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Labour Market Changes and Welfare Perspectives in Europe



Workpackage 2: Italy country report

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Italy Country Study

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Italy Country Study

Preface

Italy is characterised by a dual labour market. It is a deep divide that directly and hugely influences, and influences the shape of the social conditions and, surely, the prospects of the groups at risk.

Chapter 1 is dedicated to examine this divide among the three Italian macro-areas. The analysis shows that the last decade has witnessed a general increase of the activity and employment rates, but the Southern regions (Mezzogiorno) continues to show a high level of unemployment and a large degree of precarious employment. This context determines a strong concentration of groups which are at risk. Among these groups women, the young, immigrants are particularly over represented.

Concerning the welfare state, Chapter 2 examines the composition of the social expenditure to check its impact on the more vulnerable groups. Starting from the fact that the overall spending on social protection is lower than the EU average, it shows the spending in some important sectors such as, invalidity, family, unemployment, housing and social exclusion is inadequate to meet the needs of the groups at risk, particularly within the economically and socially more fragile areas as the Mezzogiorno. Under this profile, there has been during the last years a intense debate on the pension system and its reform.

Chapter 3 is dedicated to the e-government action plan, in the extent in which it is directed to activate a widespread use of ICT as the source of deep changes in the ways and manners of delivering the main services of social protection system. This evolution permitted a more efficient provision of services towards the concerned citizens at large, and particularly improving the relationship between public administrations and the groups at risk. In this context, the role of the main social security provider (INPS) is examined, as an example of a high level of automated processes which allows it to develop an efficient relationship either towards all citizens, or towards the intermediate organizations whose reason to be is ease and improve the relationship with disadvantaged groups. In regards to a specific group at risk, immigrants, it is also illustrated the case of ICT utilisation to implement a wide process of immigrant's regularisation.

In the end, an interview to the president and the chief of IT services of the most important Patronato, a specific Italian institution aimed to support citizens, with a particular attention towards the more vulnerable social groups.

Chapter 1

The divide of the Labour Market and the groups at risk

The labour market has witnessed, in-between the end of nineties and the beginning of the new decade, important changes which, on one hand, stem from the technological changes and the new forms of work organization; on the other, continue to reflect relevant structural disparities. We are going to schematically analyse the size and the depth of these changes and, at the same time, its limitations and insufficiencies. Particularly, we will examine the relationship between the "dual" labour market and the technological divide, which in many regards characterises the different macro areas (north, centre, and south)of the country.

IT and the labour market changes

Let' see the main aspects of the labour changes

1. After a long phase of stagnation of employment (with periods of decline) during the nineties, there was a remarkable increase of employment in the last three years of the decade, in Italy as well in the European Union. Between 1997 and 2003 the employment rate grew from around 51 to 56 per cent. This five point growth corresponds in absolute terms to one million and seven hundred thousand new jobs.(1.757). This shift shows that it is possible to increment the very low Italian employment rate in an effort to reduce the gap in relation the European rate.
2. The second significant aspect is a higher proportion of growth in regards to women's employment, for which the rate moved from 37.3 to 42.7 per cent, showing that the two thirds of new jobs is made up by female occupation, especially in the form of part time employment, which makes up 75 per cent of new female jobs (about one million and two hundred thousand jobs).
3. Throughout these years it can be observed a significant shift towards the new forms of atypical employment. This shift has three main components: the growth of temporary work, of part time and of the pseudo-independent work. In other terms the labour market become increasingly flexible, contradicting, from this point of view, the usual reproach of rigidity, which is assumed to explain the high Italian unemployment.

Population aged 15-64 years by gender and labour status

	1999		2001		2003	
	000's	%	000's	%	000's	%
Employed						
<i>Males</i>	12920	63.5	13201	62.4	13438	61.9
<i>Females</i>	7437	36.5	7968	37.6	8272	38.1
<i>Total</i>	20357	100.0	21169	100.0	21710	100.0
Unemployed						
<i>Males</i>	1262	47.4	1063	47.0	992	47.5
<i>Females</i>	1398	52.6	1196	53.0	1095	52.5
<i>Total</i>	2661	100.0	2259	100.0	2087	100.0
Labour Force						
<i>Males</i>	14183	61.6	14264	60.9	14430	60.6
<i>Females</i>	8835	38.4	9165	39.1	9367	39.4
<i>Total</i>	23018	100.0	23429	100.0	23797	100.0
Total population (15-64)						
<i>Males</i>	19378	49.9	19377	50.0	19388	50.0
<i>Females</i>	19428	50.1	19388	50.0	19383	50.0
<i>Total</i>	38805	100.0	38765	100.0	38771	100.0

Source: Istat, Labour Force Survey, 2004

By and large, the above mentioned changes in the road of a more flexible labour market reflect the evolution of the new work organization, along with the widespread introduction of IT technologies, within enterprises as much as in the public sector. Enterprises intensified their reorganization by outsourcing a growing number of non core functions activities –such as logistics, by using call centres and outside service industries.

These changes, also driven by globalisation of markets, entailed a new sectoral composition of production, and therefore, of the work force. The agricultural sector lost employment as well as manufacturing sector, while all the new jobs were created in the services sector, in which the employment rate augmented from 1995 to 2003, from 60 to 65 per cent of the total employment.

4. Due to the remarkable growth of the total employment rate, the unemployment rate, which was between 11 and 12 per cent in the middle of the nineties, which was well above the European Union average, which was then cut in 2003, to 8 per cent, which is within the EU average.

5. In regards to these data (the improvement of employment and the consistent reduction of unemployment), it is worth mentioning a circumstance which deserves a specific comment. Indeed, in the last years of the nineties (up to 2001), the growth of employment was basically fuelled by a relatively strong growth of the overall economy. Then, the following years have been marked by a substantial economic stagnation (and a factual recession

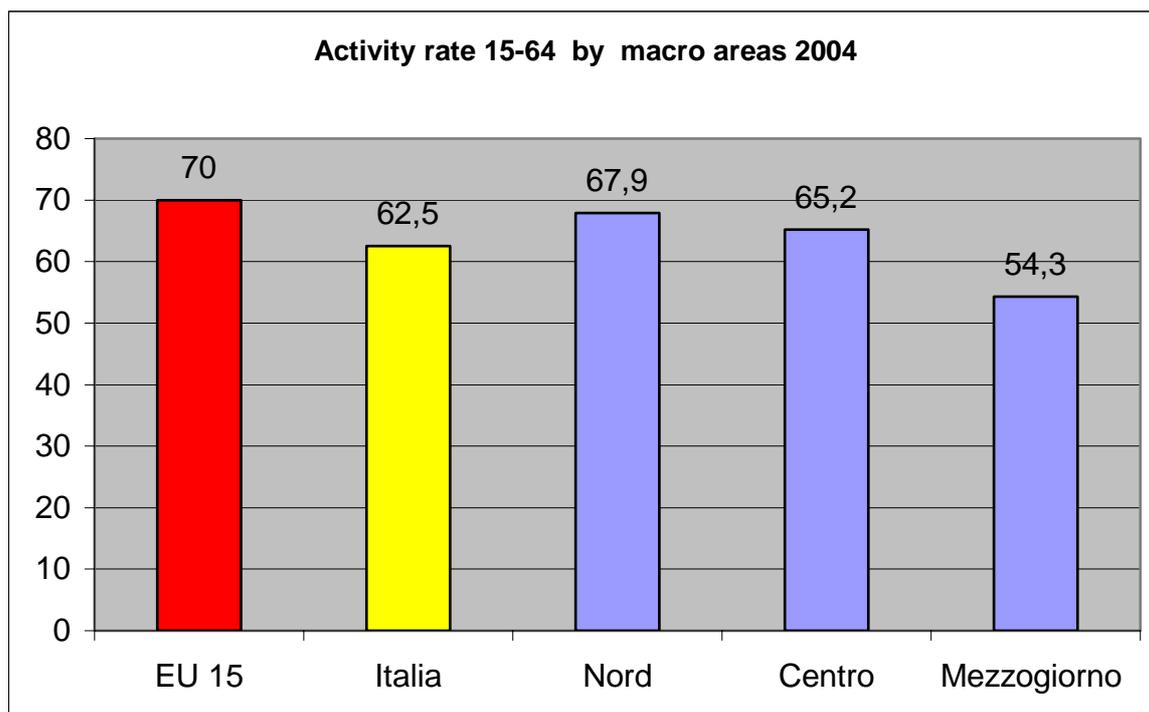
between 2004 and 2005). In this second phase the increase of employment goes hand in hand with a reduction of productivity, evidently mirroring a very flexible labour market, from the standpoint of contractual forms, with an apparent reduction of job protection.

