European Commission

EU Network of Independent Experts on Social Inclusion

Assessment of the implementation of the European Commission Recommendation on **active inclusion**

A Study of National Policies

Italy

Social Europe

This publication has been prepared for the European Commission by

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A Study of National Policies

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COUNTRY REPORT – ITALY

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Summary

The present analysis shows several examples of the integration of social policies with health, housing, employment, training and education at regional and local levels. At a national level, the recent action plan for cohesion in the South is an important example, as is the recent national plan to better combine growth, social inclusion and employment policies. A national strategy for the inclusion of Roma and similar communities was defined. New resources were allocated to family policies and the first national family plan was approved. New measures are expected to foster active labour policies and to reduce segmentation in the labour market. Overall, there are elements that should improve the Italian capacity to deal with the conjunction between active inclusion measures and policies relating to the fight against poverty and social exclusion. Hopefully, the restored attention to these issues will modify previous policy orientations. Attempts made to tackle problems of disadvantaged groups revealed a lack of comprehensive policy, characterised by different policy visions, scarce integration between policy fields, and a poor attention to combine the three pillars of active inclusion strategy. Coordination between national and sub-national authorities was problematic and the participation of relevant actors was very limited. These factors were both causes and effects of the lack of mainstreaming of the EU principles on active inclusion strategy in domestic policies. Italy is well known for the lack of a national minimum income scheme. Other schemes that provide income support are not sufficient to help people living in poverty and household hardship. Resources are not adequate and the amount of benefits is mostly below poverty thresholds and often not linked to active social and employment policies. The combined effects of these factors force people in need to seek employment, although their efforts are hampered by lack of job opportunities, increased precariousness and regional disparities in the labour market. For many years, labour flexibility reduced the strength and scope of inclusive labour policies. Although fragmented, the use of shock-absorbing mechanisms temporarily lessened the impact of the economic crisis on workers, creating a growing number of "hidden unemployed". Substitution effects between different categories of workers risked lessening the impact of temporary incentives for employment creation. Some structural measures were introduced but only recently. As an effect of the austerity measures taken to face the ongoing economic crisis, resources were reduced in critical policy fields such as human capital and social economy development. Austerity packages reduced social security protection and public services expenditure, jeopardising the capacity of local authorities to provide essential services to their citizens and aggravated regional inequalities in the availability of and access to quality services. A significant reduction in national funds devoted to social policies compromised local welfare systems. Therefore, in order to mainstream the three pillars of the EU active inclusion strategy into domestic policies, Italy should: introduce a national framework for minimum income schemes embedded in local welfare systems and supported by a progressive fiscal reform; reorganise in a harmonised manner all current social transfers; eradicate any discriminatory restrictions (e.g. against immigrants and ethnic minorities) from existing laws; enforce procedures aimed at strengthening the participation of all relevant actors; reduce labour precariousness; improve labour rights; refinance public funds devoted to basic services (e.g. health, housing, education, employment and social services); define basic levels of quality in social services in order to ensure civil and social rights throughout the national territory.

1. Integrated comprehensive strategies

1.1 Comprehensive policy design

Statistics show a reduction of 357,000 persons in the Italian population **at risk of poverty or social exclusion** as a total between 2008 and 2010 (Table 1), corresponding to a 1 percentage point (pp) decrease (from 25.3% to 24.5%). The decrease was more for women (from 27.2% to 26.3%) than for men (from 23.2% to 22.6%). The situation improved more for the elderly (-4 pp) than those aged less than 65 years.

A large contribution to this reduction (59%) was due to a reduction of 211,000 persons at risk of poverty (Table 2), corresponding to 0.5 pp decrease (from 18.7% to 18.2%). **At-risk-of poverty** (AROP) rates decreased more for women (from 20.1% to 19.5%) than for men (from 17.1% to 16.8%) and significantly among the elderly (from 20.9% to 16.6%).

These rates, although generally higher than the averages recorded in the 27 Member States of the European Union (EU 27), might suggest that Italy adopted a comprehensive policy design, which includes the three pillars of the active inclusion strategy (Annex 1). However, other data show a different picture.

AROP rates are determined by poverty thresholds calculated as 60% of median equivalised income. Half of the population is below and the other half above the median value of income (equivalised to take into account the size and composition of a household). More restrictive poverty thresholds (i.e. 40% and 50% of the median equivalised income) show that there was an increase in the number of persons at risk of poverty between 2008 and 2010: between 27,000 and 201,000 persons (Table 3). Also the depth of poverty increased, as demonstrated by the poverty gap indicator that shows that half of the people at risk of poverty lived with less than 75.5% of the 60% income poverty threshold in 2010, compared to 77% in 2008. Moreover, during economic crises, the general level of income tends to decrease. Consequently the associated poverty thresholds tend to remain unchanged or to decline. An overall decrease in PPS (Purchasing Power Standard to allow fairer comparison among EU countries) of 38 PPS occurred between 2008 and 2010. Measured in Euro, their increase was very small (+€ 179).

These trends might partly explain why AROP rates were decreased for people older than 65 years, as a coincident small increase in pension benefits may have put a certain number of pensioners above the poverty threshold. From data from INPS, the national institute of social insurance (MLPS, 2011), a rough estimate (Table 4) shows that between 167,000 and 185,000 beneficiaries of pensions (granted according to compulsory general insurance regulation) might have easily overcome the threshold, roughly corresponding to 40% and 80% of the reduction in the elderly at risk of poverty and in all persons at risk of poverty (Table 2). However, more in-depth analysis is necessary to verify this hypothesis. As a general consideration, the poor are statistically less poor because all population has lower disposable income.

Equivalent income per capita (a measure that takes into account the size and composition of households) declined in real terms: 0.6% in 2010 less with respect to 2008 (Banca d'Italia, 2012). Average individual labour earnings of employees in real terms decreased slightly in 2010 (-0.3%) compared to 2008, while the average earnings from self-employment declined by 2.3%.

Inequality in net wealth distribution is another factor to detect the risk of poverty. Inequality slightly increased between 2008 and 2010: from 61% in 2008 to 62% in 2010 (GINI coefficient, for which perfect income equality is 0 and total inequality is 100%).

Net wealth was highly concentrated: the richest 10% of households owned 45.9% of household's net wealth in 2010, a 1.6% increase compared to 2008.

Inequality of equivalent income remained unchanged (Banca d'Italia, 2012): a GINI coefficient of 33%. The rather stable inequality means that 10% of households with the lowest income received 2.4% of the total income in 2010, nearly 11 times less the 10% of households with the highest income. The latter received 26.1% of the total income, a percentage that corresponds to that received by the lowest 50% of households.

Indebtedness, which is clearly linked to the amount of disposable income, showed other inequalities. Financially vulnerable households, defined as those with an annual debt equal to more than 30% of their disposable income, constituted 11.1% of all indebted households in 2010 (Banca d'Italia, 2012). The largest share of them (37.9%) was concentrated in the lowest-income area (first quintile), while the highest-income quintile (fifth quintile) covered the smallest share (2.2%).

Social conditions worsened between 2010 and 2011. Household real disposable income fell by 0.5% given that a 2.1% increase in disposable income at current prices was less than the inflation rate (ISTAT, 2012; Banca d'Italia, 2012a). Household saving rate was 12% in 2011 (the lowest value since 1995) with a reduction of 0.7 pp compared to 2010. Household investment rate was the same as 2010 (10%). Household debt remained just below 68% of disposable income in 2011 (still significantly less than the Euro-area average of 100%). However, there was a 36.4% increase in household debt between 2008 and 2011 (CGIA, 2012).

The most vulnerable social groups were: women, older and not-self-sufficient people, children and young people, immigrants, the homeless, Roma and similar ethnic minorities. Women suffered from structural gender discrimination. Vulnerability of older and disable people consisted principally in a reduced social protection from pension schemes and in a weak system of public support. Children were affected by low provision of childcare services. Vulnerability of young people consisted in scarce education and training opportunities, as well as in precarious jobs or lack of employment opportunities. Increasing discriminatory behaviours and xenophobia concerned immigrants and in particular the Roma population (including Sinti, Travellers and similar ethnic minorities) and the homeless. They represent "the last of the last", living on the margins of society, difficult to integrate and continuously subject to social discrimination.

Attempts to tackle problems of disadvantaged groups increased between 2008 and 2012, as demonstrated by key national reports submitted to the EU Commission.

Policy uncertainty affected the Italian 2008-2010 National Reform Programme (NRP) and the associated National Strategy Report for Social Protection and Social Inclusion (shortly NSR).

There was a change from centre-left (i.e. Prodi Cabinet) to centre-right (i.e. Berlusconi Cabinet) governments. The 2008 NRP included measures concerning the three pillars of active inclusion, but they were not adequately connected. The 2008 NSR stated policy priorities (extreme poverty and homeless; families in hardship conditions; child poverty; immigrants, Roma and Sinti), but in a generic manner and with a limited scope compared with the priorities of the 2006 – 2008 NSR.

In 2009, after a consultation process, the government approved a White Paper on the Future Model of the Social Model, which marked a discontinuity with the previous policy orientations. These latter were characterised by a balance between universal and targeted approaches aimed at strengthening the framework of welfare systems throughout the national territory. On the contrary, the 2009 White Paper reaffirmed a familism-based approach (Ascoli U., 2011). According to some experts (Pizzuti F. R., 2009), the ideological focus was on the role assigned to adult men as a pillar of the household livelihood, and to family (legally married couples) and its closed networks as a pillar of the Italian social model. A workfare approach clearly influenced policy orientations towards increasing responsibilities and active behaviour of the person, as well as the projection of relationships from the family to social communities and networks.

By claiming the principle of subsidiarity (e.g. more activation of individuals and civil society agencies), the emphasis on personal responsibility showed a tendency to shift the burden of major types of risks to individuals, households and their networks while progressively reducing the role of the state and institutions (Pizzuti F. R., 2008).

The increasing impact of the global financial and economic crisis obliged the government to concentrate its policy priorities on austerity measures and on financing shock absorbing mechanisms (e.g. unemployment benefits) through the utilisation of regional resources provided by the European Social Fund (ESF).

The 2011 NRP dedicated only one-page section to policies against poverty and social exclusion, revealing their marginal role within the overall strategic architecture of the report. However, the NRP included an action plan to favour employability of young people, a programme for labour market inclusion of women and a triennial plan for jobs. The plan for young people (approved in September 2009) was aimed at integrating learning and work, facilitating transition from school to work mainly by strengthening apprenticeships also as a means to comply with compulsory education. The second plan (approved in December 2009) was devoted to women and concerned criteria to finance projects on work-life balance, decentralisation of collective bargaining supported by incentives aimed at linking wage and productivity. The third plan (approved in July 2010) encompassed the other two plans with three priorities: the fight against undeclared work associated with an improvement in safety at work and an increase in flexible jobs; decentralisation of collective bargaining linked to productivity and wages; the improvement in skills for company-based employability. All these plans were linked to each other by generic guidelines without quantified targets and through measures already existing or previously attempted. They were embedded in a common rationale devised by the 2009 White Paper, which recommended a “virtuous alliance” between capital and labour within a renewed climate of trust and collaboration, while pursuing de-regulation of labour contracts and placement procedures (i.e. further flexibility).

The 2012 NRP presented a more attentive strategy to tackle poverty and social exclusion issues, although subordinated to austerity measures necessary to steer Italy through its present debt crisis and to restore market confidence. This was the task assigned to a new “technocratic” cabinet (chaired by Mr Monti), which entered into office in November 2011 supported by a large Parliamentary majority (from the centre-right to the centre-left parties). The new NRP included a further reduction in pension expenditure and benefits, increase in taxation, more stringent rules against tax evasion, competition in services sectors and simplification measures to reduce costs for citizens and businesses, as well as a proposal of a wide and structural reform of labour legislation aimed at reducing segmentation in the labour market, providing universal unemployment benefits, making labour market more flexible and fostering active labour policies.

With the new NRP, the government affirmed its commitment to: reprogramming policy measures to tackle social and economic hardships of most vulnerable groups; facilitating the reconciliation between work and family care through streamlining and strengthening health services for the not self-sufficient elderly; increasing efficiency and efficacy of social security benefits by reforming the current means-tested system; experimenting with a new instrument of partial income support to the poorest (called *new social card*) in a limited number of municipalities and only for one year. The new NRP was strongly anchored to an Action Plan for Cohesion prepared at the end of 2011 to reduce regional disparities (i.e. main focus placed on the 8 southern regions).

In February 2012, the Monti Cabinet prepared a comprehensive 2012 – 2020 national strategy for the inclusion of Roma, Sinti and Travellers communities based on a multi-dimensional approach to tackle identified challenges.

In May 2012, the government presented a plan devoted to growth, employment and social inclusion policies. The plan was substantially based on the Action Plan for Cohesion in the South.

In June 2012, the government approved the first Italian family plan. The national observatory on family policies prepared this plan in June 2011 and, according to some critics and trade unions, was a continuity of previous policy orientations.

Eventually, the national Parliament approved the reform of labour legislation (27 June 2012).

Considering the full period between 2008 and 2012, different policy visions (i.e. long-term perspectives) create a situation characterised by a lack of comprehensive design (i.e. medium-term strategies), scarce integration between policy fields (i.e. short-term synergies), and a confused mix of the three strands of the active inclusion strategy (i.e. actual national courses of action).

1.2 Integrated implementation

Integrated implementation of social cohesion plans was fostered during the last twenty years. Several initiatives were carried out: the so-called negotiated planning (*programmazione negoziata*), territorial employment pacts, territorial development pacts, area-based contracts (*contratti d'area*), neighbourhood contracts (*contratti di quartiere*) under a national programme aimed at urban renewal and territorial sustainable development (PRUSST), regional and local plans of health and social services, the EU funded LEADER projects in rural areas and URBAN projects in urban agglomerations, integrated territorial projects (*progetti integrati territoriali*) to carry out measures co-financed under the 2000 – 2006 cycle of the EU Structural Funds. A national fund for under-utilised areas (FAS, *Fondo per le aree sottoutilizzate*) was given a multi-year nature to strengthen negotiated planning and programme agreements in close relationship with the programming of the EU Structural Funds. In 2011, FAS become the Fund for Development and Cohesion (*Fondo per lo sviluppo e la coesione*). It is worth underlining that regional and local plans of social services (introduced by Law No 328/2000) fostered the interconnection of social policies with education, training and health policies, while stimulating the creation of differentiated systems to address local diversities and needs.

Lessons gained from all these experiences were at the basis of a revamped multi-dimensional approach to foster an integrated implementation of social inclusion, employment and development measures at a territorial level. This was evident in the 2007 – 2013 National Strategic Reference Framework concerning the utilisation of the EU Structural Funds (NSRF). The NSRF experimented with mechanisms aimed at integrating social inclusion priorities in growth policies. A national strategic group and thematic inter-institutional working groups were established to enhance cooperation between central and regional administrations. Institutional and socio-economic partnerships were created to foster integrated implementation of policy measures. Although representing a good practice, the NSRF example remained quite isolated in the national scenario. Additional details are provided in the next sections regarding the reasons why an integrated implementation between the three pillars of the active inclusion strategy has not yet been reached in Italy.

1.3 Vertical policy coordination

The current competences in the policy fields associated with the three strands of the active inclusion strategy can be summarised as follows.

Regions have an exclusive legislative power in training and employment and social services, housing and urban planning, local transport networks and infrastructures, water resources, agriculture, industry, trade, craftsmanship and tourism.

A dual converging legislation between the State and the Regions concerns labour protection, health and education services, scientific and technological research, land use, transportation, energy, water and the environment.

