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**CASE STUDY - ITALY**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE COUNCIL**

**on the evaluation of the Council Recommendation on the integration of the long-term  
unemployed into the labour market**

{COM(2019) 169 final} - {SWD(2019) 155 final}

# CASE STUDY - ITALY<sup>1</sup>

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<sup>1</sup>Study supporting the evaluation of the Council Recommendation on the integration of long-term unemployed into the labour market, Ramboll Management consortium for the European Commission, 2019

## 1. INTRODUCTION

The objective of this report is to assess and explore the actions taken at national and local level in Italy in response to the Recommendation on the integration of the long-term unemployed into the labour market (2016/C 67/01) (hereafter ‘the Recommendation’). The aim is to establish whether and how the Recommendation has influenced policy, funding, activities, and long-term unemployment<sup>2</sup> in Italy.

### 1.1 Context of the implementation of the Recommendation

#### 1.1.1 Evolution of labour market situation

Italy is one of the EU countries hit hardest by the 2008 economic crisis, experiencing severe social and economic consequences. Comparatively, unemployment rose more than in most other European countries, particularly affecting women and young people. The total number of unemployed almost doubled from 2008 until 2016 - growing from 1.6 to about 3 million people.<sup>3</sup> Overall the **unemployment rate** rose from 5.7% in 2008 to 10% in 2017 (EU28 3.4%)<sup>4</sup>, with a rate of 10.4% recorded for early 2018.<sup>5</sup> In 2016, unemployment was particularly high among women, with an unemployment rate in Italy of 12.8% (EU28 8.8%), and in specific geographical areas, such as the South (19.8%) and the Islands (20.8%). Conversely, the unemployment rate among low skilled workers (15.7%) – despite being significantly higher than among the high-skilled (6.8%) – was slightly lower than the EU28 average (16.1%).

Italy has recorded higher rates of long-term unemployment than many other European countries, with a gap of over ten percentage points with respect to the EU28 average in 2016 (57.4% vs 46.8%). Overall, the **long-term unemployment rate** in Italy rose from 2.7% in 2008 to 5.9% in 2017, with a rate of 6.2% recorded in early 2018 (Figure 1).<sup>6</sup>

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<sup>2</sup> Long-term unemployment refers to unemployment (ILO/Eurostat definition) lasting for more than one year, with Eurostat data presented here including adults between the ages of 25 and 64 years old.

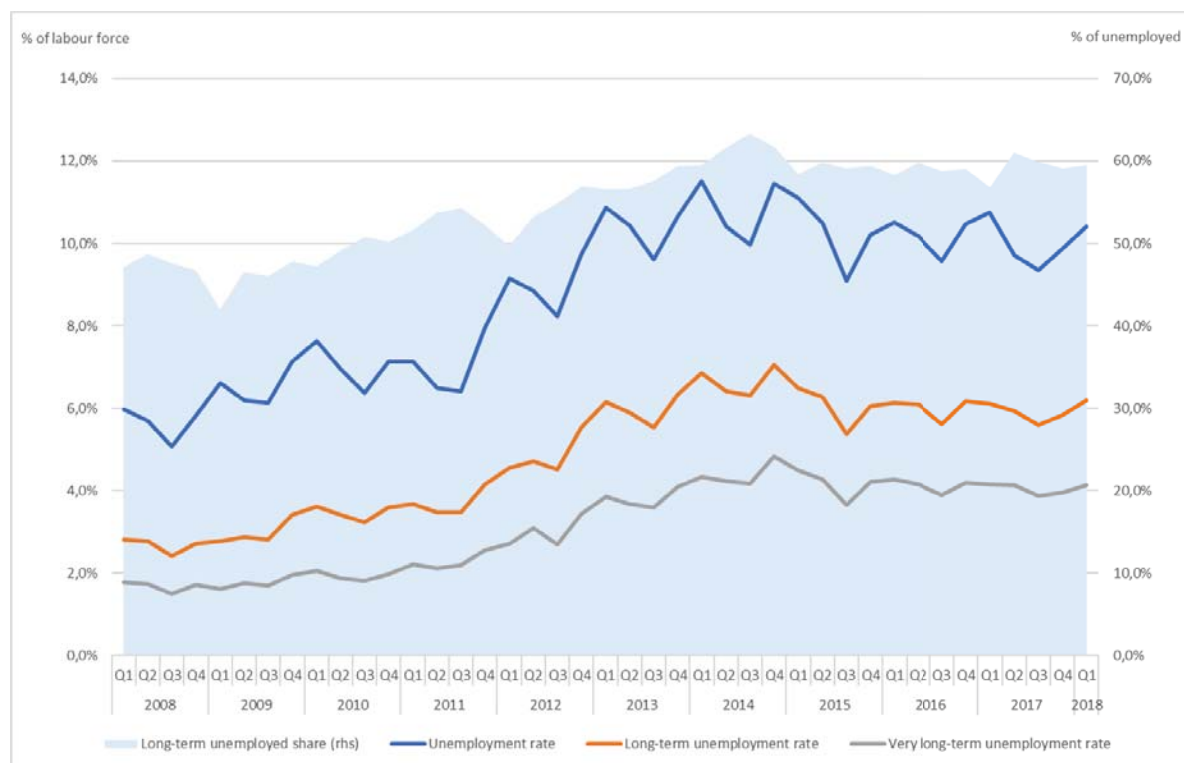
<sup>3</sup> Labour Force Survey.

<sup>4</sup> *Ibid.*

<sup>5</sup> Based on Eurostat data for Q1 2018.

<sup>6</sup> It should be noted that only data for Q1 2018 is included in Figure 1.

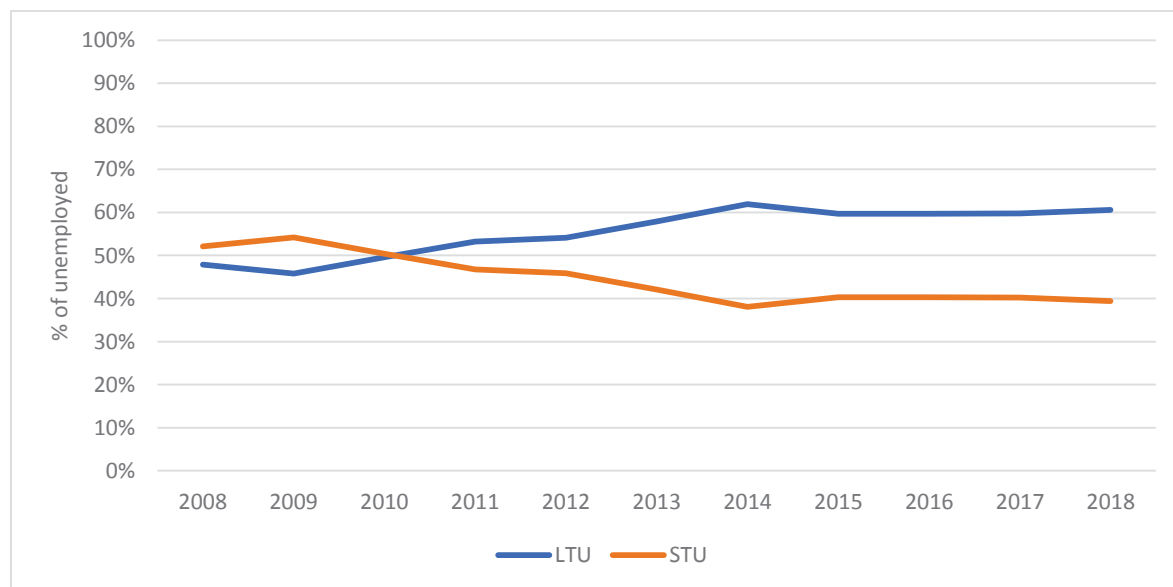
**Figure 1: Long-term unemployed share, unemployment rate, long-term unemployment rate, and very long-term unemployment rate in Italy, 2008-2018**



Source: Eurostat

As Figure 2 shows below, long-term unemployment has remained fairly steady since 2014 having consistently represented a larger **share of the unemployed population** when compared to short-term unemployment since around 2010. In 2008 the long-term unemployed comprised 47.9% of total unemployed (EU28 41.8%), with the proportion climbing to 59.8% in 2017 (49.5%), and 60.62% in early 2018.

**Figure 2: Long-term unemployment (LTU) versus short-term unemployment (STU) rate in Italy, 2008 – 2018**



Source: Eurostat. Note: data for 2018 is based on Q1 and Q2 only.