Groups at risk in the Mezzogiorno

Looking at the general shape of the Italian labour market, we can encounter a difficulty in the attempt to evaluate the shape and dynamics of the labour market. As we have already seen, there has been in the last decade a consistent change in the configuration of the labour market regarding three aspects: the consistent increase of the employment rate, the growing participation of women, the constant reduction of unemployment.

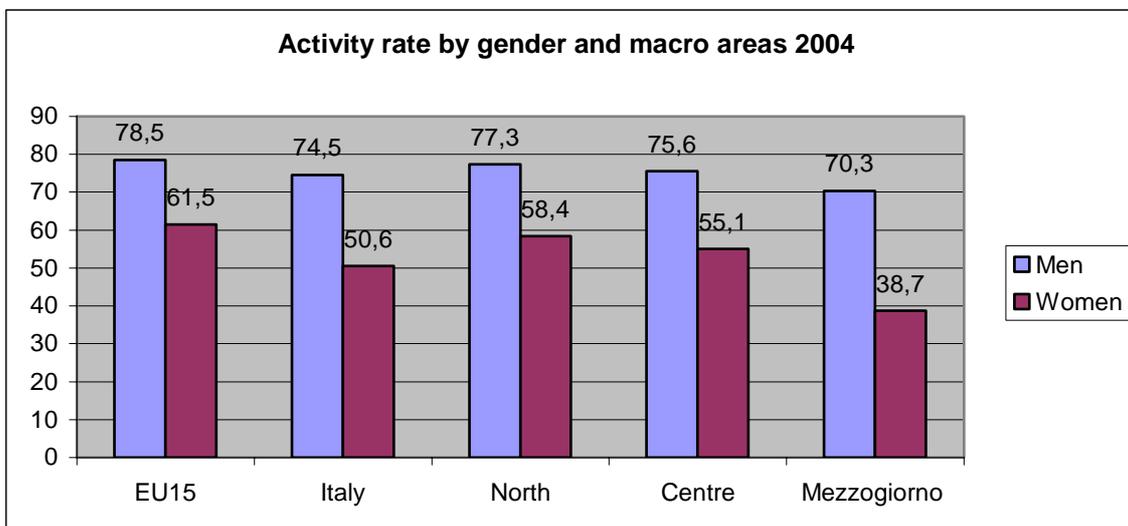
Despite this positive evolution, Italy remains a country deeply characterized by a very low activity rate, with an equally low employment rate, and the worst level of female work participation across the European Union. To try to explain this contradiction, we must point out and analyse the regional divide between the centre-northern regions and the Mezzogiorno (Southern regions)– 8 regions out of 20, where a third of the entire Italian population (18 million) lives.

A comparative look of the labour market figures helps to clarify the shape and depth of the divide. We can start with the activity rate. As we can see (graph), Italy is placed in the average 7.5 percentage points below EU, but if we consider the Centre it is 4.8 and the North 2.1. The very gap is linked to Mezzogiorno which with 54 per cent is 16 points under European average and 11- 14 points under the Centre and the North of Italy.



Source - Istat, 2005

The divide becomes extraordinarily hefty when we consider the gender activity rate, which is in the Northern regions is above 58 per cent and in the Mezzogiorno is below 40.



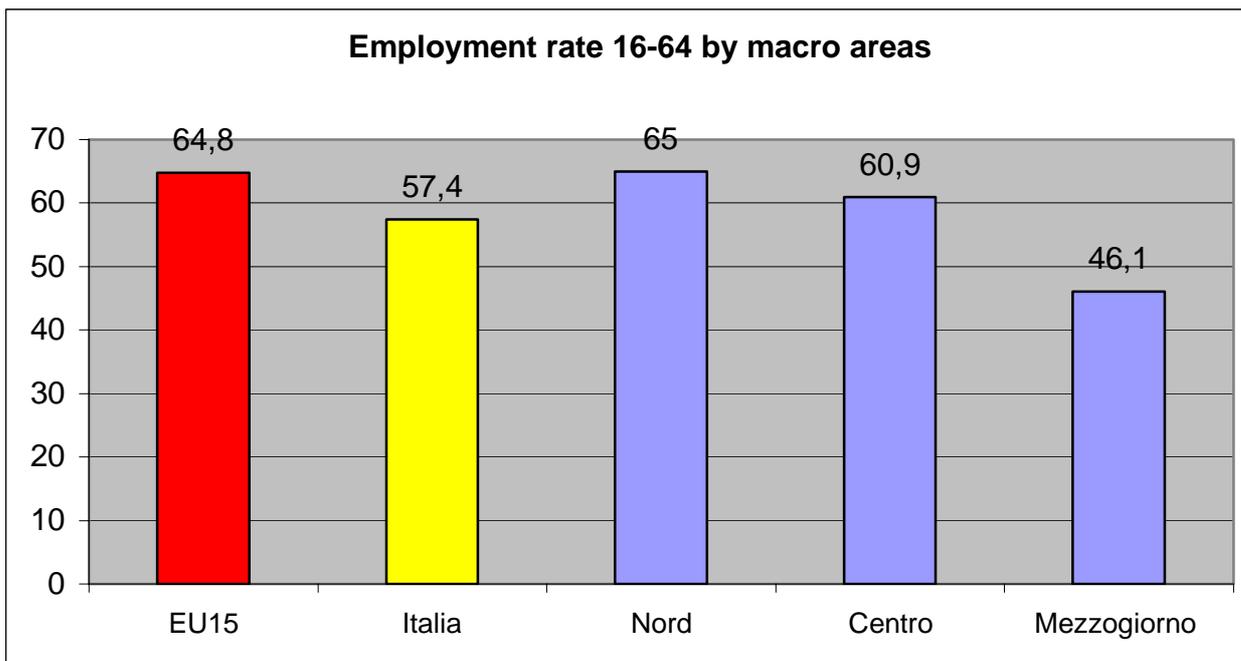
Source, ISTAT, 2005

The low activity rate within the Mezzogiorno is actually linked to the low level of the employment rate, which is between around 15-20 points below the central and northern regions. This deep chasm lowers the average Italian employment rate to 7 points below the European average, but the central regions are around four points below and the northern area are at the same European level.

The gulf is again particularly harsh for the female component, which in the Mezzogiorno records a worrying 30 per cent of formal employment, opposed to 50 and 55 in the central and northern regions. The end result is that Italy has the lowest rate of women's employment in Europe.