Exclusive legislative power is attributed to the State in citizenship rights, definition of civil and social rights to be ensured throughout the national territory by means of basic levels of quality services, social insurance (e.g. pensions and the so called shock absorbing systems including unemployment benefits), migration policy, public order, national education policy, protection of the environment, ecosystems and cultural heritage.

These decentralisation models require vertical coordination between national, regional and local levels, but significant separation exists between decision making levels. For instance, on one hand, the national institute of social insurance (INPS) delivers monetary support to workers facing work and family hardships. On the other hand, regional and local authorities implement plans and targeted projects that combine employment, social, health and development policy fields. Moreover, different institutional capacity exists among regional and local authorities to implement social plans coordinated with health and employment services.

All these aspects hamper a coordinated support to citizens and households (e.g. adequate income, inclusive labour markets and access to quality services) in order to ensure basic rights and to identify target groups at risk of poverty (i.e. universalism approach with selectivity).

A permanent structure (Unified State-Regions Conference) is the main institutional instrument for vertical coordination between the national government and the regional and local authorities. It favours policy decisions that can be associated with the active inclusion strategy.

In February 2009, the Conference approved an agreement between the State and Regions to combine shock absorbing mechanisms (namely wage compensation funds) provided by INPS with employability and vocational training provided by the Regions through the regional operational programmes supported by the European Social Fund (ESF) in the programming period of the 2007-2013 NSRF. Regions and INPS made specific agreements and use a shared accounting system. In 2010, some regions prepared plans to coherently integrated shock-absorbing mechanisms with vocational guidance and training courses through standardised procedures (ISFOL, 2010).

In March 2009, an agreement was reached by the State and Regions to reinstate relationships and conditions of a shared responsibility on land use and a regional responsibility for housing and urban planning, while a risk of an unregulated increase in building was limited by relaunching the original aim towards social housing.

In October 2009, an agreement was reached between the State and the Regions to limit the reduction in funds devoted to the national health service and to social policies, as well as the replenishment of a national fund for not-self-sufficient persons.

Other agreements followed, arriving at those reached in February and April 2012, through which the Unified State – Regions Conference approved the refinancing of activities associated with measures devoted to children (e.g. nurseries and crèches) and the elderly (home care).

The picture of vertical coordination is complex. The Unified State-Regions Conference allowed different territorial needs to be combined but in an incomplete fashion. Institutional conflicts between the State and sub-national authorities arose because of different policy orientations. A large number of sentences by the Constitutional Court modified national acts that interfered with roles, competences and priorities assigned to regional and local authorities.

1.4 Active participation of relevant actors

Some important actors were not involved in the design, implementation and coordination of the EU active inclusion strategy simply because it was not mainstreamed into national policies. Permanent structures (Law No 11/2005) ensure the Italian participation in the EU policy processes: a single inter-ministry body (CIACE, Inter-ministry Committee for European Community Affairs) and a single technical committee composed of high ranked officers in the different ministries), open to the participation of representatives of regional and local authorities. Main procedures regard relationships between the national government and: social partners through CNEL (national council of the economy and employment, an advisory body of constitutional rank); regional and local authorities through Unified State-Regions Conference; the national Parliament and its working commissions through debate on relevant issues, acts and programmes.

The National Reform Programmes (NRP) were not well structured to include the participation of all relevant actors (including those affected by poverty and social exclusion, the social partners, non-governmental organisations and service providers). This characteristic varies on a case-by-case basis, but is also present in the National Strategy Reports concerning social protection and social inclusion (e.g. the 2008 report). Generally, the involvement process was totally voluntary, limited in time and to crucial phases, based on few formal consultation meetings, dictated by the necessity to submit key documents to the EU Commission, reduced to a ratification ex-post process of policy orientation already taken by national governments, with few contributions from the civil society organisations, often not clearly presented in final documents.

The preparation of the 2012 NRP showed an improved participation of national, regional and local authorities that are also expected to play a key-role in implementing the related strategies. The involvement of social partners in policy design, implementation and monitoring was very limited. Non-governmental organisations involved in social and anti-poverty policies were not consulted, as well as people experiencing poverty and social exclusion. The national Parliament debated the NRP, but the resulting remarks were not included in the document submitted to the EU Commission. Regional parliaments did not debate any document related to the NRP and therefore did not influence the decisions on social inclusion policies.

However, a good practice of actors' participation can be found in the 2007 – 2013 NSRF (i.e. National Strategic Reference Framework concerning the utilisation of the EU Structural Funds), which mobilised a wide range of stakeholders in decision making processes. A practice continued in monitoring and updating the Action Plan for Cohesion devoted to the South.

National representatives of Roma communities, the national conference of Regions, the national associations of sub-regional authorities (i.e. provinces and municipalities) and a number of relevant state ministries participated in the preparation of the 2012 – 2020 national strategy for the inclusion of Roma, Sinti and Travellers communities. They will be also involved in the further development of the Forum of Roma communities through territorially based structures. Yearly calls for tender will strengthen mobilisation and active participation in decision making. The National Contact Point (i.e. UNAR, the national office against racial discrimination) carried out this consultation process positively.

2. Description and assessment of the impact and cost effectiveness of measures introduced or planned under the 3 strands

The following section took into account the four principles outlined in the 2008 EU Commission Recommendation (Annex 1) in order to analyse measures introduced or planned since 2008 in Italy. Measures are often embedded in pre-existing legal frameworks. Therefore, background information is provided when necessary (updated to June 2012).

2.1 Adequate income support

Italy is well known for the lack of a **national minimum income** scheme. However, attempts were carried both at national and regional levels. The most important experimentation consisted in a national minimum income scheme for social insertion (RMI, *Reddito Minimimo di Inserimento*; Laws No 449/1997 and 237/1998) that lasted from 1999 to 2004, when it was not refinanced because of contrasting policy orientations in national governments. The reintroduction of the RMI was announced in the 2008 – 2011 economic and financial document, but not implemented.

However a bonus (a lump sum of € 150) was experimented (only for one year) in 2008 (Laws No 222/2007 and 244/2007) in favour of those who do not receive any benefit from tax deductions since they do not pay any income-taxes due to low income (the so-called *incapienti*). In 2009, a temporary measure for low-income households (*bonus famiglie*) was introduced (Law No 2/2009), consisting in a bonus ranging from € 200 to € 1,000 according to the household components and income thresholds.

Different policy orientations influenced the rise and fall of the most significant schemes on minimum income in 8 out of the 20 Italian regions. Schemes are still operative in five regions: Valle d'Aosta (Law No 19/1994), Trentino Alto Adige region with the two autonomous provinces of Bolzano (Law No 13/1991) and Trento (Laws No 14/1991 and 13/2007) in the North; Lazio in the Centre (Law No 4/2009, although not refinanced); Puglia (Law No 19/2006) and Basilicata (Law No 3/2005, incorporated by Law No 14/2007 in regional social services) in the South. Two regions cancelled previous schemes: Campania (Law No 2/2004, abrogated by Law No 16/2010) in the South; Friuli Venezia Giulia (Law No 6/2006, abrogated by Law No 9/2008) in the North. Molise in the South approved a scheme (Law No 2/2012), which is waiting for application rules.

The national scheme (RMI) was included in the framework reform of social policies and services (Law No 328/2000), which followed universalism with a selective approach and a monetary component with a social activation component. Similar criteria guided the regional schemes, but with specific regulations. Generally, beneficiaries are all vulnerable people, with low income (according to household composition and individual conditions, e.g. disabled), both those who can work and those who cannot work, both Italians and foreigners or stateless people (mostly with a minimum period of residence in the region). Income support allowances are generally fixed-term oriented, with a maximum amount of € 500 – 600 per month. Conditionality rules may exist both for recipients who can work and for those who cannot work according to their specific situations and influence the possibility to participate in customised plans of social integration that includes empowerment, capacity building, education and training, as well as employment and public utility works. Plans may be defined by contract or pact between beneficiaries and local authorities, e.g. social services and employment services.

The reform of social services, i.e. Law No 328/2000, provided the basic criteria and guidelines to reach equilibrium between monetary support and service delivery through a homogeneous distribution of basic services throughout the national territory and the creation of a networked system of services. All regions followed these criteria while enforcing their own laws aimed at integrated social welfare systems (i.e. regional and local plans) through networked services, including income support. However, the lack of a national definition for the basic level of quality in social services deprived the 2000 reform of one of its essential aspects (Sebastianelli S., 2009; Costa G., 2009). The definition of basic levels of quality is a central instrument to implement citizenship, civil and social rights, to promote gender equality and equal opportunities for all, to address specific needs of various vulnerable groups, to deal with the multi-dimensional nature and complexity of poverty and social exclusion, to improve territorial cohesion while reducing regional disparities, as underlined by the EU Commission Recommendation on the active inclusion strategy (2008/867/EC).

Examined from this perspective, structural weaknesses can be found in the Italian situation, which is characterised by the following trends.

Between 2008 and 2011 (Table 5), total population (60,626,442 persons) increased by 1.7 pp. Gender distribution remained substantially the same: more women (51.5%) than men (48.5%). Also regional distribution remained quite the same: 45.8% of the population concentrated in the North, 34.5% in the South and 19.7% in the Centre. However, minor changes were recorded in favour of the North (+0.3 pp) and the Centre (+0.1 pp) at the expenses of the South (-0.4 pp).

The increase in population was due to the contribution of foreigners (+1,137,666 persons). Without them, the population would have decreased (-130,514 persons). Foreign women (51.8%) increased more than foreign men (48.2%). Employment opportunities had an important influence in the regional distribution of foreigners: 61.2% in the North, 25.2% in the Centre and only 13.5% in the South. However, changes occurred in favour of the South (+1 pp) and the Centre (+0.3 pp) at the expenses of the North (-1.3 pp).

With a 1.8 pp increase compared to 2008, foreign citizens constituted 7.5% of the total resident population in 2011: more in the North (10.1%) and the Centre (9.6%) than in the South (3%). The increase reflected on gender distribution: +1.9 pp for women and +1.6 pp for men, who respectively constituted 7.6% and 7.5% of the related groups of population in 2011. However according to estimates, a more realistic figure would be nearly 9% as a total (i.e. women plus men) if those not yet registered and immigrants illegally present in Italy are considered (Fondazione ISMU, 2012).

The Roma population may constitute 0.3% of total residents in Italy, while the homeless another 0.2% at a maximum estimate. Put together, they correspond to the inhabitants of a middle-sized city like Venice.

AROP (at-risk-of-poverty) rates can be used to identify differences between regional areas, household types and citizenship (Table 6). Between 2008 and 2010, regional disparities were apparent and quite steady, ranging from 7% in the North to 38% in the South. Among the household types, single person with dependent children, two adults with three or more dependent children, single women, persons older than 65 years presented AROP rates that were between 2 and 1.5 times higher than the national averages. AROP rates of foreigner citizens increased from 1.5 to 2 times with respect to those of Italians.

By adopting a poverty threshold of 50% of the median equivalised income, other enquiries affirmed that the risk of poverty among foreign citizens was above 40%, three times that of nationals in 2010, while income of immigrant households was about 45% less than that of Italian households (Banca d'Italia, 2012).

Significant regional disparities can be found in the consumption-based poverty data provided by ISTAT, the national institute of statistics.

Relative poverty rates take into account the average monetary value of household consumption throughout the country. Using this parameter, they reveal disparities in the risk of poverty between different regional areas (Table 7). Differences remained quite stable between 2008 and 2010: 68.2% of the persons at risk of poverty lived in the South (with a small decrease of 0.4 pp) compared to 35% of the population living there; 19.5% persons in the North (with a minor decrease of 0.2 pp) compared to 45% of the population residing there; 12.3% persons in the Centre (with a 0.6 pp increase) where the remaining 20% of the population resides. The distance between the South and other regional areas was therefore significant in terms of poverty concentration: +56 pp from the Centre and +49 pp from the North in 2010. This difference is reflected on poverty rates: 27.1% in the South, 8.6% in the Centre and 5.9% in the North, while the national average was 13.8%.

ISTAT also uses "absolute poverty thresholds", which are independent of the average monetary value of household consumption at a national level. They take into consideration the different monetary values of essential goods and services at sub-national levels (342 in all). They identify where conditions are insufficient to lead a life in dignity due to a low spending capacity of households and individuals. Between 2008 and 2010, the territorial distribution of absolute poverty decreased by 7 pp in the South (52%) and increased in the North (31%) and the Centre (17%) by 5 and 2 pp respectively (Table 7). However, the absolute poverty rates remained quite stable in the South (from 7.7% to 8.1%) and increased more in the Centre (from 3.1% to 4.6%) than in the North (from 3.2% to 3.6%).

Strictly based on the socio-economic conditions of different local contexts, the absolute poverty indicators may support the introduction of a national minimum income scheme based on criteria of universalism and selectivity (CIES, 2009), on the definition of basic level of civil and social rights (Costa G., 2009), while capitalising on the already mentioned regional experiences.

Currently, the only one measure addressing the poorest (i.e. those at risk of "absolute poverty") is the so-called **social card**. The card consists in a pre-paid shopping card (Law No 133/2008), amounting at € 40 per month to purchase food products, electricity and gas, as well artificial milk and diapers (for which a further bonus of € 25 was added by Law No 2/2009). National authorities manage the card. However, the card is limited to Italian citizens in specific age groups and with very low income: parents of children aged 0-3 (income up to € 6,500 in 2012); persons aged 65 and over (income up to € 6,500 if aged 65 – 69 and up to 8,666 if aged over 70 in 2012). 300,000 families with infants and 1,000,000 pensioners were counted as expected beneficiaries, but they were only 535,412 in 2011 (INPS, 2012), mainly in the South (71.3%) than in the North (16.3%) and the Centre (12,4%). The bonus was perceived as a charitable measure, a kind of "poverty card", that reminds Italians of similar programmes that were present in the past, before the concept of equal dignity and freedom for all citizens was consolidated (Urbinati N., 2008). The card was introduced instead of increasing pensions for low-income elderly people or increasing maternity allowances or reducing fiscal burden for all low-income citizens. In addition, the social card opened conflicts between centralisation and de-centralisation of institutional competences, while it entered in competition with income allowances provided or managed by local authorities.

The national government introduced rules (Law No 10/2011) for experimenting with a new card without age limits, coexisting with the old card, lasting only twelve months and concerning 12 municipalities with more than 250,000 persons (6 in the North, 2 in the Centre and 4 in the South). The new government (i.e. the Monti Cabinet) confirmed the experimentation, but abolished (Law No 35/2012) norms and changed policy orientations introduced by the previous government (i.e. Law No 10/2011). The new card will follow a universal approach (i.e. for all Italian citizens, those of other EU State Members and legally long-term non-EU residents) conditioned by participation in the labour market.

Interestingly, the new card will be a component of the welfare system (i.e. mixing monetary support and social services) managed by local authorities, restoring key principles stated by the framework Law No 328/2000 on integrated social policies. The monetary amount will also change in relation to household size and hardships.

Measures to face **housing hardships** were nationally adopted in 1998. These allowances (Law No 431/1998) are provided according to regional laws that determine criteria and household-low-income parameters with respect to the incidence of house rent. Beneficiaries are: Italian and other EU citizens resident in the concerned region; non-EU citizens with residence permit, resident in Italy for at least 10 years or 5 years in the concerned region (Law No 133/2008).

Measures to face **fuel poverty** consist in small allowances granted by local authorities to low-income households (total income up to € 7,500 threshold or up to € 20,000 if family with 3 dependent children) to cover electricity and gas costs (Laws No 266/2005 and 2/2009). In 2012, the bonus can range from € 63 (household with 1 or 2 members) to € 139 (household with more than 4 components) and to € 155 (people in serious health condition) per year.