The negative trend of long-term unemployment was softened with the (weak) economic recovery in the period from 2014 to 2017, when the long-term unemployment rate dropped from 6.7% to 5.9% (Figure 1) – although no improvements are visible for older workers aged 55-64. Furthermore, long-term unemployment remains a serious issue in particular for women and low-skilled job seekers (Table 1). As shown below, the long-term unemployment rate for those between the ages of 55-64 has remained at the same level with the rate only decreasing very slowly across all educational levels.

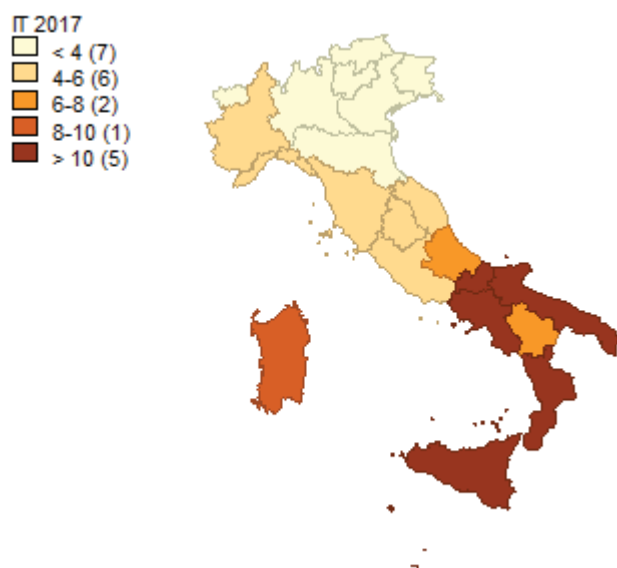
**Table 1: Long-term unemployment rates (unemployed for more than 12 months) in Italy, 2014-2017**

Country	LTU rate (>12 months)							
	Total	Education level			Gender		Age	
		Low	Medium	High	Men	Women	25-54	55-64
<b>2014</b>	6.7	9.9	5.5	3.9	6	7.5	7.2	3.7
<b>2017</b>	5.9	9.1	5	3	5.4	6.4	6.4	3.7

Source: EMCO monitoring data 2014-2017

**The regional imbalances in long-term unemployment are important:** in the North East the percentage of long-term unemployment of total unemployment is 47.6%, in the South it reached 64.6% (Figure 3 shows that while Northern Italian regions have rates of long-term unemployment as a percentage of the total labour force in line with the EU28 average (e.g. Lombardy 3.3%; Veneto 3.1%; Emilia-Romagna 3.0%), in Southern regions long-term unemployment is a much more serious issue, as shown by the much higher rates in Campania (13.8%), Sicily (14.3%), and Calabria (14.7%).

**Figure 3: Long-term unemployment (12 months and more) by NUTS 2 regions in Italy, 2017**



Source: Eurostat

In Italy, long-term unemployment tends to be a more persistent condition than in other European contexts. In 2016, the very long unemployment rate<sup>7</sup> was 38.8% (EU28 29.3%). The long-term unemployed in Italy who are unemployed for over 18 months is 4.6% (EU28 3%). Consistently,

<sup>7</sup> The very long-term unemployment rate is the share of persons unemployed for 24 months or more in the total number of active persons in the labour market.

Italy is one of the worst performers in Europe in terms of transition from long-term unemployment to employment. In 2016, only 9% of the long-term unemployed in Italy found a job – against 11% in the UK, 14% in the Netherlands and 26% in Denmark. Unfortunately, in Italy these figures are improving at a slower rate compared to other countries with high unemployment rates, such as Spain (11% in 2017) and Portugal (18%).

Rather than finding employment, a large share of the unemployed in Italy become inactive. So-called ‘discouragement effects’ seem to be particularly relevant: in 2016, 37.1% of the unemployed shifted from an unemployed status to inactivity - the highest percentage in Europe (compared to an average of 17% amongst the other 26 EU countries included in the Eurostat database). This is also a higher rate than in other countries with high unemployment rates, including for example Spain (16.6%), Portugal (19.9%) or Poland (25.9%).

The deteriorating condition of the labour market as well as the tendency for long-term unemployment to become an ongoing situation has had serious consequences also in term of poverty in Italy. In 2016, 30% of the Italian population was at risk of poverty or social exclusion (AROPE), a rate well above EU28 average (+ 6.5 percentage points). National “absolute poverty” figures also mirror the dramatic growth of the phenomenon: in 2006, in the pre-crisis scenario, the absolute poverty rate was 2.9%, but it more than doubled in the following years, reaching 7.9% in 2016.<sup>8</sup>

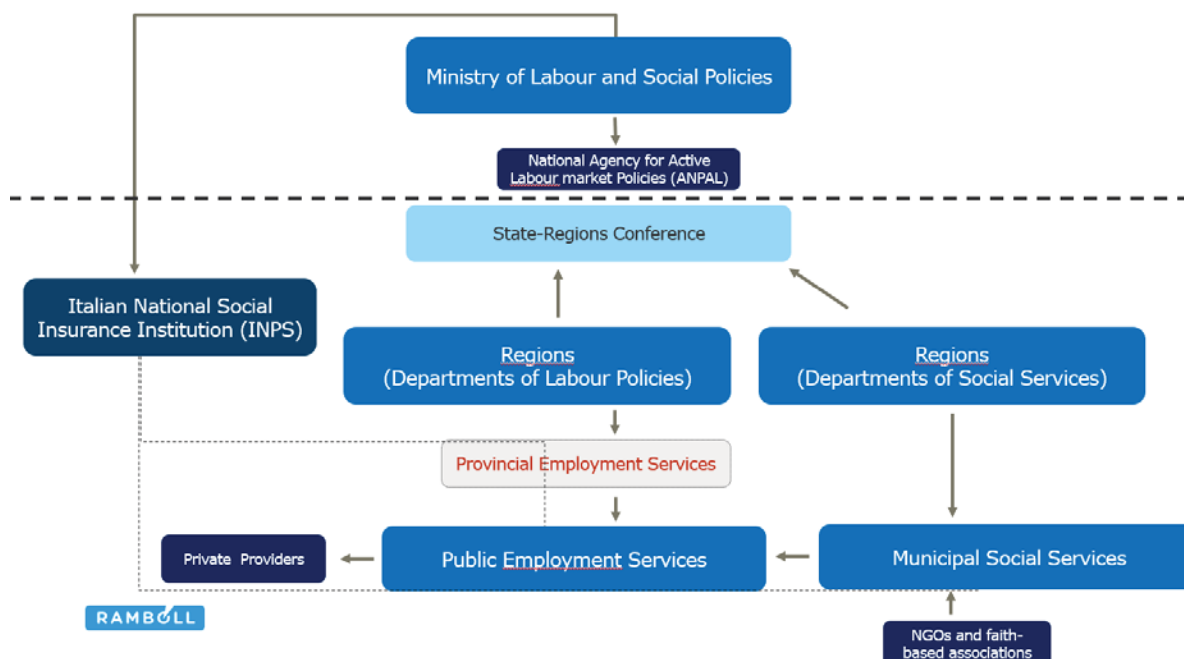
### **1.1.2 Institutional framework for providing support to the long-term unemployed**

The **Agency for active labour market policies (ANPAL)** – established with the Decree Law n. 150 of 2015 - was the main institutional actor involved in the implementation of the Recommendation. ANPAL has been in charge of designing a new strategy to enhance active labour market policies (ALMPs) in Italy and to negotiate this at the 'State Regions' Conference with sub-national governments, who exercise ‘concurrent competence’ in this policy field. Indeed, the creation of the ANPAL was planned in parallel with the project of constitutional reform that aimed to (re-)centralize competences for ALMP attributed to Regions. The failure of the constitutional reform (rejected by a referendum on 4<sup>th</sup> December 2016) reflected inconsistencies in ALMP governance, and the sharing of competences between the ANPAL and the Regions was re-defined in 2017. Furthermore, in the concrete implementation of the measures launched by ANPAL, not only regions were involved, but also the Provinces – at least until the ‘regionalization’ of competences over PES become effective in 2018 - and local employment services (both public and private).

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<sup>8</sup> Provided by the National Statistics Office

**Figure 4: Institutional set-up of stakeholders involved in supporting Long Term Unemployment labour market integration**



In Italy, the long term unemployed are eligible for benefits and services offered to all unemployed individuals. **Assistance specifically provided to the long-term unemployed still does not exist**, though a first draft of a new “**Italian Strategy for labour market integration of Long-term Unemployed**” has been approved by the ANPAL and it is currently under discussion with Regions and Autonomous Provinces (see below).