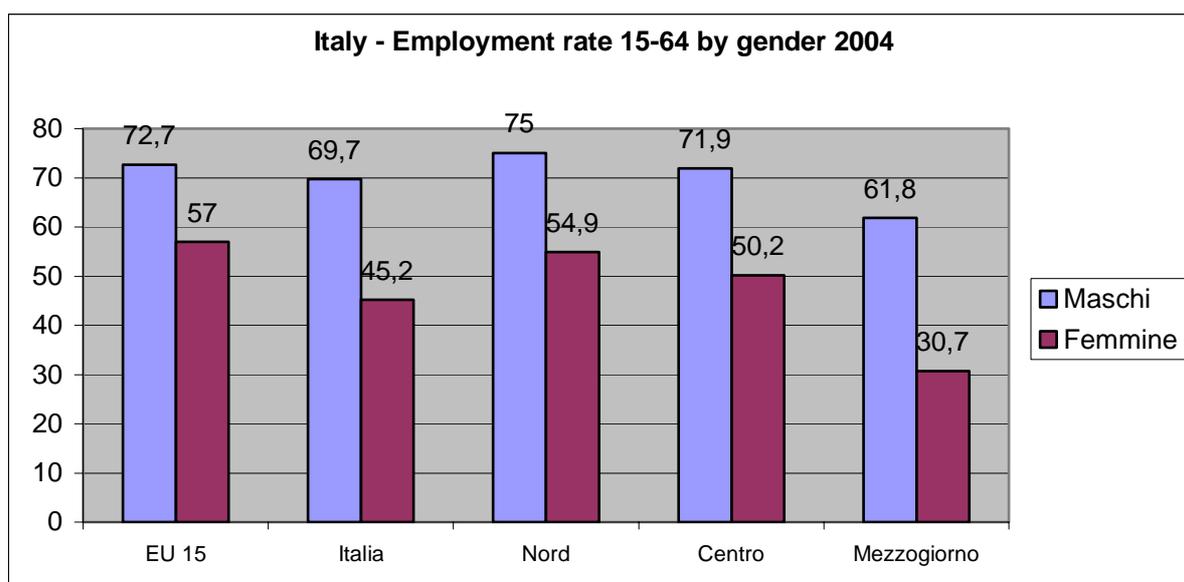
It is worth to observe that not only the level of employment is consistently lower, but also jobs are of a more precarious nature, as it is shown by the higher percentage of fixed term contracts, which reach 16 per cent in the South in contrast to the 10-11 per cent across the central-northern regions.

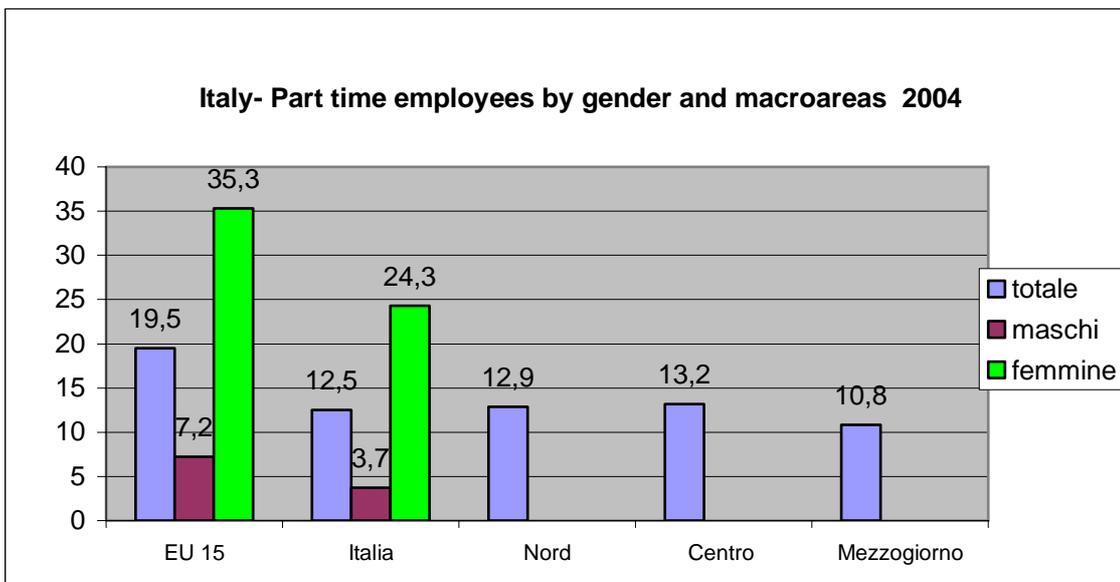
On the contrary, part time is more present in the Centre-North than in the South. Two different reasons can be identified for this: on one end, part time is linked to a more advanced levels of service sector; on the other, jobs which require short amount of working hours are more often hidden by undeclared work.



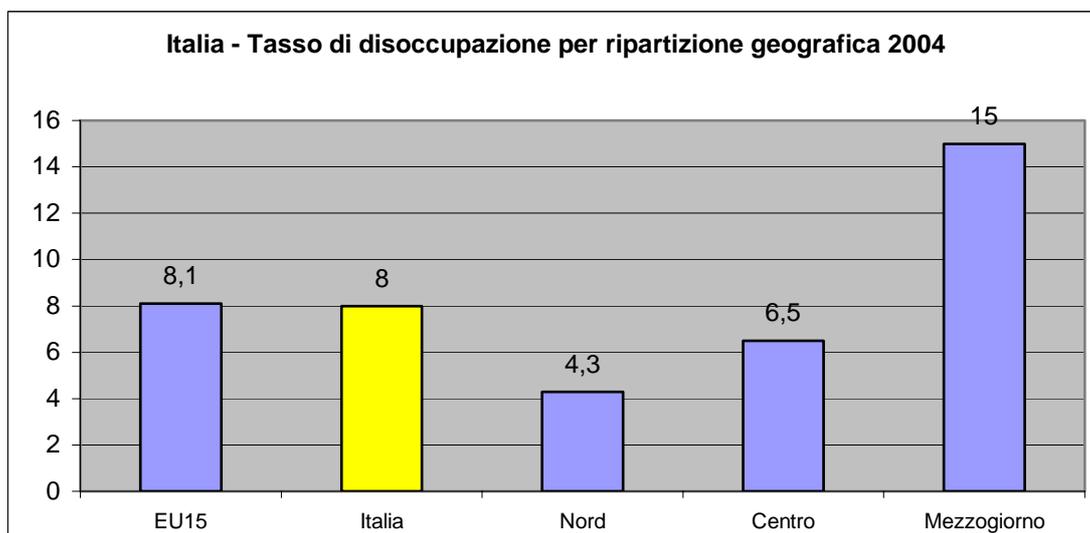
SSource, ISTAT 2005

Given the fragility of the labour market in the Mezzogiorno, it is not surprising that the unemployment rate is double (16 per cent) than the national average and three times that of the North. In this context, the long term unemployment rate reaches 8 per cent (1,5 in the North); and in regards to women, it reaches 20 per cent (around 5 in the North) and that of the young reaches 36 per cent (12 in the North).

