



**WILCO**

Welfare innovations  
at the local level  
in favour of cohesion

## Local welfare in Italy: Housing, employment and child care

Giuliana Costa and Stefania Sabatinelli  
Politecnico di Milano (Italy)

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## 1. GENERAL BACKGROUND

### 1.1. Structure and development of the welfare state

In the first taxonomy proposed by Esping-Andersen (1990) Italy had been classified as part of the Conservative model of welfare capitalism, characterized by a strong role of the male-breadwinner, by a supremacy of employment-based protection measures, and by a prevalence of monetary benefits as opposed to in-kind provision. Later on, literature has better defined the position of Italy as part of a "variant" of the Conservative model. Together with Spain, Portugal and Greece, Italy is currently acknowledged to form a distinct Southern European or Mediterranean welfare model (Ferrera 1996; Leibfried 1992; Esping-Andersen 1999). This model is characterized by a comparatively lower level of social expenditure, and especially a lower share of expenditure devoted to family support and struggle against poverty and social exclusion. In this model, even wider responsibility about income redistribution and care of inactive individuals (children, elderly, disabled) is left to the family. The paradox is that in the so-called "Familistic" countries families are not sustained by generous monetary transfers. In this sense, the subsidiarity of the State towards the family can be defined as "passive" in the Southern European countries, as opposed to the "active" subsidiarity found in continental ones (Kazepov 2008).

The origins of the Italian welfare state were clearly occupational. Protection was gradually enlarged during the *Trentes Glorieuses* by successively including new categories of beneficiaries. This was possible in years of steady economic growth, when deficit spending was considered a legitimate way of financing social policies.

The original occupational path was partly changed at the end of the Seventies, when a major universalistic reform in health policies introduced the National Health System, with access to public hospitals and public family doctors free of charge to all residents (Ferrera 1993).

The bulk of social expenditure remains even nowadays destined to contributory-based schemes. Italy is the European country that spends most for old-age pensions and survivors: 60.7% of total social expenditure, against a EU-27 average of 45.9%, and 15.5% of GDP, more than typical Bismarckian countries such as France (13%) and Germany (12.4%). Conversely, expenditure is significantly lower for unemployment schemes (2% of social expenditure, against 6.1% of EU-27) and for measures for families and children (4.4%, against the 8% of EU-27). Resources for housing and social exclusion are also extremely low: 0.3% against a EU average of 3.5% (Eurostat 2008).

Particularly critical is the lack of a national minimum income scheme, a feature that Italy shares only with two other EU countries: Greece and Hungary. Means-tested support schemes exist only for very specific categories: low income elderly over 65 (*Pensione Sociale and Assegno Sociale*) and households with at least three children under 18 (*Assegno per nuclei con almeno tre figli minori*). Other measures of income support are left to the initiative of Municipalities.

Like other countries with a Bismarckian welfare state, social expenditure in Italy is also rather strongly concentrated in monetary schemes (over 70%, more than 10 percentage points more than Scandinavian countries) as opposed to the provision of in-kind services. This is one of the elements that makes it harder to reform the Italian welfare system in order to make it more responsive towards the new social needs, and particularly measures needed in a *flexicurity* approach - that is unemployment benefits and activation measures - on the one side, and care services and policies - particularly child- and eldercare - on the

other. Details about early child care facilities are given below (§ 4). Here we briefly recall the lack of a national long term care scheme; the only existing measure is a monetary "attendance allowance", covering everybody who is recognized 100% disabled, with no limit of age or income (*Indennità di accompagnamento*, 487€/month in 2011). It is estimated that this measure reaches almost 10% of the Italian elderly (Micheli and Rosina 2008). This element has been crucial in fostering an almost unique development in Europe: the diffusion of migrant home-based carers, mostly living with the person they care for and generally lacking any job contract, the so-called *badanti* (Da Roit 2010).

A major dimension that cannot be ignored in the analysis of Italian welfare is the North/South divide. Major differences are observed regarding both the level of socio-economic development and labour market dynamics as well as concerning the quantity and quality of public interventions and of social services.

Particularly different between North and South are rates of female participation to the labour market (see § 3.1). As a consequence, the male breadwinner model is more persistent in Southern Regions, whereas Northern Regions are more transiting towards a dual earner family model. In this sense, Northern Italian Regions are more similar to continental European countries, than to Southern Italian Regions.

Social exclusion is also concentrated in Southern Regions: a very brief indicator of this is found in the differences in the relative poverty rates, that in 2009 were 22.7% in the South, 4.9% in the North and 5.9% in the Centre (Istat 2010b).

Performance of Regions in terms of provision of social services is also very much territorially diversified. The expenditure of Municipalities (single and associated) for social services and interventions was 125.4€ per capita in North-West in 2007, 148.7€ on North-East, 122.4€ in the Centre, 90.5€ in the Islands and only 51.6€ in the South (Istat 2010a). Municipal social services for poverty and adults in need were present in over 80% of North-Eastern Municipalities, but only in 30% of Southern ones (Istat 2008). Similar differences characterize the diffusion of other specialist social services; the ones for families and children, for instance, were present in over 90% of Northern Municipalities in 2005, and only in 54.1% of Southern ones (Istat 2008).

## 1.2. Degree of centralisation

After a late and long process of national unification, the general structure of Italian public administration has been characterized by a *pendulum* between centralisation and decentralization. Also as a reaction to the nationalist centralism that had characterized the fascist period (1925-1945), the 1948 Constitutional law introduced the Regions as an intermediate level between the State and the local bodies (Provinces and Municipalities). However, Regions were finally created only in 1970. During the decades of welfare growth and consolidation, after the second world war, the bulk of welfare protection was organized on national scale, with local offices basically being territorial operational branches of national ministries.

Yet, social assistance, social services and care facilities have been decentralized ever since the Seventies (Kazepov 1996). Competencies about early child care facilities have been transferred to Municipalities by a national law, regulating "Municipal day-care centres" in 1971 (see § 4). Also responsibilities about social assistance have been devolved to Municipalities, through a decree in 1977, without any national framework, what originated a fragmented development, in which some Regions introduced their own specific regional law and some others did not.

A national framework regulation about social interventions was absent until 2000, when the law 328/00 called for a more universalistic approach in Italian social policies, and introduced a cascade regulation pattern, in which:

- the **State** is responsible for the definition of general objectives and minimum assistance levels;
- **Regions** are responsible for programming and designing of social policies;
- **Provinces** have competencies of coordination and support to local levels;
- **Municipalities**, also in associated form (**Social Districts or Ambits**), are in charge of implementation and delivery of services and measures.

Unfortunately the law was never accompanied by adequate financial resources, and just one year later it was overcome by a Constitutional reform in 2001, confirmed by a popular referendum, shifting all competencies about social policies to sub-national levels<sup>1</sup>. The State has not the power to introduce framework laws anymore; it can only define minima provision levels (LIVEAS). This has not been done yet, except for health services, because of the implications of recognizing subjective rights on public expenditure (Ranci Ortigosa 2008). The result is that 21 different systems of social protection are developing on the Italian territory, and that inequalities between Regions seriously risk to be deepened, instead of being reduced. Consensus among the State, the 19 Regions and the 2 Autonomous Provinces is to be found around any new initiative. However, as the distribution of competencies is not entirely clear yet, several institutional conflicts have arisen among different government scales since the Constitutional reform (Righettini and Arlotti 2009).

Within regional programming framework, sub-regional levels (Provinces and Municipalities) have a certain degree of autonomy in deciding what kind of services to provide to citizens, also regarding housing policies, care services and employment services. Yet, the financial constraint is a very relevant issue at this regard, reducing *de facto* the actual autonomy of local bodies.

A reform about fiscal federalism is currently being approved, so that it is not clear yet what degree of autonomy sub-national levels will have in terms of tax imposition. Neither is clear what mechanisms of balancing will be introduced in order to control the risk of rising of inequalities between Northern and Southern Regions.

### 1.3. Trends

A major trend in these last three years has been the need to cut public expenditure, in order both to face the economic crisis and respect the European stability pact. Cuts have been applied in the Budget laws to all Ministries, and strict ceilings to public expenditure have been imposed to all local authorities, that cannot overcome certain thresholds of spending even if they are virtuous bodies (meaning they do have enough resources of their own in order to cover the projected expenses).

In the management of social policies a continuing trend is the development of various forms of mixed forms of management, such as:

- outsourcing of the management of public facilities to non public providers;
- public-private partnerships;

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<sup>1</sup> Together with all responsibilities not explicitly acknowledged as of the State, that are: definition of minima standard of provision; foreign policy; defence and security; additional resources to reduce territorial inequalities; justice; general norms on education.

- creation of special agencies;
- agreements defining conditions under which public bodies "buy" a certain number of places in available private services, and reserve them to users on the waiting lists for public services;
- public financing of vouchers to be spent in public or private services.

Particularly, the role of Third Sector has been increasing over the last decades in strict connection to this phenomenon.

A slight increase in the diffusion of sovra-municipal initiatives is observed in the management of social interventions and services (Istat 2010). This allows a more efficient management of local public expenditure, permitting particularly to small and very small Municipalities to profit of scale economies.

Examples are observed of intermediate scale bodies, such as Provinces, that support specific types of sovra-municipal initiatives; see for instance the AFOL experiment in the Milan Province (§ 3.4).

In order to tackle the economic crisis of the last years, exceptional measures have been adopted in order to allow access to protection measures also to categories of workers generally excluded by category-based unemployment schemes (Exceptional CIG; see § 3.2 for more details).

Another measure introduced to tackle the consequences of crisis on households' income was a very residual income support, called *Social Card*, introduced by the Budget Law 2009 with the objective to enhance the purchasing power of families most in need. It consists in a State contribution of 40€/month, to be used to pay for food, electricity<sup>2</sup> and gas bills. Only very low income households with members over65 or under3 are entitled. 60% of cards has been financed in four Southern Regions: Campania, Puglia, Calabria e Sicilia (Cies 2009). This intervention has been very controversial for the minimal redistributive effect and for the high management costs to produce and distribute the card.

A rhetoric about the necessity of an active approach to social policies is increasingly used in Italy in order to justify public expenditure against supposed unemployment traps. Such discourses have accompanied the implementation of *Exceptional CIG*. Yet, resources devoted to really activating policies are still scant in Italy, and the network of Public Employment Services (PES) is still rather inefficient. PES only manage a small minority of unemployed passing to new jobs, whereas the core of their activity rather continues to be the management of the procedures to verify entitlement to existing passive measures (unemployment benefit and the like).

Anti-immigrant populism has been a lever of political consensus building in the last decades; it has been increasing in the last years in relation in particular to access to welfare measures, especially at the local level (e.g. access to social housing, day-care centres, subsidized school canteens, etc.). The situation risks to get seriously worse as a consequence of the increase in immigration flows due to the recent political instability in several countries of North Africa. The way these flows are being faced by the Italian Government is also threatening the relationships with the European Union and different European countries.

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<sup>2</sup> Around 4 millions of households (especially large families) have also been entitled to a reduction of electricity bills, of 70€/year on average.

