



Annual National Report 2009

Pensions, Health and Long-term Care

Italy
May 2009

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

Gesellschaft für
Versicherungswissenschaft
und -gestaltung e.V.



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1 Executive Summary

Developments in social protection over the last year and a half reflect the transition from a Centre-Left to a Centre- Right Government: a variety of recent policy outcomes are the result of decisions which were introduced by the Prodi Cabinet, while the current Government has launched initiatives and announced important changes, which in a number of cases have not yet come through. The situation in the health sector is a case in point: the financial commitments included in the “Health Pact” which the State and the Regions signed in 2007 will expire in 2009; but the considerable cuts envisaged by the budgetary prospects for 2010-2012 (law 133/2008) are still pending and the relevant negotiations between the national and regional levels of government have been repeatedly postponed. Hence, the Board of the Regions’ President Vasco Errani alarmingly claims the Government is underestimating next year’s health care costs by EUR 7 billion but conflict with the national level has not burst onto the scene so far, because the regions are still receiving the resource allocations they agreed upon.

Further, the Government presented in July 2008 a “Green Book on the Future of the Social model” which was supposed to outline the overall strategy that the new Centre-Right majority wants to pursue. However, the Green Book – as the title suggests – is mainly supposed to stimulate a debate among the relevant stakeholders, while the concrete policy choices are postponed to a White Book which the Ministry has not yet released. An analysis of the document goes beyond the scope of this work, but it is useful to recall at least two of the orientations underpinning the Green Book which appear relevant for the areas under consideration in this report. First, the documents claims that “the crisis of the Italian social model is primarily a cultural crisis which stems from the fact the centrality of the person has been overlooked and the role of the family has been repeatedly denied”¹: the implications of this premise are especially worrisome for social care and long-term care policies, because in the name of prioritising the family there is a risk that public services might be reduced even further, whereas it is precisely the families’ capacity to shoulder the caring needs of their dependent members, particularly those with disabilities, which so far has counter-balanced the inadequacy of public services. Notably, in the international literature the family is described as the clearing house of the southern welfare model, and what the family needs most badly is to off-load some of its caring burdens, in other words to be concretely supported. The second orientation –which could have very important consequences on centre-regional dynamics in health care refers to the proposed change in the criteria which are used for allocating health care resources to the regions. The Green Book suggests that criteria should move from consolidated levels of expenditure to standard costs- an apparently technical issue with huge practical and political implications.

By turning to pensions, a rather cautious approach emerges. Notably, the Prodi Government significantly changed the provisions on early retirement originally envisaged by the pension reform which the centre-right majority introduced in 2004. But once back in power, Berlusconi did not re-appeal law 247/2007 and left untouched the slower phasing-in of the new age requirements for early pensions. Despite conflicting views by some other Cabinet member – notably Minister Brunetta - on many occasions the Labour Minister Sacconi stated that enough has been done with respect to the pension system; and, along similar lines, the Minister is proposing a very long period for increasing female retirement age in the public sector, in order to abide by the recent ECJ judgement (2009/C6/05). Apart from this latter

¹ La vita Buona nella società attiva- Libro verde sul futuro del modello sociale, p. 10.

issue, over the last 9 months political debate and media attention focussed mainly on the so-called “Social Card” – a pre-paid electronic card that will give – primarily to low-income pensioners – EUR 40 per month (but only until the end 2009) to pay for gas and electricity bills or buy food. It is interesting to note that, within the current distribution of social spending, the cost of the measure is negligible but the benefit, for its visibility and potential stigmatising effects, has a highly symbolic impact. Despite the considerably higher relevance for the future prospects of the pension system, far less attention has been devoted to recent developments in supplementary funded pensions. The relevant pension funds experienced a slowdown in affiliation increases compared to 2007 but have also suffered less than the corresponding funds in other EU countries, due to a cautious investment approach.

Concerning long-term care there are no remarkable measures which have been introduced at national level. During 2008 and the current year, thanks to the National Dependency Fund established in 2007, regional governments received earmarked resources, albeit very limited compared to spending projections by experts. This money has helped the Regions and local governments to increase the supply of health and social care services for persons with disabilities but the central government remains silent as to the prospects of the Dependency Fund over the next years. Within this context, the field of long-term care is largely characterised by the policy measures initiated by the different regions, which sometimes are also quite innovative, as in the case of recent legislation by Tuscany. Unless the central level of government effectively addresses the issue of minimum standards to be guaranteed across the country, as required by the 2001 Constitutional amendment, there is a risk of increasing sub-national variation in the quality and quantity of long-term care services.

2 Current Status, Reforms, as well as the Political and Scientific Discourse during the Previous Year

2.1 Pensions

2.1.1 Statistical Overview of the Pension System

On 17 March 2009, The National Statistical Office – ISTAT and INPS (the Italian main Social Insurance Fund for the private sector) jointly issued a report which provides the latest statistical information on the Italian pension system². The data presented in the report refer to December 2007. As Table 1 shows, the total number of pension benefits was as high as 23,720,778 and pension spending amounted to EUR 232.976 billion. Considering the same person can receive more than one benefit, the number of pensioners is considerably lower compared to the number of pension benefits but remains extremely high: in December 2007, the total number of pensioners was 16,771,604 out of a total population of 59,619,290. Notably, in the case of Italy the social protection system is biased towards pensions³ and the evidence confirms a long-term trend in the distribution of social spending.

Table 1: Expenditure and total number of pension benefits by type of pension (absolute and % age values), December 2007

	Number of pension benefits	%	Millions of Euro	%	Average pension benefit
Old age	11,900,370	50.2%	162,156	69.6%	13,626
Invalidity	1,825,808	7.7%	12,781	5.5%	7,000
Survivors	4,915,432	20.7%	35,321	15.2%	7,185
Disability allowance*	976,679	4.1%	4,256	1.8%	4,357
Non-contributory pensions	4,102,489	17.3%	18,461	7.9%	4,500
Total	23,720,778	100%	232,976	100%	9,821

* temporary allowance for work injuries or compensation for permanent disability

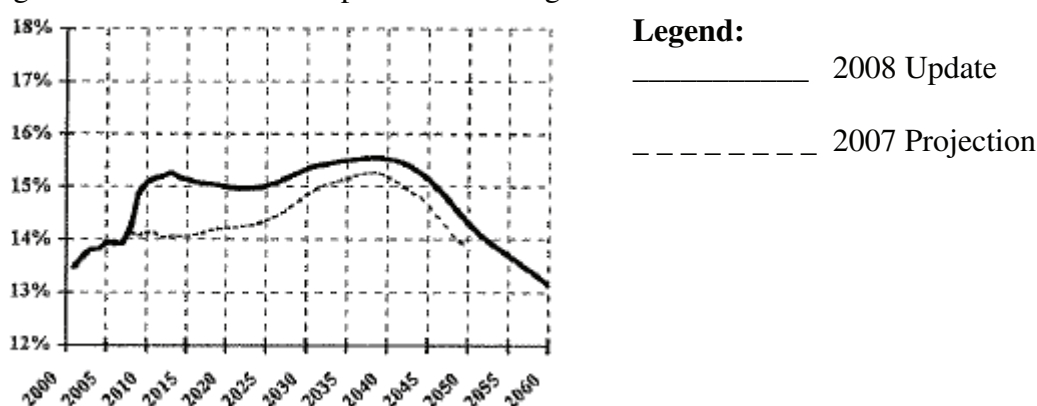
Source: ISTAT, *Trattamenti pensionistici e beneficiari al 31 dicembre 2007*, March 17, 2009, Table n.1, p.2
http://www.istat.it/salastampa/comunicati/non_calendario/20090317_00/testointegrale20090317.pdf

² INPS and ISTAT *Trattamenti pensionistici e beneficiari al 31 Dicembre 2007*, 17 marzo 2009.

³ Not surprisingly, I entitled the chapter which I contributed to the volume *International Social Policy* (edited by P. Alcock and G. Graig, and published in April 2009 by Palgrave): “Italy: Still a Pension State?”.

According to the report, pension expenditure amounted to 15.08% of GDP, well above the corresponding EU average. The projections by the Department of General Accounts do not allow for much optimism, especially in the short run. Following the international financial crisis, the Economy and Finance Ministry revised its previous Report on *Mid-long term trends for the pension, health and long-term care systems*⁴ and corrected the 2007 pension spending forecasts, as illustrated in figure 1. In detail, for 2008-2010 pension expenditure as a %age of GDP is one %age point higher compared to the 2007 projection⁵, due to the revision of GDP growth rates from +0.1 to -0.6 for 2008, and from +0.5 to -2 % for 2009. The situation will not improve in the following three years, because GDP growth rates are expected to be lower than pension expenditure increases: 1.4 % as opposed to 1.8%, net of indexation⁶. As figure 1 documents, the curve will reach the peak of 15.5 % in 2038, and then will turn downwards to as low as 13.2 in 2060.

Figure 1: Italian Pension expenditure as %age of GDP



Source: Ministero dell'Economia e delle Finanze, *Le tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario. Previsioni elaborate con i modelli della Ragioneria Generale dello Stato aggiornati al 2008. Report n.10/2008, Fig. 2.7a, p.67.*

Retrieved from: <http://www.rgs.mef.gov.it/VERSIONE-I/Attivit--i/Spesa-soci/Attivit--d/2009/Le-tendenze-di-medio-lungo-periodo-del-sistema-pensionistico-e-socio-sanitario-Rapport.pdf>.

By going back to the current situation, one needs to shed light on the following aspects which appear relevant, particularly in a comparative perspective and with respect to EU common objectives: a) distribution of pension benefits and spending by type of pension; b) territorial unbalances in pension spending; c) age distribution of beneficiaries; d) gender profile of the pension system e) the proportion of minimum pensions.

⁴ Report no. 9 was issued in December 2007 while Report no.10 has been released in 2009.

⁵ The Report clearly states that the items which are considered under the heading of pension expenditure do not fully correspond to Eurostat's definition of pension expenditure. The calculations and projections by the Department of General Accounts (Ragioneria Generale dello Stato) of the Ministry of Economy and Finance are based on an aggregate which does not include: a) dependency allowances granted to the disabled, the blind and the deaf under 65 years of age; b) pensions granted to war veterans and their survivors; c) temporary disability allowances for work injuries and compensation for permanent disability. The table on page 210 of the Report compares Eurostat data for pension expenditure as a %age of GDP with the corresponding values by the Department of General Accounts over the period 1999-2006: the evidence shows Eurostat figures are generally 0.8 percentage points higher. The report also stresses the issue has been brought to the attention of the Economic Policy Committee - Working Group on Ageing, EPC-WGA. For the purpose of this report, however, it is most important to keep in mind that the ISTAT-INPS statistical information under consideration (and just recently released) includes all of the above-mentioned items. As a result, projections based on the ISTAT-INPS aggregate should be even higher than those in figure 1.

⁶ The report stresses that this value is in line with the average increase over the period 2000-2007.

By starting with point a), it is noteworthy that disability benefits, which used to represent a major anomaly of the Italian pension system, now only account for 7.7 % of total pension benefits, with a further decrease compared to the previous year's level of 8.3 %. In recent years, seniority – rather than disability - benefits have provided the path out of employment before the legal retirement age. Indeed, the distribution of pension beneficiaries by age group shows that as many as 27.1 % of pensioners is in the age bracket 40-64⁷; and in fact the proportion of older workers is among the lowest in the EU. Precisely to tackle this problem, starting in the mid-1990s Italy progressively reduced access to early retirement but the issue is still not solved and legislative measures introduced in 2007 have slowed down the process, as the next section discusses in greater detail. Unfortunately the ISTAT-INPS report under consideration does not single out early retirement benefits, but one can refer to the authoritative CENSIS annual report⁸ which also includes an extremely interesting break-down by geographical area. The evidence presented by CENSIS shows first of all that in 2007 the total number of early pension benefits for the Private Employees Pension Fund (which is the largest of the entire system) was 1,886,697 as compared to 3,715,947 old age pensions. But the territorial distribution of recipients appears even more remarkable: 44.9 % of beneficiaries are from the North-West, 22.4 % from the North-East, while the remaining 15.1 and 17.7 are from Central and Southern Regions respectively⁹.

Considering the Italian pension system primarily reflects an occupational logic, it is not surprising that early retirement benefits – which on average are also more generous – tend to concentrate in the more industrialised areas of the country. Quite the contrary holds true for non-contributory pensions. The latter represent 17.3% of total pension benefits (see table 1) but in this case Southern regions are disproportionately over-represented. In detail, whereas beneficiaries of public assistance pensions only represent 14.7 and 20.9% of pensioners in Northern and Central Regions, in the South the corresponding figure is 28.4%. Further, due to the low level of the benefit, spending for this type of pension only represents 12.6% of total pension expenditure in this part of the country.

The information above documents that the Italian system produces a number of inequitable outcomes; to complete the picture, I now turn to the distribution of pensioners by benefit level. The distribution takes into account total pension incomes - irrespective of whether the beneficiaries receive a single pension or cumulate more than one benefit. The evidence in table 2 suggests at least two different considerations. On the one hand, despite the considerable amount of resources funnelled to the pension system, one out of five pensioners receives less than EUR 500 per month - a benefit which can hardly be considered adequate. Under these circumstances, one can better understand why the issue of low pensions continues to be on the political agenda, as highlighted in the following sections. On the other hand, by looking at the distribution of pensions from a gender perspective, it is hard to ignore inequalities between men and women: whereas 28% of female pensioners are in the lowest income bracket, compared to 15.6% of male pensioners, only 6.9% receive a pension benefit of more than EUR 2,000 against 18.5% of male pensioners. This very uneven distribution between males and females clearly reflects the “male breadwinner model” which characterised the twentieth century development of Continental and Southern Welfare States.

⁷ 49 % of pension beneficiaries are in the age group 65-79; 20.4 % are 80 years and over, while the remaining 3.6 % are under 40 years of age and are mainly recipients of survivor pensions or of compensations for work injuries and permanent disability.

⁸ The 2008 annual report does not cover this particular topic; hence, I refer to the 2007 report which provides data for January rather December 2007, as in the case of the ISTAT-INPS report.

⁹ Cfr. *41° Rapporto Censis* (2007), table no.44 on page 334.