Local health authorities provide allowances to all citizens (including immigrants without regular residence permit and all foreigners resident in Italy) to face **health hardships**. They consist in the total exemption from health care expenses (introduced by Law No 537/1993). Beneficiaries are children younger than 6, persons over 65, recipients of minimum pension allowances and persons who are unemployed. Income thresholds are defined for beneficiaries, e.g.: people under 6 and over 65 living in households with a yearly income of € 36,152; unemployed and people over 65 recipients of minimum pensions with a yearly income of € 8,263, adjusted according to dependent spouse and children.

The social card, housing, fuel and health allowances are not sufficient to help people living in severe material deprivation. As a share of total population, they were 6.9% in 2010 with a slight decrease compared to 2008 (Table 8). According to national surveys, 34% of immigrant households lived in conditions of overcrowding and 11% experienced both economic difficulty and overcrowding (Banca d'Italia, 2012). In 2009 (ISTAT, 2011), immigrant households conditions were characterised by: material deprivation (34.5%) by nearly 21 pp higher than nationals (13.9%); severe housing deprivation (13.3%) by nearly 9 pp more than nationals (4.7%); overcrowded homes (37.2%) by nearly 23 pp more than nationals (14.6%). More than a quarter of immigrant households cannot afford to pay their rent (26.3%), utility bills (23.4%) or to buy necessary cloths (28.1%). The difference from national households ranged from 12 pp to 33 pp. The highest difference was that related to the difficulty in facing unexpected expenses (64.9% compared to 31.4% of the national households).

Three schemes are aimed at supporting households according to their family burden, the first one devoted to workers, the others independent from the employment status.

The **household allowance** (ANF, *assegno per il nucleo familiare*, introduced in 1934 and radically reformed by Law No 153/1988) covers a wide range of workers (including EU citizens, as well as non-EU immigrants if reciprocity agreements exist between Italy and the State of origin) and it is based on the household size (e.g. the number of its components). On behalf of the national institute of social insurance (INPS), the employer has the obligation to anticipate this allowance within her/his monthly salary. From July 2012 the monthly allowance will be: nearly € 138 for a two-member household with children and with a yearly income below € 13,785. Specific rules exist for atypical contract workers (e.g. quasi-subordinated workers, *lavoratori parasubordinati*), while farmers and self-employed workers receive a household allowance (AF, *assegni familiari*) with similar mechanisms.

The **large household allowance** (*assegno per nuclei familiari numerosi*, introduced by Law No 448/1998) concerns families with at least three minors. Independently from their employment status, beneficiaries of this allowance are Italians and EU citizens resident in Italy.

A labour court (Padova in the North Italy) recognised that non-EU immigrants with a EU residence permit have the right to receive this allowance (order issued in 5 December 2011). The allowance is granted by local authorities but paid by INPS according to yearly parameters defined by yearly acts. The allowance was updated to € 135 per month (13 months per year) in 2012 for a yearly income household up to € 24,377.

The **maternity allowance** (*assegno di maternità*, introduced by Law No 448/1998) is devoted to women in childbirth in low-income families, without employment status and social security benefits. This allowance concerns pregnant women without age limits (Italian, EU and non-EU citizens with a residence permit). The allowance is granted by local authorities but paid by INPS according to parameters defined yearly. The allowance was € 324 per month in 2012 for a maximum of 5 months for a yearly income below € 33,857 for households with 3 members.

Specific vulnerable groups can receive some income support from pension schemes and allowances, such as the following ones.

The **social allowance** (*assegno sociale*) substituted social pension (*pensione sociale*) in January 1996 (Laws No 153/1969, 335/1995, 133/2008 and 214/2011). Beneficiaries are: persons aged over 65 (or 66 in January 2018), retired without sufficient income and pension contribution; Italians and other EU citizens, refugees for political reasons, non-EU citizens with residence permit, regular residents in Italy (by January 2009 with a legally permanent residence for at least 10 years). The monthly amount of the allowance was updated at € 429 (13 months per year) in 2012 for those with a yearly income up to € 5,577 if single or up to € 11,540 if married. INPS is the delivery agency.

Recognition of **civil invalidity** status guarantees disabled people who cannot work the following income support: invalidity pension (*pensione di inabilità*), monthly allowance for partial invalidity (*assegno mensile per invalidità parziale*), allowance for personal continuous assistance (*indennità di accompagnamento*) and allowance for disabled minors to attend nurseries, schools, training and rehabilitation centres (*indennità di fequenza per i minori*). Main reference acts are: Laws No 118/1971, 18/1980, 509/1988, 289/1990, 247/2007 and 111/2011. Blind deaf and dumb people are included (e.g. Laws No 66/1962, 381/1970 and 382/1970). Beneficiaries are: persons aged under 18 and over 65 years with persistent difficulties to carry out tasks and functions proper to this age; persons aged between 18 and 65 years with permanent reduction in their capacity to work. Beneficiaries may be Italians and other EU citizens, non-EU citizens (also without residence permit) and stateless people, resident in Italy. The Constitutional Court (sentences No 306/2008, 11/2009, 187/2010 and 329/2011) declared unlawful any restriction of rights to non-EU citizens without a residence permit. The invalidity status is 100% for pension and 74% for monthly allowance.

Yearly income of the beneficiary should be up to € 15,627 for the invalidity pension and up to € 4,596 for the partial invalidity allowance and disabled minors. There are no income limits for other allowances. The monthly amount of the allowance varies according to invalidity conditions, from € 199 (e.g. partially blind persons) to € 827 (e.g. totally blind people) in 2012; mostly for 13 months per year. Social allowance (*assegno sociale*) replaced both the invalidity pension and allowance for persons aged 65 years and over. INPS is the delivery agency on decisions taken by regional health services.

War pensions and allowances (*pensioni e assegni di guerra*, under the framework regulations of the Republic President Decree No 915/1978) are devoted only to Italian citizens, disable because of wars, widows and children of war victims. Their yearly income should be € 15,373 but variations exist according to disability, number and situation of household members. The monthly amount of the allowance varies according to 8 categories of situations, ranging from € 99 to € 605 per month in 2012; 12 months per year. For widows and orphans, benefits range from € 83 to € 344. The Ministry of Economy and Finance is the main national delivery agency.

Victims of **terrorism and criminality** may receive pensions and allowances (Laws No 302/1990 and 206/2004) with no income limits. Beneficiaries are: Italian citizens, foreigners and stateless people, disable because of terrorism or organised criminality and their survivors. The monthly amount of the allowance varies according to the typology of damage. The Ministry of the Interior is the main delivery agency.

Social transfers are important instruments to lessen the risk of poverty. Taking into account the AROP rates (Table 9), social transfers (pensions excluded) reduced the risk of poverty rate by 5 pp in 2010, which represented 22% of the initial risk rate. Although this reduction capacity increased (+2%) with respect to that recorded in 2008, it remained lower than the EU 27 average, especially for children (i.e. those aged less than 18 years) and for adults (i.e. those aged 18 – 64 years). Only for the elderly (i.e. those aged 65 years and over), the reduction capacity was quite in line with the EU average, but including pensions in social transfers. Pensions were in fact found to be the main instrument of reducing the initial risk of poverty of the elderly. However it must be noted that in 2010 (Table 4): 32.6% pensions were below a monthly amount of € 500, i.e. less than the ISTAT consumption-based poverty thresholds; 53.4% were below € 750, i.e. less than the EUROSTAT income-based poverty thresholds; 11.6% were between € 750 and € 1,000 and only 35% over € 1,000.

The latest reform in pension system (Law No 214/2011) reduced the related expenditure while introducing more restricting regulation: a contributive system instead of a retributive system; abolition of the seniority pension schemes; a hike in retirement age to align all recipients to a minimum age of 66 years in 2018 and 67 years in 2021; the elimination of pension inflation adjustments for pensions that are greater than three times the minimum pension during 2012 and 2013.

The following considerations can be made on the main schemes of income support described above.

Resources are not adequate and not harmonised. The benefits are mostly below poverty thresholds and not sufficient to meet specific needs of vulnerable groups, while there is no coherent system to provide income support to individuals and households at risk on poverty.

Most of the above-mentioned measures have a universal scope with income selectivity (e.g. allowances for large households and maternity, housing support, exemption from health care expenses, allowance for low income households, bonus for electricity and gas supply). Others concerned specific conditions of vulnerability (e.g. civil invalidity, war, terrorism and criminality). Some of them had a substitution effect for the lack of a universal minimum income scheme, such as the utilisation of civil invalidity benefits (Rossi E. and Masala P., 2008).

Means test mechanisms (i.e. ISEE, indicator of the equivalised economic situation, introduced by Law No 109/1998) are adopted in most of the above-mentioned measures (i.e., social card, bonuses concerning fuel, housing and health hardships, large household allowances, and maternity allowances). This means-testing instrument is not applied in other measures, namely minimum pension social allowances, pensions and allowances linked to civil invalidity, war, terrorism and criminality consequences.

Discrimination, mainly against immigrants and homeless, is present in a number of schemes (e.g. the old social card, the minimum social pensions allowance, allowances to face housing hardships, household burden). Such discriminatory conditions follow specific acts (e.g. Laws No 125/2008, 133/2008 and 94/2009) that limit citizenship and social rights, consider irregular immigration and illegal entrance and permanence as a crime, strengthen public safety rules regarding expulsion from Italy, and introduce more stringent control on minority communities (e.g. residence requirements and a nationally centralised register of homeless people linked to hygienic and health conditions of dwellings).

Several sentences of the Constitutional Court abolished some restrictions, but the Italian legislation on citizenship remains strongly based on "ius sanguinis" orientation (Zincone G., 2006; Bartoli C., 2012), according to which foreigners, immigrants and ethnic minorities such as Roma people (Chirico M. R., 2008) are not given Italian citizenship although they have lived in Italy for many years or born in Italy.

Resources are not adequately linked to active social and employment policies. Nearly all of the above-mentioned schemes are devoted to people who cannot work or with a limited capacity to work. Some allowances concern low-wage workers in relation to household dimension and to specific hardships, including allowances for housing and health hardships, bonuses concerning fuel, allowances for large household, maternity allowances, the old and the new social cards. Household allowances (ANF) are clearly linked to the employment status of recipients. Other benefits exist, such as figurative social contributions that allow workers with specific disabilities (e.g. blindness) to anticipate pension requisites (Law No 120/1991).

Activation processes can be found in a few regional experiments with minimum income schemes. These attempted to combine allowances with the provision of employment services (e.g. vocational guidance and training, job-seeking and job creation) for those who can work, as well as social integration services (e.g. local welfare systems) to those who cannot work. Importantly, a similar policy orientation will guide the experimentation with a new social card at a national level.

The inadequacies in income support system imply an *indirect incentive to work* for persons who can work. The limited benefits provided by the above-mentioned measures and the lack of a systematised minimum income scheme throughout the national territory have a common result in forcing the concerned persons in need to seek employment.

2.2 Inclusive labour markets

Investments in human capital

24% of people aged 15 – 34 years were NEETs (i.e. not in employment and not in any education and training; Table 10) in 2011, an increase of 4 pp over 2008 and 7 pp more than the EU 27 countries' average. Highest rates were recorded by women in the 25 – 29 year group (34%) and in the 30 – 34 year group (38%). Regional disparities are significant. For instance, the rates of NEET people aged 18 – 24 ranged from 17-18% in the North and 21% in the Centre to 33-37% in the regions of the South.

The 2011 Italian rate (18.2%) of early school leavers (i.e. the percentage of the population aged 18-24 with at most lower secondary education and not in further education or training; Table 11) remained higher (+4.7 pp) than the EU 27 countries' average (13.5%), although decreasing with respect to 2008 (-1.5 pp). Men recorded higher rates (e.g. 21% in 2011) than women (15.2%). This indicator also revealed significant regional disparities: from 15-17% in the North and 16% in the Centre to 20-25% in the regions of the South, as a total (i.e. women plus men).

The 2011 Italian rate of people aged 30-34 years who completed tertiary education (i.e. university or university-like education) was 20.3% (Table 11): significantly lower (14 pp less) than the EU 27 countries' average (34.6%), although a minor increase of 1 pp was recorded in comparison with 2008. According to ISTAT data referred to 2010, rates were higher for women (24%) than for men (16%). Regional disparities were apparent: higher rates in the regions of the Centre (24%) and the North (from 20% to 22%) than in the southern regions (16%).

Eventually, according to EUROSTAT data, investments in R&D (research and development) accounted for 1,26% of the Italian gross domestic product (GDP) in 2010, a small increase with respect to 2008 (1.21%). These percentages are lower than the EU 27 countries' average (2% in 2010 and 1.92% in 2008), and much lower to those of Finland (3.87%), Sweden (3.42%), Denmark (3.06%), Germany (2.82%), Austria (2.76%) and France (2.26%).

The above indicators present structural gaps in the Italian context and have entered into the policy agenda of the current government. The 2012 NRP recognised the need to fill the gap more decisively, indicating the Action Plan for Cohesion in the South as the main instrument. As a result, nearly 75% of the reprogrammed EU Structural Funds in the South (between December 2011 and May 2012) were devoted to education, training, reduction of NEET and early school leavers rates, increase in apprenticeship and research. Included in the law on labour legislation recently approved by the Parliament (27 June 2012), new rules aim at developing effective lifelong strategies in education and training policies by means of territorially integrated systems between educational and training services.

Active and preventive labour market measures

Many persons (+427,000) actively tried to enter the labour market between 2011 and 2012 (Table 12), following a period characterised by an increase in discouraged workers (+458,000 between 2008 and 2011). Activity rates have, in fact, increased in the last two years. Unfortunately, between 2008 and 2012, there was an important decrease in employment (-440,000 persons), accompanied by an overriding increase in unemployment (+917,000 persons).

The increase in unemployed was highest between 2011 and 2012 (+476,000, equal to 52% of the overall increase in four years). Therefore, those who tried to enter the labour market joined the unemployed. Affected by a progressive reduction in last resort income support, economic needs have pushed a larger number of people into the search for employment, even though it was more difficult to find a job. This is a clear signal of a crisis worsening towards economic recession. Moreover, there was an outstanding increase (+12 pp) in the 2012 "unemployment spread" between young people (35.9%) and all age groups (9.8%).

Precariousness in the labour market was another important factor, affecting the majority of new employment. For instance, atypical and fixed-term labour contracts accounted for 76% of the new jobs created during the first semester 2011 (MLPS, 2011). At the same time, atypical and fixed-term contracts constituted 73% of dismissals, 16% lasting only one day, 38% less than one month and 19% from one month to one year. Undeclared work corresponded to 12% of total full-time equivalent employed people between 2008 and 2010 (ISTAT, 2011a). 41% of undeclared workers were concentrated in the South.

This scenario requires that new approaches are taken by agencies such as the employment services. They should develop tailored, personalised, responsive services and support involving early identification of needs, job-search assistance, guidance and training. This comprehensive mission (stated by Law No 181/2000) was translated into "service pacts" (*patti di servizio*, defined by Law No 247/2007) between employment services and the concerned workers, who should declare their immediate availability to participate in the above-mentioned active labour measures. A revamped effort to improve active labour policies and the associated employment services can be found in the new rules provided in the law on labour legislation, recently approved by the Parliament (27 June 2012). The new rules are clearly devoted to define the essential levels of quality employment services in order to ensure social rights throughout the national territory and to reduce regional disparities.

Review of incentives and disincentives resulting from benefit systems

The Italian "shock-absorbing" system to maintain employment during economic downturn is based on three main instruments: unemployment allowance, allowance for workers' redundancy (CIG, *Cassa Integrazione Guadagni*) and labour mobility allowance. All allowances have monthly ceilings that are re-evaluated each year. Generally based on contributory requirements, these benefits are delivered by INPS to different worker categories and economic sectors. Beneficiaries also include non-EU workers legally resident in Italy with some restrictions in seasonal work in case of unemployment allowances.