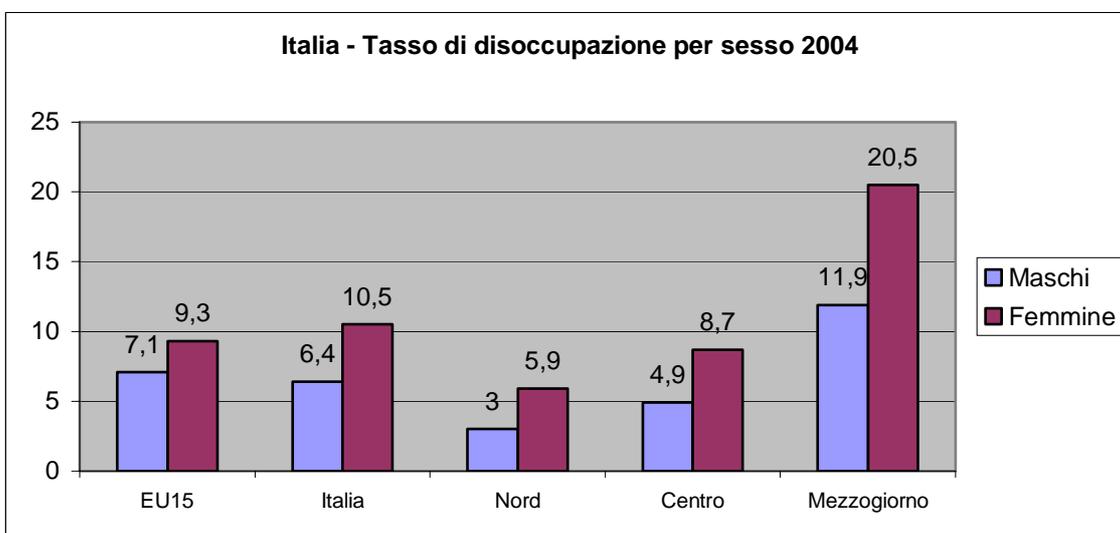




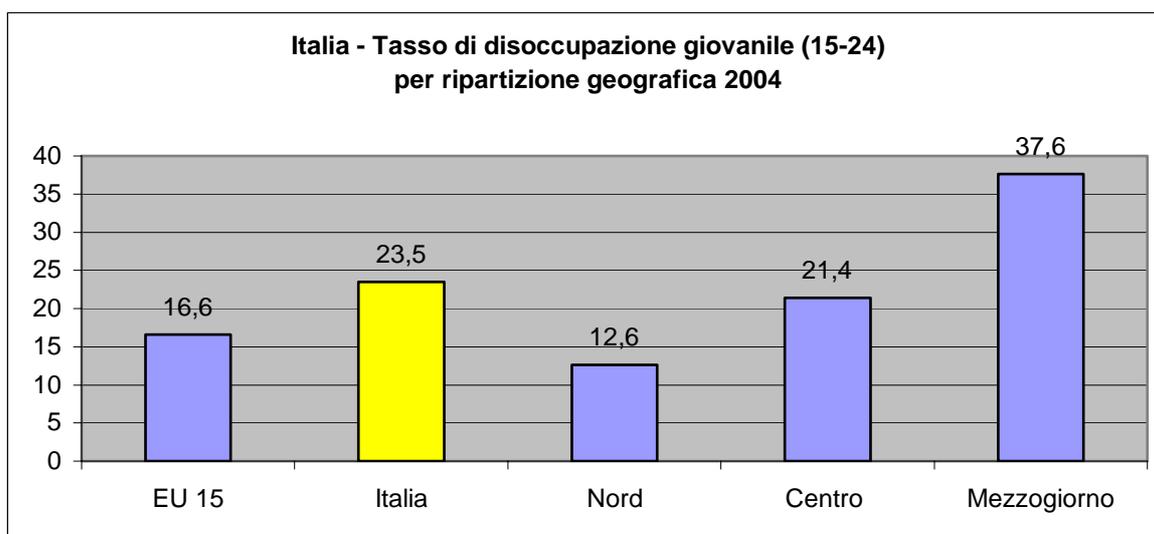
Source, ISTAT



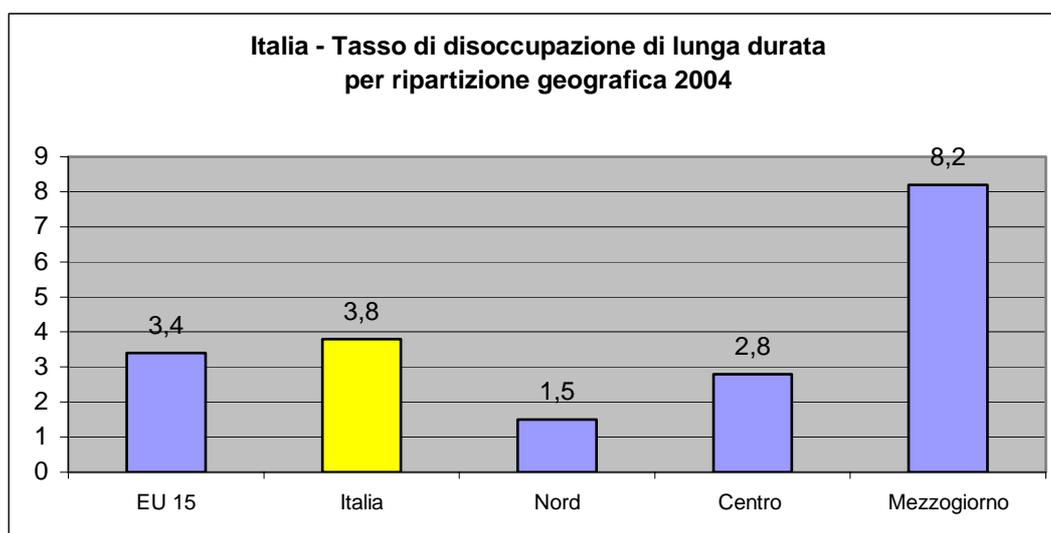
Source, ISTAT



Source, ISTAT



Source, ISTAT



Source, ISTAT

It is in this context that we must analyse the dislocation of the more vulnerable social groups. Generally speaking, the new labour markets entail different aspect of risks for workers involved in atypical jobs. The risks stems from the discontinuity of employment and revenue, and in some cases, the consequential lack of social protection. However, where the technological changes (and forms of work) are placed in an environment of a dynamic innovation, strong economic growth and relatively high level of employment, the risks are matched by new opportunities. This is for many aspects the situation in the broader parts of Italy. But the situation is completely reversed the Mezzogiorno.

It is in the Southern regions that we can find the higher levels of poverty and exclusion, in many ways it is linked to the characteristics of the labour market. It is absolutely evident that a big part of the labour force lives in a condition of social hardship. In the Mezzogiorno we can encounter the larger part of the

groups at risk. They are made up, firstly, by the high amount of people in search of work, but can't find it. Within this big sector of the working force, women, long-term unemployed and the young are the worse hit. It is necessary to add that even among employees, there is a high the risk of the discontinuity of employment. In this scenario informal employment - where, among others, a relevant number of immigrants can be found - it is often the only way to find a job, which of course is underpaid and unprotected.

The debate on the causes of the divide

There is an ongoing debate about the nature of this imbalance. According to the neoliberal approach, unemployment is a consequence of the rigidity of the labour market. But it is difficult to pinpoint that in this case, that it is a question of scarce flexibility. Indeed, if they are given no other choice, the unemployed are prepared to work in a condition of under-protection. They accept discontinuous jobs, and very often are constrained in the informal economy.

A different analysis points out, instead, on insufficient infrastructures, the backwardness of services, the lack of advanced ICT technologies, and, therefore, a deep productivity gap which all put together discourage new investments and the development of enterprises.

Added value at current prices and employment divided by Centre-north and Mezzogiorno by macro sectors

	2002	
	Added value	Empl.
Industry (except construction)	100.0	100.0
<i>Centre-North regions</i>	83.9	81.8
<i>Mezzogiorno</i>	16.1	18.2
Services	100.0	100.0
<i>Centre-North regions</i>	73.8	70.6
<i>Mezzogiorno</i>	26.2	29.4

Source: ISTAT, 2004

The divide is apparent, if we parallelly consider in the economic performance from the point of view of added value of industry and service sectors and the level of employment. In manufacturing, the added value was in 2002 as low as 16,1 percent of the national total, and the employment made up 18,2 per cent. It is worth to note that all the industrial sector added value of the "Mezzogiorno" (18m inhabitants) is lower than the added value provided by a single northern region such as Lombardia (9 million inhabitants).

The percentage of employment created in the service sector reaches almost 30 percent of the national average, but the added value is lower, indicating, also in this case, a lag in the process of innovation.

The observation of these data makes it evident that high unemployment, low rate of employment of women and the young, alongside precarious employment and employment in the informal sector, create an environment characterized by a high risk of marginalisation and social exclusion.

In this framework, social security has in the past played a role in containing social hardship ,particularly through a generous pensions system . But over time, on one end, the growing financial burdens of the system have reduced its room for this type of intervention; on the other, the welfare system has continued to demonstrate its unfitness, as we are going to see, to provide a sufficient level of guarantees to the more vulnerable social groups.

