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Investing in children:

Breaking the cycle of disadvantage

A Study of National Policies

Italy

Social Europe

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Investing in children:

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A Study of National Policies

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COUNTRY REPORT – ITALY

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Executive Summary[1]

In Italy, all available data indicate that living conditions are worsening for children, especially in the South, in single-parent households, in large households, and in families of immigrants or ethnic minorities. Child poverty and social exclusion have increased as a consequence of the current economic crisis, but also as the inheritance of a "compulsory familism" approach. The crisis has strengthened the role played by the family as the first safety net. Households were obliged to ensure mutual aid especially towards children and other dependants. Women were obliged to increase their role as caregivers due to a lack in affordable public facilities. As second earners, women were also pushed to find "better than nothing" jobs because of a rising unemployment among the breadwinner men. In single-parent households, women have all the responsibilities. In general, women have shouldered an unbalanced burden of parenthood. As a consequence, the fight against child poverty and social exclusion should be combined with the fight against discrimination against women in the labour market and in the household. Beginning in the 1990s, Italy introduced acts, national and local plans for child well-being. The legislative framework was strengthened by reforms that promoted integrated social policies and reconciliation of work and family life. Progress was made to support both maternity and paternity. Some positive results were reached in early childhood education, health care and alternative care. However regional disparities were not overcome. They amplified weaknesses in other policy fields, directly or indirectly relevant to child poverty, such as: inadequate outcomes of financial incentives for employment (i.e. to ensure that work "pays" for parents); a reduced impact of social benefits for family and children; a general inequality in income distribution across social groups; an incomplete access to childcare facilities (especially for the youngest children); low outcome in educational performances of pupils, further compromised by a growing number of NEET youth; scarce success in providing an adequate housing and living environment. Moreover, since 2008 a significant reduction in financial resources has influenced all national funds relevant to the well-being of children. Room for policy improvement consists in capitalising on the existing legislative framework and good practices developed in many regions. However, a vigorous refinancing should be devoted to public services. Key instruments are harmonisation, synergy and subsidiarity between different policy areas and players. These efforts should also guide a better integration of domestic policies in the Europe 2020 Strategy and the European Semester. In line with the approach of the 2013 EU Commission Recommendation on investing in children, a comprehensive and integrated programme should be elaborated as part of a new national action plan for child well-being, as well as of the next National Reform Programme. The childhood programme should identify national and sub-national targets on child poverty and social exclusion, as well as improve monitoring mechanisms through a social impact assessment approach. Harmonised levels of service quality for children should be incorporated in a single national fund for local welfare systems to reduce regional, gender and ethnic disparities. This implies a reform of citizenship legislation towards a "ius soli" orientation. As an instrument of local welfare systems, a national minimum income framework is necessary and could be facilitated by streamlining the current benefits for families and children. This framework should stimulate regional schemes for households with children at risk of poverty, and encompass recent national measures through a revamping of key principles of the 2000 reform on integrated social policies.

1 Readers should note that the drafting of this report was completed in September 2013 thus it does not include an analysis of data or policy developments that became available after this date.

1. Assessment of overall approach and governance[2]

The present report refers to "children" as those aged from 0 to 17 years, following the usual international definition. This section takes into consideration data and information useful to assess whether the overall policy framework (including governance, implementation and monitoring arrangements) has had positive impacts on promoting child well-being, tackling child poverty and social exclusion in Italy.

1.1. Child well-being, social exclusion and poverty

According to a comparative study on child well-being (UNICEF, 2013) based on data from 2009 and 2010, Italy was placed near the bottom (22nd position) of a harmonised scale of 29 countries. The scale includes several indicators, among them the relative child poverty rate (measured as the share of children living in households with equivalent incomes below 50% of national median income). The analysis of this indicator placed Italy in the 24th position among the 29 countries, and in the 20th position among the 24 Member States of the EU (European Union) included in the scale.

However, Italy was 4th in demographics among the EU 27 Member States (EU-27), with 11% of the total children and 12% of the total population (Box 1). In 2012, children living in Italy numbered 10,232,549, 10% of immigrant origin (1,040,907 persons). As a total, immigrants (4,825,573 persons) constituted 8% of the population. The 22% of the immigrant population were children who compensated for a decreasing number of children with an Italian background. In fact, between 2005 and 2012, children constituted continuously 17% of the general population in Italy, compared to an average of 19% for the EU-27.