In terms of job placement policies, unemployment is defined as the condition of persons without a job but immediately available to active job seeking according to rules laid down by employment services (Laws No 181/2000 and 297/2002). This definition implies conditionality rules. In cases where the concerned persons are not available to participate in tailored plans (e.g. vocational guidance and training, job-seeking and employment opportunities), the associated allowances are not provided. Workers must sign a declaration of immediate availability in order to benefit from the following shock-absorbing mechanisms (reaffirmed by Law No 2/2009).

Ordinary unemployment allowance (*indennità di disoccupazione ordinaria*, introduced by Law No 2214/1919) concerns workers who lost their job for specific reasons (e.g. lack of work, market crisis and so on). Limits exist according to age, wage ceiling, production sector. The allowance is provided to workers who have a minimum of 52 weekly (one year) social contributions paid to INPS. This benefit is provided for a period of time that depends on age (8 months if aged under 50 and 12 months if aged over 50). The concerned worker receives 60% of the previous wage for six months, 50% up to the eighth month and 40% during the four remaining months. Monthly ceiling in 2012 was € 931, increasable to € 1,119 if the gross monthly wage was more than € 2,015.

Unemployment allowance with reduced requirements (*indennità di disoccupazione a requisiti ridotti*, introduced by Law No 160/1988) concerns workers who are generally not entitled to the ordinary allowance because they do not have the minimum requirement of 52 weekly payments of social contribution, but they have worked at least 78 days in a year. Generally these workers were employed in fixed-term and temporary jobs. The concerned workers receive an allowance corresponding to the days actually worked and for a maximum of 180 days. The amount is equal to 35% of average daily wages for the first 120 days, and to 40% for the remaining days. Monthly ceiling in 2012 was € 907, increasable to € 1,090 if the gross monthly wage was more than € 1,962.

Both the above-mentioned typologies of unemployment benefits were extended (Law No 2/2009) to redundant workers who are not eligible for the specific allowances related to adverse economic conditions for individual employers (see below). In these cases, the benefits are limited to a maximum of 90 days in a year. A similar provision extended the ordinary unemployment allowance to apprentices.

Special unemployment allowances (*disoccupazione speciale*, introduced by Laws No 1049/1970 and 427/1975) concern workers in the agriculture and construction sectors. The allowances have particular criteria, procedures and monthly amounts that concern ordinary and reduced requirements.

A **single-unemployment allowance** (introduced by Law No 2/2009 on an experimental basis) concerned workers in particular fixed-term labour contracts (collaboration by project, *collaboratori coordinati e continuativi*) between 2009 and 2012, corresponding to 30% of the previous year income but within a ceiling of € 4,000.

Ordinary workers' redundancy allowance (CIGO, *Cassa Integrazione Guadagni Ordinaria*, introduced by Law No 788/1945) is provided in case of suspension from work due to external temporary difficulties such as bad weather, natural disasters and market turbulence for workers in the industrial sector. As a general rule, the workers receive the 80% of the previous wage for duration of 3 months (extension is exceptionally allowed up to 12 months). Monthly ceilings are equal to those concerning the ordinary unemployment allowance. A system similar to CIGO exists also in construction sector (Law No 77/1963) and in agriculture sector (Law No 457/1972) but with different benefits and conditions.

Extraordinary workers' redundancy allowance (CIGS, *Cassa Integrazione Guadagni Straordinaria*, introduced by Law No 1115/1968) is provided to workers in case of suspension from work due to industrial crises and company restructuring processes. Enterprise size should be generally between 16 and 200 employees according to the economic sector (e.g. industry, commerce, tourism). As a general rule, the concerned workers receive the 80% of the previous wage for the maximum duration of 24 months (extension is exceptionally allowed up to 36 months). Monthly ceilings are equal to those concerning the ordinary unemployment allowance. CIGS mechanisms are variable according specific economic sectors, causes of crisis, geographical areas and so on.

Workers' redundancy allowance in derogation (CIGD, *Cassa Integrazione Guadagni in Deroga*, introduced by Law No 2/2009 and strengthened by Law No 33/2009) extended eligibility of the above-mentioned allowances to sectors and companies without access (or having exhausted their entitlements) to CIGO and CICG. The national Ministry of Labour and regional governments jointly authorise the new allowances, following an agreement reached by the Unified State – Regions Conference in February 2009 (included in Law No 33/2009). Derogation concerned all main shock-absorbing mechanisms and was confirmed by a successive agreement of the Unified State – Regions Conference (April 2011), which made the overall provisions valid up to 2012. INPS and regional authorities jointly manage the new allowances with the involvement of the employment services (e.g. integration of monetary support with vocational guidance and training courses).

Solidarity contracts (*contratti di solidarietà*, introduced by Law No 863/1984) are applicable to all sectors entitled to CIGS. They can be defensive or expansive, respectively to maintain or expand employment in the concerned businesses. As a general rule, the concerned workers receive the 60% of the previous wage to compensate for the lost working hours and for a period no longer than 24 months, which can be extended an other 24 months (36 months in the southern regions). Defensive solidarity contracts were extended also to enterprises that employ less than 15 workers (Law No 33/2009). To favour the utilisation of the defensive solidarity contracts between 2009 and 2012, the allowance amount was increase up to the 80% of the previous wage (Laws No 102/2009 and 220/2010).

Labour mobility allowance (*indennità di mobilità*, introduced by the framework reform Law No 223/1991) concerns workers who lost employment as a result of industrial restructuring plans. As a general rule, the allowance is equal to CIGS (80% of the previous wage) for the first 12 months of unemployment with a reduction to 80% of the CIGS benefits in the following months (the maximum duration being of other 36 months for workers aged over 50 in the southern regions). Monthly ceilings are equal to those concerning the ordinary unemployment allowance. Diversity and limitations exist according to sectors of activity, geographical area, age and wage ceiling.

A special **allowance for socially useful works** (*assegno per lavori socialmente utili*, introduced by Law No 451/1994 and improved by Law No 468/1997) is paid to workers who do not receive any of the above-mentioned benefits and are involved in projects (socially useful works, including training) prepared mainly by local authorities and cooperatives in collaboration with employment services. The monthly allowance was € 413 in 2012 for 20 weekly working hours. The projects may integrate an allowance for longer periods of work.

New rules concerning shock-absorbing mechanisms will be inaugurated in January 2013 and, after a transitory period, will be definitively applied in 2017. They are included in the law on labour legislation recently approved by the Parliament (27 June 2012). A new system (ASPI, *Assicurazione Sociale per l'Impiego*, i.e. social insurance for employment) will replace all the current unemployment allowances (ordinary, with reduced requirements and special in the construction sector, but not the unemployment allowance in agriculture sector) as well as the mobility allowance and in derogation. Beyond employees in the private sectors, ASPI will include apprentices, people employed in cooperatives and artists, as well as people employed in public sector with fixed-term labour contracts. Conditions of eligibility will remain similar to those of the current ordinary unemployment allowance. Benefits will last 12 months for recipients aged under 55 and 18 months if aged over 55. Monthly amounts will be 75% of the previous wage for six months, 60% up to the twelfth month and up to 45% after the twelfth month. Monthly ceilings will remain similar to the current ordinary unemployment allowance. A mini-ASPI mechanism will be similar to the current unemployment allowance with reduced requirements. The particular single-unemployment allowance for those employed with fixed-term labour contracts will be made permanent. Thus, the new system appears to be more a streamlined organisation of benefits than a harmonised reform. This consideration is also supported by the fact that the current mechanisms of workers' redundancy allowances (i.e. CIGO and CIGS) will not be significantly modified. Moreover, extension of benefits will concern a limited number of workers while the new ASPI will be limited in duration and amount with respect to the current mobility allowance.

All the above-mentioned measures lessen the impact of a possible crisis on workers, which can be seen in the present economic downturn. Many of these persons are expected to lose their job after the end of the allowances. By adding these estimates to the number of unemployed recorded in 2011 (Table 13), a 1 to 2 increase in pp can be applied to the official unemployment rate (8.4%). Eventually, by adding the number of underemployed and a potential additional labour force, the unemployment rate could reach 22%. Underemployment is constituted by part-time workers wishing and being available to work more hours. Potential additional labour force considers persons seeking a job but not immediately available for work and those available for work but not seeking it.

Support for the social economy and sheltered employment

Cooperatives are historically a driver of social economy in Italy. Two main typologies of cooperatives exist (Laws No 381/1991): those delivering social, health and educational services; those producing goods and services that integrate disadvantaged groups. The volunteer sector (Law No 266/1991) and non-profit organisations of social utility (Law No 460/1997) are other democratic agencies that provide employment opportunities and social services. Sheltered employment was fostered by a progressive combination between reforms that affirmed the right of disabled persons to work (Law No 68/1999) and the decentralisation of employment services (Laws No 181/2000 and 247/2007). The reform of social policies and services (Law No 328/2000) was a catalyst for fostering regional and local initiatives in social economy. More recently, compensation mechanisms between companies concerned mandatory placement of disable people (Law No 148/2011), i.e. the overall number of disable workers in a group company can be taken into account to lessen the duty to hire disabled people. As an effect of the austerity measures taken during the current crisis, resources were reduced also in these fields of active inclusion policy. Interesting national attempts are included only in the Action Plan for Cohesion in the South, which devoted nearly 2% of the reprogrammed EU Structural Funds to projects promoted by young private social actors in order to provide collective services and the enhancement of public goods.

Efforts to increase access to employment

National acts (Laws No 102 and 191/2009) introduced a series of measures: to allow companies to employ their workers beneficiary of CIGS in production activities through re-training projects with a reduced cost to the company (extended to 2011 by Law No 220/2010); to provide bonuses and incentives to companies in order to employ disadvantaged workers, workers aged over 50 and unemployed (extended to 2011 and 2012 by Law No 220/2010).

Other acts (Law No 106/2011 and Law No 35/2012) provided incentives to companies to employ disadvantaged workers through open-ended labour contracts in the South between 2011 and 2013. The law defined disadvantaged persons as: unemployed for at least 6 months; unemployed for at least 24 months (i.e. long-term unemployed); workers without a secondary education level; workers aged over 50 years; single workers with dependent persons; those employed in sectors with significant gender disparities; members of national minorities. Incentives consist in a fiscal bonus equal to 50% of the wage costs over the 12 months following the recruitment of the concerned worker. These incentives were included in the Action Plan Action Plan for Cohesion in the South.

Significant tax relief was directed at self-employed young people (aged up to 35 years) starting in 2012 (Law No 111/2011). They pay only 5% of income tax with additional regional and local taxes, while benefiting from total exemption on VAT coupled with simplified accounting requirements. Benefits will last five years. In parallel, the law abolished the fiscal mechanism introduced in 2008 to favour self-employed and professionals with an annual turnover below € 30,000 (e.g. only 20% of taxation as a lump sum).

A structural measure (Law No 214/2011) allowed enterprises to have significant yearly fiscal reduction to employ young people aged up to 35 years and women through open-ended labour contracts: € 10,600 per year as a national rule, increased up to € 15,200 in the South.

In fact, only structural measures will favour employment of disadvantaged workers, especially in the South. Temporary measures risk to fall short of expectations and create substitution effects on the labour market. Generally, companies increase the number of their employees according to their expected increase in business opportunities, not as a consequence of fiscal bonuses. The latter are used to choose manpower that has a lower labour cost. Therefore, these measures do not increase employment *per se*, but change the typology of workers, probably with a positive impact in the transformation of irregular and undeclared work into regular work. However, when the fiscal bonuses end (e.g. in one year time), only the companies with solid businesses perspectives will continue to employ the concerned workers through open-ended labour contracts. Weaker companies will fire the concerned workers, likely by declaring economic difficulties or by using easier dismissal procedures (Law No 148/2011).

These considerations concern also measures to promote youth self-employment. Fiscal benefits and reduction in administrative burden must be structurally available to all youth enterprises in order to avoid that new business displace those already existing and that those with a favourable background succeed, probably because their parents will spin-off their companies into smaller but separated entrepreneurial firms.

Financial incentives for employment are more adequate if provided at local level, being linked to regional development plans. Several regions have acquired experience in this direction during the last thirty years and renovated this commitment in the current crisis. Several cases can be mentioned, such as most recent laws in Toscana and Marche (Centre), Emilia Romagna and Friuli Venezia Giulia in the North. Also the 2012 NRP presented interesting examples of measures adopted by the regional governments to address employment and development, energy and the environment, social cohesion and equal opportunities.

Efforts to tackle labour market segmentation

New rules (Law No 148/2011) strengthened the second level of bargaining (defined as “proximity” collective bargaining; Mandrone E. and Marocco M., 2012). This level can modify regulations already agreed upon at a national level. The risk of fragmenting trade unions is accompanied by the risk of a fragmentation in labour contracts, since the law included the possibility to modify hiring and dismissal also in atypical jobs. The derogation from existing laws could also include derogation from the basic law on labour rights (Law No 300/1970, the so-called *Workers’ Statute*, *Statuto dei Lavoratori*), which was reached after years of union struggle. This was in line with an expected framework reform called *Work Statute* (*Statuto dei Lavori*; presented by the national government in November 2010), which shifted the attention from workers to work. It should be noted that Constitutional objections might be raised in relation to Law No 148/2011. The new rules in collective bargaining and industrial relations were accompanied by a heated debate. Several sectors (e.g. trade associations, centre-right political parties and some trade unions) recognised the necessity to increase flexibility in labour market, to more closely link productivity and wages, to modify rules on hiring and dismissal of employees, while ensuring some basic rights for all. Other actors (e.g. the largest left-wing trade union, centre-left political parties and a series of NGOs) recognised the necessity to reduce precariousness and segmentation in labour markets, to more closely link wages and minimum income schemes, to maintain rules that protect the weaker party in labour contracts (e.g. workers). The development of this law has a long history: a framework agreement signed by social partners (the left-wing trade union excluded) and the national government in 2009; a reform (Law No 183/2010) that introduced new clauses on arbitration between the social partners as a means to solve individual labour disputes and dismissals. Only in June 2011, all social partners reached an agreement to define the different levels of collective bargaining, while they reaffirmed their autonomy (e.g. exclusive power) in this field and in the industrial relations with a subsequent agreement reached in September 2011.

Opinions regarding the role of "decentralised agreements" (at company or territorial level) and the possibility to modify totally or partly provisions of the national collective agreements were contrasting. Another key point was the autonomous role of industrial relations, given that a series of laws (e.g. Laws No 247/2007, 126/2008, 2/2009, 122/2010 and 220/2010) fostered *de facto* a second level of bargaining by providing incentives (namely, reduction in labour taxation and social contributions) to link wage and productivity at a company level. The risk of progressively breaking the unity of the national bargaining structure in favour of diversification across sectors and corporatism was the main reason why the left-wing trade union did not sign the 2009 agreement.

More flexibility in labour market management also inspired a full liberation of placement services (Law No 276/2003) by increasing the number of agencies authorised to provide this service (e.g. schools, universities, municipalities, chambers of commerce, trade associations, trade unions and internet sites). Further simplification concerned (Law No 111/2011) the authorisation procedures to participate in a national portal and network for labour demand and supply matching (the so-called *borsa lavoro*). However, severe rules and sanctions support the fight against illegal placement (*caporalato*), while recognising it as a crime along with exploitation of workers (Law No 148/2011).

Innovations regarded apprenticeship, which can substitute compulsory education while making it possible to work at the age of 15 years (Law No 183/2010). This innovation is in conflict with the statutory definition of age limit for work (16 years) and the possibility to accomplish compulsory education also through vocational training pathways or experimental educational courses provided by regional and local authorities (Law No 296/2006).