Chapter 2

Groups at risk and welfare

As we have remarked the main characteristic of Italian groups at risk is that they are mostly concentrated in the southern regions, where a third of the population lives. They principally are:

- Unemployed (particularly, women, young people, long-term), elderly, disabled, immigrants,
- Workers employed in the informal economy

Unemployment and vulnerable groups

There has been in Italy a constant reduction of unemployment in last years. The current figure of about 8 per cent is at the same level of European average. But as we stated beforehand, the scenario is characterized by deep differences between Central-Northern regions and the Mezzogiorno, which lags behind at a double unemployment rate of the national level and more than triple in respect to the northern regions. This gap particularly concerns the long term unemployed, women and the young.

As long-term unemployment is concerned, this category, which within Mezzogiorno is very often made up by middle and late aged adults, is a particularly vulnerable group, which runs the risk to be permanently placed outside the labour market and without an adequate welfare protection: in other terms to be at risk of a permanent social exclusion.

In regards of women, their risk consists in the difficulty in finding employment, being expelled from their job once they suspend their activity for a personal or family reason, or in being nailed in an undeclared and un-protected work.

Young people are another vulnerable group, mainly due to the difficulty in finding a job, consequently constrained to stay within the family until a very late age.

The problem for these three groups at risk is that there are not eligible to unemployment benefits, lacking a previous waged activity, or without the input of a sufficient period of social contribution.

The undeclared labour

At the same time, the shadow economy, particularly plentiful in the Mezzogiorno, hinders a another wide an socially vulnerable group. The term undeclared labour is used to refer to various forms of employment and working conditions. According to the more recent estimates of the National Statistics office, the average undeclared work is 13,4 per cent of the total employment, but it reaches up to 33 per cent in some southern regions. Generally speaking, in addition to the traditional sectors where this market flourishes (tourism, construction, textiles, etc.) undeclared employment can also be found in the agricultural sector, services and the social economy.

However, also in this case, we have to point out the difference between the average and the specific condition of the Southern regions, where the overwhelming presence of undeclared work is relayed by workers who perform just one under the line job which is under-waged and without any protection.

Disabled people

Disabled people are very often left out the labour market.

In spite of new legislation regarding integration into the workforce, together with a large number of schemes and programmes that have been set up thanks to European projects and funding, the employment levels for disabled people to date are still fairly low (21%). Disabled women are particularly disadvantaged compared to men – the employment level for women totals 11% while for men it stands at 29%.

“HandicapInCifre” is one of the by-products of the “Handicap Information System” sponsored by the Ministry of Labour and Social Policies and created by ISTAT. It contains information on disabled people in Italy and details of their disabilities. The information is obtained and processed on the basis of the most recent available information (ISTAT studies and surveys, ministries and public authorities’ records). The web site’s aim is of a more in-depth knowledge of the world people with a handicap, which generates a reorganisation of existing data, and where possible coordinating current information flows and encouraging new surveys or studies in those fields or issues which are still to be uncovered or where necessary information is lacking. It is a complex project involving institutions and producers of fundamental statistics for understanding disability-related issues and problems to add to those conveyed by ISTAT.

As far social security is concerned, there are provisions such as:

- paid leave for a period of up to two years for parents looking after children with a serious handicap;
- two months of notional pay for each year of service for a maximum of 5 years for the pensions for workers with serious disabilities (greater than 74%) and deaf-and dumb.

To fill the gap of digital divide which the development of IT can create for disabled people, some local authorities have embarked in specific active labour policies to benefit disabled individuals who are more at risk than others of exclusion from the labour market and society due to the physical or mental problems which they suffer from.

In this context, to improve training and employment opportunities for the disabled, there has been an increase in the use of IT tools. Teleworking is deemed to be an important instrument in order to improve the integration of disabled people into the labour market.

Welfare spending and the groups at risk

Spending on social protection - including all private and public institutions – in Italy in 2002 amounted to 26.1% of the GDP. Approximately 93% of social spending – i.e. 24.4% of the GDP – is carried out by public administrations. Italy spends less than other EU countries (27%). But distribution of services shows a prevalence of spending in Italy for the old age sector, accounting for 62% of the total in 2002 (13,4% of the GDP). The second place in spending is directed towards healthcare, accounting for 26% in 2002 (6,8 of GDP). The expense for health care is in line with the EU average. Instead, the amounts for the other sectors - invalidity, family, unemployment, accommodation and social exclusion – are significantly lower.

Social Expenditure by function 2002 (% of GDP)

Pensions	13,4%
Survivors benefits	2,7%
Health	6,8%
Family and children	1,0%
Unemployment	0,4%
Housing	0,03%
Disability	1,6%
Social Exclusion	0,1%
Total	26,1%

Source, Eurostat, CISS' calculation, 2005

Social security benefits (1)

	Type of benefit	Requisites	Amount
Sickness Pension	It is provided to employees or the self-employed with physical or mental sickness.	Requisites: total and permanent inability for work; having contributed to the pension fund for a minimum period of five years, of which at least three during the last five. The disability can be subject to check.	The amount of the contribution is supplemented by a notional contribution up to the age of 55 years for women and 60 years for men.
Invalidity allowance	It is a benefit provided to employees or self-employed with physical or mental sickness.	Requisites: a physical or mental sickness which caused a permanent reduction of working performance by at least 30 per cent in the job related to the worker's qualification.	Initially, it is given for a maximum period of three years. It can be renewed, and after it confirmed twice, it becomes permanent.
Social Pension (supplement to the minimum pension)	It is a supplemented pension when the total accumulated contributions is insufficient to acquire the amount are to considered the social minimum. The social minimum is yearly established by the law.	The supplement is means-tested, on the basis of personal income (in 2005 equivalent to € 5.460,25).	The monthly level is equivalent in 2005 to € 420,02.
Social security allowance	In principle, it is a benefit provided to Italian citizens 65 years old, with a very low income: in 2005 the limit is equivalent for a single person to yearly income of € 4.874,61, and to € 9.749,22 for a married couple.	The benefit is also provided to EU citizens or to other foreign citizens. when legally established within the national territory	The amount of the benefit is established on a yearly basis, being for 2005 equivalent to a monthly € 374,97.

Social Pensions and allowances 1st January 2004

	Men	Women	Total	Average monthly amount per head (euro)
Social Pensions	58.438	302.563	361.001	337,50
Social Allowances	139.526	248.634	388.160	302,08

Source, INPS

Social Security Benefits (2)

	Type of benefit	Duration period	Amount of earnings	Num. of persons who used the benefit and the cost for INPS in €- (2004)
Ordinary Unemployment benefit	All unemployed workers are entitled to this benefit at the following condition: -52 weekly contributions during the previous 2 years, - at least two years of insurance previous to the day that the employment ended	180 days. For worker who is over 50, the duration can be prolonged until 9 months.	40 % of the average pay received during the last 3 months with a monthly ceiling of payment imposed by legislation. The monthly ceiling for 2005 is of €819.	274.999 recipients (2003) 43.634.000 days paid for (2004) 797.620.380 Cost for INPS
Unemployment benefit with lower requisites	This benefit regards workers who have worked at least 78 days in the previous year and who have been insured for at least two years.	The equivalent of days worked in the previous year, for a maximum of 156 days.	The average daily pay for 2005 is of €15,81	378.158 recipients (2003) 36.573.000 days paid for (2004) 578.220.711 Cost for INPS
Special unemployment benefit	It is paid to workers in the industrial sector, if production is temporarily partially or fully suspended, due to events which cannot be attributed to the firm or workers.	13 weeks. It can be prolonged for 12 months, and in some cases, to 24 months.	80% of the wage of the hours lost, and there is a ceiling established on a yearly basis.	68.919.000 hours paid for the period January-September 2004 340.602.560 Cost for INPS
Extraordinary complement benefit	It is paid to workers in the industrial and some services sector in the event of restructuring or conversion of the enterprise.	It is paid for a period of between 12 and 24 months. In total, the sum of months, of ordinary and extraordinary payments cannot exceed 36 months for a span of five years	80% of the wage of the hours lost, and there is a ceiling established on a yearly basis	69.348.000 hours paid for the period January-September 2004

