to basic services and rights**

##### **A locally-based voucher for reconciling family, work and social life**

DOCET is a pilot project (co-financed by the ESF Objective 3 and the Emilia Romagna Region – North of Italy). Following an in-depth analysis on the needs of women employed in "atypical" jobs (e.g. fixed-term and temporary work), an approach was identified which would help facilitate the organisation of work, family and social life: a service-voucher. The voucher allows the concerned persons to utilise the following services: person care regarding both minors, ill, disabled and elderly people; housework (including catering); transport; maternity support both for women and men in low social protection conditions.

(further information on: [www.voucherconciliazione.it](http://www.voucherconciliazione.it))

##### **A voucher to provide social protection for occasional jobs**

The recent reform (national Law No 30/2003) of the labour market allows persons to have occasional jobs. A key dilemma is how to ensure a minimum social protection while performing activities of a precarious nature. These occasional jobs concern mostly long-term unemployed persons, housewives, students, retired persons, disabled persons, regular immigrants from outside the European Union who lost their job. A wide range of occasional jobs are envisaged by the national law, e.g. housework, child care, home care for elderly, ill or disabled persons, gardening, collaboration with volunteer associations, seasonal workers in agriculture.

In Treviso (a municipality of the Veneto Region - North Italy) experimentation with a voucher system has been initiated (*Il Sole 24 Ore*, 27 April 2006) to solve the above-mentioned problem. The local branch of the national institute of social insurance (INPS) is responsible for the experimentation. The voucher allows family businesses to pay these occasional jobs and in few weeks this mechanism will be extended also to other business typologies. INPS will distribute the vouchers (nearly 5.000) that ensure the payment of the requested social security insurances. Every voucher costs 10 € and it is mandatory to buy at least a package of 5 vouchers. Having

purchased the vouchers, the employer can respect the law while utilising occasional jobs and the concerned occasional worker can be protected according the current security norms while being paid by the employer in a transparent way.  
Once the Treviso experiment is concluded, this voucher system will be extended in other Italian provinces in collaboration with the employment public services.

One important measure to facilitate reconciliation is parental leave. Parental leave is mostly utilised by women (95-96% in 2003, according to data from the national institute of social insurance – INPS elaborated by EURISPES, *Rapporto Italia 2006*). The gap between the use of these leaves between men and women demonstrates the significant gender regarding family and work life.

At the same time, a clear political willingness exists to increase the birth rates and monetary support was given to women (2004) as a “bonus for new-borns”.

This kind of allowance was criticised for: being undifferentiated between rich and poor families; concerning only Italian or EU citizens, clearly discriminating non-EU citizens with a regular residence and/or work in Italy; creating institutional conflicts between the State and the Regions in matters of a constitutional nature. These criticisms did not lead to a significant change as a similar norm was introduced in 2006 within a certain income ceiling.

Attention has been focused on nurseries both at a territorial and company level. However data demonstrate a low degree of accessibility to these basic services:

| Indicators  | 2000  | 2005   |
|---|---|--|
| Number  | 3.008   | 4.885  |
| Private services (percentage)   | 20%   | 80%  |
| Public services (percentage)  | 39%   | 61%  |
| North (percentage)  | 58,8%   | 61,2%  |
| Centre (percentage)   | 23,7%   | 19,3%  |
| South (percentage)  | 17,5%   | 19,5%  |
| Access ratio (*)  | 7,4%  | 9,9  |
| Region with the two highest access ratio  | Emilia Romagna (North) = 18,3%<br>Valle d'Aosta (North) = 12,3% | Emilia Romagna (North) = 23,9%<br>Veneto (North) = 19,9% |
| Region with the two lowest access ratio   | Calabria (South) = 1,9%<br>Campania = 2,2%                      | Puglia (South) = 1%<br>Calabria (South) = 2%             |
| (*) Access ratio: available places in nurseries / potential users (children)  |   |  |
| Source: elaboration on data provided by Istituto degli Innocenti, <i>I nidi e gli altri servizi integrativi per la prima infanzia</i> , Firenze, 2006 |   |  |

The current support measures for families have been criticised as being insufficient to meet the increased cost of living (especially for children, disable and elderly support), limited (e.g. devoted only to legally-married couples although the number of “de-facto” couples is relevant and increasing) and imbalanced (e.g. tax relief) (e.g. EURISPES, *Rapporto Italia 2006*).