Apprenticeships become the fundamental contract that allows young people to enter labour market and benefits from reduced social contributions and flexibility at the contract conclusion (i.e. dismissal). There are three typologies of contract (Law No 167/2011): 1) to obtain a professional qualification (for the youngest, i.e. those 15 years old); 2) to obtain specific skills (e.g. a craft labour contract, *contratto di mestiere*, for those from 18 – 29 years of age; workers enrolled in mobility lists considered as apprentices) integrated with training courses provided by the Regions; 3) to achieve higher training and research capabilities (including PhD). In parallel, rules were included to limit the misuse of internship by fixing 6 months as a maximum length within a year following the achieved degree in secondary and tertiary education (Law No 148/2011).

Also the the law on labour legislation recently approved by the Parliament (27 June 2012) is aimed at making labour market more flexible under the motivation of reducing segmentation in the labour market. The reform aims at making it easier for employers to hire and fire employees, while inhibiting unlawful dismissals based on race, gender and other forms of discrimination. The new rules will lessen restrictions concerning other types of dismissals, present in the Italian labour rights law (i.e. Art. 18 of the *Workers' Statute*, Law No 300/1970). However, control will be strengthened to avoid discriminatory dismissals or forced resignations during pregnancy, maternity and parental care of children, as well as to restrict undeclared work of immigrants.

The use of the numerous types of atypical (i.e. fixed-term) labour contracts and false self-employment work (i.e. VAT numbers) will be discouraged in favour of permanent (i.e. open-ended) contracts. Apprenticeship will be further encouraged as a main access to the labour market. However, the excessive number of different types of labour contracts (46) will remain, only their incorrect use will be discouraged. Contrasting policy positions, between the centre-right and centre-left parties, emerged during the Parliamentary debate. Trade unions declared their opposition (also through strikes) to key aspects of the proposed reform (especially those concerning dismissals). Employers' associations declared that the new law would increase the costs and burdens to employ people, while it will not increase flexibility in the labour market.

2.3 Access to quality services

Regional inequalities characterise the availability of and access to quality services (Ascoli U., 2011). In 2010, public expenditure on the national health service (ISTAT, 2012a) was € 1,833 per capita, but distance was apparent between inhabitants of the autonomous province of Bolzano (North) and those living in Sicilia (South): the former with € 2,191 per capita and the latter with € 1,690 per capita. These are monetary parameters that correspond to services delivered in terms of health care especially for the most vulnerable categories (children, the elderly and serious sick people). Higher levels of quality can be found in the North (Piemonte, Valle d'Aosta, Veneto, Emilia-Romagna and the autonomous province of Trento) and in the Centre (Toscana). On the contrary, the worst performing regions are in the South (e.g. Campania and Sicilia).

Cuts were made in transfers from the State to regional and local authorities, due to a series of austerity packages. These cuts reduced the capacity of local authorities to provide essential services to their citizens. Adding significant decreases in national funds devoted to social policies, the local welfare systems have been significantly compromised in the last four years, especially in the South. In fact, municipalities finance social policies with their own resources, more in the North and the Centre (63% - 68%) than in the South (36% - 56%).

Comparing available data (2009) on expenditure by municipalities on social services, regional disparities were confirmed (ISTAT, 2012b).

The national average amount per inhabitant was € 116, but regional averages show the following distance: between € 114 (Veneto) and € 295 (Trento) in the North; between € 95 (Umbria) and € 141 (Lazio) in the Centre; between € 26 (Calabria) and € 77 (Sicilia) in the South, where only Sardegna recorded an average of € 199. Recipients were families and minors (39.9%), disabled (21.6%), elderly (20.3%), the poorest, homeless people included (8.3%), immigrants, Roma and similar communities (2.7%), addicted to drugs, alcohol etc. (0.9%), mixed beneficiaries (6.3%). The average spending per typology of need (e.g. recipient) was: € 119 if family and minor; € 117 if elderly; € 2,691 if disabled; € 15 if very poor and homeless; € 47 if immigrant or member of Roma and similar communities; € 1 if addicted; € 7 if mixed beneficiaries. Expenditure can be divided as follows: 27% in cash, namely economic allowances (income support, subsidies for housing and education services, etc.); 73% in kind, of which 39% as direct services to households and individuals (actions for social integration, home care, etc.), and 34% as services provided through territorial facilities (crèches and nurseries, day-care centres, etc.).

As a national average, only 14% of children aged 0 – 2 years had access to crèches managed or financially supported by local authorities in 2011 (ISTAT, 2012c): from 29% in the North (i.e. Emilia-Romagna) to 2% in the South (i.e. Calabria).

As a result, Italy is divided in two main typologies of regional and local welfare systems. A system where low levels of per capita expenditure, a relatively high dependence on external resources and a low capacity to develop networked services is present (mainly in the South). The other system is characterised by high per capita spending, high autonomy in funding, structured and differentiated systems according to needs, a high capacity to manage networked services and facilities also in smaller centres (mainly in the North and the Centre).

Regional and local authorities also manage nationally-based schemes such as allowances for large households, maternity, housing, health care, electricity and gas (see Section 2.1), as well as being key actors in social housing, local transport services, water provision, waste management, land use and spatial planning (see Section 1.3). Regional disparities are apparent also in these policy fields, amplifying environmental decay and health problems mainly in the South, but unfortunately present throughout the national territory (ISTAT, 2012a).

As several examples demonstrate, active regional and local authorities facilitate the access to basic services while trying to integrate social policies with health, housing, employment, training and education within more coherent regional development programmes and local plans.

Regions prepare healthcare plans in close cooperation with local authorities, while networks of local health agencies coordinate public and private care providers, following devolution process (Laws No 51/1997 and 229/1999) and fiscal federalism (Laws No 446/1997 and 56/2000) in the national health system.

Regions programme and coordinate social policies (Law No 328/2000), while provinces provide integrated systems of services and municipalities (also territorially associated) provide service delivery through local plans that integrate public, private and civil society supply. Relevant stakeholders are involved in participative decision-making necessary to prepare, implement and monitor regional and local plans. Volunteer associations and non-governmental organisations are also involved as social services' providers.

Regions acquired a key programming role in active labour policies and coordinate employment services managed by provinces in close collaboration with municipalities (Laws No 469/1997). By adopting customised approaches, employment services should involve persons in plans (i.e. the "service pacts" mentioned in Section 2.2) aimed at meeting their multiple needs. However, there is still a strong gap in performances between the employment services of the Centre-North and those of the South (ISFOL, 2010).

To tackle the above-mentioned weaknesses, several bodies provide monitoring and performance evaluation, and facilitate the sharing of knowledge and good practices by agencies, policy makers, administrators and practitioners.

These bodies are national agencies (such as *ISFOL* and *Italia Lavoro* in employment policies), national ministries (e.g. departments for development and territorial cohesions), the technical assistance agency to the regions (*Tecnostruttura*) as well as national associations of provinces (*UPI*) and municipalities (*ANCI*).

However, regional disparities combined with weak institutional capacity create territorially variable availability of services, provision of inclusive and integrated services, investments in human capital and working conditions to improve quality services, user involvement and effective monitoring.

3. Financial Resources

3.1 National resources

Measured as a GDP share, the total expenditure for social protection, as well as the sum of all benefits (e.g. functions), revealed a progressive alignment of the Italian percentages to the EU average between 2008 and 2009 (Table 14). However, looking at the specific functions, available data (2009) showed that the Italian social protection expenditure was still characterised by a prevalent share of old-age and survivors' benefits (60.1%), along with sickness and healthcare benefits (25.7%). All together, they constituted the largest share of the expenditure (85.8%) but, compared to 2008 data, they decreased (-1.3 pp) in favour of expenditure concerning unemployment (+0.9 pp), family and children (+0.2 pp) and disabilities (+0.2). The slight decrease (-0.7 pp) concerning old-age and survivors benefits was not sufficient to align the Italian percentage with the EU average (45%). Thus, the difference remained significant (+15.1 pp), while the decrease in sickness and health care expenditure (-0.6 pp) showed a negative trend in terms of resources allocated to this policy strand in Italy with respect to the EU average (–3.9 pp). The Italian expenditure increased in: unemployment benefits (+0.9 pp), arriving at 2.8%; family and children allowances (+0.2 pp), arriving at 4.9%; disability allowances (+0.2 pp), arriving at 6.1%. However, the expenditure concerning these allowances remained still lower (between –2 and -3 pp) than the EU average. No improvement was recorded in housing and social inclusion support as related expenditure remained the lowest one (0.3%) with a marked difference compared to the EU average (-3 pp).

Four austerity packages (Laws No 111/2011, 148/2011, 183/2011 and 214/2011) introduced significant cuts in pension schemes (25%). The latter will in fact produce significant savings in public spending. As affirmed in the 2012 Stability Programme, the ratio between pension expenditure and GDP is expected to decrease from 15.6% in 2015 to 15.2% in 2020 and 14.8% in 2025. This important reduction (mostly due to Law No 214/2011) will last until 2030. In following years, demographic trends (i.e. ageing population) will result in an increased pension expenditure (from 15.3% to 16%) until 2045, when a sharp decrease will lead back the ratio to 14.4% in 2060. Expenditure in health care will remain near 7% of GDP until 2025, but it will unavoidably increase during the following years, arriving at 8.2% between 2055 and 2060. This trend will also concern long-term care, e.g. an initial stabilisation (0.8% of GDP) until 2025 will be followed by a progressive increase to 1.2% of GDP between 2055 and 2060. Likewise, elderly care will increase from 1% of GDP to 1.7% in 2060.

Expenditure devoted to labour market policies in Italy constituted 1.8% of GDP in 2010, equal to 2009 and with an increase of 0.6 pp compared to 2008 (Table 15).

The larger share of this expenditure was allocated to passive labour market policies (79.3%) with an increase of 14 pp compared to 2008. Resources devoted to active labour policies (19.1%) decreased by 12 pp and those for labour market services (1.6%; e.g. employment services) by 2 pp. Comparison between the Italian percentages and the EU average for 2009 shows nearly 13 pp more in passive policies, nearly 4 pp less in active policies and 9 pp less in employment services.

Differences in methodologies and data do not allow experimental exercises to be made in order to identify the costs of each pillar of active inclusion policies, namely: income support, labour market and social services.

The austerity packages were based on a reduction in social security protection and public services expenditure. It is worth noting that the contribution of regional and local authorities (e.g. main providers of public services) to fiscal consolidation increased from 6,300 million € in 2011 to 15,305 million € in 2012 and to 17,685 € in 2013 (Biondi A., 2012). Other cuts must also be considered. The amount of national funds relevant to social inclusion services decreased considerably (-84%) between 2008 and 2012 (Table 16).

The recently confirmed additional resources are not enough to compensate for this reduction. In February and April 2012, the Unified State – Regions Conference approved the refinancing of activities associated with the national fund for family policies that is managed by regional authorities. The agreements provided new resources (70 million €) devoted to children (e.g. nurseries and crèches) and the elderly (home care) in 2012. The agreements included other resources (11 million €) associated with the national fund for family policies.

These additional resources were included in the most recent growth plan presented by the Monti Cabinet in May 2012. The larger share (60% of 2,510 million €) was directed towards growth and employment policies (Table 17). The remaining share (40%) was attributed to social inclusion policies. The plan was based on the Action Plan for Cohesion in the South, which constituted 93% (2,343 million €) of the overall financial amount. The remaining 7% (167 million €) of the overall financial amount had a national scope. The national share of the new plan included the experimentation with the new "social card" (50 million €). The plan added limited resources (36 million €, corresponding to 1.4% of the overall budget) to those made available in previous acts and decisions

3.2 Use of EU Structural Funds

The 2007 – 2013 National Strategic Reference Framework concerning the utilisation of the EU Structural Funds (NSRF) is a fundamental instrument to improve social inclusion policies devoted to disadvantaged groups. By the end of 2010 (RGS, 2010), these policies constituted the largest number of projects (51%) financed under the NSRF, followed by those concerning employment and adaptability of workers and businesses (21%) and by those related to increase in human capital (20%). However, only 17% of the available resources were actually invested.

The Action Plan for Cohesion reprogrammed the utilisation of the EU Structural Funds in the South to avoid the risk of losing EU and national resources caused by low institutional capacity in investment and spending, both at national and local levels. The available resources (2,343 million €) were devoted to social inclusion (845 million €, equal to 36%), youth employment and education (105 million €, 5%), while the remaining share of resources (1,393 million €, 59%) addressed growth priority areas. A close attention was focused on childcare, not-self-sufficient elderly care, early school leavers, NEETs and youth entrepreneurship (Table 17).

In May and June 2012, the Unified State – Regions Conference agreed upon initiatives envisaged by the Action Plan for Cohesion in the 8 southern Regions: resources of the EU Social Fund (ESF) to be allocated to employ disadvantaged persons; resources of the national Fund for Development and Cohesion (former FAS, national fund for under-utilised areas) to be allocated to implement quality services for social inclusion (e.g. education, childcare and home care for the elderly).

The risk of increased unemployment due to the financial crisis was a major priority for both national and regional bodies. An agreement between the State and Regions, reached in February 2009, allowed workers' redundancy allowances in derogation to amount to € 8,000 million between 2009 and 2010. Resources (€ 3,950 million) were taken from the FAS and combined with those (€ 2,650 million) dedicated by the Regions to employability and vocational training (namely regional operational programmes supported by the ESF) while new funding (€ 1,400 million) was provided by the 2009 financial act (Law No 203/2008). The financial resources taken from ESF correspond to 33% of the overall amount for redundancy allowances in derogation between 2009 and 2010. This financial share was used to provide vocational guidance and training courses to the concerned workers. A new agreement between the State and Regions (20 April 2011) extended the 2009 agreement over 2011 and 2012, supported by € 2,600 million with an increase in the regional contribution (40%) based again on resources provided through the ESF.

Eventually, it is worth remembering that, combined with resources provided by national, regional and local authorities, the EU Structural Funds constitute financial instruments of the 2012 – 2020 national strategy for the inclusion of Roma, Sinti and Travellers communities.

4. Monitoring and evaluation

Specific arrangements to monitor the implementation of the EU Commission active inclusion Recommendation (2008/867/EC) were not put in place in Italy. However, efforts to improve indicators on social inclusion policies were made, especially in the ambit of the 2007 – 2013 National Strategic Reference Framework concerning the EU Structural Funds. A useful system for monitoring and evaluation was created based on indicators that: describe trends and make targets explicit for each priority field also at a regional level; foster the southern regions to achieve quantitative targets of key importance for the well-being and equal opportunities of all citizens in policy fields where major disparities exist with respect to other territorial areas (e.g. education to reduce drop-outs and broaden learning opportunities, child and elderly care to favour women's participation in the labour market, quality of the environment by improving urban waste management and integrated water management). The system was created through a close collaboration between the national ministry for economic development, the regional governments, national government departments and the national institute for statistics (ISTAT). The latter recently create an internet-portal to social cohesion policies, while specific reports were published in 2010 and 2011.

Appropriate monitoring arrangements were envisaged in the 2012 – 2020 national strategy for the inclusion of Roma, Sinti and Travellers communities, such as a working group aimed at improving statistical capacity, including the gender dimension. The group will involve national ministries, ISTAT, the national association of municipalities and representatives of the Roma communities.

However, up-to-date comparable information across the three active inclusion pillars does not yet exist both at national and sub-national levels.

Finally, there is no evidence of social experimentation and innovation to develop active inclusion measures. Also the experimentation with a new social card cannot be considered as an effective active inclusion tool for all people living in absolute poverty (Gori C., 2012).