## 2. THE FIELD OF HOUSING IN ITALY

### 2.1. Introductory backdrop

Housing policies had always been a residual part of welfare spending in Italy (Maloutas *et al.* 2004; Baldini 2010). Strong public investments in this field occurred only after the second world war when scarcity of dwellings was an evident social problem: for a population of 45 million of people, only 35 millions of rooms were available. With the law 43/1949, better known as "Legge Fanfani", a huge plan (called Ina-Casa) launched the construction of dwellings destined to rent or to sale to Italian families, not only poor ones but to middle class members too. Politics, headed for many years by the Christian Democratic Party enforced the slogan that "not everybody is proletarian but everybody has to be homeowner"<sup>3</sup> (Minelli 2004; Baldini 2010). The cultural and ideological predominance for property support is long-standing in public policies (since 1903 in the "Legge Luzzati", the first organic law that established precise public responsibilities towards housing issues) and remained in them till nowadays.

As an outcome of policy and social orientation, Italy is a country of property owners, if compared to other European ones. This specific feature of the housing market in some way, biased the perception of housing issues in the Italian society: ownership was thought to be the solution for all housing needs and problems. The topics related to housing needs re-emerged in the public agenda in these last five/ten years mainly due to demographic trends and changes in family structures (the increase in the number of families and the concomitant reduction in the number of family components), the immigration phenomena that have invested the country in this decade, the slow increase of income contrasted to the huge rising of real estate prices and rents values. New tensions in the housing market are arising, not only related to the needs of the traditionally most fragile population, but also to some categories of individuals that, because of different living conditions, are in a difficult position to enter both in the private and in the public housing market as owners or renters. Along with the growing number of those who are in an emergency or very deprived situation (evictees, dispossessed, refugees, homeless, temporary migrants and so on) vulnerable populations in terms of housing access and affordability are more evident, mostly in metropolitan areas. Lone adults, young couples, single parents, temporary workers and students for example, should be considered new target groups for housing policies in the beginning of the Millennium (ANCI 2010) as they have incomes that are too high to get in social public housing schemes and too modest to rent or buy an adequate dwelling in the private market arena. Housing issues came back to the scene of the public debate also along with concerns about cities social cohesion, competitiveness and attractiveness: the unavailability of affordable dwellings slows down the formation of new households and prevent young generations to get independent from their families, transforms working mobility opportunities in a difficult operation, limits the incapacity to offer proper accommodation to students and consequently limits the attraction of Italian Universities and research centres (ANCI 2010).

### 2.2. Demand and supply

*The Italian housing market, evolution of housing stocks and the role of the public sector*

The most salient peculiarity of the Italian housing market is its very high proportion of homeownership, which has been increasing since the 1970s and is now over 80% of the

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<sup>3</sup>In Italian there is rhyme between the two words "proprietary" and "proletari", so "non tutti proletari ma tutti proprietari".

total. According to Istat data (2009), 81.5% of Italian families own their home<sup>4</sup>, 16.3% of them pay a mortgage loan (with a medium instalment of 465 Euros per month). Renting families are 17.1% of the total, a percentage that is constantly diminishing in the last years. Medium rents values are rising, they were 362 Euros per month in 2008, 351 in 2001 and 340 in 2006, with huge differentiations between Northern and Central areas of the country and Southern ones. As showed in table 1, the actual stock of dwellings in Italy is approximately 29.2 million. It has been estimated that five million of them are empty and unused (because too obsolete), unsold or unrented or used as a second or third home (a phenomenon that is peculiar to Italian medium and high classes).

Table 1. N° of residents, households, stock of dwellings, n° of household components, % of property owners, tenants and of legal immigrants

	N° of inhabitants (in millions)	N° of households (in millions)	Var.	Stock of dwellings (in millions)	Var.	N° of medium household components	% of property owners (or for free tenure)	% of tenants	N° of immigrants residents (in millions)
1971	53.8	16.0	-	17.4	-	3.37	55.8	44.2	0.13
1981	56.5	18.6	+16%	21.9	+26%	3.03	64.5	35.5	0.31
1991	56.7	19.9	+7%	25.0	+14%	2.85	74.7	25.3	0.62
2001	57.0	21.8	+10%	27.3	+9%	2.61	80.0	20.0	1.33
2008	59.6	24.6	+13%	29.2	+7%	2.42	81.5	17.1	3.69

Source: Istat (Census data and 2009) and Baldini's (2010) estimates for the n° of dwellings of 2008.

If Italy can't be considered poorly equipped as housing is concern, it has to be considered that this is the result of private market driven forces, including the cooperatives that started to develop in the beginning and along the XXth century, becoming important actors in this field. As a general feature, the Italian market principal problem is the limited place that renting has in it, especially but not only, the "social" parts of it. The stock of dwellings available to rent is very modest, landlords resist to put them in the market because of the high taxation of personal income derived from it (when declared) and their weak legal status preferring eventually to accumulate unused properties with investment purposes (or rent them in the black market, as explained further on). Rents are very high and are increasing even in the last two years when real estate prices stopped their rise<sup>5</sup>. There is a historical shortage of "social public housing" in Italy and this is the result of the traditional model of housing policies that, according to the literature on housing and welfare state, puts Italy in the group of "Mediterranean" countries: predominant support to the access of ownership as a general solution for housing problems along with scarce investment in public social housing programs (to sell and to rent), little government and direct intervention on the market and distributive policies mainly carried out by regulative measures<sup>6</sup> (Tosi 2009; Maloutas *et al.* 2004). It is important to remember that housing is not an esigible right in the Italian welfare system. Even if many public residential building plans have allocated specific resources to create a public stock for affordable renting

<sup>4</sup> This percentage includes also the usufruct and for free use and accommodation.

<sup>5</sup> According to Nomisma (2009), in the period 1991-2009 household disposable income grew by 18%, rents values in urban areas 105% and real estate prices 164%.

<sup>6</sup> As for example blocking the rental market putting limits on private rents values with the "equo canone" law that has been introduced in 1978 and abrogated in 1992.

housing destined to the most economically fragile populations, this effort has been decreasing<sup>7</sup> and has partly vanished with the progressive dismantling of it. Many socially rented apartments have been sold to renters with a very little selective approach (in terms of income of buyers). It was a privatization at very low prices. In the period 1993-2006, 155,000 (almost 19% of the total stock) dwellings have been sold by the public agencies that manage the ERP (the acronym "Edilizia Residenziale Pubblica", refers to all forms of public social housing, managed by local public agencies created at a provincial level<sup>8</sup>). This process of selling was (and still is in many cases) formally justified by the need to recuperate financial resources to manage and restructure the remaining stock and to build new social housing dwellings. Even if some new buildings have been constructed in these years, from 2001 to 2006 the public stock of dwelling for social rent passed from 811,500 to 768,000 diminishing of 5.4%, with higher rates in the North. In 2006 (the more updated data) the stock of public housing for rent was about 3.8% of the total occupied dwellings (Federcasa and Censis 2008).

The Sunia<sup>9</sup> has estimated that in 2009 there were 600,000 households in waiting list to get assigned a public social dwelling (Portanova 2009). They range from 1-2% of the total number of households in the same area in Northern cities as Milan and Torino to maximum 8-9% in Southern ones as Catania or Bari (Federcasa and Censis 2008). Frequently, even coping with the established eligibility rules to get access to a public accommodation, they have to wait to have an assigned dwelling perhaps for many years. Shortages in social public housing are due also to the fact that beside the big limit of scarcity of stock, its turnover rate is very low, not more than 3%/year. According to a research made by Censis-Sunia-CGIL in 2007, the distribution of those living in a public assigned dwelling by number of years of occupancy is: for more than 16 years 46.6% of the total; 35.2% from 5 to 16 years and only 18.2% for less than 5 years. This very slow turn-over has to do with difficulties to reallocate families in case of decay of their eligibility and with the fact that in most cases they maintain along the years their hardship conditions which gave them access to social public housing.

### *Eligibility for public social housing*

Public housing eligibility rules are nowadays defined by single Regions and to some extent single Municipalities after the completion of the decentralisation process of this policy field (see next paragraph). Eligibility criteria are quite different in each Region even if they show some common elements: normally they fix rules regarding the residence in the regional or municipal territory where potential housing demanders are applying for (for immigrants the residence has to be enforced by a legal status of permanence in the country), the fact of not being a property-owner and the maximum available income for applicants. But all these criteria are implemented in very dissimilar ways. Just to give some examples, some Regions impose that applicants have to reside or work in the same Municipality where housing allotments take place, in others it is sufficient that this condition is in place on the regional territory or in the national one. The same happens to possible housing ownerships: in some cases exclusion criteria are very strict in terms of prior ownership and value of the real estate good, in others they are more generous, both in terms of location of a real estate good or its economic value. An important element of discrimination is the disposable income, a synthetic indicator of the social conditions of

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<sup>7</sup> Till the beginning of 1980s. From 1984 to 2004 the production of new dwellings funded by public budgets has dropped from 34,000/year to 1,900.

<sup>8</sup> They have a long history being funded, many of them, in the first years of the XXth century. They were participated by the Municipality, cooperative banks, cooperatives of builders and cooperatives of inhabitants.

<sup>9</sup> The Sunia, Sindacato Unitario Nazionale Inquilini e Assegnatari, is a big tenants trade union, an important stakeholder in the housing field.

those who wish to apply for a public house for rent. The maximum income varies from 15.000 Euros of Umbria to the 30.000 of Emilia-Romagna but this income is determined through very different instruments and scales of economic evaluation (Ombuen 2006).

Assignment procedures are also completely different from one region to another in terms of periodicity, reference area for the bid, manager of the competition (the single Municipality, aggregation of municipalities, the territorial competent public housing agency), the participants to evaluation commissions, preferential criteria (for example households composed by disabled, elderly people, single parents, dependent workers, evicted people, "coming back" emigrants, etcetera). Furthermore, the level of discretion varies a lot among Regions because of the practice of reserving dwellings to the so-called "special categories" assigning them high scores in the rankings formed to structure the waiting lists.

As a general trend, many observers state that regional policies are more and more oriented to the support of low/middle classes populations than to destitute and highly distressed ones (Ombuen 2006; Tosi 2009a). Some Regions like Lombardy that have a more active labor market try to promote more than others the housing inclusion of workers, be they Italians or immigrants.

### *Housing and illegally activities*

The field of housing is characterized by a relevant level of illegality. Illegality spans from "light" forms of norms elusion to criminal activities. One of the more frequent illegality in this market concerns the absence of formal contracts to regulate rent transactions, be they for long period renters or in other forms of dwellings use (like sub-rent). Because of the absence of formal controls and incentives/disincentives both for the owners (no amends or extra taxations for unused dwellings) and for renters (no general tax reliefs for renting costs), many renting transactions are completely undeclared. It has been estimated that 40% of renting transactions are completely undeclared (Sunia 2007). Very often contracts are registered but for less than the total value of the agreed rent.