Families with a low income do not receive any benefit from recent reform (Law No 80/2003) concerning the fiscal system (Commissione di Indagine sull’Esclusione Sociale, *Rapporto sulle politiche contro la povertà e l’esclusione sociale*, 2004; Badini M. and Bosi P., *La politica della famiglia nella riforma fiscale*, [www.lavoce.info](http://www.lavoce.info), 31-01-2005; Saraceno C., *La povertà dimenticata*, [www.lavoce.info](http://www.lavoce.info), 20-12-2004), largely due to:

- its orientation towards only two income tax rates, giving more benefits to rich families than poor families;
- the presence of a “virtual” no-tax area, virtual given that the poorest families (so-called *incapienti*) do not receive any advantage from the fiscal rebates in terms of monetary compensation, in-kind benefits, assistance and services (e.g. school, training, health, housing, employment).

According to the national committee on social exclusion, recent fiscal reform has clearly focused on the family as a central subject of the fiscal policies. However, two different strategic orientations can be identified: the first (2001-2003) is aimed at favouring the poorest families while the second (especially in 2005) is focused on families with average or higher incomes (Commissione di Indagine sull'Esclusione Sociale, *Rapporto sulle politiche contro la povertà e l'esclusione sociale*, 2004).

Resources to favour the access to social housing (financed by Law No 431/1998 that created a specific national fund for house renting managed by the regional and the local authorities) are currently sufficiently to meet only the 30% of the actual needs expressed by families (document of the Regions on housing policies, 2005, [www.regioni.it](http://www.regioni.it)).

Access to employment and education measures and services was addressed in a recent survey of the national agency on vocational guidance and training (ISFOL, *Rapporto Isfol 2005*):

- public employment services (PES) cover more and more the national territories offering a complete range of customised activities (e.g. counselling, vocational guidance and training and placement) for determining employment paths (projects) with the participation of the concerned persons (job-seekers)
- in fact, in 2004, 73% of the total PES were able to offer all the needed services as a national average, but 37 points of percentage still differentiate the South (51%) from the North-Centre (88%)
- women represent the largest share (51%) of persons who utilise the PES, confirming also a gender gap in activity and employment rate as well as in job opportunities
- in fact, although fertility rate is very low, 13,5% women leave their job because of maternity and only 2,5% re-enter labour market after this event
- when women maintain or regain a job, this is usually possible thanks to the support of the family network (50% on a regular basis and 85% on occasional basis) (e.g. child care from the part of parents)
- women are more disadvantaged in the South than in other territories also because of difference in services' accessibility. As a national average, only 47% women declare to have time to take care of their interests while 10% declare the absolute impossibility to reconcile working, family and leisure times
- schooling and education are improving since nearly all young people obtain a primary-school degree, 90% of them continue to study, 76,5% of them reach a secondary-school diploma, 76% of them go to the university and finally 50% of them arrive at a university degree, as a national average between 2003 and 2004
- the European Social Fund (ESF) is confirmed to be a driving force for vocational training or job opportunities, since the utilisation of the fund allowed more than 3,8 million persons to be involved in more than 179 thousand initiatives between 2000 and 2004
- main beneficiaries of the ESF initiatives were women (49%), persons with a low education profile (40% with a primary-school degree) and persons aged 19-44 years (87%)
- difference in the capacity to utilise the ESF exist between the regional territories and they assume a cyclical nature as demonstrated by the following table

**Table 35: ESF effective expenditure between 2001 and 2003 in percentage**

| Regional areas | 2002 / 2001 | 2003 / 2002 |
|----------------|-------------|-------------|
| North-West     | -2,2        | -1,7        |
| North – East   | +27,9       | +16,7       |
| Centre         | +32,3       | -7,6        |
| South          | +0,9        | +34,9       |
| Italy          | +11,7       | +14,6       |