5. Policy recommendations

The present report identifies main policy recommendations on active inclusion strategy regarding the critical areas in the Italian scenario and aims at strengthening actions at EU level.

5.1 Integrated comprehensive active inclusion strategy in Italy

Three priority actions have been identified: 1) to mainstream the three pillars of the active inclusion strategy into national policies, while following universal and multi-dimensional approaches; 2) to eradicate any discriminatory restrictions (e.g. against immigrants and ethnic minorities) from existing laws; 3) to strengthen by law the participation of all relevant actors (including those experiencing poverty and social exclusion) in the development, implementation and evaluation of strategies.

5.2 Policy measures under each of the 3 strands in Italy

Two priority actions under each strand of active inclusion policies are suggested.

Adequate income support:

1) to introduce a national framework for minimum income schemes embedded in local welfare systems and supported by a progressive fiscal reform based on wealth taxation to address the core of the unequal income distribution;
2) to reorganise all current social transfers in a harmonised manner (i.e. social allowance, civil invalidity pensions and allowances, maternity allowances and large household allowance) in order to provide an adequate minimum income, "at least at a level which is above the at risk of poverty level and sufficient to lift people out of poverty", as stated in the 2009 EU Parliament Resolution (2008/2335(INI)).

Inclusive labour markets:

1) to further reduce labour market segmentation, including gender, ethnic and regional disparities through policy measures and fiscal provisions aimed at increasing open-ended contracts instead of atypical, temporary and precarious contracts;
2) to improve labour rights throughout the national territory, including safety at workplace and the fight against undeclared work.

Access to quality services:

1) to refinance public funds aimed at improving health, education and social services, including housing, public transport, vocational training, employment, childcare and elderly care, where local and regional authorities play a key role, as stated in the 2009 EU Parliament Resolution (2008/2335(INI));
2) to define basic levels of quality in social services to ensure civil and social rights throughout the national territory.

5.3 Actions at EU level

The EU Commission Recommendation on active inclusion strategy (2008/867/EC) should be harmonised with the principles stated by the 2009 EU Parliament Resolution (2008/2335(INI)). The revised principles should be integrated in the EU Annual Growth Surveys. The implementation of these principles by Member States should be included in the National Reform Programmes and submitted to the EU Council Specific Recommendations to each Member State.

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Statistics

Table 1: Population at risk of poverty or social exclusion by gender and age				
	Total	Less than 18 years	18-64 years	65 years and over
Population in thousands - Total				
Italy in 2010 (A)	14,742	2,996	9,288	2,458
Italy in 2008 (B)	15,099	3,078	9,124	2,896
Italy: (A) – (B)	-357	-82	+164	-438
EU 27 in 2010	115,790	25,405	73,577	16,809
Population in thousands - Women				
Italy in 2010 (A)	8,122	1,491	4,968	1,664
Italy in 2008 (B)	8,352	1,518	4,937	1,897
Italy: (A) – (B)	-230	-27	+31	-233
EU 27 in 2010	61,875	12,258	38,750	10,868
Population in thousands - Men				
Italy in 2010 (A)	6,619	1,505	4,320	794
Italy in 2008 (B)	6,747	1,561	4,187	1,000
Italy: (A) – (B)	-128	-56	+133	-206
EU 27 in 2010	53,915	13,147	34,827	5,941
Total (1)				
Italy in 2010 (A)	24.5%	28.9%	24.7%	20.3%
Italy in 2008 (B)	25.3%	29.1%	24.5%	24.4%
Italy: (A) – (B)	-0.8	-0.2	+0.2	-4.1
EU 27 in 2010	23.5%	27.1%	23.4%	19.8%
Women (1)				
Italy in 2010 (A)	26.3%	29.6%	26.3%	23.7%
Italy in 2008 (B)	27.2%	29.7%	26.4%	27.5%
Italy: (A) – (B)	-0.9	-0.1	-0.1	-3.8
EU 27 in 2010	24.5%	27.2%	24.4%	22.6%
Men (1)				
Italy in 2010 (A)	22.6%	28.1%	23.0%	15.5%
Italy in 2008 (B)	23.2%	28.6%	22.5%	20.1%
Italy: (A) – (B)	-0.6	-0.5	+0.5	-4.6
EU 27 in 2010	22.3%	26.9%	22.4%	16.2%
(1) Percentage of people by the total population of each age group.				
Elaboration on data from EUROSTAT database (ilc_peps01). Date of extraction: 05.06.2012. Small differences are due to rounding.				

Table 2: Population at risk of poverty after social transfers by gender and age				
	Total	Less than 18 years	18-64 years	65 years and over
Population in thousands - Total				
Italy in 2010 (A)	10,938	2,564	6,364	2,010
Italy in 2008 (B)	11,149	2,612	6,058	2,479
Italy: (A) – (B)	-211	-48	+306	-469
EU 27 in 2010	80,870	19,293	48,100	13,476
Population in thousands - Women				
Italy in 2010 (A)	6,020	1,281	3,373	1,367
Italy in 2008 (B)	6,175	1,267	3,279	1,630
Italy: (A) – (B)	-155	+14	+94	-263
EU 27 in 2010	43,096	9,362	24,991	8,743
Population in thousands - Men				
Italy in 2010 (A)	4,918	1,284	2,991	643
Italy in 2008 (B)	4,974	1,345	2,780	849
Italy: (A) – (B)	-56	-61	+211	-206
EU 27 in 2010	37,774	9,931	23,110	4,734
Total (1)				
Italy in 2010 (A)	18.2%	24.7%	16.9%	16.6%
Italy in 2008 (B)	18.7%	24.7%	16.3%	20.9%
Italy: (A) – (B)	-0.5	0	+0.6	-4.3
EU 27 in 2010	16.4%	20.2%	15.3%	15.9%
Women (1)				
Italy in 2010 (A)	19.5%	25.5%	17.9%	19.5%
Italy in 2008 (B)	20.1%	24.8%	17.6%	23.6%
Italy: (A) – (B)	-0.6	+0.7	+0.3	-4.1
EU 27 in 2010	17.1%	20.8%	15.7%	18.1%
Men (1)				
Italy in 2010 (A)	16.8%	24.0%	15.9%	12.6%
Italy in 2008 (B)	17.1%	24.7%	14.9%	17.1%
Italy: (A) – (B)	-0.3	-0.7	+1.0	-4.5
EU 27 in 2010	15.7%	20.4%	14.8%	12.9%
(1) Percentage of people with an equivalised disposable income equal to or below 60% of median equivalised income at national level by the total population of each age group. In Italy: € 9,562 in 2010 and € 9,383 in 2010.				
Elaboration on data from EUROSTAT database (ilc_li02; ilc_li01). Date of extraction: 05.06.2012. Small differences are due to rounding.				

Table 3: Persons at risk of poverty (AROP) by poverty thresholds				
Thresholds (1)	Country	2010	2008	2010 - 2008
In thousands				
40%	Italy	4,180	3,979	+201
	EU 27	27,487	25,632	+1,855
50%	Italy	6,963	6,936	+27
	EU 27	49,072	48,391	+681
60%	Italy	10,938	11,149	-211
	EU 27	80,870	80,672	+198
In percentage of total population				
40%	Italy	6.9	6.7	+0.2
	EU 27	5.6	5.2	+0.4
50%	Italy	11.6	11.6	0
	EU 27	9.9	9.9	0
60%	Italy	18.2	18.7	-0.5
	EU 27	16.4	16.4	0
In median percentage by which AROP persons fall below the poverty thresholds (poverty gap) in **Italy** (2)				
40%	Total	34.2	27.9	+6.3
	Thresholds in PPS	6,079	6,105	-28
50%	Total	26.1	24.9	+1.2
	Thresholds in PPS	7,599	7,631	-32
60%	Total	24.5	23.0	+1.5
	Thresholds in PPS	9,119	9,157	-38

(1) *At risk of poverty* thresholds= equivalised disposable income equal or below 40%, 50% or 60% of median equivalised income at national level (after social transfers). Measured in PPS (Purchasing Power Standards), these thresholds allow fairer comparison among EU countries.

(2) *Poverty gap* = indicates the depth of poverty, i.e. how far the poor are from the poverty threshold. This distance is expressed as a percentage of the poverty threshold. For example, between 2008 and 2010, the poverty gap increased from 23% to 24.5%. This means that, in 2008, the median equivalised disposable income corresponded to 77% of the poverty line, but it fell to 75.5% in 2010. Since the median income is the central value of the distribution by income thresholds, half the AROP persons have been further impoverished. Technically, the poverty gap is defined as the difference between the median equivalised disposable income of persons below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold. The median income divides the population into two halves: 50% with incomes higher than or equal to the median (middle value of the income distribution) and 50% with lower incomes.

Elaboration on data from EUROSTAT database (ilc_li01; ilc_li02; ilc_li11). Date of extraction: 05.06.2012

Table 4: Pensions in Italy						
Monthly median poverty thresholds (1)	2010: € 797		2008: € 782		2010 – 2008: +€ 15	
Beneficiaries (2) by monthly median pensions (mmp)	2010		2008		2010 - 2008	
	Number	%	Number	%	Number	%
(A) € 365 in 2010; € 429 in 2008	3,279,226	19.6%	3,752,531	22.4%	-473,305	-2.7
(B) € 583 in 2010; € 591 in 2008	983,283	5.9%	695,438	4.1%	+287,845	+1.7
(A) + (B)	4,262,509	25.5%	4,447,969	26.5%	-185,460	-1.0
€ 818 and over in 2010; € 802 and over in 2008	12,445,623	74.5%	12,331,586	73.5%	+114,037	+1.0
Total	16,708,132	100%	16,779,555	100%	-71,423	0
Percentages of 2010 applied to 2008 data to partly take into account a decrease in overall number of beneficiaries						
Beneficiaries (2) by mmp	(C) 2008		(D) 2008		(D) – (C)	
(A) € 429	3,752,531		3,293,244		-459,287	
(B) € 591	695,438		987,486		+292,048	
(A) + (B)	4,447,969		4,280,730		-167,239	
€ 802 and over	12,331,586		12,498,825		+167,239	
Total	16,779,555		16,779,555		0	
(1) 60% of median equivalised income at national level (single person): € 9,562 in 2010 and € 9,383 in 2008.						
(2) Total number of beneficiaries, including *IVS*, injury at work, occupational illnesses, non-contributory pensions, minimum social allowances, pensions and allowances for civil invalids, war pensions. *IVS* (*Invalidità, Vecchiaia e Superstiti*) are disability, old-age and survivor's pensions granted according to compulsory general insurance regulation (*AGO, assicurazione generale obbligatoria*). Due to different combination of pension typologies, the number of pensions and similar allowances per capita is generally 1.4.						
Monthly mean poverty thresholds	2010		2008		2010 - 2008	
EUROSTAT (3)	€ 907		€ 887		+€ 20	
ISTAT (4)	€ 596		€ 600		-€ 4	
Pensions by monthly amount (5)	2010		2008		2010 - 2008	
	Number	%	Number	%	Number	%
Up to € 499.99	6,075,860	32.6%	6,715,509	36.1%	-639,649	-3.4
From € 500 to € 749,99	3,876,270	20.8%	3,774,442	20.3%	+101,828	+0.6
From € 750 to € 999,99	2,152,157	11.6%	2,155,558	11.6%	-3,401	0
Total up to 999,99	12,104,287	65,0%	12,645,509	67.9%	-541,222	-2.9
Total pensions	18,620,875	100%	18,626,737	100%	-5,862	0
(3) 60% of mean equivalised income at national level (single person): € 10,882 in 2010 and € 10,641 in 2008.						
(4) ISTAT defines as poor a household of one component with a consumption expenditure level lower or equal to € 599.8 in 2008 to € 595.5 in 2010.						
(2) Elaboration on data from the national institute of social insurance (INPS) in Ministero del Lavoro e delle Politiche Sociali, *Rapporto sulla Coesione Sociale. Anno 2011*. (5) Elaboration on data from ISTAT database (http:dati.coesione-sociale.it/). Date of extraction: 14.06.2012. Small differences are due to rounding.						

Table 5: Population in Italy			
All ages by citizenship, regional areas and gender: 1st January (1)			
(A) Total population	*2011*	*2008*	*2011-2008*
North	45.8%	45.5%	+0.3
Centre	19.7%	19.6%	+0.1
South	34.5%	34.9%	-0.4
Total Italy	60,626,442 (100%)	59,619,290 (100%)	+1,007,152 (+1.7%)
Women	51.5%	51.4%	+0.04
Men	48.5%	48.6%	-0.04
(B) Foreign population	*2011*	*2008*	*2011-2008*
North	61.2%	62.6%	-1.3
Centre	25.2%	25.0%	+0.3
South	13.5%	12.5%	+1.1%
Total Italy	4,570,317 (100%)	3,432,651 (100%)	+1,137,666 (+33%)
Women	51.8%	50.4%	+1.4
Men	48.2%	49.6%	-1.4
(B) / (A)	*2011*	*2008*	*2011-2008*
North	10.1%	7.9%	+2.2
Centre	9.6%	7.3%	+2.3
South	3.0%	2.1%	+0.9
Total Italy	7.5%	5.8%	+1.8
Women	7.6%	5.6%	+1.9
Men	7.5%	5.9%	+1.6
Population aged 15 years and over by regional areas and gender: annual average (2)			
(A) Total population	*2011*	*2008*	*2011-2008*
North	45.9%	45.8%	+0.1
Centre	19.9%	19.7%	+0.1
South	34.2%	34.5%	-0.2
Total Italy: in thousands	51,820 (100%)	50, 956 (100%)	+864 (+1.7%)
Women	51.9%	51.8%	+0.1
Men	48.1%	48.2%	-0.1
(1) Elaboration on data from ISTAT database (http:dati.istat.it/). Date of extraction: 05.06.2012. (2) Elaboration on data from ISTAT: *Occupati e Disoccupati. Anno 2011*, 2 Aprile 2012; *Forze di lavoro. Media 2008*, Annuari n. 14, 2009. Small differences are due to rounding.			