	Type of benefit	Duration period	Amount of earnings	Num. of persons who used the benefit and the cost for INPS in €- (2004)
Maternity	Maternity allowance (only if wage is discontinued): 2 months before the presumed confinement date and 3 months after . There are specific provisions for non working mothers, for Italian, and legally resident EU and non EU citizens, once their baby is born.	Maternity allowance (only if wage is discontinued): 2 months before the presumed confinement date and 3 months after	The benefit is equivalent of 80% of the wage. Collective agreements generally engage firms to pay the whole wage. There is also a means tested allowance paid by municipalities towards non working mothers	6.400.000 days paid for (2004) 1.506 mld euro Cost for INPS
Sickness Benefit	Benefit paid for all employees.	Maximum days allowed is of 180 days. The first three days are paid by firms, afterwards the benefit is paid by INPS.	The amount is equivalent to 50% of the average daily wage, while the following days the payment rises to 66.66%. Generally, by collective agreements, firms supplement the remaining to reach 100% of the wage.	1.852 mld euro cost for INPS 2004
Parental Leave (astensione facoltativa)	During the first 8 years of child's life, both employed parents are entitled to a total of 11 months. This entitlement is also valid in case of adoption.		30 % for 6 months during first three years of the child's life. For the period between the third and eighth year of the child's life, the benefit is means tested. For 2005, the ceiling for the claimant's cannot exceed €13.650,62.	Benefit is paid by the employer, which then is reimbursed by INPS.

The debate about the pension system

The huge burden of the old age sector (average EU spending for said sector accounts for less than half of the total while in Italy it accounts for almost two-thirds) is at the centre of a long quarrel, being deemed the cause of the insufficient spending for the other social expenses. It is worth, however, to consider that the pensions' system has been used in the past as the main safety net to tackle the redundancies, originating by the restructuring processes within the industry, and address huge unemployment in the Mezzogiorno through the use of pensions of invalidity. In other terms, while by at large, across European countries redundancy and poverty was met by multiple kinds of social protection (first of all, unemployment benefits and other forms of social assistance), in Italy this task has been assigned to the social security system, providing different types of early pensions.

It is also necessary to point out that the European social protection accounting system includes in the Italian old age spending a specific benefit, as the employee severance pay (TFR), which is not an old age-related service insofar as it is paid whenever employment is suspended, ended (or altered in some way). This problem is not simply one of definition or of little importance on a quantitative level, given that employee severance pay (TFR) amounts to approximately 1.3% of the GDP.

The pension system has been radically reformed in 1995 with further integrations and adjustments during the following years. The reform is similar to that adopted afterwards by Sweden and Poland. Its main characteristic is that the amount of the pension is linked to two parameters:

- The contributions related to the whole lifelong career;
- the age of retirement in relation to life expectancy.

The flexibility of the age of retirement, varying from the age of 57 to 65 years is another important novelty. The new reformed system sets a crucial change when compared to the old one, when the amount of the pension was generally linked to the last 10 years of employment, independently from the age of retirement. The reform will be fully implemented for people who started to work in 1995. (For those workers who had 18 years of contribution before the reform, the calculation of the pension it will continue to be based on the previous system; for those workers who by 1995 had collected less than 18 years of contribution, it was adopted a mixed method of calculation).

The outcome of the reform, through its full implementation, will be the substantial financial sustainability of the system. But, as it is the case for Sweden and Poland, there will be problems from the standpoint of the social adequacy. Effectively, the new shape of the labour market, characterised by a high level of atypical employment, along with intermittent periods of unemployment or reduced hours of work, will have the consequence in a scarce level of contribution, in which will result in a low, and in many cases,

inadequate level of a pension.

In other terms, the new reformed system, in its interaction with the new labour market will have a negative impact on the groups at risk: that is, the groups that we have before mentioned: the long term unemployed, women, the young entering late in the labour market, older adults who loose employment with scarce chances of finding a new one.

Old age and reduced age of retirement	8.684.268
Invalidity and inability	1.820.415
Survivors	3.623.092
Social Pensions (means tested)	1.730.721
Total	15.858.496

Italy – Pensions 2004 for tipology

Source INPS

PENSIONS

<p>Pension for reduced age of retirement (<i>anzianità</i>)</p>	<p>This type of pension is linked to the total amount of paid in contribution of the worker, independently from the requisites needed for the old age pension.</p>	<p>Requisites: 35 years of contribution and an age 57 years for the employees (58 for the self-employed); 40 years for everyone from 2008. Only the self-employed can continue to work.</p>
<p>Old age pension</p>	<p>It is linked to age. According to the old system, the age varied between 60 years for women and 65 for men. In the framework of the reformed system, the age has become flexible, varying from 5 the age of 57 to 65 years for everyone.</p>	<p>Requisites: Within the new system it is required a minimum actual contribution of 5 years if it is claimed before the age of 65, the level of the pension has to be, as per minimum equivalent to the amount of the social minimum pension (Assegno sociale) plus 20 per cent. According to the previous system a minimum of 20 years of contribution was required.</p> <p>Amount. In the previous system the amount was generally linked to the wages of the last 10 years of work. Within the new system it is linked to two parameters: the size of the contribution along all the working life; the age in relation to the life expectancy. For individuals who started to work before the reform (1995), the pension will be calculated on a mixed basis, taking into account, in relation to the different periods of contribution, either the old or the new system.</p>
<p>Survivors pension</p>	<p>It is provided to the family of the worker who is deceased, if he was already receiving a pension, has already accumulated 15 years of contribution during his working life or has been insured at least 5 years, with three years of contribution.</p>	<p>It is given to the wife/husband; to sons/daughters if underage or studying or if they are disabled; to nephews, parents, sisters and brothers (if they are not married).</p> <p>Amount 60 per cent to the husband or wife; 20-40 per cent to sons/daughters; 15 per cent to the other components of the family if entitled.</p>

Chapter 3

The role of ICT

Evolution of ICT in regard to social services provision

Since the early nineties, the modernization of the public administration in Italy was strategically designed around the decentralisation of responsibilities, articulating the management on the ground, in proximity to the users of the services. As such, two levels of government developed. The first is the central government, whose main characteristic is guidance and of monitoring the decentralised services, with the aim to guaranteeing the highest level of quality and the appropriate results from the cost benefit analysis. The second level, the decentralised level, is aimed to guarantee an efficient front office function in providing services to end users, citizens, firms, associations and other public administrations.

The e-government action plan activated by the Italian Government in the year 2000, was directed in implementing these goals. In this sense, the widespread use of ICT has been the source of deep changes in the ways and manners of delivering the main services of the social protection system.

This evolution permitted a more efficient provision of services towards the concerned citizens at large, and particularly improving the relationship between public administrations and the groups at risk. In short, we can observe two main criteria that inspired the implementation of the new technologies in regards to social policies:

- Networking all the back office of the public administration functions which provide services;
- Linkage with qualified intermediaries, which co-operate between them and the public administrations, in order to help to acquire the adequate basic network services such as LAN, databases, and proper software standards....)

Generally speaking, the objective was an interwoven management of databases, from the central, regional and local administrations, with the aim to eliminate duplications, redundancies, and to improve the relationship with citizens and firms, therefore increasing effectiveness of the existing but separate information systems.

This is the case of INPS which, having all the necessary updated information, through its link with CAF (Centre for Fiscal Assistance), it is able to ascertain the conditions of eligibility of claimants towards means tested benefits.

INAIL (National Institute Labourers' Insurance) is another social security agency which has significantly implemented its new ICT platform. Through its task aimed to collect premiums in relation to the labour *compensations*, it is

in touch with practically the whole of the labour market (agriculture, industry and services), and according to the latest legislation, it has expanded its responsibilities to citizens who don't belong to any profession, (in cases of home injuries), such as house wives.