Table 2: Pensioners by monthly pension incomes and sex (%age distribution). Year 2007

	Men	Women	Men + Women
Up to 499.99	15.6%	28.0%	22.2%
500.00-999.99	24.7%	32.5%	28.8%
1,000.00-1,499.99	24.3%	23.0%	23.6%
1,500.00-1,999.99	17.0%	9.7%	13.1%
2,000.00 - +	18.5%	6.9%	12.4%
Total	100%	100%	100%

Source: ISTAT, *Trattamenti pensionistici e beneficiari al 31 dicembre 2007*, March 17, 2009, Table n.8, p.9
http://www.istat.it/salastampa/comunicati/non_calendario/20090317_00/testointegrale20090317.pdf

2.1.2 Changes affecting the pension system from 2008 onwards

In this section I shall recall the impact on the pension system by recent legislative measures. The analysis also includes some measures introduced before 2008 but which are still phasing in. The most important changes refer to the following three issues:

1. accumulation of pensions and earnings from work
2. early retirement
3. measures for low-income pensioners

With respect to point one, the main thing to be clarified is that for the first time all restrictions on accumulation of pensions and earnings from work have been eliminated; this applies to both employees and the self-employed. There is no distinction between early and old age pension schemes. The new regulation introduced by law 133/2008 aims, among others, at reducing irregular work by early pensioners. The other two topics in the list need to be treated in greater detail, and for the sake of clarity, I shall discuss them separately.

2.1.3 Early retirement

Within the Italian context seniority benefits have traditionally played a crucial role and continue to do so, despite more stringent regulations. Seniority benefits are payable before the legal retirement age with a contribution requirement of 35 years. By moving up the age limit of access over the last decade legislation repeatedly tightened eligibility requirements. In 2004, the Berlusconi Government passed law no. 243 which moved the age requirement from 57 to 60, but postponed the enforcement of the new age limit to 2008. However, in July 2007 the Prodi Government - which came into power following the 2006 electoral victory - signed with the social partners the so-called *Welfare Protocol* which provided for a slower phasing in of the new rules. The agreement was turned later into law 247/2007 which is the current legal basis for early retirement. Table 3 provides the relevant information on contributory requirements and age limit of access to early pension schemes for the phasing in period 2008-2013. The age limit will progressively go up from 58 years in 2008 to 61 years in 2013. Law 247 introduced what in Italian debates is usually labelled “quota system” whereby - starting from July 2009 - an employee can be granted an early pension provided the sum of his age and of contribution years equals 95, which goes up to 96 in 2011-2012, and reaches 97 in 2013. This allows for some flexibility in the combination of the two qualifying conditions – minimum age and contribution years.

A similar “quota system” has also been introduced for the self-employed but, as table 4 shows, the requirements are slightly more stringent.

The above rules do not apply for workers falling into the category of so called *lavori usuranti* (hard and stressful jobs): the latter are allowed to retire with a minimum age requirement 3 years lower than the official one, but in any case not before they are 57.

Table 3: Phasing in of early pension requirements for private and public employees according to L.247/2007

Year	Contribution years	Minimum retirement age
1.01.2008-30.06.2009	35	58
1.07.2009-31.12.2010	35	60
	or	
1.01.2011-31.12.2012	36	59
	or	
From 1.01.2013	35	61
	or	
	36	60
	or	
	35	62
	or	
	36	61

Table 4: Phasing in of early pension requirements for the self-employed, according to L.247/2007

Year	Contribution years + Minimum Age	Minimum retirement age
1.1.2008 – 1.1.2009	-	58
1.1.2009 – 30.06.2009	-	59
1.07.2009 – 31.12.2009	96	60
2010	96	60
2011	97	61
2012	97	61
From 2013	98	62

Source: Inps – <http://www.inps.it>

Although public opinion paid relatively little attention to the financial implications of law 247/07, the latter should not be overlooked, especially in the light of the gaps and inequities which characterise Italian social spending. In line with the 2007 agreement between the Government and the social partners, increased revenues coming from the concurrent rise in contribution rates for atypical workers are offering a most valuable contribution to cover the cost of slowing down the 2004 early pensions' reform during the years 2008-2009! The contribution rate for the largest category of atypical work (the so called *parasubordinati*) went up by as much as five percentage points between 2006 and 2007, moving from 18.2 to 23.5% of earnings. In 2008 and 2009 contribution rates increased each year by a further one percentage point and will reach 26.72% of earnings in 2010. This very swift increase in contribution rates will help to improve the pension prospects of young workers who increasingly do not follow the standard career of full-time, life-long employment. But – as normally occurs in a Pay-as-you go system - the cash inflow of considerably higher amounts of money eased the problem of having to pay early pensions for 58 and 59 years old workers who were originally excluded by the 2004 reform.

This consideration appears most appropriate in the light of the revenue and spending data for 2008 which INPS released in March 2008 and the comment made to the newspapers by one of the most prominent leaders of the workers' trade union CGIL. The Italian main Social Insurance Institution for the private sector (which is responsible for all income maintenance programmes) informed that in 2008 it run a surplus of over EUR 11 billion - with respect to EUR 267.171 billion of total revenues and EUR 255.896 billion of total expenditure. As reported by the newspaper *La Repubblica*, the comment by the CGIL leader Morena Piccinini was the following: "The EUR 11 billion largely come from higher contribution rates for employees and atypical workers and they should go back to them"¹⁰

2.1.4 Measures for low-income pensioners

Recent legislation also provided for an upgrading of minimum contributory and non contributory pensions. One needs to consider in particular a piece of legislation which was approved before the period under consideration in this report, because of its impact on minimum pensions in 2008. In detail, according to law 127/2007 pensioners over 64 with an income up to 1.5 times the minimum contributory pensions – i.e. up to 8,640 - were entitled to a supplement of EUR 420 in 2008. This lump sum is 20% higher for pensioners with a contributory record of 25 years or more (28 in the case of the self-employed). The relevant financial burden was supposed to be covered by general taxation; hence the measure does not jeopardise the balance between pension contributions and benefits.

Increases have also been legislated for all types of non contributory pensions, but only for pensioners over 70 years of age. The yearly increase is EUR 156. As a result, in 2008 public assistance pensions for this category of pensioners reached EUR 580 per month.

The granting of these supplements has not substantially altered the conditions of low income pensioners nor has it been able to remove the issue from the political agenda. Quite to the contrary, the political debate on pensioners living on minimum pensions continued throughout the past year, especially after the launch of a new policy measure in July 2008 aimed at addressing severe poverty, especially among pensioners. In detail, the current Berlusconi Government envisaged the distribution of a pre-paid electronic card to an estimated total number of 1,300,000 low-income pensioners and 300,000 families below the poverty-line, with a child under 3 years of age. The pre-paid electronic card is worth EUR 40 per month, starting in October 2008 and expiring in December 2009. At present, no renewals are in sight. The monthly instalments are supposed to be used for paying electricity and gas bills, as well as food in department stores under contract. The main category of beneficiaries is represented by pensioners over 65. They latter must have a total income from pension benefits and other personal earnings which does not exceed EUR 6000, or 8,000 in the case of a person over 70. Beneficiaries must also comply with the requirements of the standard means-test procedure – *Indicatore della situazione economica equivalente* ISEE - which is also used for access to local government public assistance benefits and services. The criteria are extremely stringent and as result a considerable number of applications has been rejected. In February 2009, out of over 700,000 applications, 140,000 had been rejected. According to the latest available data on the ministry's dedicated website (which refer to 3 April 2009), the total number of Cards distributed so far is 533,464. Hence, spending for this measure is turning out to be much lower compared to the original forecasts. Current allocations, as illustrated once more

¹⁰ La Repubblica, 7 March 2009. Contribution rates for employees were changed as follows. In 2006 employee and employer contributions were together 32.7% of individual earnings, compared with an OECD average of 20%. Following the *Welfare Protocol*, the rate was further increased by 0.3%, thereby bringing the relevant figure to 33%.

in the Ministry's dedicated website¹¹ are the following: a) EUR 170 million allocated by law 133/2008; b) 485.6 millions envisaged by law-decree no. 155/08. Moreover, ENI and ENEL – the Italian main gas and electricity providers - donated EUR 200 and 50 millions respectively. Within the current distribution of social spending, the cost of the measure is negligible but the benefit, for its visibility and highly symbolic impact, triggered considerable public debate, as the relevant section illustrates in greater detail.

2.1.5 Supplementary funded pensions in Italy

In 2007, the implementation of the 2005/2006 reform - which introduced the “silent-consent” formula for the transfer of the severance pay TFR to supplementary pension funds - represented a turning point for the development of funded pillars in Italy. Between December 2006 and the same date one year later members of supplementary funds increased by over 40% - from ca. 3 million to roughly 4,5 million – and the growth of members was particularly strong for the so called “closed”, occupational funds (CPF), and the “open” funds (+63% and +69% respectively, see table 1).

CPF represent the major actors in the Italian system of supplementary pension provision, attracting ca. 2 million workers out of slightly less than 5 million total affiliates, while the other 3 million are distributed among pre-existing funds (PEF), open funds (OPF) and PIP (that is individual pension plans based on life-insurance contracts). PEF are in fact very numerous (433) but their total membership is limited (ca. 680.000 workers) and, above all, not increasing. OPF are quite numerous too: 82 at the end of 2007, but they play a relatively marginal role, despite the growth of membership from 440.000 to 747.000 in 2007. This increase suggests a possible stronger role for OPF in the near future: in fact, these funds are not only the preferred choice for the self-employed - representing the majority of OPF members (410.000 out of 747.000) – but they have also recently started to play a greater role as collective pension funds for dependent workers. A similar discourse can be made for PIP, introduced in 2000. In the period 2003-07 they have registered a rapidly growing membership from around half million to 1,2 million, thus overcoming both OPF and PEF in terms of total membership. These institutions seem to be capable of attracting both employees (683.000 members) and the self-employed (667.000), and they are likely to become an important component of the Italian system of supplementary protection for old-age.

As mentioned above, however, most workers – and especially employees in the private sector - opt for occupational CPF: dependent workers are in fact ca. 1,9 million out of slightly more than 2 million associates to these funds. CPF may also be directed to dependent employees in the public sector and to the self-employed. At the end of 2007 there were 37 funds for private employees - of which only 9 were set up at the firm/group level and 3 were “territorial” funds (i.e. directed to employees of a specific region, for example Valle d’Aosta) – 4 for the self employed and only 1 for public employees.

¹¹ See http://www.mef.gov.it/carta_acquisti.

Table 5: Main figures for supplementary pensions in Italy

Funds	Members			Variation %	Variation %	N° funds
	Dec. 2008*	Dec. 2007	Dec. 2006	2008/2007	2007/2006	Dec. 2007
CPF	2.055.214	1.988.639	1.219.372	3,3	63,1	42
OPF	793.726	747.264	440.486	6,2	69,6	81
PEF**	680.000	680.673	643.986	- -	5,7	433
PIP “new”	701.805	486.017	-	44,4	-	72
PIP “old”***	703.000	703.400	880.380		-	-
TOTAL	4.889.979	4.560.091	3.184.224	7,2	43,2	-

* Provisional data

** Latest data 31.12.2007

Source: Adapted from Covip [2007; 2008, 2009].

More recent developments show a much slower growth of membership between December 2007 and December 2008 - +7,2% only (down from 43,2% in the previous year) – corresponding to a total increase of ca. 330.000 members (of which 230.000 dependent workers). In the last year, PIP have constituted the most dynamic component (around 200.000 new affiliates), while OPF and especially CPF have not been capable to maintain the good performance of 2007 (with a growth of membership of 6,2% and 3,3% respectively).

The current situation thus resembles that of December 2007, which displayed some important features. First, after the several reforms of the period 1992-2007, the Italian pension system is actually in transition towards a multi-pillars configuration, as roughly 5 million workers are members of proper supplementary pension schemes (CPF, PEF, OPF and PIP). Second, occupational pensions are mostly spread among private employees: the overall take-up rate¹² is around 25% (COVIP 2008) – 32% including members of pre-existing funds. Third, these figures do not allow to grasp the actual diffusion of occupational pensions in Italy. In fact, though coverage of negotiated CPF is almost universal for private employees, take up rates are high only in those sectors characterised by medium-to-big size firms and/or where unions are strong. By contrast take-up rates are low in those economic sectors characterised by a great number of micro/small enterprises and/or weak unions – i.e. commerce and services, tourism, food, textile. And take up rates also vary a lot between the different professional categories. Occupational pensions for the self-employed are underdeveloped (ca 150.000 subscribers to CPF only) – with an overall take-up rate around 15%, including members of OPF and PIP. Coverage lags behind in the public sector, too, where only one negotiated fund exists (covering 1,2 million employees in the sector of education and attracting 6,3% of potential beneficiaries only), while 2/3 of public employees have no access to a dedicated pension fund¹³.

This picture suggests that the shift from a public, compulsory, single-pillar pension system to a multi-pillar configuration based on voluntary affiliation to supplementary funds has entailed some *coverage* problems that may well turn into *adequacy* problems in future decades¹⁴. In

¹² Coverage rates refer to the share of workers for whom an occupational pension fund is in place; take-up rates indicate the number of potential beneficiaries actually subscribing occupational schemes.

¹³ In 2007, however, two agreements have been reached for the creation of new CPF for those employed by (1) ministries, and (2) regions, local governments and health-care institutions.

¹⁴ In fact, due to both the expected decline of public pensions replacement rates and the high average contribution rate to occupational pensions (over 9% of gross wages), the latter are likely to play a crucial

Italy such problems are strictly linked to the particularly adverse conditions in which the transition was started (Jessoula 2009), but also to the peculiar primary source of financing of supplementary pillars, the TFR. In fact, funded pensions have spread where the latter has been effectively exploited; by contrast, coverage and take-up rates have lagged behind where the TFR was not available (i.e. self-employed) and/or it has not been adequately exploited by both workers and social partners.

Moreover, with reference to employees in the private sector, the implementation of the “silent-consent” reform seems to have reinforced the gap between covered/non covered sectors and categories, and this is mostly due to the different regulations of the “silent-consent” mechanism for firms with at least 50 employees and for firms below this threshold. In fact, take-up rates of “virtuous” CPF (with take up rates already over 50% in 2006) for private sector employees have grown more (15,1 percentage points) than those of less performing funds (7 points, for those funds with take up rates below 20%).