Table 6: At risk of poverty rates (1) in Italy, by regional areas, household and citizenship			
By Regional areas	*2010*		*2008*
North: 8 Regions	from 7.1% to 12.6%		from 7.2% to 12.0%
Centre: 4 Regions	from 11.6% to 15.7%		from 9.5% to 15.6%
South: 8 Regions	from 15.6% to 38.3%		from 23.4% to 37.0%
By Household type	*2010*	*2008*	*2010 – 2008*
Single person with dependent children	37.3%	35.6%	+1.7
Two adults with three or more dependent children	37.2%	37.7%	-0.5
Single women	28.2%	31.4%	-3.2
One adult older than 65 years	27.9%	32.6%	-4.7
Single person	24.3%	26.3%	-2.0
Households with dependent children	22.6%	22.0%	+0.6
Three or more adults with dependent children	22.5%	20.3%	+2.2
Two or more adults with dependent children	21.4%	21.2%	+0.2
One adult younger than 65 years	20.8%	20.0%	+0.8
Two adults with two dependent children	20.8%	21.6%	-0.9
Single man	18.6%	18.5%	+0.1
Total	**18.2%**	**18.7%**	**-0.5**
Two adults with one dependent child	15.8%	15.2%	+0.6
Households without dependent children	13.9%	15.4%	-1.5
Two adults, at least one aged 65 years and over	11.8%	17.0%	-5.2
Two adults	11.6%	14.2%	-2.6
Two adults younger than 65 years	11.4%	10.6%	+0.8
Two or more adults without dependent children	10.3%	11.8%	-1.5
Three or more adults	8.7%	8.9%	-0.2
By Citizenship	*2010*	*2008*	*2010 – 2008*
Foreign citizens	29.8%	24%	+5.8
Nationals	15.7%	15.7%	0
(1) Percentage of people with an equivalised disposable income equal to or below 60% of median equivalised income at national level by the concerned total population.			
Elaboration on data from EUROSTAT database (ilc_li41; ilc_li03; ilc_li31). Date of extraction: 08.06.2012			

Table 7: Relative and absolute poverty in Italy: persons			
(A) Relative poverty: regional distribution	*2010*	*2008*	*2010-2008*
North	19.5%	19.7%	-0.2
Centre	12.3%	11.7%	+0.6
South	68.2%	68.6%	-0.4
Total Italy: persons in thousands	8,273 (100%)	8,078 (100%)	+195 (+2.4%)
(A) Relative poverty rates	*2010*	*2008*	*2010-2008*
North	5.9%	5.9%	0
Centre	8.6%	8.1%	+0.4
South	27.1%	26.7%	+0.4
Total Italy:	13.8%	13.6%	+0.2
(B) Absolute poverty: regional distribution	*2010*	*2008*	*2010-2008*
North	31.4%	29.3%	+2.1
Centre	17.2%	12.4%	+4.8
South	51.4%	58.3%	-6.9
Total Italy: persons in thousands	3,129 (100%)	2,893 (100%)	+236 (+8.2%)
(B) Absolute poverty rates	*2010*	*2008*	*2010-2008*
North	+3.6%	+3.2%	+0.4
Centre	+4.6%	+3.1%	+1.5
South	+7.7%	+8.1%	-0.4
Total Italy	+5.2%	+4.9%	+0.3

(A) ISTAT defines as poor a household of two components with a consumption expenditure level lower or equal to the mean per-capita consumption expenditure (for different size households an equivalence scale is used). Standard thresholds are calculated at a national level. The monthly consumption expenditure of one-member household decreased from € 599.8 in 2008 to € 595.5 in 2010.

(B) Absolute poverty is calculated by ISTAT according to a threshold constituted by a single basket of essential goods and services at a national level with different monetary values (342 in all), taking into account the specific consumption capacity of households and individuals at sub-national levels. As an example, in 2010 the monthly monetary values of the absolute poverty threshold ranged from € 459 per a person aged over 75 in a small town of the South to € 1,852 per a household composed by 3 members aged 18-59 and 2 members aged 11-17 in a metropolitan area of the North.

Elaboration on data from ISTAT database (http:dati.istat.it/). Date of extraction: 5 June 2012.

Table 8: Population in severe material deprivation by gender and age				
Country	Total	Less than 18 years	18-64 years	65 years and over
Population in thousands - Total				
Italy in 2010 (A)	4,157	830	2,568	758
Italy in 2008 (B)	4,494	985	2,712	797
Italy: (A) – (B)	-337	-155	-144	-39
EU 27 in 2010	40,084	8,971	25,712	5,401
Population in thousands – Women				
Italy in 2010 (A)	2,196	408	1,301	488
Italy in 2008 (B)	2,391	494	1,381	517
Italy: (A) – (B)	-195	-86	-80	-29
EU 27 in 2010	20,976	4,312	13,130	3,534
Population in thousands – Men				
Italy in 2010 (A)	1,960	422	1,268	270
Italy in 2008 (B)	2,103	491	1,331	281
Italy: (A) – (B)	-143	-69	-63	-11
EU 27 in 2010	19,108	4,658	12,582	1,868
Total (1)				
Italy in 2010 (A)	6.9%	8.0%	6.8%	6.2%
Italy in 2008 (B)	7.5%	9.3%	7.3%	6.7%
Italy: (A) – (B)	-0.6	-1.3	-0.5	-0.5
EU 27 in 2010	8.1%	9.6%	8.2%	6.4%
Women (1)				
Italy in 2010 (A)	7.1%	8.1%	6.9%	7.0%
Italy in 2008 (B)	7.8%	9.7%	7.4%	7.5%
Italy: (A) – (B)	-0.7	-1.6	-0.5	-0.5
EU 27 in 2010	8.3%	9.6%	8.3%	7.3%
Men (1)				
Italy in 2010 (A)	6.7%	7.9%	6.7%	5.3%
Italy in 2008 (B)	7.2%	9.0%	7.2%	5.6%
Italy: (A) – (B)	-0.5	-1.1	-0.5	-0.3
EU 27 in 2010	7.9%	9.5%	8.1%	5.1%
(1) Percentage of persons who cannot afford at least 4 out of 9 basic items because of lack of resources, by the total population of each age group.				
Elaboration on data from EUROSTAT database (ilc_mddd11). Date of extraction: 05.06.2012				

Table 9: Impact of social transfers in reducing poverty				
Country	Total	Less than 18 years	18-64 years	65 years and over
At-risk-of-poverty rates before social transfers: pensions included only for people aged 65 years and over (A)				
Italy in 2010 (A)	23.3%	32.7%	22.2%	83.7%
Italy in 2008 (B)	23.4%	31.9%	21.0%	84.3%
Italy: (A) – (B)	-0.1	+0.8	+1.2	-0.6
EU 27 in 2010	25.9%	35.0%	24.8%	87.7%
At-risk-of-poverty rates after social transfers: pensions included only for people aged 65 years and over (A)				
Italy in 2010 (A)	18.2%	24.7%	16.9%	16.6%
Italy in 2008 (B)	18.7%	24.7%	16.3%	20.9%
Italy: (A) – (B)	-0.5	0.0	+0.6	-4.3
EU 27 in 2010	16.4%	20.5%	15.3%	15.9%
Poverty reduction in percentage points (pp)				
Italy in 2010 (A)	-5.1	-8.0	-5.3	-67.1
Italy in 2008 (B)	-4.7	-7.2	-4.7	-63.4
Italy: (A) – (B)	+0.4	+0.8	+0.6	+3.7
EU 27 in 2010	-9.5	-14.5	-9.5	-71.8
Impact as a percentage of poverty rates before social transfers				
Italy in 2010 (A)	21.9%	24.5%	23.9%	80.2%
Italy in 2008 (B)	20.1%	22.6%	22.4%	75.2%
Italy: (A) – (B)	+1.8	+1.9	+1.5	+5.0
EU 27 in 2010	36.7%	41.4%	38.3%	81.9%
(A) For people aged 65 years and over, pensions constitute the main instrument to reduce the risk of poverty. Without pensions, social transfers reduce the poverty risk in Italy by 2.4 pp both in 2010 and 2008, in the EU 27 by 3.8 pp in both years.				
Elaboration on data from EUROSTAT database (ilc_li10; ilc_li09; ilc_li02). Date of extraction: 05.06.2012				

Table 10: NEET (1) by gender and young age groups					
Country	15-34 years	15-17 years	18-24 years	25-29 years	30-34 years
Total					
Italy in 2011 (A)	23.9%	6.4%	25.2%	27.8%	26.6%
Italy in 2008 (B)	20.3%	6.9%	20.7%	23.8%	22.6%
Italy: (A) – (B)	+3.6	-0.5	+4.5	+4.0	+4.0
EU 27 in 2011	16.6%	3.1%	16.7%	19.8%	19.8%
Women					
Italy in 2011 (A)	29.1%	6.4%	25.6%	34.5%	37.7%
Italy in 2008 (B)	26.4%	6.8%	22.7%	31.4%	33.8%
Italy: (A) – (B)	+2.7	-0.4	+2.9	+3.1	+3.9
EU 27 in 2011	20.0%	2.8%	17.4%	24.7%	26.7%
Men					
Italy in 2011 (A)	18.8%	6.4%	24.8%	21.2%	15.6%
Italy in 2008 (B)	14.3%	7.0%	18.7%	16.2%	11.5%
Italy: (A) – (B)	+4.5	-0.6	+6.1	+5.0	+4.1
EU 27 in 2011	13.3%	3.3%	16.0%	15.0%	13.0%

Percentage of NEET people aged 18 - 24 years in Italy by regional areas in 2011			
Regional areas	Total	Women	Men
North: 8 Regions	from 17.4% to 18.2%	from 18.6% to 19.9%	from 16.2% to 16.5%
Centre: 4 Regions	average 20.9%	average 21.1%	average 20.7%
South: 8 Regions	from 33.0% to 36.7%	from 32.0% to 36.7%	from 33.9% to 36.6%

(1) Share (%) of young people not in employment and not in any education and training, by the total population of the same age group.

Elaboration on data from EUROSTAT database (edat_lfse_20; edat_lfse_22). Date of extraction: 19.06.2012. Small differences are due to rounding.

Table 11: Early school leavers and tertiary educational attainment			
Early leavers: share of population aged 18 – 24 with at most lower education and not in higher education or training			
Country	Total	Women	Men
Italy in 2011 (A)	18.2%	15.2%	21.0%
Italy in 2008 (B)	19.7%	16.7%	22.6%
Italy: (A) – (B)	-1.5	-1.5	-1.6
EU 27 in 2011	13.5%	11.6%	15.3%
Percentage of early leavers aged 18-24 years in Italy by regional areas in 2011			
North Italy: 8 Regions	from 15.2% to 16.8%	from 12.9% to 13.6%	from 17.4% to 19.8%
Centre Italy: 4 Regions	average 15.9%	average 12.6%	average 18.9%
South Italy: 8 Regions	from 19.5% to 25.0%	from 17.0% to 20.7%	from 21.9% to 29.1%
Tertiary educational attainment: share of total (i.e. women plus men) population aged 30 – 34			
Country	2011	2008	2011 – 2008
Italy (A)	20.3%	19.2%	+1.1
EU 27 (B)	34.6%	31.0%	+3.6
(A) – (B)	-14.3	-11.8	-2.5
Elaboration on data from EUROSTAT database (edat_lfse_14; edat_lfse_16; Table_t2020_41FlagDesc). Date of extraction: 19.06.2012. Small differences are due to rounding.			

Table 12: Employment situation in March 2012 and same month in previous years					
Total = women + men (in thousands)	2012	2011	2008	2012 - 2011	2012 - 2008
(1) Inactive	14,548	14,975	14,517	-427	+31
(2) Unemployed	2,506	2,030	1,589	+476	+917
(3) Employed	22,947	23,034	23,387	-88	-440
(2)+ (3) Labour force	25,453	25,064	24,976	+388	+477
Rates (%)	2012	2011	2008	2012 - 2011	2012 - 2008
(4) Activity (15 – 64 years)	63.3	62.2	62.8	+1.1	+0.4
(5) Employment (15 – 64 years)	57.0	57.2	58.8	-0.2	-1.9
(6) Unemployment (all age groups)	9.8	8.1	6.4	+1.7	+3.5
(7) Unemployment (15 – 24 years)	35.9	28.3	20.5	+7.7	+15.4
Unemployment spread between (7) and (6)	+26.1	+20.2	+14.2	+5.9	+11.9

(1) Inactive persons = those neither classified as employed nor as unemployed (i.e. not included in labour force).

(2) Unemployed persons = those aged 15 and over without work but available to start work and actively seeking employment.

(3) Employed = those aged 15 and over performing some work for pay, profit or family gain.

(2) + (3) Labour force = economically active population, i.e. employed and unemployed persons.

(4) Activity rate = labour force aged 15-64 as a percentage of same age total population

(5) Employment rate = number of employed persons aged 15-64 as a percentage of same age total population

(6) and (7) Unemployment rate = number of unemployed persons aged 15 years and over, or aged 15-24, as a percentage of same age labour force

Elaboration on data from ISTAT, *Occupati e Disoccupati – Marzo 2012*, 2 Maggio 2012

<table>
<tr><th colspan="7">Table 13: Estimates of unemployment in 2011. Numbers in thousands.</th></tr>
<tr><td colspan="3">Baseline: total (women + men)</td><td>Employed</td><td>Unemployed</td><td>Labour force</td><td>Unemployment rate (*)</td></tr>
<tr><td colspan="3">Redundant workers (A) and underemployed part-time workers (B) considered as employed</td><td>22,967</td><td>2,108</td><td>25,075</td><td>8.4%</td></tr>
<tr><td colspan="3">Estimates by considering as unemployed:</td><td>Employed</td><td>Unemployed</td><td>Labour force</td><td>Unemployment rate (*)</td></tr>
<tr><td rowspan="2">Redundant workers</td><td>(1) Minimum amount</td><td>216</td><td>22,751</td><td>2,324</td><td>25,075</td><td>9.3%</td></tr>
<tr><td>(2) Maximum amount</td><td>500</td><td>22,467</td><td>2,608</td><td>25,075</td><td>10.4%</td></tr>
<tr><td colspan="2">(3) Underemployed part-time workers</td><td>451</td><td rowspan="4">22,516</td><td rowspan="4">5,577</td><td rowspan="4">28,093</td><td rowspan="4">19.9%</td></tr>
<tr><td colspan="2">(4) Persons available to work but not seeking</td><td>2,897</td></tr>
<tr><td colspan="2">(5) Persons seeking work but not immediately available</td><td>121</td></tr>
<tr><td colspan="2">(3) + (4) + (5)</td><td>3,469</td></tr>
<tr><td colspan="2">(1) + (3) + (4) + (5)</td><td>3,685</td><td>22,300</td><td>5,793</td><td>28,093</td><td>20.6%</td></tr>
<tr><td colspan="2">(2) + (3) + (4) + (5)</td><td>3,969</td><td>22,016</td><td>6,077</td><td>28,093</td><td>21.6%</td></tr>
<tr><td colspan="7">(A), (1) and (2) Redundant workers = those who received temporary allowances for redundancy (i.e. CIG, Cassa Integrazione Guadagni, wage compensation fund). (1) Estimate of workers who actually used the CIG benefits (INPS). (2) Estimate of potential workers according to the number of authorised hours of GIG (CGIL and UIL).

(B) and (3) Underemployed part-time workers = those aged 15 – 74 working part-time who wish to work additional hours and are available to do so.

(4) Persons aged 15-74 neither employed nor unemployed who want to work, are available to work in the next 2 weeks but do not seek work actively.

(5) Persons aged 15-74 neither employed nor unemployed who actively sought work during the last 4 weeks but are not available to work in the next 2 weeks.

(*) Unemployment rate = number of unemployed persons as a percentage of labour force (i.e. employed + unemployed)</td></tr>
<tr><td colspan="7">Elaboration on data from: ISTAT, Occupati e Disoccupati – Anno 2011, 2 Aprile 2012; ISTAT, Disoccupati, Inattivi, Sottoccupati – Anno 2011, 19 Aprile 2012; EUROSTAT database (lfsi_sup_nat_a; date of extraction: 05.05.2012); INPS, Comunicato stampa sulla cassa integrazione nel 2011, 4 Gennaio 2012; CGIL, CIG Marzo 2012; UIL, 39° Rapporto UIL (Marzo 2012) sulla cassa integrazione.</td></tr>
</table>

Table 14: Social protection total expenditure and by function

As a share (%) of GDP (gross domestic product)

Country	Total expenditure			All functions (total social benefits)		
	2009	2008	2009 – 2008	2009	2008	2009 – 2008
Italy	29.8%	27.8%	+2.0	28.4%	26.5%	+1.9
EU 27	29.5%	26.7%	+2.8	28.4%	25.5%	+2.7
#Italy–EU 27 (1)	+0.3	+1.1	-0.8	0.0	+0.9	-0.8

The difference between total expenditure and all functions consists in administrative costs and other expenditures, which accounted for 4 – 5% of total expenditure.