**Informal channels tend to prevail as a common way to search for a job:** in 2014 individuals primarily referred to their social and family networks when searching for a job (59.7%), or via self-nomination (58%), rather than by going to public or private employment services (33%). This is consistent with data showing that only 3.4% of the workforce found a job through a public employment service and 5.6% through private agencies.<sup>9</sup>

Traditionally, in line with the Southern European imprint<sup>10</sup>, social and labour market services necessary to promote the active inclusion of the (long-term) unemployed have been particularly scarce, with the generosity of out-of-work benefits for long-term unemployment benefit recipients in Italy still among the lowest in the OECD.<sup>11</sup> Since the adoption of the “Treu reform” in 1997, Italian labour market policy has placed – at least on paper - greater emphasis on activation, and a number of changes have been introduced in active labour market policies, the organisation of the public employment services and in the link between active and passive measures.<sup>12</sup> Furthermore, with the Biagi Law of 2003 job placement shifted from a public monopoly to a “quasi” market regime”. The share of private agencies in the job placement market progressively increased and in 2009 were more numerous and had more employees than the Public Employment Service. However, the **involvement of the private sector has greatly exacerbated regional differences:** 80% of private employment agencies are located in Northern

<sup>9</sup> ISFOL (2016), *Monitoraggio dei servizi per l'impiego 2015*, Roma, Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori.

<sup>10</sup> Hemerijk, A. (2012) *Changing welfare states*, Oxford: Oxford University Press.

<sup>11</sup> <https://www.oecd-ilibrary.org/docserver/e5d510c2-en.pdf?expires=1543404261&id=id&accname=guest&checksum=68851959CA8DE6A4CA9F7CF7AE51B718>

<sup>12</sup> Sacchi, S. and Vesan, P. (2011), *Interpreting employment policy change in Italy since the 1990s: nature and dynamics*, Collegio Carlo Alberto working papers, at <http://www.carloalberto.org/assets/working-papers/no.228.pdf>

Italy, strengthening a paradoxical and “reversed” situation in which employment services are less present where they are most needed, given the high incidence of unemployment in the South.<sup>13</sup>

Furthermore, until 2015, the implementation of these measures has been often **hampered by the limited ability of many regional and local employment services** to actually provide suitable activation programs for the unemployed and by the difficulties in promoting coordination between government levels and different sectors of the public administration. According to the latest monitoring of the functioning of the Public Employment Service in Italy,<sup>14</sup> one out of four offices faced organizational difficulties in providing basic services, 51.9% in building a personalized individual action plan, 57.9% in realizing an efficient skills assessment. In general, greater difficulties emerge in providing individualized assessment and personalized guidance. A major limitation of Italian public employment services has also consisted in the difficulty of ensuring the long-term continuity of guidance: only in four cases out of ten was the signature of a personalized individual action plan monitored through follow-up meetings as a way to ensure that it was eventually updated. Finally, the effectiveness of public services and private agencies in ensuring workers job placement has remained scarce.<sup>15</sup>

**These major difficulties as regards implementation of a strategy that aimed to reinforce ALMPs in Italy are due to an ongoing lack of resources and severe staff shortages<sup>16</sup>** - especially concerning experts in orientation, cultural mediators and psychologists<sup>17</sup> - but also due to the absence of effective national guidance. According to the OECD, spending on ALMPs has been below the EU28 average in Italy and focused on poorly-targeted training programmes which is worsened by the limited capacities of PES.<sup>18</sup>

Since 1997, **competences on ALMPs and job placement through a system of territorial employment centres (Servizi per l’Impiego, PES) were transferred to regional and provincial administrations.**<sup>19</sup> Despite the fact the minimum standards for employment services were defined throughout the national territory for all unemployed people in 2000 and have improved over time,<sup>20</sup> vertical and horizontal coordination<sup>20</sup> problems, i.e. between different government levels and policy fields, as well as insufficient human and financial resources, have **prevented the full implementation of such directives.**<sup>21</sup> As a result, the conversion of the public monopoly into a public-private mix of employment services has so far taken place along differentiated paths, which have not led to the establishment of a new national system of employment services but have rather created a variety of local systems.<sup>22</sup> For example, the so

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<sup>13</sup> Madama, I., Natili, M. and Jessoula, M. (2013) *National Report: Italy*, COPE ‘Combating Poverty in Europe’ project, at [http://cope-research.eu/?page\\_id=377](http://cope-research.eu/?page_id=377)

<sup>14</sup> ANPAL (2017) *Monitoraggio sulla struttura e il funzionamento dei servizi per il lavoro 2017*, Rome Hemerijk, A. (2012) *Changing welfare states*, Oxford: Oxford University Press.

<sup>15</sup> Jessoula, M., Pavolini, E. and F. Strati (2015), *ESPN Thematic Report on Integrated Support for the Long-term Unemployed – Italy*. Brussels: Directorate-General for Employment, Social Affairs and Inclusion.

<sup>16</sup> According to the ISFOL (2015) in Italy there are 536 PES, one for every 5657 unemployed. The number of PES employees is 8,798 (with a ratio between workers and potential beneficiaries of 1 to 345), of which 7,760 on a permanent basis, 755 with fixed term contracts and 283 independent contractors. Almost half of the PES employees work in the Southern regions (48.3%).

<sup>17</sup> ANPAL (2017) *Monitoraggio sulla struttura e il funzionamento dei servizi per il lavoro 2017*, Rome Hemerijk, A. (2012) *Changing welfare states*, Oxford: Oxford University Press.

<sup>18</sup> <http://www.oecd.org/els/soc/Faces-of-Joblessness-in-Italy.pdf>

<sup>19</sup> More precisely, the Ministry of Labour and Social Affairs define basic guidelines, while the Regions have the fundamental role of guaranteeing, monitoring, and programming their own model. Public Employment Services (in Italian, Centri Per l’Impiego), which are the service provider, are guided and coordinated by the Provinces.

<sup>20</sup> Marocco M. (2013), *La doppia anima delle politiche attive del lavoro e la Riforma Fornero*, WP CSDLE “Massimo D’Antona”.IT-192/2013; <http://csdle.lex.unict.it>

<sup>21</sup> Jessoula, M., Pavolini, E. and F. Strati (2015), *ESPN Thematic Report on Integrated Support for the Long-term Unemployed – Italy*. Brussels: Directorate-General for Employment, Social Affairs and Inclusion.

<sup>22</sup> Sacchi, S. and Vesani, P. (2011), *Interpreting employment policy change in Italy since the 1990s: nature and dynamics*, Collegio Carlo Alberto working papers, at <http://www.carloalberto.org/assets/working-papers/no.228.pdf>



called ‘Lombardy model’ has greatly emphasized the relevance of private providers and with the introduction of the ‘bonus system’ in 2007 has moved in the direction of a ‘quasi market’: wherein private service providers play a crucial role in the governance of ALMPs and compete on almost ‘equal footing’ with the Public Employment Service. In other regions the situation is very different, also due to the fact that private providers are much less present in Central and (especially) Southern Italy.

This situation has tended to overlap with the weaknesses of the social service system.<sup>23</sup> Until 2015, at the local level, professional social services were able to respond to emergency situations, but this ability was often not accompanied by adequate capacity to plan and prevent situations of need. Traditionally, this inability to build individualized plans, which assumes different forms according to the territorial area, was correlated with the difficult coordination among different policy sectors, especially with regards to the linkages between municipality-based social assistance services and provincial-based public employment services.

To sum up, between 2002 and 2015, major changes occurred in the field of inclusion of the long term unemployed in Italy, aimed at increasing the customer orientation, the enabling function and the supply of both public and private services of the Italian active labour market services. However, until 2015, limited resources, organizational barriers and low institutional capacities limited the effectiveness of these reforms, and the role of public as well private employment agencies in promoting employability and labour market (re) integration of the long term unemployed was fairly limited.<sup>24</sup>

## 2. IMPLEMENTATION OF THE RECOMMENDATION

### 2.1 Progress on implementation of the Recommendation

This section outlines the progress on implementation of measures proposed in the Recommendation. It provides an overview of policy and practice changes in relation to:

- Registration of long-term unemployed
- Individualised support
- Coordination of support
- Cooperation with employers

The assessment of progress takes into account the expected impact from the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation,<sup>25</sup> and is based on the mapping of policy changes, and stakeholder consultations during field work. Furthermore, it relies on the systematic analysis of relevant legislation, official government documents and social and political actors’ publications, as well as fifteen interviews with key informants such as institutional actors and interest group representatives at the national, regional and local level. More precisely, three interviews were conducted at the national level, with two key government figures (one at the Ministry of Labour Policies and the other at the National Agency for Active Labour Market Policies, ANPAL) and one with a key stakeholder (national

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<sup>23</sup> Natili, M. (forthcoming 2019) *The Politics of Minimum Income. Explaining Path Departure and Policy Reversal in the Age of Austerity*, Palgrave Macmillan.