Briefly sketching the future pension prospects for the various occupational groups, rather different scenarios may be envisaged. Private sector employees will likely receive relatively generous public pensions, though not sufficient to maintain income (replacement rate around 50%-55%) and supplementary pensions will therefore be necessary for income maintenance. However, only a minority of private employees are members of supplementary funds: these workers are mostly employed in medium-big firms and/or in highly unionised sectors. The majority of dependent workers in the private sector – employed in micro-small firms – will instead rely on the TFR, and this might represent a problem for at least three reasons: a) the TFR has a guaranteed but low return; b) ever more frequent fragmented careers in the labour market reduces the old age protection function of the TFR, as a relevant share of the latter is not be paid at retirement, but when workers change job; c) as already noted, the TFR is a lump-sum payment and it may not be converted in an annuity.

A similar argument can be made for employees in the public sector, entitled to as generous pensions as private employees. The major problem in this case is due to the very limited coverage – 1,3 million workers out of 3,4 million public employees – and the extremely low take-up rate – ca. 7% of potential beneficiaries (i.e. 80.000 members) - of occupational pensions. Finally, the pension prospects are even more alarming for both self-employed and “atypical” workers that suffer from *cumulative disadvantages* (Jessoula 2009). In fact, first, they will receive lower pension than public/private employees. Supplementary pensions would thus be absolutely necessary in order to maintain an adequate level of income during retirement. Unfortunately, however, the self-employed and most atypical workers are not entitled to the TFR and, therefore, they cannot rely on a major instrument to finance supplementary schemes. Only 16% of self-employed workers are currently members of supplementary schemes, while the take-up rate among atypical workers is negligible.

Pensions prospects seem thus to be rather gloomy for most Italian workers. The different penetration of supplementary pensions in the various economic sectors and among professional categories contributes to create a pension scenario in which next to the resurgence of some elements that had characterised the past decades – e.g. the weak protection of the self-employed – new alarming trends may be envisaged. Among these, of particular importance is the diffusion of the risk of inadequate income protection in old age for most public employees and a great share of dependent workers in the private sector.

role in income maintenance in future decades, especially when the NDC system in the first pillar will be fully implemented (around 2035).

2.1.6 The public and the academic debate

The two issues which have taken media attention are, on the one hand, the judgement by European Court of Justice concerning the difference in retirement age for men and women in the Italian public sector, and, on the other hand, the “Social Card”. With respect to the former, I shall first outline the basic information. In 2005, the Commission initiated an infringement procedure against Italy. The Commission claimed that by maintaining in force a provision by which public employees are entitled to receive the old-age pension at different ages depending on whether they are male or female, Italy has failed to fulfil its obligations under Article 141 EC. In the Commission’s view, the pension scheme managed by INPDAP (National Provident Institution for Employees of Public Authorities)¹⁵ is a discriminatory occupational scheme. The judgement of the Court (Fourth Chamber) of 13 November 2008 fully endorses the Commission’s claim, and thereby requires that Italy amends the relevant legislation. The Court case only refers to retirement schemes in the public sector which fall under the regulations of directive 86/376/CEE as amended by directive 96/97CE, and article 141 EC, while directive 79/7/CEE applies to statutory pensions in the private sector. The crucial point is the following. Whereas directive 79/7/CEE allows for some exceptions concerning conformity to equal treatment principles by “statutory” pension regimes, this does not hold for public sector schemes. Given that pensions are directly paid by the employer, they are equalised under all respects to direct payments and therefore have to fully conform to the equal pay principle. Leaving juridical technicalities aside, the fact is that the Court’s judgement opened a Pandora’s box. Conflicting views emerged within the parliamentary (?) majority as well as within the opposition and the workers’ trade unions.

The Minister for Public Administration, Renato Brunetta immediately reacted in a very positive way, stating that at last, thanks to Europe, female retirement age would go up to 65. But prominent figures from the Northern League, as well as the Labour Minister Sacconi, soon dampened his enthusiasm.¹⁶ On the trade union side, CGIL and CISL vociferously attacked Brunetta’s position; in particular, the CGIL leader Epifani stated that with so many jobs at risk, because of the economic international crisis, it was “really bizarre to open a discussion on increasing female retirement age.”¹⁷ Indeed, it was clear to all relevant stakeholders that sooner or later the EJC judgement would trigger a revision of pension age requirements also in the private sector. Elsa Fornero, one of the leading Italian pension experts, suggested that the Government should take advantage of this opportunity to re-introduce flexible retirement age, as originally envisaged by the 1995 Dini reform, with no discrimination between men and women¹⁸. The idea of re-introducing flexible retirement age has been, however, largely confined to academic circles, while the political debate mainly divided into those favouring a swift increase in female retirement age and those attempting to find an escape route. The dividing line, as mentioned above, is not between parliamentary majority and opposition, as the two approaches sometimes co-exist even within the same political grouping, as in the case of the Democratic Party.

Last but not least, Emma Marcegaglia - President of the major employers’ association *Confindustria* - added a further element to the ongoing debate, by suggesting that the savings coming from the increase in pension age for women could fruitfully be used to provide extra

¹⁵ For updated statistical information on public sector pension benefits and their distribution by category of public employees, by effective retirement age, sex, level of the benefit etc, see INPDAP *Trattamenti pensionistici dei pubblici dipendenti – Analisi statistico-finanziaria- anno 2007*.

¹⁶ “Il Giornale”, 14 December 2008, p.1.

¹⁷ “La Repubblica”, 14 December 2008, p.3.

¹⁸ Cfr. Elsa Fornero and Chiara Monticane, *Lo spunto per dire addio a tutele fittizie*, “Il Sole 24 ore”, 14 November 2008.

funding for short-term compensation and unemployment benefit schemes¹⁹. Interestingly, her position anticipated a similar one which the Commission and ECOFIN expressed in the 2009 draft recommendation to Italy, concerning the Growth and Stability Pact. As one can read in the document: “further interventions in the pension field, starting with the increase in female retirement age would allow for a re-allocation of social spending so as to put in place a more uniform and inclusive system of unemployment benefits”²⁰.

While the political debate was going on, on 10 February 2009, the Minister for Public Administration Renato Brunetta set up an Experts’ Commission²¹ - *Commissione di studio sulla Parificazione dell’età pensionabile* (2009) - in charge of presenting possible technical options on how to abide to the ECJ judgement. In its final report, which was issued on 23 February, the Commission envisages five different paths (Tronti 2009), including the introduction of flexible retirement age between 62 and 65 for both men and women, and part-time retirement to be combined with part-time work, in order to ease the transition to a higher retirement age. The Commission also rejects the argument that a lower female retirement age acts as a compensation for unequal treatment suffered by women during their working lives, suggesting that strong action is needed to correct the latter inequalities and guarantee a better balance between family and professional life.

The Government notified the EU on 10 March 2009 of its intention to progressively increase female retirement age, by starting in 2010 and ending in 2018 with a retirement age of 65. The Government also announced that it would introduce the new regulations as an amendment to the *legge comunitaria*, currently under parliamentary scrutiny. Needless to comment, the proposal appears very cautious. This is not surprising, if one considers long-term trends in Italian social policy making, as I have recently done in my contribution to a comparative study on social protection across the world (Fargion 2009).

As mentioned above, the second issue which attracted political debate in the period under consideration is the introduction of the “Social Card.” The Economy and Finance Minister Giulio Tremonti, who is responsible for the measure, constantly rejected this label, and referred instead to a “Purchase credit card” (*Carta acquisti*); but most media, and particularly television broadcasts have largely used the former term. When first announced, the measure was contested by workers’ trade unions, pensioners’ associations and opposition parties because of its alleged stigmatising effects. Following its first distribution in December 2008, the arguments against it mainly focussed on the embarrassing situation which many card recipients faced when attempting to use it at a department store and found out that the card was in fact empty - either because of an administrative delay or because following control of their position the application was rejected. The point requires some explanation. As the flow-chart issued by Ministry of the Economy and reproduced in figure 2 illustrates on the left column, the citizen submits the relevant application duly filled out to any postal office and immediately receives an empty credit card. As shown in the bottom box of the same column, the citizen should be able to use the card within two days. Meanwhile the postal office transmits the application with the relevant documentation to the National Insurance Fund INPS (see centre and right column in the flow-chart) which is responsible for checking out that all the requirements are met and that the applicant is really entitled to receive the credit card. It is only at this point that following INPS’ instructions, the postal service will charge up the card. But as the latter has already been handed out to, the potential beneficiary will only discover whether the card was charged up or not at the cashier’s desk. “Report”- the most

¹⁹ “La Repubblica”, 14 December 2008, p.3.

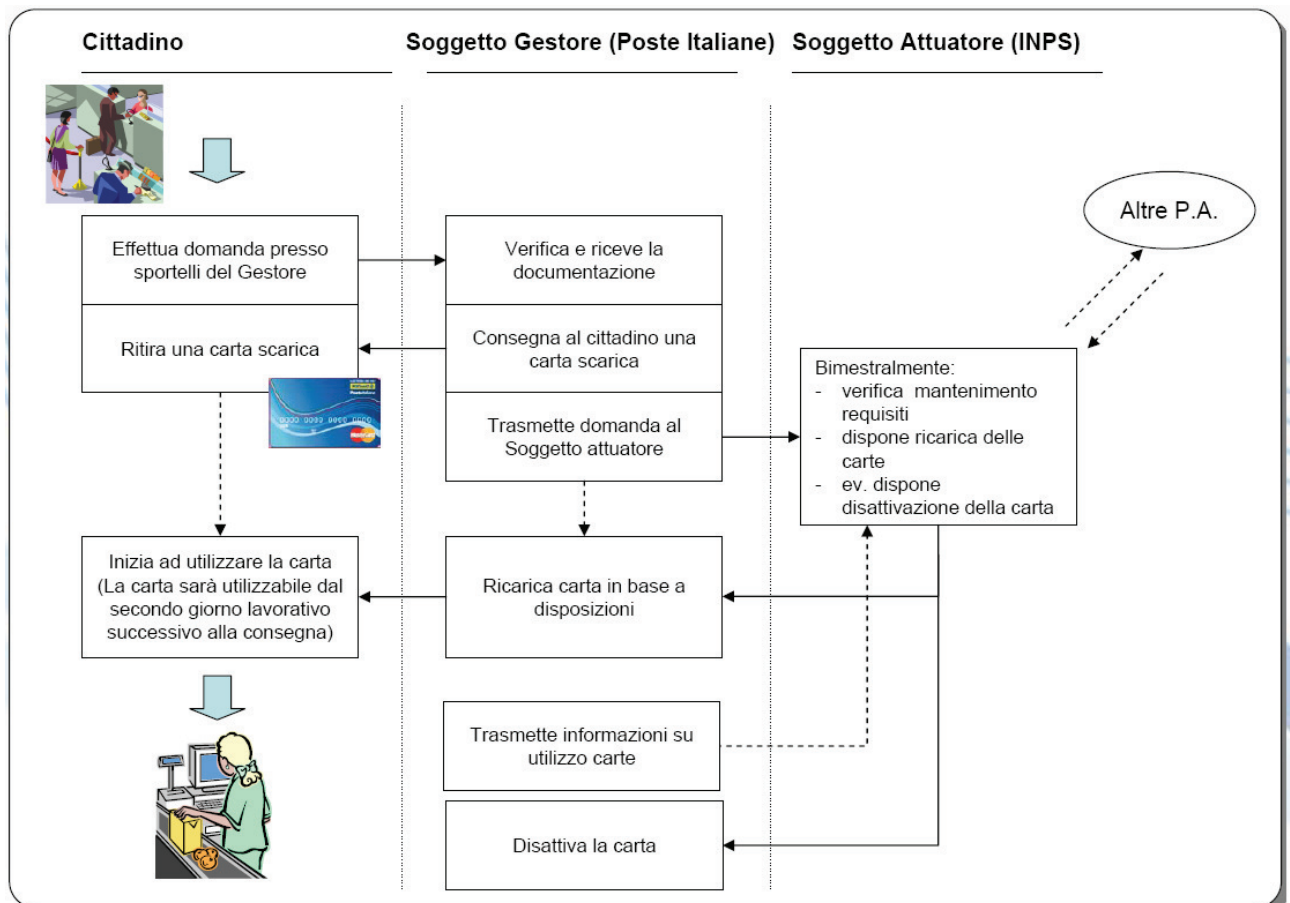
²⁰ “Il Sole 24Ore”, 10 March 2009.

²¹ Minister Renato Brunetta appointed the following experts : Giuliano Cazzola, Maria Cozzolino, Fiorella Kostoris, Padoa Schioppa, Riccardo Rosetti and Lionello Tronti.

authoritative investigative Television broadcast – recently dedicated the whole programme to the issue, by also providing a detailed analysis of operational costs and questioning whether it was worth setting up such a complex and costly mechanism for just one year.

Within the academic sphere, experts have also paid attention to a variety of other issues. Jessoula (2009) just published a very comprehensive study on the overall profile of the Italian pension system, which provides an extremely interesting and updated analysis of recent policy developments, particularly concerning supplementary funded schemes, and the possible consequences in the short and medium term.

Figure 2: Flow-chart of the procedures concerning distribution, administrative controls and charging up of the “Social Card” by Post offices and INPS



Source: http://www.mef.gov.it/carta_acquisti

In a short article recently appeared on the website <http://www.lavoce.info> - which is well-known among experts for hosting economic, political science and sociological debates on topical welfare issues – Elsa Fornero (2009) critically discussed the proposal by the President of the major Employers’ association *Confindustria* to keep severance pay in the firm²², as a measure to ease the difficulties which firms are experiencing when asking for bank loans, in the context of the current international crisis. Borella and Segre (2009) have also provided a very stimulating contribution in an essay which focuses on projected pensions for the younger cohorts of workers. The authors attempt to shed light on the comparative disadvantage of

²² Details on the regulations concerning the use of severance pay to fund supplementary pension schemes can be found in the relevant section above.

atypical workers with respect to workers with full-time long-life employment. Table 6 provides a hint of the work under consideration, by presenting the authors' calculations of the pension reduction – compared to the standard pension for full-time life-long employment - that a worker will have to confront, depending on the number of years spent in atypical work.

Table 6: Pension received by a worker with different spells of atypical work as a proportion of the standard pension for a career of full-time life-long employment, by sex.