As a share (%) of all functions in Italy

Year	Old age and survivors (2)	Disability	Sickness and health care	Unemployment	Family and children	Housing and social inclusion	Total
(A) 2009	60.1%	6.1%	25.7%	2.8%	4.9%	0.3%	100%
(B) 2008	60.7%	5.9%	26.3%	1.9%	4.7%	0.3%	100%
(A) – (B)	-0.7	+0.2	-0.6	+0.9	+0.2	0.0	0

As a share (%) of all functions: Italy compared with EU 27 in 2009

Country	Old age and survivors (2)	Disability	Sickness and health care	Unemployment	Family and children	Housing and social inclusion
Italy	60.1%	6.1%	25.7%	2.8%	4.9%	0.3%
EU 27	45.0%	8.0%	29.6%	6.0%	8.0%	3.4%
#Italy–EU 27 (1)	+15.1	-1.9	-3.9	-3.2	-3.1	-3.1

In millions of Euro in Italy

Year	Old age and survivors	Disability	Sickness and health care	Unemployment	Family and children	Housing and social inclusion	Total
(A) 2009	259,469	26,385	111,021	12,145	21,304	1,479	431,803
(B) 2008	252,327	24,635	109,428	8,051	19,720	1,224	415,385
(A) – (B)	+7,142	+1,750	+1,593	+4,094	+1,584	+255	+16,418

(1) # Difference between Italian rates and the EU 27 average rate

(2) In Italy, old age and survivors benefits include severance allowances (TFR – *trattamento di fine rapporto*), which partly come under unemployment benefits in other countries

Elaboration on data from EUROSTAT database (spr_exp_sum). Date of extraction: 23.06.2012. Small differences are due to rounding.

Table 15: Labour market policy (LMP) expenditure and by type of action (*)					
Total expenditure as a share (%) of GDP (gross domestic product)					
Country	2010	2009	2008	2010 - 2008	2009 - 2008
Italy	1.8%	1.8%	1.2%	+0.6	+0.5
EU 27	n.a.	2.2%	1.6%	n.a.	+0.6
#Italy–EU 27 (1)	n.a.	-0.4	-0.4	n.a.	0.0

Expenditure by type of action				
Country	Employment services	Active labour market policies	Passive labour market policies	Total expenditure
In millions of Euro				
Italy in 2010 (A)	447	5,432	22,552	28,431
Italy in 2008 (B)	681	5,918	12,699	19,298
Italy: (A) – (B)	-234	-487	+9,853	+9,133
As a share (%) of all types of action				
Italy in 2010 (A)	1.6%	19.1%	79.3%	100%
Italy in 2008 (B)	3.5%	30.7%	65.8%	100%
Italy: (A) – (B)	-2.0	-11.6	+13.5	0
Italy in 2009	1.9%	20.3%	77.8%	100%
EU 27 in 2009	10.9%	24.7%	64.4%	100%
#Italy–EU 27 (1) in 2009	-9.0	-4.4	+13.4	0

(*) According to the classification of interventions, expenditures for:

- employment services are included in those for labour market services
- active labour market policies include those for training, job rotation and job sharing, employment incentives, supported employment and rehabilitation, direct job creation and start-up incentives
- passive labour market policies include those for out-of-work income maintenance and support and for early retirement.

(1) # Difference between Italian rates and the EU 27 average rate

Elaboration on data from EUROSTAT database (lmp_expsumm). Date of extraction: 20.06.2012. Small differences are due to rounding.

Table 16: Financial allocation (A) to main national funds relevant to social inclusion and income support (in million €)						
Funds	2008	2009	2010	2011	2012	2013
Social inclusion						
Social policies (1)	712.0	578.6	435.3	218.1	70.0	44.6
Childhood (2)	43.9	43.8	40.0	35.2	40.0	40.0
Childcare (3)	219.5	103.0	103.0			
Not-self-sufficient (4)	300.0	400.0	400.0	100.0		
Family (5)	173.1	113.7	49.3	51.5	117.0	21.2
Immigrants (6)	5.1					
Equal Opportunities (7)	64.4	40.0	3.3	17.2	10.5	11.6
Degraded cities (8)	50.0	50.0				
Youth policies (9)	135.0	84.8	84.5	12.8	8.2	7.2
Housing –a (10)	205.6	181.1	141.3	9.9	33.9	14.3
Housing –b (11)	9.7	7.6	7.2	4.1		
Community services (12)	299.6	171.4	168.9	134.8	68.8	76.2
Total	2,217.8	1,773.9	1,432.7	583.6	348.4	215.1
Annual rate of change	*+3.1%*	*-20.0%*	*-19.2%*	*-59.3%*	*-40.3%*	*-38.3%*
Changes between 2008 and 2012					*-84.3%*	
Income support						
Social assistance (13)	766.6	842.0	854.0	1,035.1	1,060.2	1,085.7
First home –a (14)	10.0	10.0				
First home –b (15)	4.0	10.0	10.0			
Fuel (16)	50.0	50.0	88.0	86.3	88.0	88.0
Social Card (17)	170.0	493.6	274.0	15.0	15.0	15.0
New born babies (18)		35.0	25.0	25.0	25.0	25.0
School (19)	258.2	222.9	220.3	118.3		
Total	1,258.8	1,663.4	1,471.3	1,279.7	1,188.2	1,213.7
Annual rate of change	*+21.0%*	*+32.1%*	*-11.6%*	*-13.0%*	*-7.2%*	*+2.1%*
Changes between 2008 and 2012					*-5.6%*	
(A) Amounts calculated by taking into account any overlap of functions between the various funds. Results to be used with caution given the limited clarity on actual spending.						
(1) – (19) Explanatory notes in the following section of this table. (17) Only funding from the State (donors excluded).						
Data derived from: ministerial decrees and agreements between the State, Regions and local authorities between 2008 and 2012, supplemented by estimates of expenditure in accordance with financial laws and other acts especially for 2912 and 2013. Additional resources envisaged by the most recent plan are included (11 May 2012; see Table 19). Last update: 20.06.2012						

Table 16: Explanatory notes	
Social policies (1)	National Fund for Social Policies (created by Law No 449/1997); Fondo Nazionale Politiche Sociali
Childhood (2)	National Fund for Childhood and Adolescence (created by Law No 285/1997); Fondo Nazionale per l'infanzia e l'adolescenza
Childcare (3)	Socio-Educational Services (nurseries and crèches) devoted to Children (created by Law No 296/2006); Asili nido e servizi socio educativi
Not-self-sufficient (4)	National Fund for Not-Self-sufficient persons (created by Law No 296/2006); Fondo per la non autosufficienza
Family (5)	National Fund for Family Policies (created by Law No 248/2006); Fondo Nazionale Politiche per la Famiglia
Immigrants (6)	National Fund for Social Inclusion of Immigrants (created by Law No 296/2006); Fondo nazionale per l'inclusione sociale degli immigrati
Equal Opportunities (7)	National Fund Equal Opportunities and rights (created by Law No 248/2006, including National Fund against sexual and gender–based violence (created by Law No 296/2006); Fondo nazionale per le politiche relative ai diritti e alle pari opportunità, inclusivo del Fondo nazionale contro la violenza sessuale e di genere
Degraded cities (8)	National Fund for social inclusion in Degraded Cities (created by Law No 244/2007); Fondo per contrastare fenomeni di esclusione sociale in città degradate
Youth policies (9)	National Fund for Youth policies (created by Law No 248/2006) and national fund for juvenile communities (created by Law No 296/2006); Fondo nazionale per le politiche giovanili e fondo nazionale per le comunità giovanili
Housing –a (10)	National Fund to support rented housing of low-income households (created by Law No 431/1998); Fondo nazionale per il sostegno all'accesso alle abitazioni in locazione
Housing –b (11)	National Fund for Social Housing (created by Law No 350/2003); Fondo per l'edilizia a canone speciale
Community services (12)	National Fund for civil services, alternative to military services (created by Law No 64/2001), Fondo nazionale per il servizio civile
Social assistance (13)	Allowances for maternity, large families, workers affected by thalassemia, parents of seriously disable children, provided by INPS (National Institute of Social Insurance)
First home –a (14)	National solidarity Fund mortgage loan to support low-income household first home purchase (created by Law No 244/2007); Fondo di solidarietà per i mutui per l'acquisto della prima casa
First home –b (15)	National Fund for Young couples and single parents with children to buy their first home (created by Law No 133/2008); Fondo per l'accesso al credito per l'acquisto della prima casa da parte delle giovani coppie o dei nuclei familiari monogenitoriali con figli minori
Fuel (16)	National Fund to support low-income households to cover Electricity and Gas costs (created by Law No 296/2006); Fondo per la riduzione dei costi di energia elettrica e gas

Social Card (17)	Pre-paid shopping card to purchase food products, electricity and gas, infant formula and diapers for infants (created by Law No 133/2008); Carta Acquisti
New born babies (18)	National Credit fund for new-born Babies (created by Law No 2/2009); Fondo di credito per nuovi nati
School (19)	Exemption from schoolbook costs (created by Law No 448/1998) and scholarship (created by Law No 62/2000) for low-income households; Fornitura gratuita, totale o parziale di libri di testo scolastici ed erogazione di borse di studio per alunni meno abbienti

Table 17: The plan presented by the Monti Cabinet on 11 May 2012		
Amount	*Million €*	*%*
Total plan	**2,510**	**100**
Growth and employment policies as a whole	1,498.4	59.7
Social inclusion policies as a whole	1,011.6	40.3
Action Plan for Cohesion in the South (APC)	2,343.0	93.3
National policies	167,0	6.7
Funding added by the present plan	36,0	1.4
Funding provided by previous acts and programs	2,474.0	98.6
Detailed policy measures		*Million €*
APC – Social inclusion policies financed by Reprogramming of EU Structural Funds:		844.6
Childcare		400.0
Not-self-sufficient elderly care		330.0
Reduction in early school leavers' rates		77.0
Projects promoted young people in social sector		37.6
APC – Growth and employment policies financed by Reprogramming of EU Structural Funds**:**		1,498.4
Apprenticeship and reduction in NEETs' rates		50.0
Youth self-employment and entrepreneurship		50.0
Italian researchers in innovative research methods (universities)		5.3
Enterprise development and research		740.7
Integrated demand-side management for innovation		150.0
Preservation and enhancement of at least 20 cultural sites		330.0
Energy efficiency and innovation in urban and natural areas		168.0
Streamlining civil justice proceedings		4.4
National policies by sources of funding:		167.0
New social card financed by Law No 10/2011		50.0
Family policies approved by the Unified State – Regions Conference in February and April 2012)		81.0
Family policies' new funding		36.0
Elaboration on data from national government. Date of elaboration: 15 May 2012.		

Annex 1

In October 2008, the European Union (EU) Commission Recommendation on the active inclusion of people excluded from the labour market (2008/867/EC) underlined the persistence of poverty and joblessness and the growing complexities of multiple disadvantages. The Recommendation reaffirmed principles defined by the EU Council 16 years before (Recommendation 92/441/EEC) to implement "the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity as part of a comprehensive and consistent drive to combat social exclusion". These principles were followed by those concerning the implementation of the basic rights of every worker to an "adequate social protection" and an "adequate level of social security benefits" (Recommendation 92/442/EEC). The 2008 Recommendation on the active inclusion strategy made a step forward by defining the three pillars of a multi-dimensional and holistic approach, namely adequate income support, inclusive labour markets and access to quality services. To this end, comprehensive policy design, integrated implementation, coordination among different governance levels (from local to national and EU authorities) and active participation of relevant actors are required. The principles of individual rights, human dignity, non-discrimination, gender equality, equal opportunities, labour market integration and full participation in society crossed all three pillars.

In December 2008 the EU Council endorsed common principles of the active inclusion strategy to combat poverty more effectively. The EU Council Conclusions predicted that the commence of the current global financial and economic crisis would worsen and extend poverty and social exclusion. The EU Council gave priority to the fight against poverty and social exclusion in the EU strategies, while advocating inter alia to: promote gender equality and equal opportunities as an essential pre-condition for reducing poverty, implementing fundamental rights and increasing territorial cohesion; address specific situations of vulnerable groups and persons (including the Roma and similar communities); adopt a lifecycle approach in order to support intergenerational solidarity and break the intergenerational transmission of poverty; make the fight against poverty and social exclusion a priority with quantified objectives among the national policies; allocate financial resources through a balance between increasing work incentives, alleviating poverty and avoiding unsustainable budgetary costs.

In May 2009, the EU Parliament adopted a Resolution (2008/2335(INI)) that constitutes a further advancement in the active inclusion strategy.

The Resolution recognised inter alia that: conditionality in activation policies often affect the most vulnerable, whereas these negative impacts need to be avoided; a lack of employment suitable opportunities often fosters exclusion from the labour market, while the latter rarely is the result of a lack of individual efforts; the impacts of economic crises are apparent, workers are made redundant and the most vulnerable groups are mostly excluded from the labour market; social exclusion and exclusion from the labour market have a serious impact on mental health of those concerned and increase depression.

The Resolution defined comprehensive principles and integrated policies. Active inclusion measures must work in conjunction with policies and targets concerning the fight against poverty and social exclusion. Indeed, active inclusion must not replace social inclusion, meaning that vulnerable groups unable to work have the right to a dignified life as such as those who can work. Active inclusion must be related to the way in which society is organised and not only to individual's capacities, thus policies need to reflect the diversity of those excluded and not vice versa.

Active inclusion requires an all-encompassing set of measures for which public funds must be maintained to improve health, education and social services, including housing, public transport, vocational training, employment, childcare and elderly care, where local and regional authorities play a key role. Anti-discrimination policies and the reduction in regional inequalities are central to improving accessibility to goods, services and facilities for all and, thus, achieving social inclusion and territorial cohesion. Adequate income support and quality services constitute necessary preconditions for integration into the labour market and not vice versa, thus they must be available regardless of individual ability to participate in the labour market.

The EU Parliament agreed with the Council that the implementation of Recommendation 92/441/EEC needs to be improved in relation to minimum income and social transfers, that social assistance should provide an adequate minimum income for a dignified life, at least at a level which is above the 'at risk of poverty' level and sufficient to lift people out of poverty, and that the take-up of benefits should be improved.

The Resolution underlined the needs for targets (aimed at reducing poverty in general, child poverty, in-work poverty and long-term poverty) and for a concrete roadmap aimed at implementing coherent policies. More specifically, the EU Parliament requested that EU targets be set to reduce child poverty by 50% by 2012 and to end street homelessness of children, youth and adults alike by 2015. The road map must be based on the participation of civil society and other stakeholders, including people experiencing poverty.

The present report took into account the principles outlined in the EU Commission Recommendation (2008/867/EC), namely: (a) implementation of fundamental rights; (b) promotion of gender equality and equal opportunities for all; (c) careful consideration of the complexities of multiple disadvantages and the specific situations and needs of the various vulnerable groups; (d) account of local and regional circumstances and improve territorial cohesion; (e) lifecycle approach to social and employment policies to support intergenerational solidarity and break the intergenerational transmission of poverty. They are crosscutting principles. The first three principles were particularly useful to assess the first strand (adequate income support), the fourth principle to explore the second strand (inclusive labour market) and all them to analyse the third strand (access to quality services).

Summary tables

Table 1

To what extent has an integrated comprehensive active inclusion strategy been developed in your Member State?												
	Comprehensive policy design			**Integrated implementation**			**Vertical policy coordination**			**Active participation of relevant actors**		
	Yes	Somewhat	No	Yes	Somewhat	No	Yes	Somewhat	No	Yes	Somewhat	No
For those who can work			**X**			**X**		**X**			**X**	
For those who cannot work			**X**		**X**			**X**			**X**	

Table 2

To what extent have active inclusion policies/measures been strengthened, stayed much the same or weakened since 2008 in your Member State?									
	Adequate income support			**Inclusive labour markets**			**Access to quality services**		
	Strengthened	The same	Weakened	Strengthened	The same	Weakened	Strengthened	The same	Weakened
For those who can work		**X**			**X**				**X**
For those who cannot work			**X**			**X**			**X**