Criminal activities related to housing are quite differentiated. First of all it has to be remembered that the Italian society and economy is strongly permeated by the so called "organised crime". Big organizations like Mafia, Camorra or Ndrangheta are spread all over the country<sup>10</sup>, mainly infiltrated in big housing projects, in some activities of the construction chain (like the production of cement, as impressively shown in the bestseller book "Gomorra", by Saviano, or the logistics of earth handling, as denounced by many observers and journalists after the L'Aquila earthquake), in the organization and implementation of huge events with real estate components (like EXPO to be held in Milan in 2015) or simply controlling the building business in many parts of big cities or in entire small cities<sup>11</sup>. Crime activities are also spread at a local level (sometimes to entire neighbourhoods) performed by little racket organizations that pretend to manage public housing stock access or to promote and support illegal occupation of dwellings, being paid for it. It's important to consider that many dwellings, property of public local agencies or of municipalities, stay for long time empty because of the lack of financial resources to renovate them in order to respect minimum standards of habitability. The level of illegal occupancy of public dwellings seems to be quite physiological in the country (the most

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<sup>10</sup> There are nowadays many initiatives to map the presence of criminal organizations in Italy, especially in building activities, shattering the rooted idea in the public opinion that "Mafias doesn't exist in Northern Italy" (see [www.libera.it](http://www.libera.it) among others).

<sup>11</sup> Some privileged observers state that these organizations have long-term investment strategies so the building construction, even in a moment when there are in some territories many unsold dwellings, remains a very good deal.

recent estimate of it -2006- refers to 4.3% of the total public stock, 1.4% in the North, 4.6% in central areas of the country and 7.7% in southern ones) but in some cities illegality is quite impressive: 25% of buildings in Catania or Palermo, and 11% in Rome (Federcasa and Censis 2008). A quite new phenomenon registered by local news of many big cities is the development of illegal housing activities performed by immigrants that exploit immigrants of the same ethnic group, normally those who have just arrived in the country/in the city. As a last point it's important to remember that unauthorized building is a common practice in Italy as well as amnesties for infringement of local building or urbanistic regulations.

### 2.3. Structure of the administration

#### *The institutional architecture of the Italian social housing policy field*

During the XIII parliament legislature (1996-2001) public residential policies with social aims have been completely transferred to the Regional level of government through two large groups of norms: laws n° 59 and 127/1997 called "Bassanini" (the name of the Minister for the Public Function), implemented with the decree 112/1998 and the reform of the second part of the Italian Constitution, with the constitutional law n° 3/2001. With the first ones, the scheme through which in the last decades public housing policies had been financed, was abolished (the so called "GESCAL contributions" paid by dependent workers and employers) without replacing it with a systematic and proper alternative funding mechanism for Regions and Municipalities. The Constitutional reform assigned to Regions larger legislative powers and the exclusive jurisdiction on many policies (among them assistance and housing ones), leaving to the central State only the responsibility to fix the "basic levels of provisions concerning the civil and social rights that must be ensured all over the national territory" (art. 117, comma m, Title V of Italian Constitution) and the possibility to intervene through the allocation of additional resources to Municipalities, Provinces and Regions to "promote the economic development, cohesion and social solidarity". In addition, the Central government distributes the amount of resources fixed in the Budget Law year by year to residential public social housing (see next paragraph). Urban and landscape planning responsibilities are shared by the Central State and Regions. Previously Regions had already large capacities to program in several matters but they were strongly checked by (and dependent from) the central government through a system of funds transfers linked to specific aims (Brosio 2003; Arlotti 2009). The Constitutional amendment gave new tasks to the Regions, following the processes of devolution, rescaling and subsidiarization of social policies enforced in Europe (Kazepov 2009), transforming them into important actors in the social protection system. None the less such centrality has not been adequately supported by tax levy, actually the central issue at the heart of the construction of a real "federalist" State. The clarification of the Central State role in housing policies from 2001 launched the possibility for the renewal of the role for public residential housing policies (Ombuen 2006). In parallel, each Region has differently legislated about public residential housing, giving birth to a very fragmented system of policies throughout the country.

Regions have to survey social housing needs, to plan the interventions, to redistribute national funds among the different Municipalities and to define eligibility criteria for the access to social housing with subsidized rents. Regions have also to define general strategies and objectives in this field which will be then implemented by the single Public Housing Agencies in collaboration with Municipalities. These agencies have assumed different institutional status according to single regional decisions. Some of them have maintained their traditional form of "non economic" public agencies, some others have been transformed in public agencies with budget responsibilities, same others have been transformed in mixed public-private companies (Baldini 2010).

In the last years competence conflicts among the Central State and Regions were quite frequent. In 2007 the Constitutional Court determined that the minimum number of dwellings for low income populations should be defined by the central level (as part of the process of definition of the "basic levels of provision"), that the areas on which new settlements would be done should be defined jointly (because urban planning is a shared competence between the two levels, Central State and Regions) and that Regions should be responsible for the general activity of planning upon the stock of public housing be it owned by public agencies and/or Municipalities.

### *The support for low income tenants*

In these last decade public social housing measures launched by the central Government are limited to economic support for the purchase of the first household dwelling, the introduction of fiscal benefits, some emergency aid for evicted households (but constantly diminishing the number of potential eligible ones), some modest initiatives for the construction of public housing for rent and renewal programs for distressed neighborhoods (the "Contratti di Quartiere") with very little impact in terms of new housing policies (Tosi 2009a). The specific supports for low income tenants that are now in place are: economic transfers to help in paying private rents, fiscal benefits for some kind of renters and affordable (but very scarce) public social housing or private but publicly subsidized rent. There is a lack of policies devoted to the poorest population, seldom "treated" with assistance measures and policies at a local level rather than with real housing solutions (ibidem).

With an import reform law (431/1998), the renting market has been redesigned and liberalized in order to increase the number of private dwellings offered in the market. Two possible channels for renting contracts were created and some social measures have been put in place.

In the first channel, the parties in the case freely agree a rent value and the law just fix the duration of contracts (four typologies of contracts have been introduced, including contracts devoted to students). The second channel for renting is through a kind of "fair rent", in Italian "canone agevolato" (also called "concordato" or "sovvenzionato") that is fixed on the basis of local agreements between the most representative associations of landlords and tenants, assuring fiscal benefits for landlords. This fair rent is normally much higher than the "very social rent" which eligibility criteria are defined by Regions and 20-30% less than private market ones.

The reform law introduced (and financed!) a "Social Fund for Rent" ("Fondo Sociale per l'Affitto") that has been put in place with the aim to help low income families with a high incidence of renting costs on income to access or to stay in private rented dwellings. It can be applied for only by those who are regular tenants and have certificated incomes; workers or renters in the black economy can't access it. Over the years the Fund diminished and demands increased very strongly, producing a disconnection between demand and capacity of this measure to cope with growing needs. The resources allocated to this Fund (and distributed to the single Regions), have passed from 362 million of Euros in 2000 to 310 in 2006 (-15%) with an increase, of demanders in the metropolitan areas of 148% in the same period (from 43,000 to 106,000). But the dramatic reduction of the Fund still had to come: it passed from 211 millions of Euros in 2007 to 144 of 2010 and to the prospected 14 in 2013. Estimates for 2010 are that 400,000 households will apply on this Fund. The initial objective of this measure was to reduce the incidence of rents on incomes to 14% for lower incomes and to 24% for higher ones but, as showed by Sunia (2009b) elaborations, it was never able to assure an average incidence equal to less than 50% over the years also because of the upward dynamic of private rents, especially in

metropolitan areas. Just to give some examples, in Milan the economic help covered the 26% of the total rent in 2000 and the 13% of it in 2006, in Bari it passed from 27% to 13%, in Rome 41% to 25%. Nowadays this public economic support is concentrated on the most fragile parts of population. According to SUNIA data, 20% of beneficiaries are families with just one component, 67% single earners, 30% retired people, 25% are women, 23% are more than 65 years old. Moreover, 77% of recipients households have an income lower than 20,000 Euros, 20% between 20 and 30,000 and 10% have higher incomes.

Fiscal benefits for tenants with modest incomes were introduced just recently<sup>12</sup>. They represent a kind of uniform indirect aid to renters in the whole country. Fiscal benefits depend on the tenant income and other conditions. If the beneficiary is paying a "fair rent", the fiscal benefit is 500 Euros/year for incomes between 15,493 and 30,983 Euros and 250 Euros for income less than 15,493 Euros. In the private market renting the fiscal benefit is 300 and 150 Euros respectively. Social renters cannot benefit because they are already privileged by very low rents (Baldini 2010).

## 2.4. Housing in relation to social exclusion

### *Exclusion, poverty, housing distress and homelessness*

In a country characterized by high rates of home ownership, it's first of all important to analyze the relative position of tenants. The increase of renting values above mentioned is very critical if we consider that low income families and vulnerable households are those that proportionally are more present in the renting market: 58.1% of total tenants households are concentrated in the first two quintiles of household equivalent income; 23.3% of families with one component are tenants, 33.2% of single parents with a minor child are renters and 32.8% of those looking for an occupation as well (ANCI on ISTAT 2009 data).

Generally speaking there are two categories of "housing distress" in nowadays Italy. The first one refers to those who live a situation of total emergency. Using the wider definition of homelessness (the ETHOS conceptual classification developed by the Feantsa -European Federation of National Organizations Working with the Homeless) that includes conditions of rooflessness, houselessness, living in insecure accommodation and living in inadequate accommodation, it has been estimated that emergency situations affect from about 70 to 120,000 persons (Tosi 2009b).

The second category refers to problematic situations that are not totally new<sup>13</sup> as living in too small or not well equipped dwellings or supporting too high housing costs, even though being property owners. The most recent available data (Eu-Silc 2007 cited in Baldini 2010) show that the Italian situation is not brilliant in terms of comfort of dwellings: 16% of households for example live in dwellings with a number of rooms lower than the number of persons living in it. According to Bank of Italy data and using different operational criteria, 9,3% of households live in overcrowded dwellings (Baldini 2010) with a much higher incidence of tenants in comparison to property owners.

There are many economic indicators that are useful to catch the dimension of housing distress: the incidence of housing costs on available income passed in its medium value from 34.3% in 2000 to 37.7% in 2008 (Istat 2009); for tenants, the relationship between rents and disposable income passed from 17.1% of 2000 to 20% in 2008 (but from 25.3 to

<sup>12</sup> All the system of fiscal benefits were till that moment only concentrated on landlords, which are historically privileged also from this point of view (see Minelli 2004).

<sup>13</sup> As referred by Tosi (2009a) in the beginning of the 90s it was estimated that 900.000 families where in a difficult situation concerning housing.

26.4% for the lowest income households) and finally, proportion of families that spend more than 30% of their income in rent passed from 23.7% in 2000 to 26.1% in 2008 (from 41.1% to 37.9% for the lowest income groups) (Bank of Italy data, cited in Baldini 2010). As many observers point out, the huge rising of housing costs can trigger off an impoverishment process and a reduction of consumption especially in cases of family breakdowns and other negative events as unemployment or health problems (Palvarini and Pavolini 2010; ANCI 2010; Ranci 2010).