Years in atypical work	Pension received by a worker with different spells of atypical work as a proportion of the standard pension for a career of full-time life-long employment	
	Men	Women
0	1	1
5	0.93	0.93
10	0.85	0.87
15	0.78	0.81
20	0.68	0.75
25	0.60	0.70
30	0.53	0.64
35	0.45	0.60
40	0.40	0.56

Source: Borella M., Segre G., "Le pensioni dei lavoratori parasubordinati: prospettive dopo un decennio di gestione separata", WP CeRP n.78/08, p.20
http://cerp.unito.it/images/stories/pubblicazioni/wp_78.pdf

2.2 Health

2.2.1 Centre-Regional dynamics in health care

As highlighted in the executive summary, the health sector is in a period of transition. The 2006-2008 "Health Pact" which the State and the Regions signed in 2007 has already expired but negotiations for its renewal have been repeatedly postponed. Although the current Government confirmed the financial arrangements envisaged for 2009 by the previous pact, the scenario for the next three-year period still appears uncertain. The year 2009 will be extremely important for the negotiation of the 2010-2012 agreement. To fully understand what is at stake, it is best to recall the basic operating principles of the National Health Service.

In the light of the current distribution of responsibilities between State and Regions - stemming from the 2001 Constitutional Amendment - the interaction between the two levels of government is absolutely crucial. In detail, the State defines the total amount of resources to be allocated to the health sector, it also monitors regional financial management and has sanctioning powers with respect to regions running a deficit: this can lead to both parts signing specific recovery plans with stringent obligations on the part of failing regions – a topical issue which involves at present as many as six regions. Within this overall context, the Regions are responsible for planning, co-ordinating and providing health services in their territory; to this purpose they have ample room for organising the system independently and autonomously. Given this institutional arrangement, national health care standards (*Livelli essenziali di assistenza* - LEA), which are supposed to be guaranteed across the country, are of paramount importance, particularly to redress current geographical disparities in access to care.

The total amount of health care resources as well as the definition of health care standards have to be re-negotiated for the period 2010-2012 but the President of the Regions' Board (*Conferenza delle Regioni*) Vasco Errani recently underlined that the Government's projected allocations for 2010 are absolutely inadequate. Errani stated that the Government has underestimated health care costs by EUR 7 billion. This means that the new Agreement will be a critical occasion also to reconsider the amount of resources which are needed to guarantee minimum health care standards (LEA).

With respect to the latter issue, Minister of Welfare Sacconi repeatedly underlined that the agreement needs a federal logic of responsibility on the part of all the regions, while the Minister for the Relations with regions, Fitto focused on the following three main goals:

- reaching a settlement on pharmaceutical spending
- revising minimum health care standards
- defining reliable criteria for guaranteeing implementation of the agreement.

Furthermore, Minister Sacconi recently reiterated the position taken in the "Green Paper on the Future of the Social Model" - which the Ministry issued in July 2008 - concerning allocation criteria for health care resources. The Minister stated that it is time to abandon consolidated levels of expenditure as a basis for distributing funds to the regions, and move to standard costs which, in his view, would reduce the waste of public resources. The issue, however, appears to be a mere technical one, but has instead considerable practical and political implications.

There are two other measures which have to be mentioned: the first one is the agreement which the Government and the regions signed on 25 March 2009 concerning priority objectives to be pursued in 2009.²³ These objectives are usually defined within the context of the National Health Plan; however, as the 2006-2008 plan expired and the new one is still pending, the agreement allows for the immediate allocation of EUR 1.410 billion for the year 2009. In order to receive these earmarked funds the regions will have to present within 60 days specific projects in the priority areas listed in the agreement: among these 24 hour coverage of primary care by general practitioners and community health centres ranks first with a total allocation of EUR 325 millions. The second measure has just been introduced and provides for a re-allocation of resources to fund urgent measures in favour of the population suffering from the consequences of the earthquake in Abruzzo. In detail Decree no. 39 of 28 April 2009 cuts 400 millions from pharmaceutical expenditure. The Deputy Minister for Health, Ferruccio Fazio, underlined that the measure was needed to find resources that could be diverted to Abruzzo and that in any case discussions were already under way to rationalise pharmaceutical spending. Tuscan Minister for Health, Enrico Rossi, who is also responsible for coordinating Health within the Board of the Regions, criticised the decision because it was taken by the Government without first consulting the regions.

2.2.2 The public debate on health care

Over the last year, newspapers' front pages and the media in general have focussed on episodes of medical malpractice. The Italian health care system includes the best and the worst but public opinion has largely concentrated on the latter, also because of investigations which the judiciary has been carrying out concerning episodes of corruption and the

²³ The full text of legislative measures for which the national level of government is responsible can be downloaded from the following website of the Ministry for Labour, Health and Social policies: <http://www.normativasanitaria.it/index.jsp>.

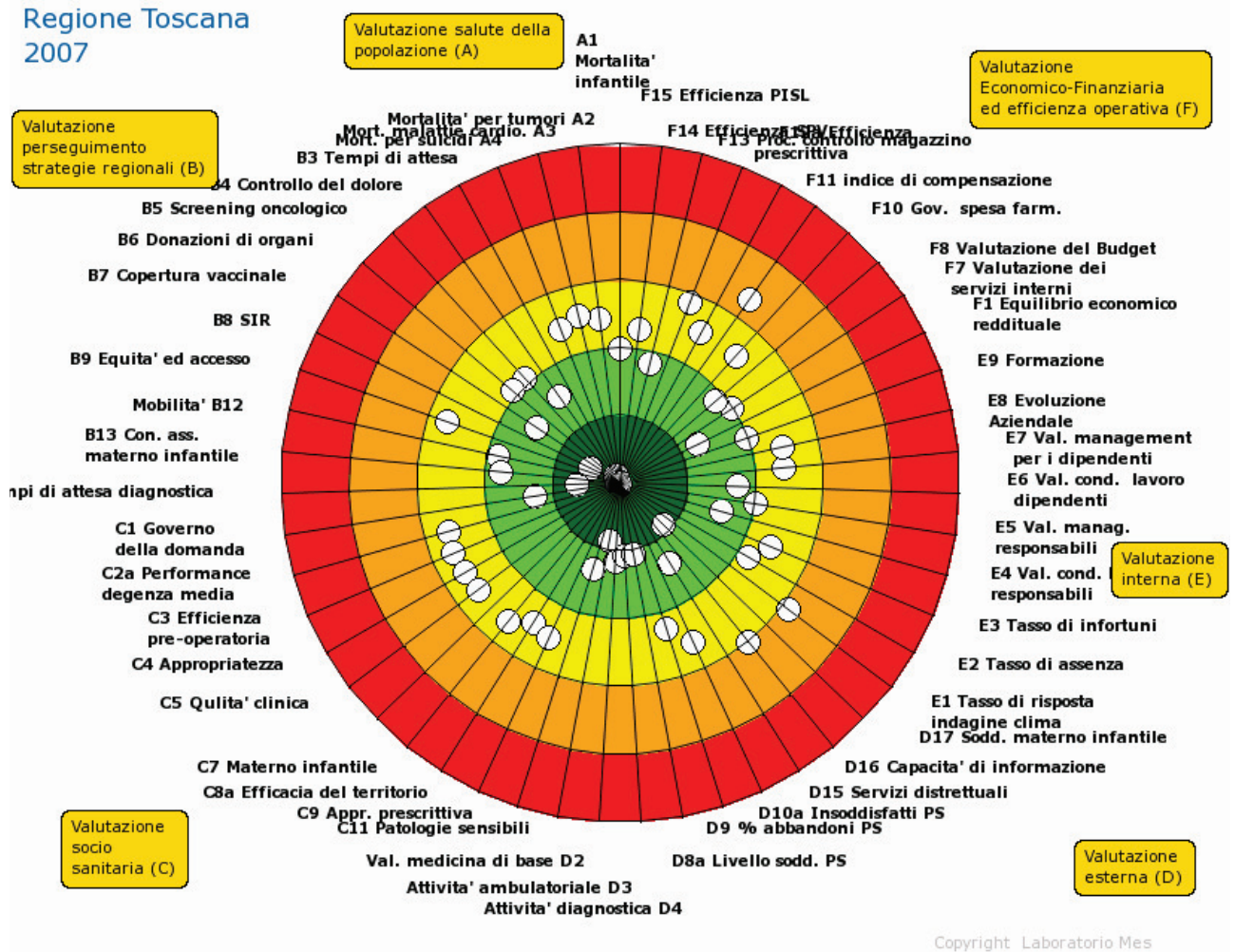
connection between the health care system and the Mafia in a number of southern regions. Medical mistakes also received widespread coverage by the press and are reported in a dedicated website (<http://www.malasanita.it>) which uses the same label coined by the media - *malasanità* - when referring to the above mentioned malpractices. Franco Maino (2009) discusses the issue at length and goes as far as suggesting that the phenomenon of *partitocrazia*²⁴ – typical of the 1980s - might be re-emerging, this time at regional rather than national level. Investigative journalism has recently added further elements to the debate, as in the case of the book just published by Daniela Minerva (2009). The book provides a detailed account of the major hospital scandals which burst out over the past year in Abruzzo, Calabria, Sicily but also in Milan. In this latter case, the episodes of malpractice were extremely surprising as the health care system of Lombardy is usually considered one of the best in the country. And yet it would be unfair and highly misleading to consider only these negative phenomena; the Italian paradox is precisely that while some regions display the worst, other regions can count on top excellence, as even Minerva's book acknowledges. The ranking of regional health services by CENSIS is highly indicative of the huge variation existing across the country. The authoritative research institute has worked out an index of health care supply by individual regions which ranges from 67.6 in Emilia Romagna to 9.8 in the case of Calabria.

2.2.3 Quality of health care and monitoring

Especially in the light of the above considerations, monitoring issues appear of paramount importance. Within this context, the experience carried out by Tuscany deserves to be mentioned as a case of “best practice.” The Region entrusted a group of researchers from the famous “Scuola Superiore Sant’Anna” at the University of Pisa with the task of working out a monitoring system to be tested first in a limited number of health districts and then applied to the entire regional health service. The pilot phase ended in 2007 and the monitoring system is now fully operational. Figure 3 offers a snapshot of the target logic underpinning the whole exercise.

²⁴ The term is derogatory and refers to a pervasive version of party government.

Figure 3: The Tuscan Health Service' six main dimensions of evaluation and the relevant primary indicators (clockwise) - 1) population health status 2) budgetary and economic efficiency 3) organisational climate and level of satisfaction by medical, nursing and administrative staff 4) citizen's level of satisfaction with regional health care services (primary and hospital care) 5) performance indicators by category of health care service (appropriateness, quality) 6) effectiveness in reaching regional targets, as defined in regional legislative measures



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Source: <http://valutazione sanitatoscana.sssup.it/template.php>

The monitoring system is based on 130 indicators which are grouped into 50 indexes referring to six main dimensions. Not only is the entire regional health care service constantly monitored but citizens can also check the results for each of the Health Units into which the Region is divided with a click on the dedicated website²⁵ - an excellent example of information transparency. In 2008 Liguria also decided to adopt the system, while Piedmont and Umbria are currently considering a similar decision.

²⁵ <http://valutazione sanitatoscana.sssup.it>.

2.3 Long-term Care

2.3.1 Statistical overview

To place into perspective the issue of long-term care in the Italian case, it is most useful to recall the latest information provided by the National Statistical Office. According to ISTAT data, there are 2,615,000 people in the country who need the help of a third party to move around or who require permanent assistance in order to carry out basic daily tasks; out of this total number, 2 millions are over 65 years of age. Given that there is a strong correlation between disability and ageing, this comes to no surprise and largely explains why when talking about dependency and long-term care issues, Italians almost exclusively refer to the special needs of the frail elderly. Especially in the light of demographic trends, increased female employment and family changes, Italian public opinion is very sensitive about what goes under the label of “non autosufficienza”. As shown by recent Eurostat data, in the 27 Member States of the European Union, Italy is the country with the highest percentage of over-65-year-olds: 20.8% against an average of 17.4%: a record which the country will only lose around 2060! The increasing numbers of elderly people will have repercussions not only on the financial solidity of pension systems, but also on the structure and sustainability of health and welfare systems, particularly because of the ever-larger numbers of people in the highest age-groups, which have the greatest need for care and assistance in their daily routines. Currently, 5.5% of the population is over 80 years of age – once more the highest proportion among all EU Member States. Over the next fifty years the corresponding figure will be three times higher. According to the National Agency for Regional Health Services, whereas average yearly health costs by age of the patient are about EUR 500 per capita for persons up to fifty years of age, the equivalent is EUR 1,500 in the age group 60-64, going up to over EUR 3,000 in the case of eighty years old people.

Unfortunately, there is still no comprehensive analysis of the territorial distribution of health care and social care needs concerning the frail elderly and the chronically sick nor is there an adequate picture of what benefits and services are effectively available across the country. Experts in the field lament the lack of updated statistical information on a variety of crucial aspects and particularly: a) number of people in institutional care; b) coverage of home help and nursing services in the different parts of the country; c) socio-economic position and health care needs of those receiving the dependency allowance (*indennità di accompagnamento*). With respect to point a), for instance, the latest report issued by National Statistical Office ISTAT (2008) on dependent people in nursing homes and other types of residential care only contains data for 2005. Along similar lines, coverage levels and regional expenditure for nursing and home care services (*Assistenza domiciliare integrata*) are not adequately updated. The expansion of the latter type of services represents a priority for Italian Southern Regions in the context of the Structural Funds planning for 2007-2009 and precisely within this process the Ministry of Economic Development updated the relevant indicator in February 2009 but the latest data refer to 2006 for expenditure levels and 2007 for coverage levels. In light of these shortcomings, various public and private research institutions have embarked in surveys on various aspects of long-term care but the results remain fragmentary and primarily descriptive. Recent attempts to critically analyse and discuss available information include a study by Pesaresi and Simoncelli (2008) focussing on the different organisational models of long-term institutional care.

2.3.2 Recent policy developments

In the light of the above considerations, the two Ministerial Decrees approved on 17 December 2008²⁶ with a view to establishing a national monitoring system for homecare and residential care services appears timely²⁷. The above policy measures describe in detail the quantitative and qualitative information on recipients of long-term care services and benefits which the Regions have to communicate to the national ministry. The Regions are supposed to collect the relevant information starting in January 2009, and over the period 2009-2011 a central supervisory unit will check the overall process and the quality of the data transmitted by the Regions. From 2012 onwards this will be a qualifying condition for regional access to supplementary national funds for health care.