INAIL manages the contributions of around 3.5 million individual firms, of which there are about a total of 17 million workers. INAIL's functions are rather more sensitive, as they are directed towards groups at risk in the area of professional sickness and injuries, and considering the latter, it affects 1 million people per year, particularly in the agriculture, construction and some manufacturing sectors.

ICT applications and disadvantaged groups

During these last years, the extension of ICT cooperation has created an interlinked management system on "work conditions" that goes further than just in the area of social security. The interconnection of different databases allows on one end to set up statistics in the social and economic fields, and in the other to enforce activities of administrative control and tackle tax evasion. Another important function can be mired in tackling the informal economy.

It is worthy to note that this ICT network among the social security institutes and the Interior Ministry allowed to formalize the status of 600,000 immigrants, permitting them to legally work mainly in the manufacturing, construction and service sectors. (See the following case study on immigrant's regularisation).

In the field regarding health care, the use of these integrated information system has been largely applied to sickness. That is the payment of sick pay, online management sickness certificates and their transfer from general practitioners to INPS, which is responsible for the payments. This also allows to build a wide "epidemiological" database, which is available for the medical and scientific community.

In reorganising the welfare system by using ICT systems, there is an important role for the Italian portal directed towards firms (*impresa.gov.it*). The project is the first phase of the "*Sistema informatizzato per l'erogazione di servizi integrati alle imprese*"(*Digital system of integrated services towards firms*), which involves local public service providers and the public administrations, with the objective to make the relationship between the public administrations and the productive sector easier and more effective. The portal is also an instrument at the service of entrepreneurs and managers involved in running an enterprise. Other than an exposition that the public administration delivers to firms, the portal provides an infrastructure, making it possible for the various public administrations to cooperate, thus creating a virtual cluster that simplifies the relationship with the end users.

ICT usage and firms

From within the INPS website dedicated to Patronati – organisations, generally linked to trade unions, whose task is to provide assistance to citizens in the field of welfare (see following interview) - it is possible to consult a general registry of all enterprises. In the year 2004, there were 1.2 million checks made (810,000 in 2003). Further more, from within the website of INAIL, where there is a dedicated page for “Clients” (Punto Cliente), it is possible to consult or print all necessary information of any given company. From 2005, other than changing details than concern the company, it is also possible to fulfil administrative duties via the portal.

The next phases of development include constant upgrades of the portal, and further introduction of new services, improving links with other central, regional, provincial, municipal authorities; as well as local health structures (ASL), Camere di Commercio (Trade associations) and other local public administrations, while in the future, small towns will be also included.

Summing up, we can say that the huge ICT improvement of the last decade resulted in an intense process of “digitalisation ” of archives, enhancing e-government in the social protection systems.

CASE STUDY 1

The role of INPS in improving social provisions through ICT

INPS' ICT network, by reaching a level of 95% of automated processes, today represents one of the most advanced realities within the Italian public administrations.

The key role of INPS within the new structure of the labour market is first and foremost testified by the fact that it manages the accounts of 23 million insured workers. The widespread and intense use of ICT allows to receive and elaborate data with high speed and quality. It is in this context that INPS developed its relationship with intermediaries, such as the before cited *Patronati*, whose task, as we have already seen, is to ease the relationship between welfare providers and citizens. Out of the 32 million services provided on line, 5 million have been delivered directly to citizens, 12 million to firms and 15 million through authorized intermediaries, like the Patronati, CAF (Fiscal Assistance Centres), and other specific associations.

In order to respect privacy, around one million PIN (Personal identification numbers) have been assigned. The availability of a variety of forms on line allows to fill out the necessary documentation and mail it via the internet. For example, during the year 2003, more than 4.5 million requests of forms concerning the various type of benefits and fiscal documents have been delivered through the internet.

INPS and firms

ICT has also assumed an important role, through simplification of processes in its relationship with firms, by permitting a significant reduction of their administrative costs. In fact, firms, must communicate on a monthly basis, the amount of the mandatory contributions relative to employees, which consists of a yearly flow of around 15 millions positions.

It is worth to add that small and individual firms can utilize intermediaries as consultants, advisors, or trade associations, CAF and Patronati, who are linked to INPS trough the internet. These last ones, Patronati, are particularly important for citizens, and especially for groups at risk, such as the elderly, who often lack ICT abilities and need to be in touch with providers of social services.

A structured database is also available for other services, such as the Contact Centre set up with the cooperation of INAIL, live 24 hours, which guarantees, for example, a phone service through an automatic system or operators (inbound and outbound), and through fax or mail. The system allows a multiplicity of functions, such as:

- answering specific questions coming from users;

- sending necessary documentation to users;
- receiving documentation sent by users;
- giving assistance to users who utilise web services.

INPS the assistance of groups at risk

In the year 2003, there were acquired more than 600 thousand online requests from citizens who were socially and economically disadvantaged, for a series of welfare services.

It is worth to note that there were also around 5 million requests delivered through Patronati. These is mainly because, as intermediaries they have a privileged access that permits them to acquire all data regarding different types of provisions, such as old age and invalidity pensions, integration to minimum pension, payments towards the family allowance, unemployment benefits, and so on.

The chance for end users to interact with INPS has been further expanded by work undertook by local public administrations. In 2003 there has been more than 1 million services delivered on-line towards citizens by Communal administrations, while these same administrations have sent via the web, more than 400 thousand social security payment requests to INPS.

INPS also allows some users (firms, labour consultants, chartered accountants, CAF, other associations) to interact with its systems in order to offer its own front office services at the local level. In such a way, it is possible to assist, for example, some segments of the population who are digitally illiterate (digital divide) about their fiscal situation. Using this same channel it is also possible to keep the Company Registry, the ASIA database (the archive of active companies), using the National Statistics surveys, which have made it possible to accomplish important results in the struggle against the underground economy and irregular labour.

In conclusion, we can observe, that in order to achieve these results and at the same time reduce administrative costs, INPS had to introduce huge technological innovations in the back office areas, aimed to implement a new management and work organization in the field of acquiring, archiving, keeping, elaborating and distributing data.

CASE STUDY 2

ICT and the process of immigrant's Regularisation

Along with a relevant increase of the overall employment there is also a significant increase of immigrant workers. Their size is a controversial issue, since a large number of immigrants are present in the informal economy. However, the increase is confirmed from administrative sources and is linked to the process of immigrant's regularization programme due to related legislation. The number of non EU foreigners legally resident in Italy has more than tripled compared to what it was ten years ago (649,000 resident permits at January 1992). Concerning the number of the immigrant workers, at the end of 2002, there were 1.225.000 immigrants registered at INPS – the Social Security Institute – of whom 50 per cent are employed in the services sector, 42 per cent in manufacturing, and 8 per cent in agriculture. After the last regularization, the most recent estimate, taking into account the Italian Home office, INPS and INAIL, indicate an overall presence of around 2.5 million immigrants, almost 4% of the whole population. As workers are concerned, the higher component is made up of unskilled or low qualification workers, concentrated in manufacturing, construction, and services (especially in family care), with a strong incidence of undeclared work.

Concerning the regional distribution, the very large majority (about 70 per cent) are in the Northern regions, where the general employment rate is remarkably high. In relation to gender, women are, according to the population survey of 2001, little more than the half of overall immigrant workers, expressing a strong presence in family care services.

The jump towards the present figure (including also family adults and non working immigrants) is due to a widespread process of regularisation which has involved around 700,000 non EU immigrants without previous residence permits, who were allowed to formalise their status, provided that they were employed during the three months prior to the law coming into force. These were evidently a group at risk, living and working in a context lacking any labour and welfare protection.

From this standpoint, the massive legalisation program implemented between 2002 and 2003, has allowed a radical change and improvement in relation to the work and life conditions of this very large group at risk. This so broad and quick process has been eased through an intense and interrelated utilisation of ICT tools, involving a relevant number of public administrations, who worked through the different stages of implementation in the task of regularizing these illegal immigrants.