### *Housing and stigma*

Many local empirical researches done in these years put in evidence that some social housing neighbourhoods along the country, mainly in big cities, are stigmatized (Tosoni 2007; Torri and Vitale 2009; Palermo and Savoldi 2002; Fava 2008) but it is not a generalized condition. Stigma in any case occurs irrespectively to their topographic collocation but rather in connection with multiple factors such as high levels of public social housing estate, high presence of fragile populations, a high concentration of low educated and low employed individuals, the lack of infrastructures (transportation, road networks as well as public services and institutions), the presence of informal and illegal economic activities (Magatti 2007) and in some cases a high concentration of migrants. Stigma seems to be attached to the overrepresentation of these neighbourhoods in the media and to their representation strategies that are characterized by the homologation of their symbolic spatiality and their physical extension, the personalization of territories and the criminalization of daily activities (Tosoni 2007). Social housing policies have to some extent contributed to this outcome, concentrating in some neighbourhoods very disadvantaged populations establishing very strict eligibility criteria in terms of income or other hard situations necessary to accede to dwellings with low social rents. The progressive dismissal of the public estate stock in some cases contributed to worsen the negative connotation of some social housing boroughs, in others it attenuated it. The relationship between the progressive ageing of social housing tenants, the relative increase of the proportion of immigrants in public housing estate (Federcasa and Censis 2008) and stigmatization have not been properly empirically analyzed yet. Stigma has been attached to some parts of neighbourhoods (even small parts of them) with a high concentration of immigrants (regardless of their tenure status) or with a high presence of some specific ethnic groups (like the Romas and Sinti).

### *Ethnic concentration / segregation in housing*

According to Bank of Italy data, in 2008, 80% of immigrants were renters but they are more and more an important component of buyers in the Italian housing market. In 2008, approximately 15% of housing exchanges were performed by immigrants, 70% of them in Northern Italian regions, were immigrants represented 30% of the whole demand of dwellings (Ponzo 2009). They are substituting Italian tenants buying dwellings that are not attractive any more to the autochthonous population, as rundown, old or noisy properties (Baldini 2010). Are immigrants discriminated or segregated in the housing market? There are empirical evidences (Ponzo 2009; Sunia 2009a; Tosi 2011) that discrimination practices are in place to what concerns access to housing: immigrants have to pay higher rents for the same product in comparison to Italian renters and show much higher rates of illegality in the contracts: according to a recent research of SUNIA (2009a), only 15% of them have a completely registered contract. The other 85% don't have any contract or had to sign contracts with lower declared rents and can't fully use the fiscal benefits for tenants and real estate agencies connive at this arrangements that are advantageous only for landlords (from the fiscal point of view). These difficulties, along with the problems that dominate the renting market in general, could explain the high propension of immigrants to become property owners in the long period. Following the second question, as stated by Tosi

(2010), "on the whole, the settlement of foreign immigrants in Italy shows low levels of spatial concentration. Naturally this does not mean that the settlement of immigrants within towns and cities is not ethnically structured to some degree". If present, ethnic clusters are characterized by a small scale, eventually even to single buildings or streets. Risks of ethnic segregation are quite modest. Explanatory factors to the scattered spatial distribution of immigrants can be related to some traits of immigration processes (they are quite recent and in any case heterogeneous in relationship with origin countries and immigration projects) and to housing and welfare policies (the scarcity of social housing and public housing estates opportunities, the absence of ethnic targeting of social housing and the limitations of housing policies in assisting lower income groups) (Tosi 2010; Baldini 2010). This lack of ethnic segregation doesn't imply that immigrants do not suffer from housing hardship, especially in their first phases of settlement: insecure tenancies, poor housing quality, massive doses of speculation and exploitation on the markets, great involvement of informal processes in the search for solutions and in structuring housing (sub)markets, dependence on 'unregulated' segments of marginal housing markets (Tosi 2010). Furthermore, it has to be considered that according to the above quoted SUNIA research, 78% of immigrants tenant households cohabit with one or more households in order to share housing costs. The difficult situation of immigrants is frequently associated to their weak or irregular legal status which reinforces their vulnerability and distress in other crucial areas such as their position in the labour market. It has been remarked that the very modest spatial concentration and segregation of immigrants risks to underestimate other forms of segregation that have less evident spatial dimensions, like school segregation (Mingione *et al.* 2008).

## 2.5. Recent developments

### *Current key issues, new policy measures*

As stated in the introductory part of this paper, housing problems and policies are back to the scene in Italy. They have been neglected for a long time but now came to the fore with the emersion of new housing problems connected mainly with the transformation of the society (the increasing instability of family relationships and the increase in immigration fluxes for example), demographic trends (the increase in the number of families and their parallel diminution in term of number of components) and economic dynamics (the raise of real estate prices and in the rent values). In the public debate and in the media, housing is more and more connected to impoverishment processes, to the possible triggering of vulnerabilization phenomena and to the limits that the Italian market structure imposes to competitiveness and social cohesion. Young people, students, single parents, workers and families that need to move from a city to another are now thought as necessary targets of newly oriented social policies. A multilevel strategy have been indicated to cope with the new (and old) forms of housing needs, all of them focused on the limits of the private and public renting market: to define normative and fiscal instruments devoted to favour renting, promoting the full use of the unused housing stock and combating the black market; to increase the support for low income families and prevent evictions because of arrears towards direct housing payments; to promote redevelopment and regeneration urban interventions; to re-launch a social housing offer for the poorest and to facilitate the access to the renting market to those households that are able to pay a "fair rent" towards mixed social housing solutions (ANCI 2010, Rabaiotti 2007).

In 2009 the Berlusconi Government launched two "Housing Plans" with very different aims. The first one (not explained in details here), had the goal (at least at a rhetorical level) to cope with the economic crisis with a revitalization of the building industry. The second one, recuperated from the prior Prodi Government, allocated 550 millions of Euros (not

delivered yet in April 2011) to activate interventions for public social housing, especially in those Municipalities with long waiting lists and where social housing needs are more urgent. Through the construction of new dwellings or the renewal of existing ones the plan has the aim to increase the offer of housing destined to the most disadvantaged populations: low income households, with a single earner or single parent, young low income couples, low income or socially disadvantaged elderly, students from abroad, households that have received an executive eviction order and other categories of quite fragile populations. The dwellings should be built with public contributions that will cover 30% of building costs if offered with a "fair rent" for at least 25 years or 50% of costs if offered for more than 25 years. In the case of dwellings offered with social rents (very low and affordable) 100% of the cost will be covered by public funds. Dwellings will have to respect advanced criteria in terms of energy efficiency with the participation of private and public capitals. The plan introduces a new category of real estate investment fund called "social real estate fund" that can be participated only by institutional actors with long term investment strategies (ANCI 2010) with the aim to promote social housing initiatives for rent and for selling.

In March 2011 the Italian Government approved a law that permits single Municipalities (within an incipient process of fiscal federalization) to apply a flat rate tax of 20% of incomes coming from perceived rents. They will not cumulate any more with personal incomes so these sums will receive a special and favorable treatment by the Revenue Service. The aim of these measure, pushed by landowners associations (Portanova 2009), is to support the emersion of renting contracts from the black market.

#### *Private and public mixed social housing: innovations with national appeal*

In these last year a new form of social housing emerged in the Italian market. Contrary to what happens in other countries till now social housing was implicitly intended as the "public" component of this policy field. In many cities characterized by high housing or re-housing needs, many private initiatives developed trying to cope with the scarcity of dwellings devoted to low and middle-low incomes, normally through the constitution of social cooperatives and associations that promote self-building activities, buy and restructure private buildings for rent or sell at lower prices, get concessions from public agencies to remould and manage entire buildings with the same aim. Following local experiences, the 2008 Budget Law (law 244/2007) defined a new typology of dwellings defined "residence of general interest destined to location", non luxurious real estate localized in Municipalities with "high tension housing needs" and bound by contract to at least 25 years renting destination. The law introduces an important principle: dwellings destined to long term renting, even if private, represent an economic service of general interest. They can be privileged by tax exemptions, and by planning and economic support by public actors (ANC 2010).

The definition of "Social housing" in the law is quite general and can be actuated through: the imposition of a minimum number of dwellings rented at a "fair rent" for builders that use lands prior devoted to "standard services"; the free assignment of Municipal land imposing the construction of dwellings only devoted to rent at fair values (in any case lower that the private market ones) plus municipal urban taxes exemptions and last but not least, the involvement of private actors that privilege ethic investment aims and accept lower returns on investment but being sure that the Municipality will pay in case of tenants arrears and that they will be supported in matching demand an offer (Baldini 2010).

The opinions about this new housing policies are quite dissimilar. From one point of view, it is stated that even if this initiatives are quite scarce if compared to the emerging needs,

even if they are different one from the other and very fragmented in the country, even if they are limited by long bureaucratic procedures, they can be of interest for the future of this policy field because: they can build a new system of governance with the involvement of different actors with precise roles and responsibilities; they can permit the development of dwellings on the basis of local needs; they can answer not only to the basic need of a dwelling or a house but can invest on "the quality of living", they can experiment a good matching with other policies, especially assistance ones devoted to the more marginal population; they can use a new mix of financial instruments with a mix of private and public resources and finally, they can pay attention to an harmonic urban development preventing the formation of poor housing concentrations (ANCI 2010)<sup>14</sup>. Others observers criticise the actual development of "social housing" as has been established in the Italian frame. First of all they point out that the real risk of these initiatives is that, at the end, they could turn to be "very little social" (Tosi 2010; Baldini 2010) because they will increase the level of discretion already inherent in existing policies (as private actors will apply eligibility rules not necessarily congruent with public social housing ones and will privilege beneficiaries chosen directly by them) and because the mechanisms established by the law permits the access to property (even with a differed mechanism). A second criticism is related to the fact that not all Municipalities have available areas to promote this initiatives without sacrificing green areas or recurring to expropriations (Baldini 2010).

In many Italian cities innovative forms of social housing have been developed (quite seldom with the support of grant foundations or non profit derivations of them) to cope with housing needs of separated/divorced adults, women that suffered acts of violence, disabled adults looking for independent living etc. It is likely that policy innovations will come from these actors and from new forms of partnership between public and private ones.

### *Crisis and housing policies*

The economic crisis has impacted very strongly on the most vulnerable population with different kinds of phenomena related to housing needs and hardship. The most evident one is the increase in the number of evictions because of arrears problems. In 2009 they represented more than 80% of the total ones. The proportion of this eviction motivation is increasing since the 1990s as shown in table 2.

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<sup>14</sup> For an overview of local cases of this kind of social housing see ANCI 2010.

Tab. 2. Eviction procedures in Italy 1997-2009 (total values, for arrears, %value)

Year	total evictions	for arrears	%
1997	50,226	26,322	52.4%
1998	44,919	25,569	56.9%
1999	38,944	24,203	62.1%
2000	39,406	25,412	64.5%
2001	40,500	26,937	66.5%
2002	40,130	27,154	67.7%
2003	39,284	27,781	70.7%
2004	45,535	32,112	70.5%
2005	44,988	33,200	73.8%
2006	44,897	33,893	75.5%
2007	41,888	32,540	77.7%
2008	52,000	40,976	78.8%
2009	61,484	51,576	83.9%

Sources: elaboration on many sources, ANCI  
2010, Censis on Ministero degli Interni data.

According to many observers, the phenomenon of seizures is increasing too. Some households prefer to sell their dwellings and return to a renting condition because of the increase of mortgage loans values (those who are in variable rate scheme) before being seized. In general, the economic crisis compressed household consumptions, considering the increase of housing cost in general (see paragraph above).

### 3. THE FIELD OF EMPLOYMENT

#### 3.1. Demand and supply

Italian labour market is characterized by comparatively low rates of participation, especially of women. This is explained to a large extent by a sharp divide between Centre-Northern and Southern Regions.