Source: ISFOL, *Rapporto Isfol 2005*

- the ESF was mainly utilised to improve the quality of the public employment services, to develop equal opportunities initiatives between men and women, to develop lifelong learning, to perform the mandatory schooling curricula, to deliver customised training services on-demand through training vouchers but also to promote social inclusion initiatives that can be estimated to be around the 5% of the overall 2000-2006 ESF resources (according to data provided by the regions' coordination body, Tecnostruttura)

## Annex 1

### Recent legislation and documents

The main new legislation is constituted by the national financial law for 2006 (Law No 266/2005) that introduced the “family and solidarity package” constituted by:

- Monetary allowance for every child born or adopted in 2005
- Monetary allowance for a second and additional children born or adopted in 2006
- Discount of nursery fees paid in 2005
- Support for young workers with term-fixed-term jobs who wish to purchase a flat

Other norms have been enforced by ministry decrees (e.g. the allocation of resources to the National Funds for social policies – NFSP - and health services – NHF).

The above-mentioned acts are embedded in a legal framework that is summarised in the following boxes, giving an overview of the main legal aspects and considering changes that influenced and were supported by NAP 2003 with respect to trajectories and social categories envisaged by the NAP 2001.

### Trajectories

#### *Trajectory: Social services*

##### NAP 2003

Financial Laws 2003 (Law N° 289/2002), 2004 (Law N° 350/2003) and 2005 (Law No 311/2004) did not increase resources related to Law N° 328/2000.

##### Previous legislative backdrop (NAP 2001)

Law N° 328/2000 and the related National Plan 2001 – 2003

#### *Trajectory: Health services*

##### NAP 2003

National Health Plan 2003 - 2005

Law N° 326/2003 introduced a fiscal bonus (equal to 20% of the market price) for ambulances purchased by volunteer and not-for-profit associations.

Financial Law 2003 (Law No 289/2002) increased health rates while reducing funds to Regions and introduced new bureaucratic procedures.

##### Previous legislative backdrop (NAP 2001)

Law No 229/1999 and the related National Plan 1998 – 2000: the reform of the National Health Service increasing autonomy and responsibility at regional and local dimensions

#### *Trajectory: Education and training*

##### NAP 2003

Law N° 53/2003 further reformed the school and training system (a dual system) increasing the tendency towards service privatisation and outsourcing.

Law No 269/2002 and the following Financial Laws 2002 and 2003 (Laws N° 448/2001 and

289/2002) reduced resources dedicated to public education, while funds were partly increased for private schools. The conditions determined by the Financial Laws 2004 and 2005 (Laws No 350/2003 and 311/2004) were similar.

Previous legislative backdrop (NAP 2001)

Laws No 196/1997, 9 and 144/1999, 30/2000: reform for education and training integration increasing territorial programming and autonomy

*Trajectory: Employment*

NAP 2003

Law N° 30/2003 further reformed employment policies and services in order to increase flexibility and jobs' typology (e.g. public and private services, training contracts and stages, part-time work, job-on-call, job-sharing, staff leasing and other temporary work) without a coherent reform of the security system.

Legislative Decree No 124/2004 favoured inspections and other initiatives against illegal (irregular and hidden) employment under the overall co-ordination of the Welfare Ministry.

Previous legislative backdrop (NAP 2001)

Laws No 196 and 469/1997, 68/1999, 181 and 442 /2000: reform of employment policies devolving competences to regional and provincial authorities, modernising services, jobs' typology and placement procedures

*Trajectory: Anti-drug services*

NAP 2003

Financial Law 2004 (Law No 350/2003) assigned centralised competences to the Presidency of the Ministers' Council through a new National Department, a separated national fund and a specific national plan.

Previous legislative backdrop (NAP 2001)

Embedded in the integration between the trajectories concerning social and health services with a relevant role assigned to regional and local authorities

**Social categories**

*Social category: Young people*

NAP 2003

In compliance with Law N° 53/2003 (school and training systems) the Ministry of Education envisaged initiatives such as intergenerational aggregation centres, a Health Mission project, national guidance plan, promotion of physical exercise and sport, support to student and parents associations, schools and voluntary service project.