<sup>24</sup> Jessoula, M., Pavolini, E. and F. Strati (2015), *ESPN Thematic Report on Integrated Support for the Long-term Unemployed – Italy*. Brussels: Directorate-General for Employment, Social Affairs and Inclusion.

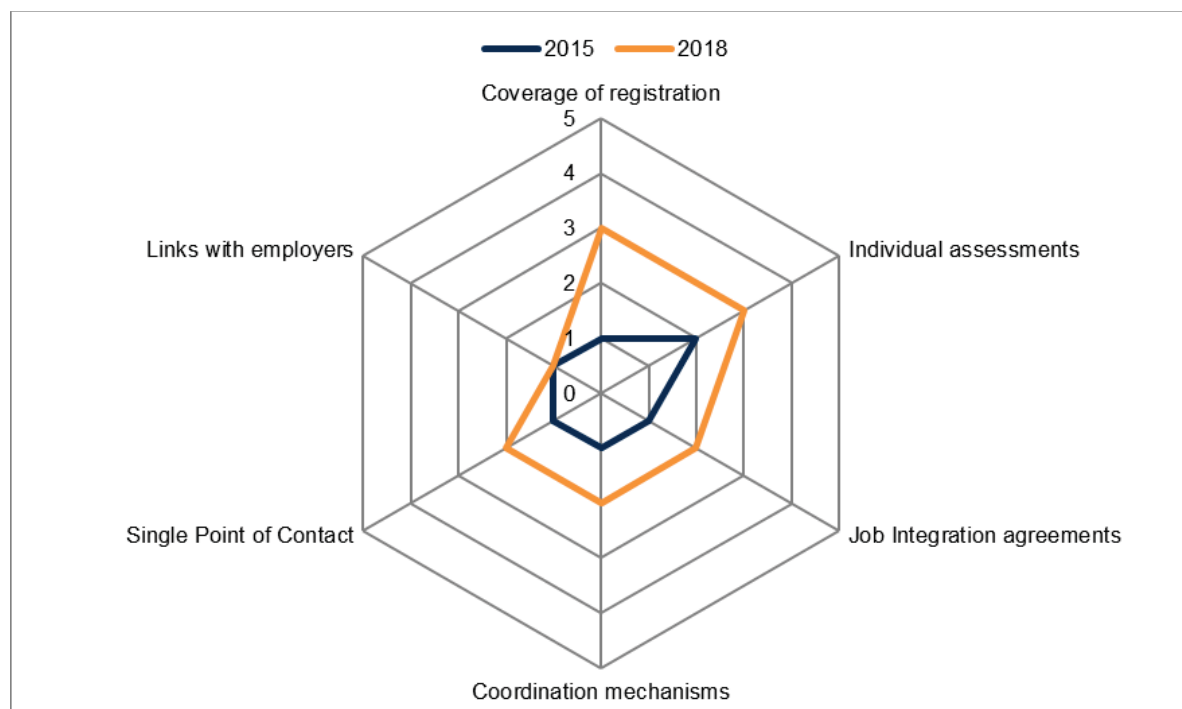
<sup>25</sup> European Union, European Commission, Commission Staff Working Document, Document Accompanying the document Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market (2015) 176

representative of ‘Confcooperative’). This was complemented by an in-depth qualitative analysis of two regional (Marche and Lombardy) and local (Ancona and Milan) cases.

Case selection was driven by the necessity to give an account of the territorial heterogeneity characterizing the situation of ALMPs for the (long-term) unemployed in Italy between regions of different sizes, levels of economic development and institutional capacity. In Lombardy, six interviews were conducted with regional (two institutional actors and one representative of the main employer organization) and local actors (two practitioners of public employment services and one of the social services in Milan). Similarly, six interviews were conducted in the Marche region, three at the regional level (with key institutional actors in the area of labour policies, European funds and social inclusion) and three at the local level (with practitioners of public employment services and of the social services; and with a trade unionist in Ancona). When available, indicators on outputs and results are included in the analysis.

Figure 5 **Error! Reference source not found.** summarises the progress on the implementation of the Recommendation on the integration of the long-term unemployed in the labour market by comparing the picture prior to the Recommendation (H1 2015) with the situation since.

Figure 5: Quality of measures - Italy<sup>26</sup>



Source: *Quality rating national expert*

<sup>26</sup> Quality ratings ranged from 1– 5 whereby: **1 (low)** = no or basic implementation only, only on an ad hoc basis or not fully integrated into the overall services package; significant room for improvement; **2 (low-medium)** = More than just a basic implementation but falls short of being routinely implemented at national level and integrated into the overall service package; significant room for improvement; **3 (medium)** = Routinely implemented and integrated into the overall service package but recognise that the service/function falls short of guiding elements of the Recommendation guidance; **4 (medium-high)** = Established and well developed service/function that fulfils most guiding elements of the Recommendation but falls short of realising all of them; **5 (high)** = Established and well developed service/function that fulfils all the guiding elements of the Recommendation. This implies that mechanisms to constantly monitor performance and develop the service/function on the basis of what is or is not working well should be in place.

## 2.1.1 Registration of long-term unemployed

### Baseline and development

In 2013, in Italy, there was a low share of the long term unemployed registered with PES<sup>27</sup> (52%), and it has largely remained consistently low since, with a rate of 48% recorded in 2017 (EU28 72.8% and 71.8% for these years respectively). According to the mapping of policy changes, the national legislation (Law No 92/2012) already envisaged measures devoted to the registration of long-term unemployed at the baseline for the evaluation (H1 2015). These formally included: new services for non-registered people, services to encourage the long term unemployed to remain registered (even if they are no longer entitled to benefits), multi-channel possibilities for initial registration (online registration, telephone, etc.), and changes in eligibility for activation measures were other measures planned and implemented.

The quality rating provided by the national expert for **coverage of registration** improved from 1 in H1 2015, to 3 in October 2018.

### Case study findings

Given the consistently low registration rates of the long term unemployed with the Public Employment Service, the need to increase the coverage of registration for this group remains high in Italy: in 2017 less than one out of two long-term unemployed people over 25 was registered with a public employment service, against an EU28 average that is closer to 3 out of 4.<sup>28</sup> Even though national legislation existed prior to the baseline with the aim of encouraging registration (as outlined above) important gaps existed however, regarding the implementation of such measures.

The positive rating results from the **introduction of new national measures**, following the establishment of the Agency for active labour market policies (ANPAL) introduced with the Decree Law n. 150 in September 2015. In particular, the ‘Re-integration Voucher’ envisages that ANPAL contacts unemployed persons directly when the possibility to benefit from the main unemployment benefit (NASPI) is expiring. They use different means (SMS, email, even WhatsApp), to inform the unemployed about the possibility to receive a voucher to receive tailored and intensive job search support from public or authorised private employment services. This is intended to incentivise the unemployed to maintain a relation with employment services even after they cease to be entitled to monetary benefits – thus increasing the registration of the long term unemployed and preventing people from transitioning from unemployment to inactivity.

Furthermore, **improvements to IT infrastructure have been made** to allow for the registration of the unemployed in Italy. In 2017, a new national online registration of unemployed people was launched in the context of the creation of the national ANPAL website ([www.anpal.gov.it](http://www.anpal.gov.it)) which also collects information regarding job opportunities for the unemployed and offers job-search support services. According to ANPAL, this should contribute to making more visible the advantages to being registered with the Public Employment Service, thus increasing registration.

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<sup>27</sup> See Commission Staff Working Document, Document Accompanying the document Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market (2015) 176, p. 10. Figure 7. Long-term unemployed by Member State, stock and share registered with the PES, 2013.

<sup>28</sup> Data collection for monitoring the LTU Recommendation: 2017

Starting from 4 December 2017, registration to the website allows individuals to acquire an unemployed status and to declare their immediate availability to work (so-called "Did-online"). This was followed by the creation of a new national IT System of public employment services, called the Unitary Information System (*Sistema Informativo Unitario*) managed by ANPAL in co-operation with Regions and Autonomous Provinces.