Although available information is inadequate, both experts and political representatives are fully aware that there are radically different profiles, both in terms of quality and quantity, in the policies implemented by different regions, with the main gulf being between the North and the South. To confirm the point one can start with the following statement which the Minister of Labour, Health and Social Policies Maurizio Sacconi recently made in front of a Parliamentary Commission: “The White Book under preparation by the Ministry wants to identify how to guarantee that citizens effectively have equal access to the same level of benefits and services. At present, the best example of existing inequality is the gap in the level of long-term care services between the North and the Centre-South.”²⁸

In the light of the Constitutional Reform of 2001, the primary responsibility for issuing legislation in this field and for providing long-term care services rests with regional governments, but the central level is responsible for defining and guaranteeing basic social and health standards across the country. This remains an issue of hot political debate between national and regional levels of government. The absence of these standards (*Livelli essenziali delle prestazioni* - LEP) reduces substantially the possibility of redressing current regional disparities and largely leaves the option to regional governments’ political discretion. In 2007, the previous Prodi Government introduced a National Dependency Fund which for the first time allowed for the allocation of ear-marked funds to the regions in this particular policy area. This represented an important step: before then the funding of long term care services (both institutional and home care) only rested on regional and local governments²⁹. The allocations by the central government for 2007, 2008, 2009 amounted to EUR 100, 300 and 400 millions, respectively. What will happen to the newly created Fund? The issue is the object of political debate between the central and regional levels of government as well as between majority and opposition parties, especially considering that the Government’s economic and budgetary plan for 2009-2013 (law 133/2008) does not contain spending

²⁶ Cfr. D.M. 17/12/2008 “Istituzione del sistema informativo per il monitoraggio dell’assistenza domiciliare”; D.M. 17/12/2008 “Istituzione della banca dati finalizzata alla rilevazione delle prestazioni residenziali e semi-residenziali” published in Gazzetta Ufficiale, Serie Generale no. 6 , 9 January 2009.

²⁷ Ilaria Madama (2008) discusses how and to what extent the regional level of government has addressed so far the challenge of developing evaluation and monitoring systems in the field of social care services.

²⁸ Quoted by the national newspaper *La Repubblica*, 5 February 2009, p.22.

²⁹ In providing health services to people with disabilities the Regions have normally resorted to the ordinary funding of Regional Health Systems. However, regional and local revenues for social care services have always been extremely more limited and this poses a major problem as the social and the health component are tightly interconnected in residential care. The cost must be split between the local health authorities and the municipalities. The latter usually intervene on a means-test basis, to cover the social care component of institutional care; as a side-effect, a considerable proportion of persons with disabilities can only depend on their family for support and care. Despite the fact municipalities are limiting their action largely to low-income elderly without adult children, the situation is getting worse in terms of financial sustainability because of the very high cost of institutional care and the increasing numbers of elderly who are no longer able to live independently.

commitments for this purpose. Should this be interpreted as a withdrawal on the part of the central government? And in this case, what will be the possible consequences in the different parts of the country? So far expenditure for long term care varied considerably from one region to the other (see Casanova 2008) and in the absence of national earmarked funding it is plausible to witness a further differentiation in the level of services which will be provided across the country.

The only good news comes from the very recent agreement between the national Government and the regions concerning the allocation of EUR 1.4 billion for national priorities to be pursued in the health sector in 2009. In detail, as the new National Health Plan 2009- 2011 has not yet been submitted by the Ministry of Labour, Health and Social Policies, in February 2009 the State and the regions agreed - within the institutional framework of the State-Regions Board - to anticipate part of it, precisely the part which deals with national priorities and which is funded separately from the routine management of health care by the regions. Expanding long-term care services is listed as the priority number two, following the strengthening of community primary care as a means to reduce inappropriate use of hospitals.

The description of the specific objectives largely reflects the most advanced and innovative regional experiences, as the pilot project which the Region of Tuscany launched in 2007 and which led to regional law no. 66 of 18 December 2008.³⁰ Even the terminology is the same³¹ and the document endorses the need to define common guidelines for evaluating the specific caring need of different degrees of dependency - a preoccupation which experts in the field have repeatedly expressed.

Some improvements at the level of coverage for nursing and homecare services might be expected from the progressive implementation of the 2007-2013 cycle of European cohesion policies. Increasing the level of coverage for nursing and home-help services is one of the targets that convergence regions will have to reach in order to be entitled to the additional allocation of EUR 3 billion. The relevant indicator to be monitored is indicator S.06, and the Department of Economic Development just updated it in February 2009, putting on its website the following table.

³⁰ For the case of Tuscany, I want to refer to the power point presentation which I illustrated within the ASISP meeting in Bruxelles 2-3 April 2009 and which can be downloaded from the ASISP's website.

³¹ The document refers to "Punti Unici di Accesso- PUA" (unitary access points to the system of long-term care), as well as "Piano Individuale di Assistenza- PAI (individually tailored caring plan) which are also used in the Tuscan law.

Table 7: Indicator S.06- Coverage by nursing and homecare services for convergence regions, baseline value, latest update and 2013 target

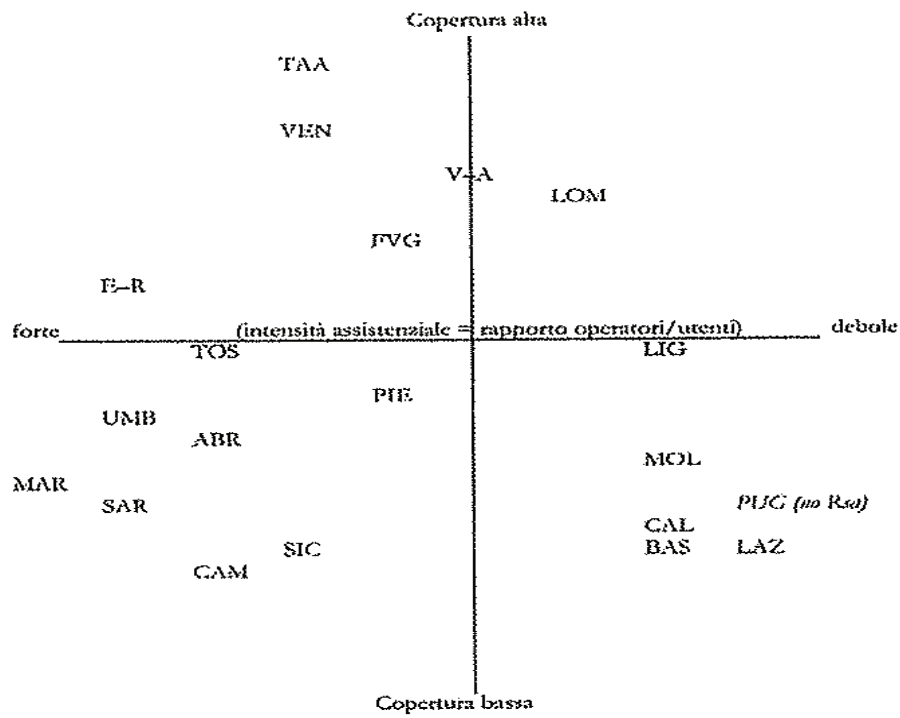
Regione/Macro-ripartizione	Baseline (valore 2005)	Valore attuale (valore 2007)	Miglioramento Si/No*	Target 2013**	% di miglioramento***
Abruzzo	1,8	3,6	Si	3,5	100%
Molise	6,1	3,7	No	3,5	-
Campania	1,4	1,6	Si	3,5	12%
Puglia	2,0	1,6	No	3,5	-
Basilicata	3,9	4,3	Si	3,5	100%
Calabria	1,6	2,7	Si	3,5	60%
Sicilia	0,8	1,0	Si	3,5	8%
Sardegna	1,1	1,2	Si	3,5	4%
Mezzogiorno	1,6	1,8	Si	3,5	14%
Centro-Nord	3,5	3,9	Si		
Italia	2,9	3,2	Si		

http://www.dps.tesoro.it/view.asp?file=2009/162158_comunicato12febbraio.htm&img=new

2.3.3 The academic debate

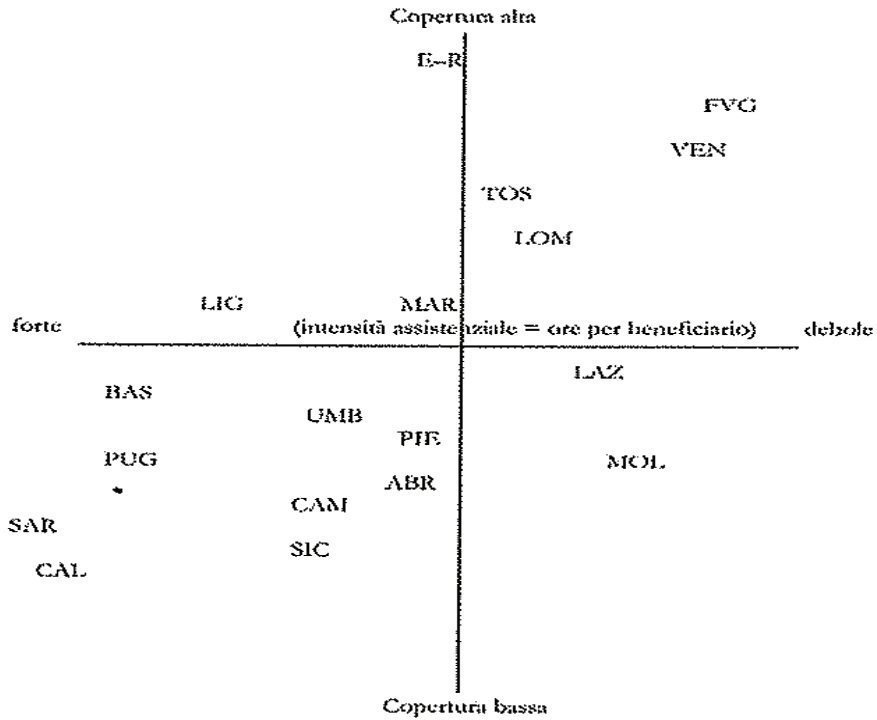
Scholarly work can be grouped into four categories. The first group comprises studies focussing on regional differences in the level of long-term care services. Within this group one can find an extremely interesting study by Carrera and Pellegrino (2008). The authors attempt to plot the position of each Region with respect to: a) the coverage and quality of residential care (Figure 4); b) coverage and intensity of nursing and homecare services (Figure 5); c) a combination of residential and homecare services (Figure 6). Starting with figure 4, the situation appears rather mixed: north-eastern regions are characterised by high coverage and a high ratio of staff to patients while southern regions but also Liguria display low coverage and low intensity of care; the majority of the regions, however, fall in between. For homecare services the picture is more polarised: figure 5 shows on the one hand regions with higher coverage but lower intensity (such as Friuli), and on the other hand as many as nine regions with very limited coverage but relatively high intensity (as in the case of Sardinia).

Figure 4: Coverage and quality* of residential care in the Italian Regions



*ratio of nursing and caring staff to patients

Figure 5: Coverage and intensity* of nursing and home-care (ADI)



* number of hours per beneficiary

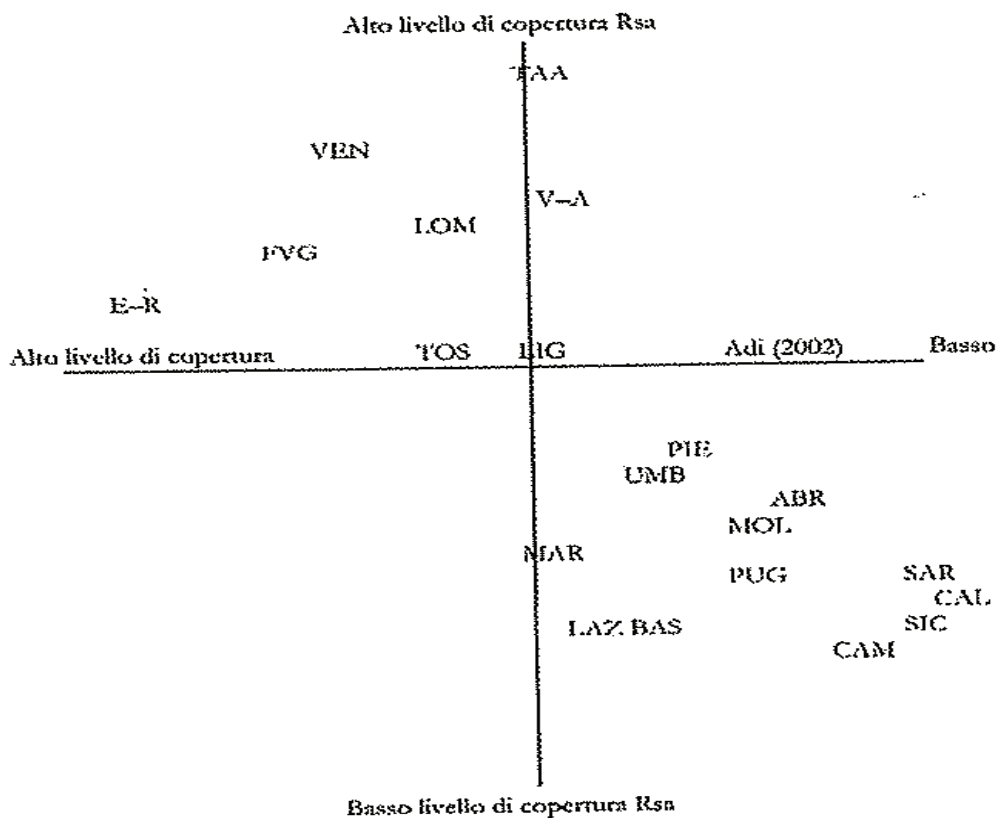
Source Figure 4 & 5: Carrera F., Pellegrino M., "Regionalizzazione e politiche per la non-autosufficienza", *La Rivista delle Politiche Sociali*, N.3, July-Sept, 2008, p. 325

By combining the two types of long-term care under consideration, Figure 6 shows that Regions with comparatively higher levels of residential care also tend to have higher levels of homecare services, while Regions performing badly on one dimension will also perform badly on the other. Needless to say, northern regions plus Tuscany and Liguria belong to the first group and southern regions are, instead, in the latter category.