Previous legislative backdrop (NAP 2001)

Employment, education and training trajectories utilisation of EU programmes and initiatives to fight against school dropout

*Social category: Convicts*

NAP 2003

Fiscal relief was provided for businesses and social co-operatives to favour hiring. Funds were allocated to the prison services' authorities for projects concerning social and labour reintegration including work grants and professional training.

Previous legislative backdrop (NAP 2001)

Law No 193/2000: promotion of work activities and initiatives for social reinsertion

*Social category: Elderly people*

NAP 2003

National Health Plan 2003-2005 included: agreements regarding basic, suitable levels of assistance; reduction of times and lists; integrated health and social plans and service networks; high-level permanent health and medical training; excellence and re-qualification of hospital facilities; healthy lifestyles, prevention and public health information.

Previous legislative backdrop (NAP 2001)

Law No 328/2000 and National Plan of Social Services 2001-2003: promotion of personalised social and health services, e.g. home-based care, daily centres, temporary hospitality, geriatric units, alternative hospitalisation forms

*Social category: Minors and their families*

NAP 2003

Financial Law 2003 (Law N° 289/2002) allocated resources for first home mortgages and birth rate support (1), and constituted a specific Fund to finance employers who create children nurseries in their firms (2).

Legislative Decree N° 115/2003 improved and integrated norms provided by and Law N° 53/2000 on reconciliation between work and family life.

Law N° 53/2003 reformed the school and training system, with the anticipation of a compulsory nursery and primary schooling period for children.

Financial Law 2004 (Law N° 350/2003) provided an allowance for second or additional children (1).

Republic President Decree 02/07/2003 2002 approved the 2004 National Action Plan for minors and teenagers rights focused inter alia on:

- family foster care through mutual family aid networks and associations
- adoption of minor (including disable and most vulnerable) involving groups and associations
- professional qualification and certification of staff working in communities that host children victims of family traumas
- communities with families acting as educators and other innovative forms of hospitality (e.g. associations and groups of families, integrated service networks)
- innovative forms of residential services and closure of institutes for minors by 2006
- measures to combat the exploitation of juvenile labour

Previous legislative backdrop (NAP 2001)

Law No 285/1997: reform regarding: rights and equal opportunities for minors

Law No 492/1999: adoption of minors

Law No 53/2000 and Legislative Decree N° 151/2001: reconciliation between work and family life through maternity, paternity and parental leave, organisational flexibility projects

Law No 149/2001: custody of minors

Law No 154/2001: violence in family relationships

Financial Law 2002 (Law No 448/2001): specific national fund for children nurseries in agreement with the Regions (3)

(1) The Constitutional Court (sentence No 423/2004) sanctioned that both the bonus for new-borns and the resources for first home mortgages and birth rate support contradict the competence assigned to the Regions and local authorities in these policy fields while favouring the central authority of the State.

(2) The Constitutional Court (sentence No 320/2004) sanctioned that in-firm-nurseries are under the responsibilities of regional and local authorities.

(3) The Constitutional Court (sentence No 370/2003) sanctioned that nurseries fall under the competence of regional and local authorities.



*Social category: Disabled people*

NAP 2003

Law N° 30/2003 (employment policy and services) introduced flexibility for disable people (temporary work and fixed term contracts) reducing the effects of mandatory placement (regulated by Law N° 68/1999) also through agreements between companies, local authorities and social co-operatives employing disadvantaged workers (Art. 14 of Legislative Decree No 276/2003).

To this end a national project (LINCS) was promoted by the national Ministry in July 2005 involving regional and local authorities, social partners, associations of co-operatives and volunteer organisations representing the interests of disable persons.

Financial Law 2004 (Law N° 350/2003) extended the leave for spouse and parents of minors with serious health problems to two-years, while reducing the related time necessary to obtain the leave.

Law N° 4/2004 favoured the access of disable people to instruments of new information and communication technology, to online public administration web-sites and computer utilisation.

The Welfare Ministry financed 42 pilot projects “after us” in February 2004 to support disabled people without family assistance. The approved projects totalled 15.281.762 € and regarded 16 regions with Veneto at the highest level (18%) and Tuscany at the lowest level (1%) of the financed projects.