The idea of an IT database originates with the 2003 Biagi Law, but this had resulted in the creation of twenty-one different regional databases that were not able to communicate with each other. The creation of the Unitary Information System (*Sistema Informativo Unitario*) provides a solution to this problem, finally creating the possibility for effective monitoring and evaluation of the Italian services for long-term unemployed.

To ensure the maximum dissemination of information on the new service system and labour policy measures, ANPAL has also activated a specific telephonic contact centre called the "Single work number", which has been operational since December 2016.

Despite these novelties, key barriers continue to hinder the implementation of measures to increase coverage of registration. Barriers have included a shortage of Public Employment Service staff, as well as budgetary constraints, and outdated software (including poor internet connection). Whilst most public employment services set performance targets for assisting jobseekers to re-enter the labour market, Italy is one of few countries where the Public Employment Service does not do this. More specifically, according to the interviewees at the local level both in Marche and in Lombardy, **until now the outreach ability of public employment services in Italy has remained quite low**. At the local level, both in Marche and in Lombardy operators argue that no major changes occurred in this dimension in the 2015-2018 period. According to the operators a problem is that, with time, many unemployed lose faith in the ability of the Public Employment Service to support their labour market inclusion. Furthermore, especially in Lombardy, institutional fragmentation (i.e. the availability of other providers of labour and social inclusion services, such as social services and private associations, for profit and non-profit) decreases the number of people registering with the Public Employment Service according to interviewees consulted at the local level.

## 2.1.2 Individualised support

### Baseline and development

In the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation it was considered that the **Recommendation on the individualisation of support would have a strong impact in Italy**. Prior to the Recommendation, the profiling of jobseekers registered with the Public Employment Service, in-depth individual assessments or elaborated individual action plans were rarely implemented in the local Public Employment Service and with great territorial heterogeneity. As with coverage of registration, key barriers to the implementation of measures to implement individual assessments have included a shortage of staff, as well as budgetary constraints, and outdated software (including poor internet connection).

According to the mapping of policy changes, measures were already formally in place in H1 2015 for individual assessments and personalised guidance of the long-term unemployed at the

latest at 18 months of unemployment. These assessments covered education/work experience, distance from available jobs, health/substance abuse, and family situation/obligations.

The quality rating provided by the national expert regarding **individual assessments** improved from 2 in H1 2015, to 3 in October 2018.

According to the mapping of policy changes, Job Integration Agreements or equivalents targeting the long term unemployed that have reached 18 months of unemployment did not exist at the baseline for the evaluation (H1 2015). Italy has not yet provided any data on Job Integration Agreements users and thus, its use and effectiveness cannot be assessed.<sup>29</sup>

The quality rating for Job Integration Agreements provided by the national expert therefore improved from 1 in H1 2015, to 2 in October 2018.

### **Case study findings**

After the policy changes introduced in the Decree Law 150/2015 and defined in the implementing regulation on December the 21<sup>st</sup> 2017 (Ministry Decree 4/2018), **Italy formally provides personalized support to all unemployed people**, including in the form of a Job Integration Agreements. These legislative changes introduced in the Decree Law 150/2015 and defined in Ministry Decree 4/2018, introduced ‘Basic Levels of Quality Services’ consisting of minimum standard to be guaranteed throughout the country regarding the organisation of employment services; declaration of immediate job availability (DID); definition of the ‘Customized Service Pact’;<sup>30</sup> initial vocational guidance; counselling on job search (also through collective vocational guidance) within three months of registration at the Public Employment Service; individual and specialised guidance for self-employment; identification of training paths and stages; assistance and tutoring for enterprise-creation incentives, business management, work-life balance mechanisms; participation in projects of public utility.

A new “**Italian Strategy for Labour Market Integration of Long-Term Unemployed**”<sup>31</sup> is defined within the Ministerial Decree 4/2018 and has been approved by the ANPAL. Although the plan is not yet public, the Ministerial Decree 4/2018 establishes that this new strategy should be based on a **new competence assessment and the new ‘Customized Service Pact’ between the Public Employment Service and the recipients**, to be signed between the thirteenth and eighteenth month of unemployment, which has to include at least one active inclusion service. The Strategy is currently under discussion with Regions and Autonomous Provinces, and once it will have the final approval by the Regions – which is attended by October 2018 – it should be automatically transposed into a Ministerial Decree.

On paper, the ‘**Customized Service Pact**’ (CSP) **defines mutual responsibilities and combines services and measures** offered by different organisations and territorial institutions. The new guidelines introduced with the Ministry Decree 4/2018 require regular up-dating and frequent follow-ups of the CSP, which are differentiated depending on individual profiles (i.e. the more distant the individual to the labour market the more frequent the meetings). In this regard, Ministry Decree 4/2018 specifically requires that between the 12<sup>th</sup> and the 18<sup>th</sup> month of

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<sup>29</sup> EC (2018): Data collection for monitoring the integration of the long-term unemployed into the labour market 2017. Country Fiche: Italy.

<sup>30</sup> Italian JIA

<sup>31</sup> As this strategy is not yet public, there is limited further detail on it at the time of writing.

unemployment a new in-depth individual assessment be conducted and a new CSP negotiated between Public Employment Service and the unemployed.

Overall, the system should work as follows: the unemployed can register either directly to the Public Employment Service or with the new online procedures through the new ANPAL website. With the registration, they sign an ‘Immediate Declaration of Work-Availability’ (‘Dichiarazione di Immediata Disponibilità al Lavoro’, DID). Afterwards, the Public Employment Service organises the first meeting, including a quantitative (i.e. based on standardized basic criteria such as age, level of education, months of unemployment) and a more in-depth ‘qualitative’ profiling test. This is followed by the signature of a ‘Customized Service Pact’ (Patto di Servizio Personalizzato), which contains the mutual commitments agreed between Public Employment Service and the unemployed. Then, according to the ‘new’ guidelines, the Public Employment Service should follow recipients in the realisation of their customized integration paths, which differs depending on individual assessment. The unemployed closer to the labour market should be inserted in one of the various programmes offered at the national (e.g. the Youth Guarantee and/or the Re-Integration Voucher), regional (e.g. the so-called ‘Work-experiences’, regional ‘apprenticeship’, or the so called ‘bonus system’ in Lombardy) or even at the local level. If the unemployed is considered not immediately suitable for work, a different integration path is pursued, based on orientation, training and/or cooperation with social services or NGOs. In all cases, a ‘tutor’ with specific competences is identified to collaborate in the design and follow-up of the individual plan.

To support greater territorial standardisation in terms of the provision of individualised support, ANPAL has also launched a **new ‘profiling toolbox’**, i.e. two new measures that should support local Public Employment Service in the realisation of the profiling function throughout the country. First, since 2016, guidelines for the realisation of the ‘quantitative’ assessment have been provided by ANPAL. This was followed with Resolution N. 19 of May 2018, and by the creation of guidelines available to PES staff for qualitative profiling, both for the unemployed requiring more straightforward placement and for people with disabilities who may require more targeted support. Second, from July 2017 to May 2018 a new profiling tool – consisting of a ‘lighter’ version of the PIAAC (Programme for the International Assessment of Adult Competencies) - has been experimented in 181 PES in 18 Italian regions. The results of the trial on the effectiveness of the PIAAC online tool are currently under the examination of the ANPAL research unit in view of a possible extension to the whole country.

Views from different actors at the regional and local levels testify that the implementation of these new guidelines has been gradual in the period from 2016-2018 and, moreover, followed different territorial paths. At the regional level, in Lombardy, a Public Employment Service director stressed that this **‘individualized’ approach has been part of the working logic of the PES since at least 2007**, when the ‘bonus system’ (Sistema delle Doti) was introduced. This is based on regional calls that allocate specific regional resources, define four different ‘need situations’ depending on an individual assessment and provides accordingly with a specific range of services (i.e. skills assessment, coaching, advice and support to self-entrepreneurship, training, scouting company and active job search, tutoring guidance and counselling) that recipients can benefit from both public and/or credited private providers through vouchers. Given this tradition, operators in Milan argue that, nowadays, there is a medium-high realization of the guidelines introduced in the Law 150/2015 described above. Conversely, in the Marche region, local and

especially regional institutional actors agree that new guidelines were innovative and led to the introduction of new practices, from the ‘Customized Service Pact’ (CSP) to the individual assessment. However, regional actors emphasize the provision of basic services is already quite demanding for local public employment services, so that the realisation of more in-depth activities – such as the ‘qualitative’ assessment or the tutorship – rarely materialises. Also, physical infrastructure – the offices of the Public Employment Service – are sometimes inadequate to support all the registered unemployed.