The volume by Cristiano Gori (2008) also addresses regional differences but in this case the focus is on legislative measures.

A second group of studies concentrates on the public- private mix in long-term care services in the different parts of the country with a special focus on the implications of privileging monetary cash transfers, instead of directly providing services. Pavolini (2008) suggests an interesting theoretical framework for addressing this issue fruitfully. The author suggests a typology of governance models on the basis of how the Regions interact with local authorities and Health Units, on the one hand, and with private and non-profit providers, on the other hand. The analysis refers to regional intervention in the health sector, in social care policies and in vocational training.

Figure 6: Combination of residential and home care services in the Italian regions



Source: Carrera F., Pellegrino M., "Regionalizzazione e politiche per la non -autosufficienza", *La Rivista delle Politiche Sociali*, N.3, July-Sept, 2008, p. 326

The author suggests there is a major divide between the Centre-North and the South in terms of institutional capacity but he also envisages a further differentiation within the Centre-North as far as strategies and policy approaches are concerned. Particularly, he draws a distinction between a "quasi-market" and a "social planning" model. In his view, the regions have two main options: they can leave ample space for the users' and their families' individual choice,

with an expectation of increasing use of private suppliers, or they can aim at giving the required authorisations to private and non-profit service providers, only according to the requirements of local authorities' social planning. The preference for issuing vouchers and cash allowances or alternatively offering a wide range of services – which in its turn may reflect a diverse mix of public, private and non-profit components – has different consequences, first of all for those citizens having to deal with (for themselves or for family members) the problems of the frail elderly, but it also impacts the local socio-economic system and the perception citizens have of local authorities.

The third group of studies deals with the role of immigrant care workers in response to the inadequate level of public intervention in the field. A recently published article by Van Hooren (2008) discusses why Italian families increasingly hire migrant workers to care for their dependent family members. According to the author, Italian social and migration policies have favoured and reinforced this practice, which is puzzling given the strong anti-immigrant sentiments currently present in Italy. In Van Hooren's view, the presence of migrant care workers allowed Italy not to reform its elderly care system. At the same time the strong "familistic" component of the Italian welfare regime helps to explain the broadly shared positive attitude towards migrant care workers, which has contributed to expansive immigration policies.

Last but not least, there is a stream of literature which is mainly concerned with re-designing the current system of long-term care and putting forward specific reform proposals. Sometimes works falling into this category inter-link with the views of important stakeholders in the field, as in the case of Cristiano Gori (2008a) who is the author of a recent proposal on long-term care standards which the association of local authorities undersigned along with the third sector.³² The author, along with most experts in the field, insists on the need to coordinate and reorganise all private and public responses to long-term care needs, by starting with the dependency allowance. This cash transfer payment is directly funded by the central government and is granted only on the basis of a medical need test which is totally independent from the local management of long term care services. Stake holders in this policy area have repeatedly asked to: 1) include the measure in the local system of long-term care; 2) differentiate the amount of the benefit depending on the level of dependency, and 3) explicitly link use of the benefit to pay for the cost of home care services. As Regional and local governments have repeatedly stated, by pooling all available resources together, a reform of the dependency cash benefit could have a positive impact on the overall coordination of policy measures on long-term care.

³² The proposal is presented in chapter 6 of a broader document on the standards of social care services edited by Ranci Ortigosa (2008) and endorsed by the "Observatory on law 328/2000" especially set up by ANCI (national association of municipalities), UPI (association of Italian provinces), the three major workers trade unions CGIL, CISL, UIL, the Third sector Forum, and Legautonomie.

3 Impact of the Financial and Economic Crisis on Social Protection

When attempting to illustrate Italy's approach to the current international crisis, and particularly what the Government is doing to support people and alleviate the human cost of the crisis, the following two policy measures should be put into focus:

- Decree-law no. 185 of 29 November 2008, which Parliament converted into law no.2 of 28 January 2009
- The special agreement which the National Government and the Regions signed on 12 February 2009

To have a more accurate picture of public action aimed at mitigating the social effects of the crisis, one should also consider the impact of the so-called "Social Card". However, I have discussed the issue already in section 2.1 on pensions. For the sake of accuracy, I shall recall the measure was originally introduced by the budgetary law for 2009³³ - hence before the outbreak of the international crisis - but became operational only in December 2008.

By starting with the first of the abovementioned measures, it is useful to provide some preliminary information on the overall allocation of resources. The decree originally envisaged a total expenditure of EUR 6.3 billion; but - once the decree was converted into law - the figure dropped to EUR 5 billion. Concerning social policy measures, the most important item of expenditure certainly refers to the "family bonus": the legislative act allocates almost EUR 2 billion for this purpose; in contrast, only EUR 289 million are allocated for extended coverage and duration of unemployment benefits in 2009 - which goes up to 304 million for the years 2010-2011.

To place these two types of intervention into perspective, one might recall the latest Eurostat data on Member States' distribution of social expenditure by function³⁴. According to available evidence, Italy only spends 1.1% of GDP on family allowances compared to an EU 15 weighted average of 2.2 %; in the case of unemployment expenditure, the corresponding figures are 0.5 and 1.7% respectively. In short, both these policy fields appear under-funded; as a result, the Government's decision to intervene in these fields appears most appropriate. Further, evidence presented in the 2008 Demography Report by the European Commission shows that in Italy 41% of large families (two-adult households with three or more children) are at-risk-of poverty as compared to 20% of the entire population. Not surprisingly, according to Eurobarometer,³⁵ Italy displays one of the lowest levels of satisfaction with public support for families with children: in detail, according to survey data, 62% of Italians are not very satisfied or not at all satisfied with public intervention in this policy area. But what exactly does law 2/2009 envisage to support households with children? First of all, intervention is exclusively limited to 2009. According to article 1, the family bonus consists of a lump sum ranging from a minimum of EUR 200 to a maximum of EUR 1000 depending on disposable income and size of the family (see table 8). The measure does not refer to dependent children but to family members dependent from the household head. According to calculations by Baldini and Pellegrino³⁶, the bonus will positively affect a considerable proportion of families in the first five deciles of national income distribution with as much as

³³ Law no. 133 of August 2008.

³⁴ 2008 Eurostat data based on Member States information for 2005.

³⁵ Eurobarometer no.247 *Family life and the needs of an ageing population*.

³⁶ Baldini M. and Pellegrino S., *Si fa presto a dire Bonus*, <http://www.lavoce.info>.

54% of total spending benefiting the Southern part of the country – that is to say the area in which poverty is more heavily concentrated, especially among large families.³⁷

Table 8: Main features of the Italian “family bonus” for 2009, as defined by decree-law 189/2008

Lump sum family bonus	Size of the household	Income threshold
200 Euro	Single person 65 years and over	15,000 Euro
300 Euro	Two-person households	17,000 Euro
450 Euro	Three-person households	17,000 Euro
500 Euro	Four-person households	20,000 Euro
600 Euro	Five-person households	20,000 Euro
1,000 Euro	Households with more than five persons	22,000 Euro

However, as pointed out in the political and academic debate, the government’s approach suffers from a number of shortcomings. First, procedures to apply for the benefit are rather complicated and timing is very stringent; but even more important, instead of extending and improving the existing system of family benefits - which is far from providing universal coverage - the Government opts for adding a further temporary benefit which is totally unrelated to the existing system.³⁸

The provisions for the unemployed call for similar considerations. Notably, Italy faces an acute “insider-outsider” problem as a result of the fragmentation and disparities in the income support system for those without work, with large differences in the level of protection given to core and marginal workers. In the face of the current financial and economic crisis which can be expected to bring unemployment up to 10%³⁹, hitting even more severely atypical workers who are the least protected, the Government has chosen a cautious piecemeal strategy. The executive’s preferred option is to extend the use of the “wage temporary compensation fund” (*Cassa Integrazione Guadagni*) by relaxing current rules which largely confine potential beneficiaries to large industrial enterprises and the building sector. According to the executive this solution has a number of advantages: a) it limits dismissals and keeps workers attached to the firm; b) it invests employers with responsibility for their workers; c) it requires concertation between the social partners and public institutions; d) it provides more generous coverage compared to the ordinary unemployment benefit. Yet, by reading the list of dispensations in law no. 2/2009, one soon finds out that the categories temporarily admitted to enjoy the benefits of the Compensation Fund leave out a considerable proportion of the workforce. The provisions refer, for instance, to trade companies and tour operators with more than 50 employees and private security agencies with up to 15 employees. The legislation under consideration also extends to small firms the duration of mobility benefits (which are as generous as temporary compensation but entail the dismissal of the worker). The ordinary unemployment benefit is extended, instead, to the handicraft sector, including workers on lease, provided that bilateral bodies top-up the benefit with an extra 20 % of the worker’s last salary. Even apprentices are experimentally granted the

³⁷ Baldini and Pellegrino calculated that almost 40 % of Southern families will receive the “family bonus”.

³⁸ For its temporary nature, the measure appears similar to the “baby bonus” introduced by the previous Berlusconi Government which was only in force for one year.

³⁹ According to the Italian National Statistical Office ISTAT, during the second quarter of 2008 unemployment was 6.7%; but, as reported on 4 and 16 March 2009 on the main financial newspaper “Il Sole 24 Ore”, the country will probably lose as many as one million jobs over the period 2008-2009, which in turn will bring unemployment close to 10%.

ordinary unemployment benefit (for the period 2009-2011), provided bilateral bodies meet the above requirement also in this case. Last but not least, for the first time this policy measure introduces some kind of unemployment protection for a particular category of atypical workers – *collaboratori coordinati a progetto*- which comprises about 550,000 people, mostly young and women. The benefit will correspond to 20% of the worker's earnings for 2008, but according to Berton, Richiardi and Sacchi⁴⁰ only 69,000 workers meet the qualifying conditions; in other words, only 12.5% of this category of workers is potentially entitled to the benefit. The authors contend that - on the basis of the new law - access to unemployment protection is severely limited not only for workers with this particular contractual arrangement; as many 50% of workers employed by temporary work agencies will also remain without unemployment protection along with 40% of workers on fixed-term contract and 80% of apprentices.

Criticism is clearly not confined to the academic sphere. The major opposition party – the Democratic Party – supported the need to introduce an unemployment benefit for all workers losing their job, irrespective of contractual arrangements. Especially following the change in leadership from Veltroni to Franceschini, the Democratic Party strongly opposed the Government's strategy, as one can easily notice from the following statement by the Parliamentary Representative Enrico Letta - in charge of Welfare Policies for the Democratic Party: "To address the unprecedented crisis we are currently facing by adding money to the existing system of unemployment benefits and merely resorting to temporary dispensations from rules in force is like trying to shoot at airplanes with bows and arrows"⁴¹

The opposition presented a number of amendments to the decree but the Government called for a vote of confidence, thereby blocking any further parliamentary negotiations on the final text of the law. A different climate characterised, instead, discussions between the central and regional levels of government which resulted in the special agreement signed last February. Considering that to be fully implemented this measure requires further agreements to be signed between the central government and each individual Region - a process which is still under way - I shall only recall the following major points:

- EUR 8 billion will be allocated over the period 2009-2010 to provide unemployment protection in the context of an active inclusion strategy
- Funding is mainly provided by regional and national resources related to the European Social Fund: within this context the regions will funnel their allocations to measures supporting employability through vocational training and skills upgrading which should accompany income support measures.
- The overall re-planning of resource allocations will be discussed with the European Commission
- In case Centre-Northern regions face a shortage of resources, due to the combination of lower ESF allocations and higher unemployment levels, the central government will cover the difference

There are other social policy provisions⁴² which have been introduced recently to tackle the impact of the international crisis and support the most vulnerable, but they are definitely less important compared to the above two measures on which I concentrated the attention.

⁴⁰ Berton F., Richiardi M., Facchi S., *Il sussidio "lascia e raddoppia"*, 20 March 2009, <http://www.lavoce.info>.

⁴¹ Parliamentary discussion of decree 189 on 16 January 2009.

⁴² For instance, the Government allowed pre-retirement for shopkeepers and tourist agents who close their business three years before retirement age, as a consequence of the current crisis.

4 Abstracts of Relevant Publications on Social Protection

[R] Pensions

[R1] General trends: demographic and financial forecasts

[R2] General organisation: pillars, financing, calculation methods or pension formula

[R3] Retirement age: legal age, early retirement,...

[R4] Older workers activity: active measures on labour market, unemployment benefit policies,...

[R5] Income and social conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work

[R2] BORELLA Margherita, & SEGRE Giovanna, «*Le pensioni dei lavoratori parasubordinati: prospettive dopo un decennio di gestione separata*», WP CeRP n.78/08

Retrieved from:

http://cerp.unito.it/images/stories/pubblicazioni/wp_78.pdf

“Pension prospects for atypical workers on the basis of the relevant contributions over the first ten years.”

The article discusses the impact on atypical workers of the defined contribution pension regime which the 1995 reform introduced for new entrants into the labour market from 1996 onwards. Given that the Italian labour market is characterised by increasing numbers of persons who do not follow the standard career of full-time life-long employment, there is a risk that more and more persons will have long spells of low salary during their working lives and, as a consequence, will only mature low pension benefits. The essay provides detailed estimates of pension benefit levels, depending on the number of years in atypical work, and suggests the need to better balance labour market flexibility with social insurance entitlements so as to allow atypical workers to invest in supplementary pension schemes.

[R2] CARDONI Giovanni, «Finanziamento della previdenza complementare e autonomia negoziale», *Rivista del Diritto della Sicurezza Sociale*, N.3, VIII, 2008.

“Funding of second pillar pensions and bargaining autonomy”

The journal article provides an overview of supplementary funded pensions within the Italian pension regime, by examining in particular legislative decree No. 252/2005, and subsequent relevant measures. The approach of the article is juridical and the focus is on the limitations to individual freedom when taking up a supplementary pension, and the role of bargaining between the social partners. The author pays special attention to the crucial role of severance pay - trattamento di fine rapporto TFR – for funding second pillar pension schemes.