The overall **employment rate** was 56.9% in 2010 (1.8% lower than it was in 2008). The European Union average employment rate was more than seven percentage points higher (64.6% in 2009). Territorial differences are very important: the employment rate varied in 2009 between 68.5% in Emilia-Romagna and Trentino-Alto Adige and 43% in Calabria and Sicily, and 40.8% in Campania. The territorial divide is even more meaningful for what concerns female employment rates: these ranged between 61.5% in Emilia-Romagna and only 26.3% in Campania in 2009. Female employment rate is 46.1%, 12 percent points below the EU average. The way the gender gap combines with territorial differences is clearly shown by the inactivity rate, that in Southern Regions is always over 50% for women.

With the recent crisis, also the employment rate of foreigners has decreased, from 64.5% in 2009 to 63.1% in 2010 (Istat 2011).

The composition of **employment by sector** at the national level is 3.8% in agriculture, 29.2% in industry and 67% in the service sector. The share of employment in agriculture is higher in the South (up to 9.5% in Calabria), whereas the quota in industry is higher in the Northern Regions. The share of employment in the service sector is highest in Lazio, the Region where Rome, the capital city is located (79.1%).

Table 3. Employment and unemployment rates in Italy by gender and macro-region, year 2010 (%)

	North	Centre	South	Italy
<b>EMPLOYMENT RATE (15-64 YEARS)</b>				
Male	73,8	71,4	57,6	67,7
Female	56,1	51,8	30,5	46,1
Total	65,0	61,5	43,9	56,9
<b>UNEMPLOYMENT RATE</b>				
Male	5,1	6,6	12,0	7,6
Female	7,0	9,0	15,8	9,7
Total	5,9	7,6	13,4	8,4

Source: Istat, 2011

The **unemployment rate** has passed from 6.7% in 2008 to 8.4% in 2010; the average EU-27 rate was 8.9% in the same year. The lower Italian unemployment rate is, nevertheless, associated to a much higher inactivity rate: 37.8% *versus* 28.9% EU average. This means that in Italy less people are defined as unemployed because more people give up even searching for a job because they consider they would not find one (this latter reason for not actively searching for a job is estimated to have increased by 11% between 2009 and 2010; Istat 2011). Again, the unemployment rate varies widely between the Northern Regions (5.4% on average, 3.2% in Trentino-Alto Adige) and the Southern ones (12.6% on average, 13.9% in Sicily).

The youth unemployment rate (15-24 age range) is particularly sharp in Italy: it has in fact passed from 21.3% in 2008 to 25.4% in 2009. This average rate reaches even higher levels in the Southern Regions: 36% on average, up to 44.7% in Sardinia. The situation is even worse for young women, whose unemployment rate is 40,9% in Southern Regions, and it even overcomes 50% in Basilicata. An increase of the NEET phenomenon is also observed: young people aged 15-29 neither in employment nor in education were 22.1% in 2010, against 20.5% in 2009 (Istat 2011).

The incidence of long term unemployment is higher in the Southern Regions (6.6% against 1.8% in Northern ones), among women (4.3% against 2.8% for men) and among the youngsters (10% for the 15-24 year olds against 1.5% for the over 55) (Istat 2010). Long term unemployment rate is highest for Southern young women (20.6%)<sup>15</sup>.

Workers in special programmes reducing the number of worked hours (CIG, see below § 3.2) are not considered unemployed. Yet, among those who were in CIG in 2009, around one fourth were still in CIG, around the half is back to work, and one fifth is not employed anymore. The situation is more critical in the South, with more people exiting from CIG towards inactivity (Istat 2011).

The number of **part time jobs** has increased a lot during the last two decades in Italy, reaching an estimated value of 14% on average. Only 5% of employed men work on a part time basis, against 28% of women. Women work more often part-time in the Centre-Northern Regions (28.7%) than in the Southern ones (25.4); on the contrary, men are slightly more often employed part time in the Centre-South (5.7%) than in the North (4.5%). With the present crisis, involuntary part-time jobs have increased (Istat 2011).

<sup>15</sup> Spatial concentration of unemployment can be observed at the neighbourhood scale as well, particularly in deprived neighbourhood with concentration of social housing and low-cost dwellings in big metropolitan areas (Andreotti and Kazepov 2001).

**Temporary work** has also meaningfully increased in the last decades. In 2009 temporary workers represented 12.5% of all dependent workers; this percentage is more important for women (12.5%) than for men (10.8%), and in the Southern Regions (17%) than in Northern ones (10%); of all Southern women working on a dependent basis, 20% have a temporary contract (Istat 2010). Among the young employed, 30.8% had a temporary contract in 2010 (Istat 2011). The concentration of temporary contracts among young people has favoured the rise of youth unemployment because of the crisis in 2009-2010. A sharp divide is to be observed between permanent workers and workers with various forms of temporary contracts that have been proliferating in the last fifteen years, each with different social guarantees, level of tax payment, level of social contributions, access to welfare measures. The result is a real divide between "insiders" (workers with permanent contracts) and outsiders (workers with precarious contracts). Although social contribution rates foreseen for non permanent job contracts, initially very low, have been increased in time, the forms of protection they give entitlement to still remain decidedly lower than those guaranteed by permanent job contracts. This is true for instance as to maternity leave, sickness leaves, and in particular very pessimistic projections are made for old age pensions, which for precarious workers risk to be well below the minimum level.

The distribution of wages by gender is less unequal in Italy than in most of the EU countries. This is only apparently a positive datum, because it actually reflects the fact that in labour markets where women's employment rates are low, women with low wage expectations often choose not to work. In 2010 this gender gap has increased, and women dependent workers' wages are on average 20% less than men's ones (Istat 2011). Among autonomous workers the gap is more relevant (Istat 2007).

More relevant is the salary level gap between Italian and foreign workers: foreigners are estimated to earn 24% less than domestic workers in 2010. The gap is wider for women (30%; Istat 2011), in the Southern Regions and for workers with permanent contracts (25%) as opposed to temporary workers (FLM 2009).

The Italian labour market cannot be fully understood without considering the huge importance of **informal labour market**. This was estimated in 2004 as 13.4% of the whole working positions. If we disaggregate this average by sector, we notice that irregular jobs are 33% in agriculture, 14.6% in the service sector and 12.4% in the construction sector, against 5.3% in the industrial sector (without the construction sector). This national average hides sharp territorial differences. In 2003 irregular work was 8,3% in the North-West, 9.3% in the North-East, 12.3% in the Centre and 22.8% in the South. This is linked to the share of grey economy estimated in 2008 between 16.3 and 17.5% of GDP (Istat, 2010c)<sup>16</sup>.

Irregular foreign workers represent 5.3% of all jobs, against 12.6% in 1992. The decrease was due to the regularisation process in 2002-2003 and in 2009 (the latter only for home-based carers of dependent elderly) that allowed foreigners to regularise their fiscal and social security position.

The proportion of **subsidized job** is very hard to estimate, because of the lack of updated data. The most meaningful type of subsidized job at the national level was represented by the *Socially Useful Jobs (Lavori Socialmente Utili - LSU)*, introduced by the Decree n. 468/97 for activities providing services or producing goods of social interest (jobs in public offices, realization of public works, such as streets, etc.). In 2000 it was estimated that more than 82 thousands of LSU jobs existed in Italy (Italian Parliament Audition 2000). A

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<sup>16</sup> Part of irregular jobs is also represented by undeclared secondary jobs of regularly employed persons and of retired persons.

part of them has reached the age for retirement, and new positions are not financed anymore, but whether and how to hire the remaining ones on a continuative basis in the public administration (particularly in local bodies) has long been object of debate, and in some cases also of legal actions.

Local bodies can finance subsidized jobs through the so-called *Job Fellowships (Borse Lavoro)*, and other similar measures. Updated information aggregating local data about this provision is, nevertheless, lacking.

### 3.2. Structure of the administration

A long-lasting process of decentralization of the management of labour policies has been developed in the last two decades. Until the Eighties a State-centred administration with subnational sites carried out a mere bureaucratic management of unemployment records, in order to assess entitlement to monetary benefits and to pay them when due. The great majority of demand-supply match happened on a private to private basis. Since the Nineties, competences have been shifted from the State to the Regions and Provinces ("Bassanini Act", L 59/97).

#### *Employment Services*

In particular, Provinces are responsible for the management of Public Employment Services (PES), called *Centri per l'Impiego* (Centres for Employment). They still have bureaucratic tasks, but have added new services, such as matching, counselling, scouting, orienting, etc, in a view of combining active and passive policies. Public monopoly about PES has been ended, and accredited private and public PES are nowadays treated in the same way, and can compete for the same public resources.

Authorized or accredited PES must guarantee at least:

- an orientation interview within three months from the beginning of (recorded) state of unemployment;
- a proposal to agree to initiatives of professional insertion, training or requalification within four months from the beginning of the (recorded) state of unemployment for adolescents, young and women; within four months for other unemployed at risk of long term unemployment.

For profit and non profit organizations are partners of public bodies in the planning and implementation of re-integration services, particularly for specific groups.

#### *Passive protection*

It is important to notice that passive protection against unemployment in Italy is organized on a strict category-basis. Universalistic unemployment benefit does not exist; thus young unemployed are mainly excluded from monetary benefits, because those in search of their *first* job (25.8% of all unemployed in 2010, Istat 2011) are by definition not entitled. Temporary and autonomous workers are not entitled to unemployment benefit either.

It is estimated that only less of 5% of all unemployed actually receives a benefit, against over 60% in Denmark and over 70% in Germany (Carbone 2005 on ECHP data 2001). This is coherent with the comparatively low share of public expenditure devoted to unemployment protection (2%). It should also be kept in mind that a national measure of minimum income does not exist in Italy, yet.

Two types of contributory unemployment benefit exist<sup>17</sup>:

- **Ordinary unemployment benefit** (*Indennità ordinaria di disoccupazione*): paid to persons dismissed (unintentional unemployed), who have paid at least two years of social contribution, of which at least one year during the previous two-year period. It is paid for 8 months (12, if the person is over 50 years of age). The benefit amount is equal for the first six months to 60% of the average gross monthly salary, to 50% for the following two months, and to 40% for the rest, with a ceiling. It is paid monthly by INPS (National Social Insurance Institute), and taxable. There is a right for appeal, within 90 days from reception of refusal ([www.inps.it](http://www.inps.it)).
- **Unemployment benefit at reduced requirements** (*Indennità di disoccupazione a requisiti ridotti*): paid to persons who have worked at least 78 days in the previous year (including holidays and paid leaves), and who have paid at least 1 week of social contribution 2 years before the year of the application. The benefit is paid for as many days as the days the person effectively worked in the previous year (but no more than 156), and is equal to 35% of previous average daily salary, for the first 120 days, and to 40% for the rest. It is paid on a one-shot basis by INPS (National Social Insurance Institute) ([www.inps.it](http://www.inps.it)).