Even though measures were already in formally in place for individual assessment and personalised guidance for the long-term unemployed at the baseline, as mentioned above, a lack of resources (as well as coordination problems – explored below) has prevented the full implementation of these directives. A common remark in all the interviews carried out in Lombardy and in the Marche related to the **lack of adequate staff to fully realize the personalised support**. The Public Employment Service capacity is generally restricted in Italy<sup>32</sup> which is one of a handful of countries with less than 40% of PES staff specifically serving jobseekers (countries<sup>33</sup> with the largest share had around 70-80% of staff dedicated to this role). In the Marche region, the ratio between case workers and total number of registered unemployed is one for every 438, and the ratio is even higher in Ancona, with one Public Employment Service employee for every 749 registered unemployed. Numbers are only slightly different in Lombardy, as in Milan the ratio is one for 553 registered unemployed. To improve the effectiveness of the PES, ANPAL and Regions have defined a ‘Plan to strengthen services and active labour policy measures’ which also envisaged the hiring of 1,600 new Public Employment Service operators, among which around 600 highly qualified in labour insertions programs.<sup>34</sup> However, operators both in Marche and in Lombardy argues that **so far, no Public Employment Service office has been reinforced with new trained staff**.

Local Public Employment Service Offices in the Marche region emphasise the **inability to organize and finance adequate ALMP programmes at the regional level**: the ‘work-experience’ projects or the regional calls for apprenticeship and training - mainly financed through the European Social Fund - are defined as a ‘drop in the ocean’, that is inadequate to provide individualized support to all the recipients. The common perception among actors at all territorial levels is that the new measures are thus being implemented very differently throughout the country, depending on institutional legacy, administrative ability and territorially specific conditions of the labour market.

### 2.1.3 Coordination of support

#### Baseline and development

In the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation it was considered that the recommendation on coordination<sup>35</sup> and transition to employment would have a relevant impact in Italy.

Indeed, according to the mapping of policy changes, coordination mechanisms<sup>36</sup> between government levels dealing with the long term unemployed were already in place in H1 2015,

<sup>32</sup> <http://www.oecd.org/els/soc/Faces-of-Joblessness-in-Italy.pdf>

<sup>33</sup> Slovakia, Sweden, Lithuania, and the Netherlands.

<sup>34</sup> According to the interviewee nobody had been hired yet, with no further information available.

<sup>35</sup> Coordination refers to coordination of support between support services of relevant to the long-term unemployed, including employment, social, physical and mental health, housing support services for example.

with European Social Fund (ESF) financial support for 2014-2020 also helping to increase horizontal coordination between social and employment services, with post-baseline developments outlined in more detail below.

The quality rating provided by the national expert for **interinstitutional coordination** therefore improved from 1 in H1 2015, to 2 in October 2018.

The quality rating provided by the national expert for **Single Points of Contact** improved from 1 in H1 2015, to 2 in October 2018 to reflect a move towards potential improvement via greater interinstitutional coordination - albeit yet to be fully implemented (outlined in more detail below with regards to horizontal integration).

### **Case study findings**

To provide an assessment of the improvement made in the coordination of support in Italy, it is **useful to distinguish between vertical coordination** (i.e. between different government levels: the central State, Regions, Provinces and Municipalities), **and horizontal coordination** (i.e. between different organizations: INPS, Public Employment Service, social services, private service providers, etc.).

Concerning the first dimension, the creation of the ANPAL and of the Unitary Information System (*Sistema Informativo Unitario*) has certainly favoured a greater **vertical integration**. The ANPAL created new guidelines negotiated between the State and the Regions, while the Unitary Information System allows the single Public Employment Service to pool individual information, support history and individual assessments from the Public Employment Service located in different regions, and a more effective guidance and monitoring system at the centre. Furthermore, the introduction of L. n. 56/2014 involving the transformation of the Italian provinces, resulted in a more defined territorial organization of active labour market policies in Italy. Yet, local operators emphasise that these organizational transformations were quite burdensome and created administrative difficulties. In particular the creation of the ‘national’ online system and database created **several technical problems** which have only recently been overcome. A new ‘governance’ of the system has thus been designed, though it is still not yet fully realised.

As for **horizontal integration**, it is the intention of the legislator for the Public Employment Service to become the Single Point Of Contact, though it is still an issue for debate in the Labour Ministry whether this has to be a ‘virtual’ or a physical Single Point of Contact. In the period between the second half of 2015 and 2018, important advances were made in the coordination between income support benefits managed by INPS and local public employment services : The long term unemployed may apply for social benefits directly in the Public Employment Service and the coordination between these two institutions regarding conditionality (and sanctions) associated with the main unemployment benefit (NASPI) is now fully operational. As for the integration between private and public employment service providers, the situation is more **territorially differentiated**. In Lombardy, where coordination with private providers was already well-structured, once the unemployed sign the DID (‘Immediate Declaration of Work-Availability’), they can decide whether to refer to public or private services for the realization of

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<sup>36</sup> European Commission (2015) specifies two mechanisms: a systematic referral system to the support needed and data sharing mechanisms across organisations.



the Customized Service Pact (CSP). In other regions the situation is different. In the Marche region, regional policy-makers and local providers emphasize that the cooperation between public and private providers is not structured, though ‘informally’ at the local level there has been a sort of division of labour, with private providers focusing on the labour market inclusion of more easily ‘employable’ unemployed and PES focusing on the most ‘disadvantaged’ social groups.

The **Re-Integration Voucher** (Assegno di ricollocazione, Legislative Decree No. 150/2015), introduced on the 14<sup>th</sup> September 2015 and implemented on a structural basis since 2018, aims also at fostering the integration between private and public employment service providers. This is a voucher available for unemployed beneficiaries who have been in receipt of the main Italian unemployment benefit (NASPI) for more than 4 months, to be used to receive tailored and intensive job search support from either public or authorised private employment services, as a way to prevent unemployment becoming long-term. The monetary amount of the voucher (e.g. from €250 for hiring with short-term fixed-term contracts to €5,000 for hiring with open-ended labour contracts) is inversely related to the employability profile of the unemployed person concerned.

As well as the greater coordination efforts between private and public employment services outlined above, since 2017 there have also been **improvements in the integration between social services and public employment services**. This is a particularly relevant issue for long term unemployment, due to the recent policy changes introduced in the anti-poverty field, and the introduction of the Inclusion Income (Reddito di Inclusione, REI; Decree No 147/2017) in September 2017. The REI is managed by the social services, but recipients must agree upon customised projects, which include in certain cases activation measures for labour (re)insertion, to be realised by multidisciplinary teams envisaging the collaboration between different public services (social, employment, training, housing, health and education, etc.) and third sector organisations (e.g. non-government organisations). This led to the creation of ‘new’ networks of institutions for social inclusion (including also the ‘social’ and the ‘labour’ departments) at both the national and the regional level, and to the establishment of locally-based agreements between social services and employment services. This **increasing horizontal integration between social and employment services** – favoured also by the new funds made available by the Partnership Agreement with Italy for the new budget cycle 2014-2020 of the European Social Fund (ESF) – constitute innovative practices for all the institutional actors interviewed, regardless of the geographical area.

Local operators of the Public Employment Service in Ancona (Marche) emphasize that this integration is very positive but, considering the shortage of staff, increase the **risk of functional overload of public employment service**. In Milan, AFOL emphasize that their service is traditionally structured as a ‘House of Welfare’ (i.e. as a single point of contact) and that traditionally within their staff there are operators with specific competences (psychologists, experts in orientation, etc.) necessary to work with more disadvantaged groups. At the same time, also in this more equipped context, horizontal co-operation with social services constitutes a ‘new challenge’. The operator of the local social services emphasizes that, rather than working together, in Milan there was previously a ‘duplication’ and an overlapping of services provided by the Public Employment Service and local social services, as also the former in the early 2000s

created a department specifically devoted to the labour market insertion of the long term unemployed.

In short, one may argue that **Italy is moving in the direction of creating a Single Point of Contact** and fostering greater vertical and horizontal coordination, though these new practices are not fully institutionalized and fail to be routinely implemented across the whole country.

#### **2.1.4 Cooperation with employers and businesses**

##### **Baseline and development**

Among the interventions included in the Recommendation, two mechanisms were considered to enhance employment support: enhancing services to employers and focusing labour market policies (ALMPs) on the competitive labour market and reducing to a minimum public works.

According to the mapping of policy changes, few national measures were already in place in H1 2015 to establish closer links with employers related to the placement of the long term unemployed. These formally covered screening of suitable candidates and placement support.