[H; R] CENSIS, «*Quarantaduesimo rapporto sulla situazione sociale del paese 2008*», Franco Angeli, 2008. Retrieved from:

http://www.censis.it/files/Rapporto_annuale/2008/5_welfare.pdf

“42 Annual Report on the country’s social situation”

The report highlights Italy’s main socio-economic developments in 2008. This year’s edition celebrates the 30th anniversary of the National Health Service by providing in Chapter five a broad overview of the main steps in health policies since the establishment of the NHS in 1978. Within this context the chapter analyses recent data on pharmaceutical expenditure, which remains an issue of political and technical debate. The report also pays particular attention to what it considers as a fragile second pillar in the Italian pension regime and discusses the evidence from a survey on private employees’ motivations to take up a supplementary pension.

[R] COVIP, «Relazione per l'anno 2007», Rome, 2008. Retrieved from: <http://www.covip.it>
“2007 Annual Report”

The annual report provides the most comprehensive information on supplementary pensions, and discusses positive and negative results. The report covers the most important aspects: distribution of funds by category; level of coverage of the different funds, changes with respect to the previous year, operating costs, rates of return of invested funds.

[R] COVIP, «La previdenza complementare: principali dati statistici, aggiornamento al 31.12.2008», Rome, 2009.

“Supplementary funded pensions: update of the main statistical indicators as of 31 December 2008”

Statistical update as of 31 December 2008 concerning the following aspects: distribution of funds by category; level of coverage of the different funds, changes with respect to the previous year, operating costs, rates of return of invested funds.

[R] FARGION Valeria, «Italy: Still a Pension State?», *International Social Policy. Welfare Regimes in the Developed World* edited by Alcock P. and Craig G., Palgrave Macmillan, 2009.

This book chapter focuses on long-term trends in Italian social policy, in order to place into perspective the resilience of welfare arrangements in this country. The 1990s marked a turning point in social policy making with respect to the previous forty years; but, whereas the technocratic governments of the early 1990s were able to introduce path-breaking measures, party politics progressively regained ground, especially after 1997, with a return to piecemeal adjustments rather than innovative comprehensive reforms. As a result, pensions continue to represent the largest proportion in social spending, while family support, unemployment benefits, housing and measures to combat poverty and social exclusion lag behind most EU15 countries. Considering that new social risks are not represented as strongly as old social risks, the prospects appear gloomy.

[R2] FORNERO Elsa, «Ombre sulla previdenza», Retrieved 24 February 2009 from: <http://www.lavoce.info>

“Shadows on the pension system”

This short article comments the proposal by the President of the major employers' association Confindustria to keep the severance pay within the firm, in the light of the international economic crisis and of the concurrent difficulties which firms are experiencing when asking to borrow money from the banking system. The author also expresses a very negative position with respect to a recent Parliamentary proposal to suspend the defined- contribution pension regime for employees of the Chamber of Deputies and Senate.

[R5] ISTAT, «Trattamenti pensionistici e beneficiari al 31 dicembre 2007», 31 March 2009. Retrieved from:

http://www.istat.it/salastampa/comunicati/non_calendario/20090317_00/testointegrale20090317.pdf

“Pension Benefits and beneficiaries as of 31 December 2007”

Updated statistical information, particularly on: a) distribution of pension benefits and spending by type of pension; b) territorial unbalances in pension spending; c) age

distribution of beneficiaries; d) gender profile of the pension system e) the proportion of minimum pensions

[R2] JESSOULA Matteo, «*La politica pensionistica*», Il Mulino, 2009

“Pension Policy”

After illustrating the development of the Italian system for old age protection in a comparative perspective, the volume carefully analyzes the six major pension reforms adopted in the period 1992-2007, providing a detailed overview of the deep reconfiguration of the Italian pension system. It illustrates both the restructuring of the first public pillar and the expansion of supplementary funded pension schemes, particularly focusing on the political strategies, bargains and exchanges between the main actors on the pension stage. Finally, against this background, the volume sketches the likely pension scenarios for the different professional categories (private and public employees, the self-employed, “atypical” workers) in future decades.

[H; R; L] MINISTERO DEL LAVORO, DELLA SALUTE E DELLE POLITICHE SOCIALI. «Libro verde sul futuro del modello sociale. La vita buona nella società attiva», 25 July 2008 Retrieved from:

<http://www.lavoro.gov.it/NR/rdonlyres/B8453482-9DD3-474E-BA13-08D248430849/0/libroverdeDEF25luglio.pdf>

“Green Book on the Future of the Social Model. Good life in an active society”

The official purpose of the document is to outline the overall strategy that the Centre-Right majority wants to pursue. However, the Green Book – as the title suggests – is mainly supposed to stimulate a debate among the relevant stakeholders, while the concrete policy choices are postponed to a White Book which the Ministry has not yet released.

[R3] MINISTERO PER LA PUBBLICA AMMINISTRAZIONE E L’INNOVAZIONE, «Commissione di studio sulla parificazione dell’età pensionabile Relazione 23/02/2009».

“Commission for the equalisation of retirement age. Final report 23 February 2009”

The report envisages five different paths to equalise retirement age between men and women, as required by the ECJ judgement of 13 November 2008. The following two options are considered by the Commission as more innovative: a) Merging the public sector pension Fund INPDAP into the private sector Fund INPS, thereby bringing also public sector pension schemes into the category of “statutory regimes” which fall under the regulations of directive 79/7/CEE which allows for some exceptions concerning conformity to equal treatment principles; b) setting a flexible retirement age in the public sector between 62 and 67 for both sexes. In order to ease the transition to a higher retirement age the Commission also suggests to enhance part-time retirement which should be combined with part-time work, and a further increase in age requirements for early pension schemes.

[H; R; L] PIZZUTI, Roberto (ed.), «Rapporto sullo stato sociale 2008» Utet, 2008

“Welfare State Report 2008”

The report of 2008 provides an overview of the main social policy developments, by placing the Italian case in a comparative perspective. The author argues, among others, that social needs are increasingly shifting from collective to individual responsibility. The chapter on pensions also provides projections on the effects of the revision of actuarial coefficients (in the defined-contribution pension regime) to be phased starting in 2010.

[H1; R1] RAGIONERIA GENERALE DELLO STATO, «*Le tendenze di medio lungo periodo del sistema pensionistico e socio-sanitario. Le previsioni della Ragioneria Generale dello Stato aggiornate al 2008, Rapporto n.10*»

“Mid and long-term projections for the pension, the health and the long-term care system. Update of the forecasts by the Department of General Accounts. 10th Report”

Following the international financial crisis, the Economy and Finance Ministry revised its previous Report on Mid-long term trends for the pension, health and long-term care systems and corrected, in particular, the 2007 pension spending forecasts. Projections are based on forecasting scenarios defined both at national and European level.

[R2] TRONTI Leonello, «La sentenza europea e la riforma delle pensioni». Retrieved from: <http://www.lavoce.info>, 10.02.2009

“The ECJ judgement and pension reform”

It is noteworthy that the author is one of the members appointed by Minister Renato Brunetta to the Commission for the equalisation of retirement age. This short article provides the basic information first on the legal controversy between the Commission and Italy, and secondly on the judgement by the European Court of Justice. The article then goes on by illustrating the five main options which the Commission put forward in its final Report.

[H] Health

[H1] Health expenditures: financing, macroeconomic impact, forecasting,...

[H2] Public health policies, anti-addiction measures, prevention,...

[H3] Health inequalities and access to healthcare: public insurance coverage, spatial inequalities,...

[H4] Governance of the health system: institutional reforms, transfer to local authorities,...

[H5] Management of the health system: HMO, payments system (capitation, reimbursement,...)

[H6] Regulation of the pharmaceutical market

[H7] Handicap

[H3, L] CARRERA Francesca, PELLEGRINO Mauro, «Regionalizzazione e politiche per la non –autosufficienza», *La Rivista delle Politiche Sociali*, N.3, July-Sept, 2008.

“Regionalisation and long-term care policies”

The article is based on a re-reading of some of the main results of an investigation by Ires (Institute of Economic and Social Research) on the characteristics of local social care services for elderly people with disabilities. While showing that some good practices can be found, in regulations as well as in organisation and management, the study – which covers 100 provincial capitals - confirms that long-term care services are often poorly integrated and reflect an imbalance between cash benefits (which are more widespread) and services. Most interestingly, the authors attempt to plot the position of each Region with respect to: a) the coverage and quality of residential care; b) coverage and intensity of nursing and homecare services; c) a combination of residential and homecare services. They also convincingly argue that more money needs to be funnelled to this policy area.

[H3] CECCONI Stefano, «Italia. SSN e servizi sanitari regionali: disavanzi ed equità», *La Rivista delle Politiche Sociali*, N.3, July-Sept, 2008.

“Italy. National and regional health system: debts and equity”

Tax federalism in Italy is progressively been phased in, while the gap between North and South increases. In the welfare system the gap concerns both minimum health standards as well as the financial situation. On the basis of a careful analysis of financial and organisational data for the different regions, the author shows that in

many regions budget deficits are not due to under-financing, but are the result of inadequate planning and organisational choices. In the less virtuous regions there is an extremely close link between deficits and distortions in services, while in the more virtuous regions the positive budget results go along with better organisation and greater appropriateness. A closer analysis of the recovery plans by the six regions with the most serious deficits confirm the above considerations. This shows the importance of local governance and at the same time the need, particularly in a federal country, for strong national control to guarantee uniform health care standards across the country.

[H1; H2; H3; H4; H5] CEIS, «*Rapporto Sanità 2008*», Università Tor Vergata, Roma, 2008. “Health Report 2008”

Seven years after the 2001 Constitutional reform, the report attempts an overall assessment of achievements and failures in the health sector. The report pays special attention to developments in regional health policies and emphasises the need to combine federalism, solidarity and effective implementation of nationally agreed basic health care standards. The report provides an accurate overview of hospital care, primary and ambulatory care, specialist care.

[H; R] CENSIS, «*Quarantaduesimo rapporto sulla situazione sociale del paese 2008*», Franco Angeli, 2008. Retrieved from:

http://www.censis.it/files/Rapporto_annuale/2008/5_welfare.pdf

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[H2] GENSINI Gian Franco, RIZZINI Paolo, TRABUCCHI Marco, & VANARA Francesco (ed.), «*Rapporto Sanità 2008*». Il Mulino, 2008

“Health Report 2008”

The 2008 edition of the Report is mainly concerned with defining an educational model which can help to meet health objectives. The volume discusses a variety of educational approaches with the aim of identifying which one can best influence lifestyles and thereby improve citizens’ health and well-being

[H4] HOOREN, van Franca, «Welfare Provision beyond National Boundaries. The Politics of Migration and Elderly Care in Italy», *Rivista Italiana di Politiche Pubbliche*, N.3, 2008.

In reaction to a growing need for elderly care services, Italian families have engaged migrant workers to care for their dependent family members. Italian social and migration policies have favoured and reinforced this practice, which is puzzling given the strong anti-immigrant sentiments currently present in Italy. While institutional factors can partly explain policy outcomes, we need to look at the interrelation between welfare regimes and migration to better understand Italian developments. The large numbers of migrant care workers allowed Italy not to reform its elderly care system. At the same time the familistic Italian welfare regime helps to explain the

broadly-shared positive attitude towards migrant care workers, which has contributed to expansive immigration policies

[H4] MAINO Franca, «Il sistema sanitario italiano tra contenimento della spesa, malasanita e politicizzazione», in G. Baldini and A.C. Bull (eds.), *Politica in Italia 2008*, Bologna, Il Mulino, 2009, pp. 67-86.

“The Italian health system between cost-containment, malpractice and politicisation”

The book chapter – as a first step - briefly touches on the reorganisation of the Ministry of Welfare, on the “Green Paper” issued in July 2008, and on cost-containment problems (especially at the regional level). The author then goes on by focusing on the main facts of malpractice occurred in 2008 and discusses the connection between health care and the Mafia. Appointment procedure for health managers and doctors are also discussed. On the basis of this analysis, the author suggests the possible return to the old practice of what is known in Italy as partitocrazia, this time, however, at the regional rather than the national level.

[H4] MAINO Franca, & PAVOLINI Emmanuele, «Il Welfare sanitario in Europa tra decentramento e ri-accentramento». *La Rivista delle Politiche Sociali*, N.3, July-Sept.2008.

“Health care services in Europe between decentralisation and re-centralisation”

The article offers a comparative account of the institutional arrangements which the various western European countries have adopted with respect to the health care sector. Health is one of the main fields in which decentralising processes have been most marked and widely discussed in recent years. This study shows that it is not possible to identify one single trend and the same timing for all western countries. The type of model adopted (occupational or universal), as well as the fact of belonging to one or another welfare family (the Scandinavian, the Anglo-Saxon, the Continental or the Mediterranean one), greatly influenced the course taken in recent decades by the various public health systems with respect to decentralisation and, in some cases, re-centralisation.

[H4] MINERVA Daniela. «La fiera delle sanità». Rizzoli, 2009

“Health Fair”

The volume describes the different regional health care services taking into considerations several negative aspects and situations such as the “hell of the Policlinico in Rome”, the case of the Santa Rita Hospital in Milan, or the ferocity of the Mafias in Sicily and Calabria. The author, however, also considers best practices in the health care sectors and discusses why such variations exist within the Italian National Health Service.

[H; R; L] MINISTERO DEL LAVORO, DELLA SALUTE E DELLE POLITICHE SOCIALI. «Libro verde sul futuro del modello sociale. La vita buona nella società attiva». 25 July 2008 Retrieved from:

<http://www.lavoro.gov.it/NR/ronlyres/B8453482-9DD3-474E-BA13-08D248430849/0/libroverdeDEF25luglio.pdf>

“Green Book on the Future of the Social Model. Good life in an active society”

Description: The official purpose of the document is to outline the overall strategy that the Centre-Right majority wants to pursue. However, the Green Book – as the title suggests – is mainly supposed to stimulate a debate among the relevant stakeholders, while the concrete policy choices are postponed to a White Book which the Ministry has not yet released.

[H1] OECD, «Health Data 2008». 10 December 2008

Description: OECD Health Data 2008 offers the most comprehensive source of comparable statistics on health and health systems across OECD countries. It is an essential tool for health researchers and policy advisors in governments, the private sector and the academic community, to carry out comparative analyses and draw lessons from international comparisons of diverse health care systems.

[H; R; L] PIZZUTI, Roberto (ed.), «Rapporto sullo stato sociale 2008» Utet, 2008
“Welfare State Report 2008”

The report of 2008 provides an overview of the main social policy developments, by placing the Italian case in a comparative perspective. The author argues, among others, that social needs are increasingly shifting from collective to individual responsibility. The chapter on pensions also provides projections on the effects of the revision of actuarial coefficients (in the defined-contribution pension regime) to be phased starting in 2010.