Multifunctional help-desks were set up at the government's prefectures to

speed up the implementation of the program. The final outcome of this process lead to a radical change in the status of a large number of foreigners resident in Italy, substantially altering the number of legal immigrants, freeing these immigrants from a very risky and difficult position.

The Ministry of Labour and Welfare has also set up a computerised system – SILES – inside the Ministry's website in order to improve the management of the movements of non-EU residents entering Italy with seasonal employment contracts which may become a real computerised registry of foreign workers.

It is also worth to underline that the broad process of regularisation which was ICT-assisted, has improved activities aimed at integrating minors and adults in educational facilities and schools, encouraging access, hospitality and full integration of foreign non-EU students. Some of these activities can be considered good practice both in regards to results achieved and to the said activities' approach as far as system integration is concerned.

Following this important process of regularisation, other initiatives deserve to be signalled. Among the various regional activities carried out, those of the education authorities of Piedmont, Friuli, Emilia and the Marche regions must be pointed out insofar as they were carried out in accordance with contractual principles, and as part of regional ALI (Legislation and Information Aid)-related projects. The educational authorities in Liguria have also stipulated agreements for professional and working start-ups, student grants and partnerships with the police forces for the integration of individuals at risk of delinquency, especially among immigrant minors.

In conclusion, the regularization program has enhanced a number of initiatives at a local and national level, that can be considered as an example of good practices directed to tackle adverse situations of an important deprived group, giving them a chance to take hold of the first step towards a full inclusion.

Patronati – The case of INCA

(Interview of the president and the chief of IT services of INCA)

The Patronati are a specific Italian institution aimed to support/assist citizens in their relation with social security providers. At the origin they were founded by worker's organisations, principally trade unions, intended to give a service to the membership. Afterwards/over time/later they though remaining close to the trade unions become autonomous organisations enlarging their services activity to all citizens. Their provision is free for all citizens.

INCA* (Istituto nazionale confederale di assistenza), linked to the CGIL* (General confederation of Italian workers), founded in 1945 is the most important among 25 Italian Patronati. Its activity is recognised by the Law 153/69, which gave a legal status to Patronati. The president (Aldo Amoretti) and the chief of the IT services (Claudio Piccinini) have accepted to respond to the following question put by CISS.

- ***Could you briefly spell out/explain the model of organisation and the way its activity is performed?***

President: INCA was founded in 1945 on the initiative of CGIL. In 1969 a law delivered a legal status to the Patronati, so the services are provided according to the law dispositions/rules.

INCA has 900 local bureaus in Italy and abroad. The presence of INCA is widespread in the whole national territory and in many countries all over the world where more intense is the presence of Italian migrants. Our services engage 1700 operators. It means that we are present not only in large cities, but also in very small towns, especially in the countryside.

Our activity aims to provide the sort of assistance to all citizens who need it, access welfare provisions.

- ***CISS-Can you explain who are the people usually asking your for assistance?***

President: Most of all, people who need information regarding provisions which they are entitled in relation to unemployment, family, pension, benefits. Often they know that law establishes a benefit, but they are not aware if they are eligible. This is especially the case of workers who live in areas where work is more precarious and the risk of unemployment is higher. Of course, theoretically, information is available also on the website of the welfare institutions, but they possess the necessary IT tools, or very the needed competence to acquire the information they need on line.

However this is only the first, and the first layer of assistance that we provide. The follow up activities consist in giving advice. Just to make an example, older people could be interested to know not only if they are eligible to receive a pension, but also what is the would be, and if it would be convenient to ask for the benefit at that particular time, or is it more

convenient to wait for a higher maturity, related to more contribution and an older age. This second aspect of our activity is based on trustful relationship with citizens who seek assistance from our organization.

- ***Could you describe how this considerable activity is delivered and to what extent does your organization uses IT tools?***

The chief of IT services: Since the beginning of the eighties, INCA has developed an information system and database to the end of e.management of data, adopting an intense automation of the back office. The constant implementation of innovative IT, allows us to manage with efficiency and speed the tasks of our organisation. Of course, this has been possible due to the huge development of internet links with social security institutes such as INPS.

It is evident that without ICT, it would have been very difficult, if not impossible, to implement efficiently a so wide an activity and to manage a huge mass of data. Through ICT we are able to acquire not only information related to the position of our assisted, but also to send the necessary documentation and to keep in touch with the institutes for any possible enquiries. That means a reduction of costs for social securities institutions, which have an unique and trusted intermediary in order to perform a huge part of their activity. At the same time, and this the most important aspect of our activity *et raison d'etre*, we guarantee an important service to citizens who need it, and particularly, those who are at risk of being marginalized, excluded. As far as ICT is concerned, our activity claims a steady adjournment of the system, with huge investments in new technologies in order to improve the work of our back offices and the databases.

- ***Which activities that are generally requested by citizens?***

President: Almost all bureau are linked to internet through wide band lines which allow a speedy linkage to all public institutions of which databases are necessary for our activity. In 2004 we have on line sent INPS almost hundred thousand pension demands of and more than 120,000 claims related unemployment benefits in the agriculture sector. It is worth to note that the majority of the latter came from the Mezzogiorno, where there is a higher risk of unemployment and of falling in a condition of poverty.

- ***What are your activities abroad?***

President: There is a big number of Italian immigrants living in other countries who previously worked in Italy. We assist them in tracing their past contributions through our link to the appropriate databases in Italy. During 2002 INCA assisted 52.000 migrant workers who claimed benefits provisions from INPS.

This support is particularly needed in order to define the entitlements and the amount of a pension, when the worker's career implies jobs performed in different countries. The help we provide is particularly appreciated in these cases, given the big difficulties of these group of workers, who risk to miss out some opportunities, or to be involved in a very long and complicated procedures, if they are left out to fend by themselves.

- **Do you consider that ICT systems have reached an adequate level in performing the activity you are describing?**

President: Unfortunately the scenario is not uniform. Some institutes, as it is the case of INPS, have made a huge investment in ICT, with remarkable results in their relationship with citizens and Patronati. But this is not the general situation. But sometimes, as in the case of disabled who not insured, the use of ICT is very limited and the procedure of elaboration and transmission of data is largely dependent on old regulations based on paperwork.

- ***Have you any agenda to improve your ICT system?***

Chief of IT services: Our programme for the next three years is principally focused in investments on four areas:

- The enhancement and extension of the network for data management aimed to link our bureaus, as well as linking INCA with the main enterprises;
 - The attribution of an e.identity to all INCA officials with a personal website, easing and enhancing, through the digital signature, a direct dialogue with the Institutes of reference.
 - The use of all kind of ICT tools to ease and improve our relationship with citizens. (email, sms, PT-Postel, etc.).
 - To implement a user's portal, for the end to help citizens to acquire information regarding INCA's services, various provisions in the field of social security and welfare assistance.

- ***How your activity is financed?***

President: Our activity of assistance and counsel is free of charge for the citizens and this is particularly important for those citizens who for any reason, have difficulties to be informed and advised in order to their entitlements and the ways to implement them. This is especially true for the weaker groups living in the countryside, for the immigrants and in the areas of high marginalisation and risk of exclusion.

In this framework, according to the law, the social security institutes finance a Found on the basis of 0,226 % of their receipts and Patronati receive from said Found a payment related to the activity carried out by each Patronato. The welfare Institutes obtain a reduction of their overall costs, through this special form of "outsourcing" of a segment of their work. At the same time, it is in

their interest, too, to realise a higher effectiveness and higher satisfaction of citizens to whom they are responsible for the delivery of a valuable and costless service. It is not a coincidence that INCA has recorded around 4 million contacts implementing its recent activity.

That there is in my opinion, a true advantage for all citizens, as well as for the whole welfare system, which through our activity, achieves an actual added value from ICT development its continual innovation.

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