In case of crisis of the enterprises, special category-based measures are foreseen:

- **Mobility benefit** (*Indennità di mobilità*): paid to workers placed in "mobility" (a sort of a "pre-dismissal" condition) condition by their firm due to staff reduction, change of production sector, end of production. Only firms with more than 15 employees (apprentices included) can place workers in a "mobility" condition, and only after a negotiation between employers and Trade Unions. Only workers hired on a permanent basis can be placed in mobility (i.e: apprentices are excluded). In order to be entitled, workers need to be registered in the mobility lists of the Centres for employment services (CPI), having been employed in that firm for at least one year, having effectively worked for at least 6 months (holidays and illness leaves included). Duration depends on the worker's age and on the region where the firm is situated (for unemployed <39: 12 months in the Centre-North and 24 in the South; for unemployed aged 40-49: 24 months in the Centre-North and 36 in the South; for unemployed >50: 36 in the Centre-North, 48 in the South). In general terms, it cannot be paid longer than the number of months the worker was employed in that firm. If some specific requirements are met, the mobility benefit can be paid until the entitlement for the old-age pension is reached. During the first 12 months, the benefit level equals 100% of CIGS (see below) with ceiling; afterwards, 80% of CIGS with ceiling. It is paid monthly by INPS (National Social Insurance Institute). The benefit is suspended when the worker is hired on a part-time or temporary basis. It is cut off when the worker is hired on a permanent and full-time basis, is cancelled from the mobility lists, or reaches the entitlement for the old-age or invalidity pension. There is a right for appeal, within 90 days from reception of refusal ([www.inps.it](http://www.inps.it)). Workers in mobility have a priority in case that firm hires again. Other firms are entitled to reduced social contributions if they hire workers on "mobility lists" (national law 223/1991).

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<sup>17</sup> The financial contribution to social security for subordinated workers (fixed term or not) is paid both by employers (32,7% of the gross salary, except for possible reductions), and by workers (9,19% of gross salary; [www.inps.it](http://www.inps.it)).

- **Cassa Integrazione Guadagni (CIG)**, a monetary benefit meant to avoid dismissals by firms in crisis, by integrating or substituting the salary of workers who are temporarily either suspended from their job or working at reduced hours. Only firms of some sectors and of certain size, and only certain workers' profiles are entitled to the measure (e.g. managers are excluded; [www.inps.it](http://www.inps.it)). It is financed by a contribution paid by employers, and by State co-funding. The monetary benefit is equivalent to 80% of the wage foreseen for the hours the worker has not worked (up to 40 hours/week). The CIG can be:
  - o **Ordinary (Ordinaria)**: it applies when the firm crisis depends on temporary events (lack of orders, weather events such as floods, etc), and it is certain that production will start again. It can be paid for maximum three months for each productive unit, and prolonged in exceptional cases up to 12 months. A new procedure cannot be started before a year.
  - o **Extraordinary (Straordinaria)**: it applies when firms face restructuring or reorganizational processes, or in case of bankrupt or liquidation. It can be paid up to 2 years continuously, and maximum for three years every five; it can be further prolonged in exceptional cases.
  - o **Exceptional (in deroga)**: in response to the last economic crisis this particular scheme has been introduced in order to partly cover the gaps in protection left by the strong category basis of CIG design, and include firms that do not belong to sectors entitled to CIG or do not meet the size requirement. Financial resources come from the State and the Regions. Before applying for exceptional CIG, the firm has to reach an agreement with the Trade Unions. The application undergoes an individual procedure of approval by the Province (if the firm has less than 15 employees) or Region (if the firm has more than 15 employees), that heavily depends on the availability of funds.

In lack of organic reforms towards a more universalistic approach of the Italian welfare, interventions continue to be emergency-based, provisional and sector-specific, what makes the patchwork of welfare provisions even more complex, with the persistent co-existence of overlaps and holes in coverage (Villa 2009; Sabatinelli 2009).

**Professional Training** schemes are carried out by both public, private and third sector accredited organizations. Courses that are financed by public funds are generally for free; courses that are not covered by public funds generally foresee a fee, and can be very expensive for an unemployed or a low-salary worker.

Subsidized training courses are financed through the European Social Fund plus the co-financing of the State. This financing is devolved to the Regions that manage it according to their own criteria. Due to the major economic crisis of the last three years, though, the Italian Regions have agreed to co-finance the provision of Exceptional CIG (see above), and have moved towards this expenditure ambit resources previously destined to the co-financing of professional training. This has drained resources from "ordinary" professional training, with the paradoxical result that those workers and unemployed who are entitled to Exceptional CIG or other contingent measures have access to training and other services (such as scouting, counselling, etc.) free of charge, whereas those unemployed who are not entitled to any monetary benefit (or whose entitlement has expired) are confronted with a supply of subsidized professional training that is deeply reduced, typically very short and thus little qualifying, or very expensive.

### 3.3. Recent developments

Public and political debate about employment currently mainly concern two ambits.

First, attention is given to the low productivity and competitiveness of the Italian productive system, and the low growth rate.

Second, the lack of social protection for non permanent workers is an argument, because of the unequal treatment reserved to typical and atypical workers as far as several social risks are concerned. What is also at stake is the risk of an increase in elderly poverty rate in the long term, because growing numbers of workers remain trapped in a chain of precarious contracts and will have very low old age pensions in the future.

Nevertheless, the reform of welfare protection measures has long been said to be necessary in Italy, but never realised.

Effects of the current financial crisis on the labour market are perceived as strong and still ongoing. A rise in unemployment, and particularly in youth unemployment has been clearly recorded by official statistics. Mostly hit are workers with temporary and other atypical jobs, whose contracts have not been renewed.

Consequence of the crisis is also the fact that the first access into the labour market is even more *via* precarious contracts (Trivellato 2011), and a wide use, and often abuse, of non paid stages is more and more recorded.

A strong development towards a quasi-market approach in the provision of employment services is observed in the Lombardy Region. Originally introduced in the management of socio-health services, this approach has been then applied to training and, more recently, employment services, in the framework of a growing rhetoric about activation. The *Dote* (that literally translated means dowry or endowment) system is the most recent mechanism with which the Lombardy Region both organizes the provision of various services to beneficiaries and finances public and private bodies, among the ones accredited by the Region itself, that deliver them. Persons who are entitled to one of the different types of *dote* ("training", "employment", "social shock absorbers", etc.) can "choose" among the accredited bodies the one with which they will submit the application to the Region, through strict online procedures and within rigorously defined periods of time. Successful applicants are entitled to individual monetary contributions to finance the services that the chosen body will provide them with, such as counselling, coaching, training courses, labour demand/supply matching, subsidized job experiences, etc. This mechanism of financing is at the same time strongly centralized at the regional level for what concerns financing and strongly individualized for what concerns implementation. In this sense, it has pulverized the programming, management and provision of training, orientation and employment services, jeopardizing coherence, efficiency and continuity of the system (Sabatinelli and Villa, forthcoming).

Some local experiments can be observed, that combine institutional reforms on the horizontal and on the vertical dimensions. In the Milan province, for instance, territorial Employment centres have been merged with existing centres for professional training and orientation/information centres into special Agencies for Training Orientation and Employment Services, *AFOL* (*Agenzie per la Formazione, l'Orientamento e il Lavoro*), where orientation, professional training and employment services are provided in the same structure. The Milan Province is the institutional actor that has promoted this development in 2007, and that is partner in each of the seven territorial consortia, together with the

concerned Municipalities and eventually other territorial actors. This experiment has been highly sponsored from the political point of view, by a centre-left Province Government, and rather strongly contrasted by the following centre-right coalition. As a consequence, their development, and even their survival, is at present jeopardized by insufficient transfer of resources from the Province level for the management of the structures themselves<sup>18</sup>, and by the particular form of financing and provision adopted by the Lombardy Region seen above (*dote*).

Some Municipalities provide employment services, both basic or specialised (e.g: for disabled, immigrants, adolescents, managers, etc). Nevertheless, only a minority of these local services offer matching, counselling, scouting or training services, whereas most of them supply information and orientation. The Milan Municipality has rather a long tradition in direct provision of PES both to social services' beneficiaries and to the whole citizenship (Villa 2007).

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<sup>18</sup> For instance in terms of job contracts for mediators, trainers, counsellors, etc, who paradoxically work on a very precarious basis.

## 4. THE FIELD OF CHILD CARE

### 4.1. Family policies in Italy

As we have said, the paradox of the Southern European countries, whose welfare systems are defined as *Familistic*, is that families are left with huge redistribution and care responsibilities, but they are not given adequate resources to sustain them in these heavy tasks. This is particularly evident in the case of family policies, that are mainly constituted of three pillars: monetary transfers (child allowances), parental leaves and care services.

#### *Monetary support and parental leaves*

As far as **monetary transfers** are concerned, the Italian case is at the same time little inclusive and little generous. First of all, the existing monetary measure - *Assegni al Nucleo Familiare* - (Family allowances) is not a real child allowance, as it is not reserved only to families with children, but more in general with dependent members (not only spouse and children, but also orphan siblings, nephews, nieces and grandchildren). Second, entitlement is not universal, but is reserved only to some categories of workers (subordinated workers and some types of autonomous and atypical workers) and retired workers. Third, they are means-tested (Saraceno 2009). It is estimated that less than 20% of households with children under 12 actually receive family allowances (Pronzato 2006). Moreover, their level of payment is related to the family size, composition and income level, and their generosity is comparatively very low. As an example, consider that the maximum a household with both parents, one child and no disabled member can receive is 137.5€/month (if their gross income is below 13,119.30€); if the same household has an income between 25 and 35 thousands euros/year, monthly benefit varies between 49 and 44€, what increases their income of around 2%.

Both means-tested and category-based is also the "Allowance for households with at least three minor children" (*Assegno per i nuclei con almeno tre figli minori*), introduced in 1999 in order to tackle one of the household types most at risk of poverty (CIES 2005). Their income was integrated with maximum 128.89€ a month in 2009 for a couple with three minor children, if their income was below 23,200.30€/year. This residual measure is acknowledged to reduce the distance from poverty threshold, but not to lift households over it (Saraceno 2007).

Households with young children are also entitled to **tax reductions**: 800€/year for each child (900 for children under 3 years of age). For households with more than three children, a further 200€/year reduction per child is acknowledged; each disabled child is moreover entitled to 220€/year. Yet, low income families cannot fully enjoy these credits, because in Italy no negative income tax exists (Saraceno 2007). The only exception is a further tax credit of 1,200€/year introduced in 2008 for households with four children or more, and accessible also to low income families that are exempted from tax payment.

As to **parental leaves**, Italy has introduced at the beginning of the years 2000s a rather innovative and flexible regulation (national law 53/00; law decree 151/01), that nevertheless has meaningful limitations. Five months of compulsory maternity leave are foreseen, that mothers can choose to use 2 months before the birth and 3 after, or 1 month before and 4 after; they are paid at 80% of mother's salary, but collective

agreements in public administration, some industrial sectors or single companies acknowledge a 100% compensation<sup>19</sup>.

Afterwards, 10 months of parental leaves are available to each couple for each child until he/she reaches 8 years of age. Each parent is entitled to up to six months; if the father uses at least three continuative months, one bonus month is recognized to the couple. Use is very flexible, as these months can be taken even on a day by day basis. Yet, the compensation level is really low: parents are entitled to 30% of their salary, only until the child is three years old. Between the 3<sup>rd</sup> and the 8<sup>th</sup> year of age parental leaves can be used, but with no compensation at all. As a result fathers' take up rates are very low, even though available data are still scant (Gavio and Lelleri 2005). Moreover, compulsory paternity leave is not present in the Italian regulation.

Mothers who go back to work after maternity leave are entitled to a reduction of working time of two hours a day until the child is 1 year old, in order to allow breastfeeding; if the mother cannot use this reduction, because she is unemployed, an autonomous or atypical worker, the father is entitled to it.