[H1; R1] RAGIONERIA GENERALE DELLO STATO. «Le tendenze di medio lungo periodo del sistema pensionistico e socio-sanitario. Le previsioni della Ragioneria Generale dello Stato aggiornate al 2008, Rapporto n. 10»

“Mid and long-term projections for the pension, the health and the long-term care system. Update of the forecasts by the Department of General Accounts. 10th Report”

Following the international financial crisis, the Economy and Finance Ministry revised its previous Report on Mid-long term trends for the pension, health and long-term care systems and corrected, in particular, the 2007 pension spending forecasts. Projections are based on forecasting scenarios defined both at national and European level.

[L] Long-term Care

[L] CASANOVA Georgia, «I Fondi regionali per i non autosufficienti». *Prospettive sociali e sanitarie*, Vol.38, N.14, 2008.

“Regional long-term care funds”

The article discusses the inadequate level of the National Long-term care Fund for 2008, and analyses how much money individual regions allocated to long-term care in 2007. According to the author’s calculations, in 2007 the regions invested between two and three billion Euro, partly using state transfers for the health care sector. Considering adequate statistical information on regional expenditure for long-term care is lacking, this article appears very useful.

[L] GORI Cristiano, «Le riforme regionali per i non autosufficienti». Carocci, 2008.

“Regional long-term care reforms”

Over the last decade most regions engaged in reforming their long-term care policies. Some have introduced far-reaching reforms, some are in the process of doing so and others are still at a preliminary stage. Meanwhile at the national level there is an ongoing debate on how to innovate national intervention - which is of paramount importance for regional welfare systems. What are the main strategies pursued at regional level? What are their strong points and what are their weak ones? What are the main challenges for the future? The book addresses these questions, by critically scrutinising the reforms which have already been introduced by the regions, and by discussing funding and governance issues, but also suggesting what role the national government should play within the overall system.

[L] GORI Cristiano, «Quali livelli essenziali per i non autosufficienti». in Ranci Ortigosa, E. (ed.); *Diritti sociali e livelli essenziali delle prestazioni*, Quid n.2, Irs, 2008, pp.59-64. Retrieved from: <http://www.PSS.irs-online.it>

“Long-term care standards”

The author discusses what long-term care standards should be guaranteed across the country and the need to co-ordinate social and health care services under the responsibility of regional and local levels of government with the management of the disability allowance by the State. At present, the latter is totally independent from the policies carried out at the sub-national level.

[L] ISTAT, «L'assistenza residenziale e socio-assistenziale in Italia». Istat, Roma, 28 October 2008.

“Nursing homes and other types of residential care for the chronically sick and the frail elderly”

Statistical information updated only to December 2005 on the various types of residential care for people with disabilities, the chronically sick and frail elderly, by Region. The data also refer to other categories of beneficiaries.

[L] LAMURA Giovanni, GORI Cristiano, HANAU Carlo, POLVERINI Francesca, PRINCIPI Andrea, & TOMASSINI Cecilia, «L'informazione statistica sull'assistenza degli anziani in Italia: un quadro empirico», *Tendenze Nuove*, No.3, 2008.

“Statistical information on care for the frail elderly in Italy: an empirical assessment”

The article provides a critical assessment of available statistical information concerning long-term care needs of people with disabilities and current institutional responses (cash benefits, nursing and homecare services, residential care). The authors also offer some suggestions on how to overcome current shortcomings.

[L] MADAMA Ilaria. «Monitoraggio e valutazione nel sistema socio-assistenziale. Il lancio dei sistemi informativi sui servizi sociali», *Rivista Italiana di Politiche Pubbliche*, N.1, 2008.

“Monitoring and evaluation in the social care system. The launching of information systems”

By the second half of the Nineties, social care policies experienced significant changes aimed at overcoming traditional unbalances in this policy field. Innovations concerned both policy contents and governance instruments. The essay focuses on the latter, and particularly on the launching of monitoring initiatives at both the national and regional levels. After briefly over-viewing the reasons which make monitoring and evaluation practices increasingly relevant for the governance of this policy field, the article runs through the relevant developments at the national level, and looks at how regions are addressing these issues differently.

[H; R; L] MINISTERO DEL LAVORO, DELLA SALUTE E DELLE POLITICHE SOCIALI. «Libro verde sul futuro del modello sociale. La vita buona nella società attiva». 25 July 2008 Retrieved from:

<http://www.lavoro.gov.it/NR/rdonlyres/B8453482-9DD3-474E-BA13-08D248430849/0/libroverdeDEF25luglio.pdf>

“Green Book on the Future of the Social Model. Good life in an active society”

The official purpose of the document is to outline the overall strategy that the Centre-Right majority wants to pursue. However, the Green Book – as the title suggests – is mainly supposed to stimulate a debate among the relevant stakeholders, while the concrete policy choices are postponed to a White Book which the Minister has not yet released.

[26] PAVOLINI Emmanuele, «Governance regionali: modelli e stime di performance». *La Rivista delle Politiche Sociali*, N.3, July-Sept., 2008.

“Regional Governance: different models and performance”

In the last thirty years Italy witnessed a considerable devolution of regulatory and management powers from the state to the regional level in health, social care services, vocational training and active labour market policies. Looking at how the regions have addressed policy problems in these areas can shed light on important aspects of Italian social protection but can also help us to understand how regional political and socio-economic systems are changing. The author suggests a typology of governance models on the basis of how the Regions interact with local authorities and Health Units, on the one hand, and with private and non-profit providers, on the other hand. According to the evidence presented, there is a major divide between the Centre-North and the South in terms of institutional capacity but Pavolini envisages a further differentiation within the Centre-North as far as strategies and policy approaches are concerned. Particularly, he draws a distinction between a “quasi-market” and a “social planning” model.

[H; R; L] PIZZUTI, Roberto (ed.). «Rapporto sullo stato sociale 2008» Utet, 2008

“Welfare State Report 2008”

The report of 2008 provides an overview of the main social policy developments, by placing the Italian case in a comparative perspective. The author argues, among others, that social needs are increasingly shifting from collective to individual responsibility. The chapter on pensions also provides projections on the effects of the revision of actuarial coefficients (in the defined-contribution pension regime) to be phased starting in 2010.

5 List of Important Italian Institutions

AGENAS, Agenzia Nazionale per i Servizi Sanitari Regionali – National Agency for Regional Health Services

Address: Rome

Webpage: <http://www.assr.it/>

AGENAS is a public agency which provides technical support to the Ministry for Labour, Health and Social Policies but also to the Regions, concerning development strategies for the National Health Service. AGENAS also works in close co-operation with the State-Regions Board. Its mission includes evaluating whether and to what extent the Regions effectively guarantee health care standards. Further, it is responsible for monitoring health costs, system innovations but also waiting lists, and elaborating proposals on how to improve organisational arrangements.

Banca d'Italia – Central Bank of the Republic of Italy

Address: Via Nazionale, 91, 00184 Rome

Phone: 0039 (0) 06 47921

Webpage: <http://www.bancaditalia.it>

The Bank of Italy is the central bank of the Republic of Italy and part of the European System of Central Banks (ESCB) and the Eurosystem. It is a public-law institution and pursues aims of general interest in monetary and financial matters: price stability, the primary objective of the Eurosystem under the Treaty establishing the European Community (the EC Treaty); the stability and efficiency of the financial system, thus implementing the principle of the protection of savings embodied in the Constitution (Article 47(1) “The Republic encourages and protects saving in all its forms, it regulates, coordinates and controls the provision of credit”); and the other duties entrusted to it by Italian law. In performing its tasks the Bank operates autonomously and independently, in compliance with the principle of transparency and the applicable provisions of Community and Italian law. Consistently with the public nature of its functions, the Bank prepares information and data for maximum dissemination. It publishes various economic and legal publications, among others Annual Reports, Economic Bulletins, Regional Reports, Legal Research Papers, Economic Working and Occasional Papers.

CEIS, Centre for economic and international studies - University of Rome “Tor Vergata”, Rome

Address: Rome

Webpage: <http://www.ceistorvergata.it/>

The Centre of Economic and International Studies (CEIS) is an internationally recognised research centre within the Faculty of Economics at the University of Rome, Tor Vergata. Its mission is to conduct high quality policy-relevant research on emerging economic issues that call for innovative and impact-oriented responses from the academic community; promote advanced training leading to post graduate degrees in key areas of economics thus empowering graduates to forge ahead and succeed in the field of economics. CEIS is dedicated to the generation and dissemination of outstanding research and analysis for the promotion of sustainable economic development, expanding and improving public policy options in Italy and around the world. Its research agenda covers diverse areas and fields of economics emphasising global macroeconomics topics, development and growth theory,

international money and finance, energy and environment among others. One of the most important publications is the annual Health Report.

CENSIS, Centro Studi Investimenti Sociali, - CENSIS -,

Address: Rome

Webpage: <http://www.censis.it>

Description: Censis was founded as a social study and research institute in 1964, becoming a legally recognised Foundation in 1973 through Presidential Decree. In the last years Censis has conducted more than 60 research projects annually for a variety of clients, for the private and for the public sector, at local, national and international level. The most important areas of interest of Censis activities include: Education; Labour market; Welfare policies; Health; Local development; Cultural policies; Information; Mass-media; Security, irregular migrants flows, trafficking of human beings. It has gained the reputation of being one of the most prestigious national research institutes in social sciences and economics. The main publication is the Annual Report.

CERP – Center for Research on Pensions and Welfare Policies

Address: Moncalieri, Turin

Webpage: <http://cerp.unito.it/>

CeRP is a research centre in Italy with a specific focus on pension economics and the economics of ageing. The main research topics include pension systems design, reform and evaluation; households' saving; retirement patterns, paths and choices; life insurance and annuities; intra/intergenerational redistribution induced by different pension systems; public policies and incentives towards retirement savings; intergenerational accounting; welfare policies directed at the elderly; participation in supplementary pensions; governance and financial aspects of pension funds. Research is performed both at the micro and at the macro level, and a special attention is devoted to policy aspects. CeRP is a research centre of the "Collegio Carlo Alberto". An important role is given to the dissemination of the research output, through conferences, seminars, publications and contributions to the debate on pension issues. CeRP has published several volumes and produces an important Working Paper Series.

CNEL, Consiglio Nazionale dell'Economia e del Lavoro – National Economic and Social Council,

Address: Rome

Webpage: <http://www.cnel.it>

The National Economic and Social Council has a consultative role with respect to Parliament and the Executive. CNEL was established in 1957, according to article 99 of the Italian Constitution. It can initiate legislation and contribute to policy making in the economic and social field within the limits set by ordinary laws.

COVIP, Commissione Vigilanza Fondi Pensione -

Webpage: <http://www.covip.it/homepage.htm>

COVIP is an administrative authority which is responsible for controlling the management and activity of supplementary pension funds. It submits a yearly Report to the Minister for Labour, Health and Social Policy covering its monitoring activity and providing statistical information on supplementary pension schemes. It should guarantee information transparency and appropriateness in the management of private pension funds. It can also propose legislative reforms in the relevant field.

FEDERSANITA' ANCI - "Local Health Units and Municipalities' organisation for health and social care services"

Address: Rome

Webpage: <http://www.portal.federsanita.it/>

Federsanita'-ANCI is the national representative body of Local Health Units and Municipalities concerning all the aspects related to the integration of health and social care services.

IRS, Istituto per la ricerca sociale – Institute for social research

Address: Via XX Settembre 24, Milan; Via Castiglione 4, Bologna; Via Etruria 47, Rome

Webpage: <http://www.irs-online.it>

*IRS is a wholly independent, non-profit cooperative currently counting 60 members. Its proceeds derive exclusively from activities developed specifically for its clients. Its work is based on a multidisciplinary, fully integrated approach. IRS is part of various international research centre networks and closely collaborates with prestigious universities and qualified experts. IRS is articulated in seven areas: The Labour Market and Industrial Relations; Nonprofit; Administrative Policies; Training and Labour Policies; Enterprise and Industry Policies ; Social and Health Policies and Services; Urban Policies. One of the main publication is *Prospettive Sociali e Sanitarie*.*

ISFOL, Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori - The Italian Institute for the Development of Vocational Training for Workers

Address: Rome

Webpage: <http://www.isfol.it>

ISFOL is a public research body implementing and promoting studies, research and evaluation activities as well as information, advice and technical assistance actions in the area of vocational training, social and labour policies. The Institute's activities mainly contribute to improving human resource standards and increasing labour placement and social inclusion.

ISTAT, Istituto nazionale di statistica – The Italian National Institute of Statistics

Address: Rome

Webpage: <http://www.istat.it>

The National Institute of Statistics (Istat) has been working since 1926 as the main supplier of official statistical information in Italy. It collects and produces information on Italian economy and society and makes it available for study and decision-making purposes.

Istat is a public research body acting in full autonomy, governed by a President and a board of directors that plan, direct and evaluate its activities.

Books published by Istat - all available in the Virtual Bookshelf in Italian language - are collected in series (Yearbooks, Information, Subjects, Methods and Rules, Statistical Annals, Statistical Indicators, Essays) and by subjects.

Among the general publications the Annual Report analyses emerging phenomena, the Italian Statistical Yearbook summarises the results of the main surveys conducted by Istat and other National Statistical System bodies, the Monthly Statistical Bulletin updates current information.

This publication is financed by the European Community Programme for Employment and Social Solidarity (2007-2013). This programme was established to support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields. The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA and EU candidate and pre-candidate countries. The Programme has six general objectives.

These are:

- (1) to improve the knowledge and understanding of the situation prevailing in the Member States (and in other participating countries) through analysis, evaluation and close monitoring of policies;
- (2) to support the development of statistical tools and methods and common indicators, where appropriate broken down by gender and age group, in the areas covered by the programme;
- (3) to support and monitor the implementation of Community law, where applicable, and policy objectives in the Member States, and assess their effectiveness and impact;
- (4) to promote networking, mutual learning, identification and dissemination of good practice and innovative approaches at EU level;
- (5) to enhance the awareness of the stakeholders and the general public about the EU policies and objectives pursued under each of the policy sections;
- (6) to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives, where applicable.

For more information see:

http://ec.europa.eu/employment_social/progress/index_en.html