The National Health Plan 2003-2005 cited a plan for non self-sufficiency based on the creation of financial sources, integrated assistance networks, an efficient and effective territorial services network, correct sizing of network nodes (home hospitalisation, integrated home help, day care centres), development of residential health care and rehabilitation facilities, improvement of disabled people’s functional autonomy, measures to prevent or delay disability and non self-sufficiency including information on more suitable lifestyles and risks.

Previous legislative backdrop (NAP 2001)

Law No 68/1999: reform of compulsory placement

Law No 53/2000 and Legislative Decree N° 151/2001: leave for spouse and parents of minors with serious health problems

National Plan for Handicap 2000-2003 (including “after us” measures for persons who cannot rely upon family network)

*Social category: Immigrants*

NAP 2003

Laws N° 189 (1) and 222/2002 introduced more restrictive norms on immigration as well as the legalisation of nearly 700.000 immigrants, inter alia:

- the “permit to stay” is linked to a “residence contract” tying together proof of appropriate housing and a labour contract
- “one-stop-shop” system is created in each provincial police office (Prefecture) but bureaucracy is used to discourage immigrant workers to enter Italy (e.g. five procedural steps involve five different institutions for a “residence contract”)
- preference is given to immigrant workers with an Italian origin
- enrolment in the placement list is halved (from 1 year to 6 months) for immigrants who lost their job
- potential beneficiaries of family reunion (reunifications) are reduced
- time to obtain a “resident card” is prolonged from five to six years
- social contributions (e.g. for pensions) are not refunded to immigrants who leave Italy
- the sponsorship system (see previous legislative backdrop) was eliminated

Pilot projects were co-financed by the Equal Opportunities Department (Presidency of the Council of Ministers) against forced prostitution and human slavery according to Legislative Decree N° 286/1998 (art. 18) on immigration rules.

Italian language and culture, as well as vocational training courses in favour of non – EU citizens, are promoted in their countries of origin

National Operative Programme for the Security and Development of Southern Italy (within the EC funds 2000 – 2006) aimed inter alia at creating: 60 cultural mediators in the six southern regions (in the fields of health, employment, education and social services); training courses for women with regular permits (but in difficult situations or pregnant) in three southern regions (“lodging houses” project).

A project will favour the access to credit and banking services for immigrant entrepreneurs, in collaboration with an artisan trade association and an ethic bank, co-financed by the EC within the Action Programme to combat discrimination.

Previous legislative backdrop (NAP 2001)

Consolidated Act No 286/1998: reform of immigration to favour labour and social integration.

Following Law No 40/1998, a more coherent legal framework was enforced for the first time in Italy aimed at:

- preventing illegal immigration (e.g. quota system, bilateral agreements, criminal penalties)
- favouring the access to civil rights, health, social and employment services, development-orientated relationships with the countries of major emigration
- favouring labour market insertion through a “sponsorship” system by which legal residents, public authorities and trade associations guarantee housing and the coverage of social costs related to the stay of a job-seeker for 1 year
- favouring a gradual civil insertion (citizenship) through an open-ended “resident card” after five years of regular presence in Italy even though limited by income conditions and possibilities to have the card revoked
- respecting cultural and religion diversities
- involving regional and local authorities

(1) The Supreme Court in 2003 (sentence No 3162) declared that this law overturned the solidarity approach of the Law No 40/1998, accentuating the restrictions envisaged by the latter, reversing its active policies of labour and social integration, equal opportunities according to UN and EU Conventions.

The Constitutional Court in 2005 (sentence No 78) declared that a restrictive norm of this law is in contrast with the Italian Constitution. This norm concerns the expulsion of immigrants based on accusation. On the contrary, the guilt of an accused must be verified before deciding any provision.

The State Auditors’ Department (Corte dei Conti) evaluated in May 2005 that the financial resources allocated to this law were managed with an approach based on emergency with a series of basic weaknesses: confusion in legislation, bureaucracy, inefficiency, lack of information and monitoring.

**The following documents have been frequently quoted in the paragraphs of this report.**

Badini M. and Bosi P., *La politica della famiglia nella riforma fiscale*, La Voce, [www.lavoce.info](http://www.lavoce.info), 31-01-2005.