### *Child care policies in Italy*

In Italy two cycles of pre-school facilities are present: day-care centres for children up to three years of age, and kindergartens for children between three and six years of age (6 is the age at which compulsory school begins)<sup>20</sup>.

As in other countries of the Southern European cluster, in Italy the responsibility for child care has historically been widely delegated to the family, nuclear and extended. Both public and private facilities have been really marginal until the Seventies, when two national laws were passed about national kindergartens (1968) and municipal day-care centres (1971). Since then, a gap between the coverage rates of the two cycles increased. We will present the main features of the child care system according to this institutional separation into two cycles.

#### Under 3 age range

For the under 3 age range, a slight increase in public provision was observed after the 1971 law was introduced, but at the beginning of the Nineties public provision still covered only 5.8% of children under 3 as a national average (Istituto degli Innocenti 2001). In response to a delayed increase in the female participation to labour market, this provision has slowly grown during the Nineties and the years 2000s. In 2008, public (municipal) provision of places in day-care centres was 10.4% (Istat 2010)<sup>21</sup>, whereas in 2009 publicly financed places were estimated at 15% in the Netherlands, 17% in Spain, 43% in France and 62% in

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<sup>19</sup> Fathers can use the "maternity" leave instead of mothers on special circumstances (mother's death, abandonment, exclusive custody to the father, ...).

<sup>20</sup> Since 2003, kindergartens are accessible since 2.5 years, and primary school since 5.5 years, even though rates of early access remain low. Moreover, special intermediate classes were introduced for the 2 to 3 year olds, called *Sezioni Primavera* (Spring Classes), or *Sezioni 24-36 mesi* (24-36 months classes); these are mainly located in kindergartens, and try to respond to the need for child care at a lower cost for both families and Municipalities than the one represented by day-care centres. All this has loosened a bit the boundaries between cycles, and made estimations about take-up rates more complex.

<sup>21</sup> It should be noted that different sources account for different data. As a matter of fact, a different source estimates that a further 7% of children (at the national level) is covered by special *Spring Classes* (*Sezioni Primavera*) for children aged 2 to 3 (Istituto degli Innocenti 2010).

Belgium (Keck *et al.* 2010)<sup>22</sup>. This national average datum hides, anyway very diversified regional and municipal levels. In 2008, only 40.9% of Italian Municipalities had at least one public crèche (the percentage was 33.7 in 2004), and only 23.7% had a municipal integrative service (Istat 2010). In the same year, the take-up rate of municipal day-care centres reached 10.4% of children under 3 nationally, ranging from 24% in Emilia Romagna (in Northern Italy) to less than 2% in Campania and just above that in Calabria, in the South (*ibidem*). Coverage of integrative services is really residual, with a national average of 2.3%.

Table 4

Macro-region	Day care centres		Integrative Services	
	Municipalities with at least 1 public service (%)	Take-up rate (every 100 resident children aged 0-2)	Municipalities with at least 1 public service (%)	Take-up rate (every 100 resident children aged 0-2)
North-west	44.3	12.9	25.5	3.2
North-east	69.4	15.2	29.8	3.4
Centre	43.9	14.0	25.2	2.5
South	18.9	3.1	22.3	1.0
Islands	24.0	6.0	6.6	0.8
ITALY	40.9	10.4	23.7	2.3

Source: Istat 2010

Waiting lists for municipal crèches are estimated at 25% on national average, again with major territorial disparities (CittadinanzAttiva 2010). Waiting lists are, nevertheless, high both in Regions where supply is low (as in Campania, where waiting lists reach 42%) and where supply is high (as in Toscana, where 32% of families are on waiting lists)<sup>23</sup>. National surveys show that 48% of mothers of children *not* attending a crèche would like to use one, but cannot because there is not such a facility in their Municipality, there is no available place, or the crèche is too far away<sup>24</sup> (ISTAT 2006: 80). A mismatch between demand and supply is also detected, by local surveys, concerning households that would need a full-time service and only find available places for a part-time provision and *vice-versa*.

A rather important diversification of services has been taking place in the last fifteen years, so that day-care centres are not anymore the only type of facility available for families with children under 3 (Sabatinelli 2010a). In particular, one can observe:

- *Micro day-care centres*: small facilities that can receive up to 10 children;
- *Nidi in Famiglia* (literally: family crèches): home-based services, partly inspired to the Tagesmutter, in which one or more adults take care of a small number of children in the apartment of either one of the adults or of one of the children. Specific regulation varies among regions, but is generally rather loose about size of spaces, qualification of carers, etc.;

<sup>22</sup> Although the comparability of coverage rates is complex because of the institutional differences among child care systems.

<sup>23</sup> Waiting lists should, anyway, be treated with caution, because of possible multiple inscriptions to different services of the same households in search for a place for their child.

<sup>24</sup> This percentage is higher in Southern Regions, whereas in Northern Regions the most important reason declared is too expensive fees (ISTAT, 2006: 80).

- Company-crèches: child care services created by employers within the firms' structures for the benefit of their employees;
- Regulation of childminders, through the organization of training courses and of lists of certified childminders. This type of initiative has proved to be rather problematic, in absence of incentives for the regularisation of irregular work, such as tax credits and demand-side monetary support. Not by chance surveys show that the use of childminders is comparatively low in Italy (around 5% of children under 3; Istat 2008; Plantenga and Remery 2010);
- Integrative services, allowing the socialization of young children for a few hours a week, with or without the presence of adults (parents, grandparents, childminders, etc.);
- Services for parenthood support, such as series of meetings for parents with experts, or various types of entertainment or arts laboratories for children and their families.

Despite an increase in the take-up rate and the described diversification of services, the role of the family remains crucial even in dual earner households: it is estimated that 20% of children up to three years of age are cared for full-time by grand-parents (Boggi *et al.* 2006).

### 3 to 6 age range

For the 3 to 6 age range, historical roots are to be found in the Montessori and other readiness-for-school approaches, aiming at reducing the inequalities among children with different family background in compulsory school. This explains a wide social consensus, but also the typically short hours of provision, as the primary objective was not allowing reconciliation of (female) work and care.

Substantially full coverage was gradually reached, particularly during the Eighties, thanks to the role of the State that got to own and manage an increasing number of facilities, both building new ones and taking over some of the formerly Municipal or charitable ones. Take-up rate was estimated at 98.5% in 2008<sup>25</sup> (own calculations on Ministero dell'Istruzione).

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<sup>25</sup> As already mentioned, this datum needs some caution as the possibility to access primary school at the age of 5 instead of 6, and to organize special classes for children aged 24 to 36 months in day-care centres have changed the composition of the population of reference.

## *Service providers*

### Under 3 age range

Although the overall coverage is comparatively rather low, the Italian care system for the under 3 is very complex. The availability of public services for the youngsters has increased, reaching 11% at the end of the decade 2000.

Due to a widening supply-demand gap, a private provision has grown over the last 15 years. At present, it is estimated that a further 6% of children under 3 attend a non-municipal service. The percentage of privately owned facilities on existing services has passed from 7% in 1992 to 39% in 2005 (Istituto degli Innocenti 2006). Private day-care and similar services represent at present over one third of available places (own calculations on Istituto degli Innocenti 2010).

The growing role of private and third sector providers is not only explained by free market dynamics: it has also been driven by specific outsourcing strategies of the public bodies. An increasing number of publicly owned facilities is managed by non-public providers. In 2000 24% of crèches and 56% of integrative services were outsourced; in 90% of cases these were managed by social cooperatives (Istituto degli Innocenti 2001).

Another typical way of mixing public and private actors in this field has become the signature of agreements (*convenzioni*) according to which private (profit and non profit) actors reserve places in their facilities for children on the waiting lists for municipal day-care centres. Families pay the income-related fee to the Municipality, and the Municipality pays a forfeit to the private provider. This has become an important source of low but stable financing for providers, otherwise completely exposed to the contingency of market trends. In some territorial contexts, like the Lombardy Region, this approach has been further developed for specific political orientation.

Several initiatives - unevenly spread on the territory - of national, regional, provincial or municipal financial support to the start up of private facilities and company crèches have been observed during the last fifteen years, independently on commitments to sign *convenzioni*.

A particular type of private facilities has been growing in the last years: the company services. As a matter of fact, a growing importance of the companies' role is observed in work-life balance initiatives. In particular, a growth in the presence of company day-care centres was stimulated and supported by national funds (Budget Laws 2003 and 2004) and tax credits, and by sporadic resources provided by some municipal and regional governments<sup>26</sup>. Company services are also more and more involved in mixed forms of management, with the Municipality often buying places for children on the municipal waiting lists. Moreover, these services are generally open also to private demand coming from outside the company, even though it is important to remind that for these households the fees are fixed at a market-level. A highly complex mix of users, with different interests and resources, is then found in these services.

Rather important differences in terms of quality are observed among different types of services and of providers, especially because some services are less regulated than others, in terms of qualification of educators, etc. Yet, there is no national survey on this

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<sup>26</sup> They are still marginal, though. In 2005 around 4% of day-care centres existing in Italy was represented by company-services (Sabatinelli 2010b).

(Kazepov *et al* 2007). The capacity of Municipalities to act as controllers of accredited private (both for profit and non for profit) providers are still scant, particularly from the point of view of the qualitative level of provision. Often public bids for the outsourcing of public services are strongly based on the evaluation of the lowest financial offer, because of the need of public bodies to contain expenditure while - possibly - not reducing supply (at least in quantitative terms).

Finally, as mentioned, demand for individual care, by childminders, is comparatively low in Italy, probably also in relation to loose regulation and low or no monetary support to the demand.

### 3 to 6 age range

As said, the 1968 law, identifying kindergartens as fundamental pre-school facilities, took coverage at the national level almost to 100% over the following fifteen years, as a result of the contribution of state facilities (providing 58% of available places in 2009), municipal (11%), and private ones (30%, both officially recognized and not, including some confessional). The share of State coverage varies widely on the territory: from 31.8% in Veneto to 85% in Val d'Aosta ([www.istat.it](http://www.istat.it)). Some big Municipalities (e.g. Milan, Turin) have maintained an important quota of ownership of kindergarten, even when the State took over many municipal facilities all over the national territory.

In the year 2007/8, foreign children represent 6.7% of all children attending kindergartens (they were 7.2% in state kindergartens).

### *Forms of child care supports*

#### Under 3 age range

Fees in public day-care centres vary widely, not only among macro-regions, but also within them, and even between neighbour Municipalities. No national or regional standards exist, either about maximum levels, the number of income ranges, the width of the no-fee range, or the proportion between household disposable income and fee level. For example, according to a recent survey, a household with similar size and income level<sup>27</sup> would pay for a similar full time service in a municipal day-care centre in the South 110€/month in Cosenza (Calabria) and 299€ in Taranto (Apulia); in the Centre 146€ in Rome and 396 in Viterbo (both in Lazio Region); in the North 207€ in Ferrara (Emilia Romagna) and 572 in Lecco (Lombardy) (CittadinanzAttiva 2010). The distance between the cheapest and the most expensive province chief-town is almost 1 to 6 at the national level, but even within each macro-region it is almost 1 to 3.

Fees in private services are not income related, and constitute a serious problem of affordability for families: as an example, a full time service in Milan generally costs 650€/month or even more.