The quality rating provided by the national expert suggests that no improvements with regards to **establishing closer links with employers** have taken place over the period from H1 2015 to 2018: it remained at 1.

##### **Case study findings**

As outlined above, there were few national measures in place before the baseline to establish closer links with employers however the introduction of Law 150/2015 and the Ministry Decree 4/2018 (see section 2.1.2 and below) saw the introduction of workplace mentoring and training included in such measures. Although so far it has had limited impacts at the operational level, **ANPAL has taken some initiatives in an effort to comply with the Recommendation:**

- In November 2017 it launched an online consultation to ask for suggestions from businesses and employers on how to bring PES closer to their needs.
- Among the new ‘three-year guidelines’ approved with Ministerial Decree n.4/2018, there is ‘strengthening of information desks and services dedicated to businesses’, outlining that ameliorating the collaboration between Public Employment Service and private employers has entered the government agenda.
- ANPAL - in collaboration with the Excelsior Information System<sup>37</sup> - is building an online infrastructure that should allow private companies to insert their needs in terms of competences, skills and positions and to make this information immediately available to local public employment services . Through this cooperation, local public employment services may select different lists of companies according to the placement probability of recipients selected, according to their professional profile. They may also identify clusters of companies with high employment potential differentiated according to location and sector of activity.

However, providers at the local level emphasize that the only institutional innovation to facilitate the Public Employment Service in their approach with private companies is the already mentioned Unitary Information System (*Sistema Informativo Unitario*), which provides

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<sup>37</sup> There is no official timeline for this.

information regarding the long term unemployed working, education and training experiences, thus supporting the Public Employment Service in the pre-selection procedures.

So far, according to regional Public Employment Service in Marche, these innovations have not substantially modified the long-standing **suspicion of employers regarding the usefulness of building a strong cooperation with the Public Employment Service.**<sup>38</sup> The perception is slightly different in Lombardy, where local operators emphasize the existence of strong relationships with private companies active in the area, though this is not formally structured. A number of services are indeed offered to private companies, including pre-selection and screening of suitable candidates, support in the realization of apprenticeships, creation of enterprise specific vocational training, and support for individual and/or collective outplacement for companies in crisis.

Furthermore, in January 2018, a new ‘Marketing Operating Unit’ was introduced in the AFOL Milan public employment service, which is specifically devoted to the creation of new partnership and in the daily communication with private companies, moving beyond the traditional organization of Job Fairs. In the Marche regions these relations appear less developed, devoted in particular to respond to legal obligations in relation to the labour market insertion of disabled individuals (Law N.68/99) and to support in the outplacement for companies experiencing a crisis. Notwithstanding, the PES guarantees that the **pre-selection and screening of suitable candidates is also realised upon employers’ demand.** In addition, in the 2015-2018 period, local public employment services organized job fairs and bi-lateral meetings with employers’ representative organizations in the tourism field (Confturismo), to support matching between demand and supply of seasonal workers in hotels and restaurants.

## 2.2 Examples of measures

The following measures are briefly outlined here given their thematic link to the Recommendation. They are presented here as an interesting example of *relevance* to the Recommendation but also given their direct link to it (see section 3):

As referenced in more detail in section 3.5, the decision to launch the new “Italian Strategy for labour market integration of Long-term Unemployed” as well as the launch of some of the national initiatives to bring closer employers and the Public Employment Service were **direct consequences of the Recommendation.** The new national strategy is currently under discussion with Regions and Autonomous Provinces, and when fully implemented is designed to support both registration processes and the provision of individualised support for the long-term unemployed.

## 2.3 Use of the ESF to implement the Recommendation

According to Eurostat, the Public Employment Services are traditionally comparatively underfinanced in Italy which spent on average EUR 2 per capita labour market services in 2015, against a EU15 average close to EUR 28. Measures to support the long-term unemployed were introduced without providing the necessary financial resources to guarantee their implementation and as a result, many implementation gaps remain.

In this regard, it is important to emphasize also the **relevance of the European Social Fund in providing much needed funds** to regional and local actors to implement labour market policies.

<sup>38</sup> Until October 2018 no additional strategy for employers beyond what is outlined here has been launched.

For example, the ESF provided resources to implement the organizational changes introduced by the D. Law 150/2015. Indeed, in the interview at the ANPAL it emerged that the ESF co-financed the national plan for the reinforcement of public employment services in all its dimensions: the creation of the Unitary Information System (*Sistema Informativo Unitario*), the launch of the ‘new standardised profiling toolbox’, and even the (planned) hiring of additional human resources.

ESF resources were particularly important to foster the implementation of the Recommendation at the regional and at the local level, providing important incentives **to make initiatives coherent with the aims of the Recommendation**. This has especially been in terms of increasing the individualized approach, strengthening horizontal coordination between social and labour market services, and monitoring the implementation of new labour market programs.

The **ESF co-financed 27 programs** – limiting analysis only to those financed with more than 1 million - specifically devoted to strengthening institutional ability of the local public employment services and/or supporting the long-term unemployed.<sup>39</sup> Yet these programs of considerable size tended to be concentrated in only a few regions – especially Emilia Romagna, Piemonte and Liguria – whereas other regions, such as Campania or Sicily, notwithstanding the higher incidence of long term unemployment, did not activate any. Less costly ESF co-founded programs were indeed similarly relevant at the local level, favouring in particular and for the first time, coordination between social and labour market programs. In the Marche region, for example, regional policy-makers emphasized the relevance of such projects, mentioning in particular the ‘SIL’ (Sportello Integrativo Lavoratori Disabili) project which in Fermo and Pesaro fostered horizontal coordination between labour and social services for the first time.

Furthermore, as outlined above, horizontal integration was enhanced in Italy in particular with the introduction of the REI. The national operational programme (NOP) “Inclusion” within the ESIF (European Structural and Investment Funds) Partnership Agreement 2014-2020 provided specific financial resources to support **social services associated with** its implementation and its coordination with the Public Employment Service.

## 2.4 Monitoring of implementation

The national public employment services database, the Unitary Information System (*Sistema Informativo Unitario*) became fully operational between 2017 and 2018. This created the possibility of **monitoring progress made in the effective implementation of the ‘basic quality services’** introduced with the Ministry Decree 4/2018. Indeed, this decree established a minimum set of indicators (19 in total) for monitoring the achievement of the annual objectives alongside Public Employment Service. These can be grouped into seven different ‘areas’: 1) indicators concerning the effective implementation of the Unitary Information System; 2) number of registered unemployed; 3) number and types of active inclusion programs activated; 4) transition to the labour market; 5) services for the long-term unemployed; 6) registered vacancies in the Public Employment Service; 7) customer satisfaction. In particular, concerning services for the long term unemployed, the monitoring process scrutinises the share of long term unemployed who have been effectively included in new active labour market programmes and the share of registered long term unemployed who have found a job. The first results of this monitoring process should be available before the end of 2018.

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<sup>39</sup> Source <https://opencoesione.gov.it/it/>

This **national monitoring system is complemented by regional monitoring systems**. These are generally less structured, but both in Lombardy and in the Marche regions social partners and regional administrations meet on a yearly basis to discuss data regarding the functioning of the local labour market and of the public employment services. Furthermore, all local operators have emphasized that regionally based active labour market programs co-financed by the ESF always require a monitoring and evaluating process. In Milan, AFOL reported that regular monitoring of single labour market programmes (and also on the ability to insert the long-term unemployed onto different programmes) is conducted, and that from 2019 there will also be a new system to monitor ‘customer’ (both individuals and employers) satisfaction.

### 3. CONCLUSIONS

#### 3.1 Relevance

In Italy, higher than EU28 average poverty and unemployment rates and the tendency for unemployment to become long-term constitute some of the country’s significant structural problems. According to the national expert, the severity of these issues is exacerbated by the traditional underdevelopment of active labour market services and the low effectiveness of public employment services. This contributed to making the **Council Recommendation on the labour market integration of the long term unemployed quite relevant** among government decision-makers in Italy. Furthermore, the contents of the Recommendation were important in Italy for at least two different reasons: they contributed to creating awareness regarding the weaknesses of the Italian system to support the labour market integration of the long-term unemployed (e.g. it legitimized traditional claims by high level bureaucrats and experts regarding the necessity to invest more resources in this policy field); and it provided a clear multi-dimensional framework as well as a policy agenda to Italian policy-makers specifically designed to solve such weaknesses.