Balboni E. et al. (2003), *Il sistema integrato dei servizi sociali*, Giuffrè Editore, Milano.

Baldi S. and Berardinelli D., *Da Genova a Rovigo inseguendo un reddito. Minimo*, La Voce, [www.lavoce.info](http://www.lavoce.info), 09-05-2005.

Banca d’Italia, *Bollettino Economico*, No 45, Novembre 2005.

- Banca d'Italia, *Bollettino Economico*, No 46, Marzo 2006.
- Banca d'Italia, *Relazione sull'esercizio 2004*.
- Commissione di Indagine sull'Esclusione Sociale (2004), *Rapporto sulle politiche contro la povertà e l'esclusione sociale*.
- EURISPES, *Il Risparmio punito*, Aprile 2006.
- EURISPES, *Rapporto Italia 2006*.
- European Commission, *Employment in Europe 2005*.
- European Commission, *Joint report on social inclusion 2004*.
- Fondazione ISMU (2006), *XI Rapporto nazionale sulle migrazioni*.
- Il Sole 24 Ore*, 5 May 2006, Mascini M. "Sestito: La Biagi poco monitorata".
- Il Sole 24 Ore*, 27 April 2006, Gamba C. "Un buono all'impresa".
- Il Sole-24 Ore*, 14 April 2006, Gagliardi A. and Padula F. "Primi permessi a fine maggio".
- Il Sole 24 Ore* 1 March 2006, Crescione A. "Nell'IVA il boom delle partite mute".
- ISFOL, *Rapporto Isfol 2005*.
- ISTAT, *Annuario Statistico Italiano*, 2005.
- ISTAT, *Bilancio demografico nazionale Anno 2004*, 27 Giugno 2005.
- ISTAT, *Gli stranieri in Italia: gli effetti dell'ultima regolarizzazione*, 15 Dicembre 2005.
- ISTAT, *La misura dell'economia sommersa secondo le statistiche ufficiali. Anno 2003*, 22 Settembre 2005.
- ISTAT, *La povertà in Italia nel 2002*, 22 Luglio 2003.
- ISTAT, *La povertà relativa in Italia nel 2004*, 6 Ottobre 2005.
- ISTAT; *La povertà relativa in Italia nel 2003*, 13 Ottobre 2004.
- ISTAT, *La prima indagine censuaria sugli interventi e i servizi sociali dei Comuni - Anno 2003*, 2 dicembre 2005.
- ISTAT, *Previsioni demografiche nazionali 1° gennaio 2005 – 1° Gennaio 2050*, 22 Marzo 2006.
- ISTAT, *Rapporto Annuale. La situazione del Paese nel 2004*.
- ISTAT, Ricostruzione delle serie storiche  
[www.istat.it/dati/dataset/20050324\\_00/serie\\_indicatori.xls](http://www.istat.it/dati/dataset/20050324_00/serie_indicatori.xls)
- ISTAT, *Rilevazione sulle forze di lavoro – IV trimestre 2005*, 21 Marzo 2006.
- ISTAT, *Rilevazione sulle forze di lavoro. IV trimestre 2004*, 21 Marzo 2005.
- ISTAT; *Bilancio demografico nazionale Anno 2003*, 15 Luglio 2004.
- ISTAT; *La popolazione straniera residente in Italia per classi di età*, 30 Marzo 2006.

Istituto degli Innocenti (2006), *I nidi e gli altri servizi integrativi per la prima infanzia*, Firenze.

Magnani M., Varesi P. A. et al. (2005), *Organizzazione del mercato del lavoro e tipologie contrattuali*, Giappichelli Editore, Torino.

Ministero del lavoro e delle Politiche Sociali, *Rapporto di monitoraggio sulle politiche sociali*, September 2005.

OD&M (2006), *7° Rapporto sulle Retribuzioni in Italia*.

Saraceno C. *La povertà dimenticata*, La Voce, [www.lavoce.info](http://www.lavoce.info), 20-12-2004.

Svimez, *Rapporto 2005 sull'economia del Mezzogiorno*.