Vouchers (*Buoni Sociali*) were introduced in 2000 by the Framework Law on Social Policies. Municipalities can provide them to families with young children in order to cover part of the child care costs (day-care centres or regularly hired childminders). Yet, resources for vouchers are generally reserved to eldercare programs, and anyway tend to provide rather low vouchers to low-income families, thus with a little impact in terms of reduction of costs (Pasquinelli 2006).

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<sup>27</sup> Two adults and one child under 3 years of age, with a gross household income of 44.000€/year.

Tax relief for working parents using child care facilities is very limited: it concerns only 19% of yearly fees of public or private day-care centres, and only up to 632€/year per child attending a service, implying a saving of maximum 120 euros a year per child. Moreover, this measure needs to be confirmed each year in the Budget law.

Employers who provided a child care facility within the workplace were entitled to public financing and tax relief in the early years 2000s.

### 3 to 6 age range

As the quasi universal coverage is reached through the contribution of state, municipal and private facilities, parents are free to apply for any of them, and once they are accepted, on the basis of a priority list, they get cancelled from the other ones. Supply/demand gaps, although minimal for this age range, do not permit to households to really choose the kind of provider they prefer. These may provide services that differ in terms of opening hours, number and type of classes (e.g. based on age or transversal), educational approach and other features.

Public kindergartens are free of charge; households are required to pay an income-related fee for the canteen, the transportation and the pre-post school service. Private kindergartens foresee a fee, generally not income-related, whose level varies a lot among providers and among localities.

## **4.2. Structure of the administration**

Except for state kindergartens, for which there is a direct involvement of the State, responsibilities for child care provision is traditionally delegated to Municipalities. According to the 2000 Framework Law on Social Policies, the State is asked to fix minima standards for service provision (what has not been done yet, see § 1.2) and transfers money under the Social Fund to Regions, that decide how to further distribute it to Municipalities. This fund is also destined to manage child care facilities and measures for family support. The size of financing that Regions devolve to Municipalities in order to cover expenditure for building and managing child care facilities varies among Regions; this partly explains the differences in take-up rate and level of fees among Municipalities. At present, it can be said that 21 regional and provincial systems exist in Italy as to family and child care policies.

Moreover, Regions and Provinces can finance specific programmes, e.g. in order to increase the number of facilities or of places, in general or in specific sectors (e.g. company child care facilities), or projects, e.g. to enhance parenthood support initiatives or multicultural initiatives, etc. The State used to do so too, but since the 2001 Constitutional Reform (see § 1.2) earmarked funds by the State are contested: an agreement between the State and the Regions is necessary in order to define the broad objectives, that each Region can then further specify. This procedure was followed for the 2007-9 Extraordinary National Plan about Day-care Centres, with which the previous centre-left Government devoted 774 millions euros (282 millions of which by Regional co-financing) in three years in order to increase the under 3 coverage rate by creating 65.000 places in day-care and other services.

Since then, the present centre-right Government has devoted no resources to this purpose. In the past permits to open new private facilities used to be given by the territorial Health Agencies. At present they are a responsibility of the *Sportello Unico per le Attività Produttive* (*Desk for Productive Activities*) of Municipalities.

Non public (profit and non profit) actors are more and more involved in the management of outsourced municipal services, and in particular day-care centres and other child care facilities and parenthood support initiatives. Outsourced management is assigned through public bid to accredited private bodies. Another typical tool is the signature of agreements (*convenzioni*) according to which private actors reserve places in their facilities for children on the waiting lists for municipal day-care centres; families pay the income-related fee to the Municipality, and the Municipality pays a forfeit to the private actor.

Non public actors are typically involved in the management of small-scale services (like the pre and post school service in kindergartens) or of projects and programmes financed on temporary funds and with an innovative feature.

Some small-scale parental initiatives are observed, but often these are in fact self-employment initiatives in which small groups of persons (generally women) create micro day-care centres, rather than initiatives driven by dissatisfaction with quantity, quality and/or educational approach of existing services, as it happens in France for instance.

### **4.3. Access of vulnerable groups**

#### Under 3 age range

Vulnerable groups generally have a priority in accessing public facilities, but priority criteria are defined differently in every Municipality. Households are generally prioritised when they are single-parent, low-income, large, and/or include disabled members. Immigrant households are generally not prioritised *per se*, but on the basis of other conditions, such as family size, income, and/or the lack of family care resources (i.e. grandparents). A more complex situation concerns the unemployed. Traditionally, priority in accessing Municipal day-care centres has been reserved to families in which both parents, or the only present parent, were employed, taking for granted that child care was a need only for working parents. More recently this definition has been increasingly questioned, both because of the fact that atypical contracts change the definition of "employed" and because of a growing awareness of the fact that unemployed need child care solutions in order to effectively search for a job. Again, the way in which this is dealt with varies among Municipalities.

It is not possible to talk about freedom of choice, because of the combined effect of the supply/demand gap and of the fact that in the private services the access criterion is first come first served, and their cost is out of league for most families belonging to vulnerable groups.

#### 3 to 6 age range

As far as the gap between demand and supply is a minor one for this age-range, access for vulnerable groups is not so much an issue in terms of availability of places in most of the country, except for some territorial areas where this gap is more significant. Priority criteria similar to those foreseen in municipal day-care centres are anyway foreseen also in municipal, state and officially recognized private kindergartens, for single-parent households, disabled children, households with social disadvantage, especially if signalled by local social services. Increasing problems are rather observed in the provision of additional services, such as learning support teachers for disabled children, transportation to and from school, pre- and post-school services, medical services, etc, because resources to be destined to additional services are scater and scater.

#### 4.4. Recent developments

##### *Current public debate*

Despite the sharp demographic decline and the persistency of comparatively low female employment rates (especially in the South) do put hard pressure over the long-term sustainability of Italian welfare state, these themes are hardly present in the public debate in terms of necessary policy reforms. The identification of the European Lisbon strategy, and of the consequent Barcelona targets about child care coverage, boosted a bit the political discussion only for a few years at the half of the years 2000s. This was clearly reflected in the release of the National Extraordinary Day-care centres Plan in 2006. Since then, these topics seem to have faded away from the public agenda again, although since 1996 women have been often leading the young employers' association, since 2008 a woman is leading also the major employers' association (*Confindustria*), and since 2010 a woman is the general secretary of the main Italian Trade Union (CGIL).

Periodically discussions are absorbed by *una tantum* measures, such as the *Baby Bonus*, a one-shot payment for newly born or adopted children, that has been financed only for a few years by right-wing Governments. Cyclic discussions are developed around symbolic days (typically the 8<sup>th</sup> of March), about work-life balance conditions. Press visibility is given to initiatives of local bodies and - more and more - of single enterprises promoting "innovative" programs.

The present centre-right government has announced the financing of home working jobs, projects to favour the use of parental leaves, and small family-style care services, but only devoting 40mls€, that is an average investment of 5.000€ per Municipality (Pasquinelli and Sabatinelli 2010).

The discourse about social investment in children (Esping-Andersen 2002; Jenson 2006; Morel *et al.* 2010) still remains at the experts' level, and it is not really assumed by decision makers yet. Yet, the release of OECD PISA data (2010) has stimulated a bit the discussion because of the comparatively bad performance of Italian school children, and especially of Southern Regions' ones, and because of the positive results of children having attended a day care centre early in their pre-school age (Del Boca 2010).

Because of the present economic crisis, a partial re-familization of early child care is expected, especially in the households in which one of the parents has lost his/her job or he/she is in temporary suspension (CIG, see above § 3.2). This is even more the case if the unemployed parent is the mother.

Privileged interlocutors at the local level report how, in some cases, unemployed women (especially blue-collars) try to activate themselves by working as child-minders or baby sitters, or - through self-employment initiatives - to open a small home-based care service (especially white-collars).

A negative effect on funding was already observed before the crisis, as the stability pact signed by the State and the sub-national levels in order to contain the growth of public expenditure impedes even Municipalities that do have own resources to spend them over a certain threshold, and thus limits the turn-over of civil servants, so that only part of retired public workers can be substituted. As a consequence, for example, a Municipality can have a new kindergarten or day-care centre ready to be opened, but not be allowed to hire the staff in order to do so.

### *Local innovation*

Local innovation in this field has been specifically pursued and supported by the national law on "Policies and Services for children and their Families" of 1997 (L. 285). The law financed up to now three times three-year projects, sustained by wide local public-private partnerships. At present, new funds under this law are at the moment not available. This has promoted innovation and experimentation, but with a trade-off in terms of hard conditions to ensure continuity to created initiatives. In the last ten-fifteen years, then, a wide diversification of initiatives has been observed, among which one can count:

- Nidi Famiglia: home-based micro day-care centres;
- Multicultural day-care centres, pursuing exchange and self-help among Italian and immigrant households, and socialization both of parents and of children;
- Municipal Family Centres, providing information and counselling, and organizing initiatives for parenthood support;
- Initiatives for parenthood support, such as cycles of seminars with experts of childhood, self-help initiatives like the Time Banks, etc;
- Initiatives for *fatherhood* support: specifically aiming at promoting and enhancing the role of fathers in the first years of children's lives (CNDAIA 2000).

Nevertheless, none of these initiatives seems to be either striking new, as they have been developing for over a decade now, nor to have national appeal. As a matter of fact, the local dimension of these initiatives is certainly an added value, as far as they can be better designed to respond to local demands, but it represents at the same time a risk, insofar they fail to be framed into a national system of minima standards of provision<sup>28</sup>, and to be usefully circulated for evaluation of transferability.

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<sup>28</sup> For instance similar services are often called with different names throughout the country and different services are called with similar names, what contributes to make estimations of diffusion and take-up rates more difficult.

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## THE WILCO PROJECT

**Full title:** Welfare innovations at the local level in favour of cohesion

**Acronym:** WILCO

**Duration:** 36 months (2010-2013)

**Project's website:** <http://www.wilcoproject.eu>

### **Project's objective and mission:**

WILCO aims to examine, through cross-national comparative research, how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer to and implementation in other settings. The results will be directly connected to the needs of practitioners, through strong interaction with stakeholders and urban policy recommendations. In doing so, we will connect issues of immediate practical relevance with state-of-the-art academic research on how approaches and instruments in local welfare function in practice.

### **Brief description:**

The effort to strengthen social cohesion and lower social inequalities is among Europe's main policy challenges. Local welfare systems are at the forefront of the struggle to address this challenge - and they are far from winning. While the statistics show some positive signs, the overall picture still shows sharp and sometimes rising inequalities, a loss of social cohesion and failing policies of integration.

But, contrary to what is sometimes thought, a lack of bottom-up innovation is not the issue in itself. European cities are teeming with new ideas, initiated by citizens, professionals and policymakers. The problem is, rather, that innovations taking place in the city are not effectively disseminated because they are not sufficiently understood. Many innovations are not picked up, because their relevance is not recognised; others fail after they have been reproduced elsewhere, because they were not suitable to the different conditions, in another city, in another country.

In the framework of WILCO, innovation in cities is explored, not as a disconnected phenomenon, but as an element in a tradition of welfare that is part of particular socio-economic models and the result of specific national and local cultures. Contextualising innovations in local welfare will allow a more effective understanding of how they could work in other cities, for the benefit of other citizens.