#### 3.2 Effectiveness

In Italy, there is empirical evidence for the efforts taken by institutions to comply – at least formally - with the policy suggestions included in the Recommendation. Evidence provided in the previous paragraphs outline efforts made in particular by the Italian ANPAL to build a strategy for the labour market integration of the long term unemployed. The Italian strategy has prioritised strengthening the governance structure through the creation of a national agency (ANPAL), the introduction of new procedures and the enhancement of the IT infrastructure. In all the dimensions included in the Recommendation – registration of the long term unemployed, individualised approach, coordination of services and (less so) cooperation with employers – **policy initiatives were taken that are in line with the inputs provided by the Recommendation**. Therefore, in terms of progress in the process, the Recommendation seems to be effective.

However overall, whereas action has been taken to introduce policy changes in line with the scope of the Recommendation, a number of obstacles have impeded the adoption of several government proposals (and subsequent implementation) in practice.

At least **three main obstacles** have so far prevented the full realisation of the government agenda. Firstly, the **complex institutional governance** of ALMPs policies has so far slowed

down both the approval of new legislation and/or directives – since an agreement between the government and the twenty-one regions had to be reached – and the implementation of such measures. The second main obstacle is the fact that the introduction of new legislation has **not been sustained by an adequate investment**. Italian Public Employment Service still face infrastructural deficiencies and a lack of human resources. Finally, Italy has experienced **inefficiencies concerning structural capacity** to implement all the measures promoted in the Recommendation. As such it would not have been possible to overcome such widespread weaknesses in such a short amount of time. As a result, legislative changes do not always have immediate effects at the regional level, and even less so at the ‘operative’ local level.

Therefore, despite clear efforts to formulate a strategy for the integration of the long-term unemployed, these obstacles have impeded the adoption and implementation of the measures proposed in the Italian context.

### 3.3 Efficiency

In Italy, overall investment in this policy field was limited. Given that a number of legislative proposals have been made in line with the Recommendation since the baseline, one might argue that changes have been made efficiently. On the other hand, the **obstacles outlined above have undermined the ability to fully implement proposed measures, thereby compromising overall efficiency** as changes (albeit relevant) have not been fully implemented in practice.

It is important to underline that all territorial levels underwent important organisational transformations in the 2015-2018 period, and it takes time for the administrative machine to metabolize such relevant changes in the governance system. At the national level, the ANPAL and the associated Committee of Active Labour Market Policies were created between 2016 and 2017. Furthermore, ANPAL’s role and function – as well as the overall coherence of the new ALMP system – had to change because of the failure of the Constitutional Reform. Important institutional changes also took place in regional governments, which from 2018 had to directly manage the Public Employment Service, which were previously organised by the Provinces.

Finally, local Public Employment Services (and service providers) had to adjust their procedures to the new national IT infrastructure, which between late 2017 and mid-2018 created several technical problems. **Local Public Employment Services had several problems concerning implementation** because the introduction of the new measures outlined above has not (yet) been combined with an adequate investment in infrastructures and, above all, human resources.

In sum then, and as outlined with regards to effectiveness above, many of the policy proposals made since the baseline did not incur a significant cost. Despite being broadly in line with the scope of the Recommendation, it is however difficult to gauge the overall efficiency of these measures as a number of obstacles have prevented their full implementation in practice. As Italy is currently undergoing a series of organisational transformations it is too early to present further detail on the efficiency of the implementation of recent policy proposals.

### 3.4 Coherence

The **measures included in the Recommendation were in line with reforms in the field of labour policy and anti-poverty** introduced by the different Italian governments between 2012

and 2018 – which indeed were also clearly influenced by European input<sup>40</sup> The measures included in the Recommendation were coherent with labour market reforms undertaken by the Monti (Law n. 92/2012) and Renzi (D. Law n. 34/2014; D. Law 22/2015; D. Law 149/2015; D. Law 150/2015) governments, and also with the reform of anti-poverty policies introduced by the Gentiloni (D. Law 147/2017) government. As for the labour market reforms, they all aimed to render the Italian labour market more flexible through a deregulation of employment relationships coupled with increased welfare protection, also investing in the traditionally neglected field of ALMP.<sup>41</sup> In particular, and as outlined above, the D. L. n. 150/2015 introduced a ‘basic level of quality services’ and a new governance structure that was in line with many of the policy suggestions included in the Recommendation.

Similarly, the long-awaited introduction of the Inclusion Income (D. Law 147/2017) aimed (also) to foster the coordination of social, education, health and labour market services in the anti-poverty field as well as to create local partnerships between public and private (for profit and non) service providers to enhance the social and labour inclusion of disadvantaged groups, including the long-term unemployed.

### 3.5 EU added value

This report emphasized that, in Italy, the Recommendation influenced national policies tackling long-term unemployment. In an overall policy environment that was favourable to strengthening active labour market policies and services, the **Recommendation shed light on long-term unemployment and on the importance of creating a stronger means of collaboration with employers**. In particular according to interviews with senior staff – especially within the ANPAL – they were fully aware of the content of the Recommendation and launched initiatives with the aim to comply with it.

The decision to launch the new “Italian Strategy for labour market integration of Long-term Unemployed” involving a new competence assessment and a new ‘Customized Service Pact’ between the Public Employment Service and the long term unemployed, as well as the launch of some of the national initiatives to bring closer employers and the Public Employment Service were **driven forwards by the Recommendation**, namely by giving ANPAL greater political leverage when pressuring the government for the introduction of such measures. In addition, the European Semester governance framework – and especially the frequent reference in the Country Specific Recommendations to the necessity to ensure more effective, active labour market policies, also had similar effects.

At the same time, it is important to underline that the decision to create the ANPAL, to improve Italian ALMPs as well as to strengthen the ability of the central State to steer such policies in Italy were **already part of the government agenda before the issuing of the Council Recommendation**. Indeed, the so-called Jobs Act, introduced in 2015, aimed to compensate workers from an across the board, with greater flexibility of the labour market with better

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<sup>40</sup> Madama, I., Natili, M. and Agostini, C. (2018) Lucky timing and propitious conditions: Italy’s anti-poverty policy under Europe 2020 in Jessoula, M. and Madama, I. *A chance for social Europe. Europe2020 and the fight against poverty and social exclusion*, Routledge; Sacchi, S. (2015) ‘Conditionality by other means: EU involvement in Italy’s structural reforms in the sovereign debt crisis’, *Comparative European Politics*, vol. 13, no. 1, pp. 77–92.

<sup>41</sup> Picot, G. & Tassinari, A. (2017) ‘All of one kind? Labour market reforms under austerity in Italy and Spain’, *Socio-Economic Review*, vol. 15, no. 2, pp. 461–482; Sacchi, S. (2018) *The Italian Welfare State in the Crisis: Learning to Adjust?*, *South European Society and Politics*, 23:1, pp. 29–46.

income protection benefits and active labour market policies.<sup>42</sup> Thus, one may argue that, in Italy, domestic political competition dynamics actually worked to make EU requests and “soft” policy instruments like the Recommendation less likely to be ignored.<sup>43</sup>

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<sup>42</sup> Picot, G. & Tassinari, A. (2017) *'All of one kind? Labour market reforms under austerity in Italy and Spain'*, *Socio-Economic Review*, vol. 15, no. 2, pp. 461–482; Sacchi, S. (2018) *The Italian Welfare State in the Crisis: Learning to Adjust?*, *South European Society and Politics*, 23:1, pp. 29–46.

<sup>43</sup> Madama, I., Natili, M. and Agostini, C. (2018) *'Lucky timing and propitious conditions: Italy's anti-poverty policy under Europe 2020'* in Jessoula, M. and Madama, I. *A chance for social Europe*.



#### 4. LIST OF INTERVIEWEES

Level	Role / Position	Type of stakeholder
<b>National/EU</b>	Senior Staff	ANPAL
	Policy Adviser	Italian Ministry of Labour and Social Policies
	Studies & Research Office	<i>Confcooperative</i>
<b>Regional</b>	Senior Staff: Education, Training and Employment	Lombardy Region
	Senior Staff: Welfare, Labour and Human Capital	Assolombarda
	Senior Staff	
	Senior Staff: Public Employment Services	<i>Confcooperative Lombardia</i>
	Senior Staff: Implementation of POR FSE	<i>Regione Marche</i>
	Senior Staff: coordination of social programming	<i>Regione Marche</i>
		<i>Regione Marche</i>
<b>Local</b>	Senior Staff	AFOL (Metropolitan Agency for Training, Orientation and Employment)
		AFOL PES Milan
	Senior Staff	Municipality of Milan
	Social Services	PES Ancona
	Senior Staff	Ancona Province
	Senior Staff	CGIL Ancona
	Senior Staff: Welfare and Labour	