In Italy, 3,428,000 children (32.2% to the total) were at risk of poverty or social exclusion (AROPE) in 2011, 5.1 pp higher than the EU-27 average (27.1%). They constituted 20% of total Italian AROPE population (Box 2). The Italian contribution to the total number of AROPE children in the EU-27 increased by 2 pp between 2005 and 2011, from 11% to 13%. In Italy, the increase in AROPE children corresponded to 24% of the increase in total AROPE people. At EU-27 level, there was a decrease in AROPE children, which corresponded to 34% of the decrease in total AROPE people. In Italy, the global financial and economic crisis worsened an already compromised condition, with 66% of the increase in AROPE children occurring between 2009 and 2011. At the EU-27 level, the crisis offset the reduction in AROPE children recorded between 2005 and 2009. This resulted in the fact that 41% of the increase in AROPE children at EU-27 was concentrated in Italy.

AROPE rates have generally been higher for girls than for boys, with a decreasing difference between Italy and the EU-27 averages. Italian children aged 12-17 years have generally been more at risk of poverty or social exclusion than those aged 6-11 and 0-5 years, fairly in line with the EU-27 average situation although characterised by lower rates.

In 2011, more than a quarter (26.3%) of Italian children (Box 3) were at risk of poverty (AROP), 5.8 pp more than the EU-27 average (20.5%). The 2,801,000 AROP children in Italy constituted 24% of the overall AROP population and 43% of its increase between 2005 and 2011. The largest increase occurred between 2009 and 2011. At the EU-27 level, the crisis produced an increase in AROP children, which

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constituted 19% of the increase of the overall AROP population. However, 38% of the EU-27 increase in AROP children was concentrated in Italy.

AROP rates have generally been higher for girls than for boys although the difference between Italy and the EU-27 averages is decreasing. Italian children between 12-17 years of age have generally been more at risk of poverty than those aged 6-11 and 0-5 years, fairly in line with the EU-27 average situation but at lower rates.

These rates were characterised by regional disparities. In 2011, the AROP rates ranged from 8% to 13% in the northern regions, from 12% to 18% in those of the Centre and from 22% to 44% in the South. This is confirmed by domestic data on relative poverty rates (ISTAT, 2013), based on the average monetary value of household consumption (instead of equivalised disposable income). In 2012, according to this parameter, 32.7% of households with a child were poor in the South (compared to 7.1% in the Centre and 7.6% in the North), a percentage that increased to 40% for households with three children or more.

When anchored at a fixed moment in time (Box 4), AROP rates provide further details on the situation of children in Italy. The AROP rates anchored at 2005 and 2008 were 27.7% and 28.6% in childhood. Differences between the Italian rates with the EU-27 averages were significant although decreasing.

1.2. Overall approach and governance

By considering the abovementioned data as a whole, it is very hard to affirm that the overall approach and governance to tackle children-related problems has been successful in Italy, either before or after the global economic crisis. At the same time, it should be recognised that outcomes would have been worse without the policy framework and institutional architecture put in place from 1997 onwards, the year when the skeleton of the current governance structure was created.

In 1997, a specific National Fund on Childhood and Adolescence was introduced (Law No 285/1997) to finance local plans in 15 large metropolitan areas, which pursued a preventative approach (promotion of the well-being of all children, while guaranteeing their full access to civil and social rights) and targeted policies aimed at meeting specific needs according to conditions of life with close attention to the most vulnerable. Several studies (EC-SPC, 2008; CRC, 2013) underlined the importance of this law and the associated national fund. The law pursued relevant objectives: to fight against children poverty and to combat violence against children through the creation of adequate services aimed at improving relationships between families and children; to substitute juvenile institutes (Istituti per i minori) with alternative facilities also taking into account the situation of foreign minors; to innovate and experiment with socio-educational services for the early childhood; to implement innovative education and recreation facilities; to develop positive actions for civil rights, gender, cultural and ethnic diversity; to improve children’s well-being and quality of life through safe environment (both urban and natural); to provide economic support to natural or fiduciary (custody) families with one or more disabled children.

At the same time, a Parliamentary Commission on childhood was introduced (Law No 451/1997) along with a National Observatory on Childhood and a National Childhood-Adolescence Documentation and Analysis Centre. These institutional bodies have inter alia the task of elaborating a National Action Plan for childhood and adolescence and a National Report on the childhood condition every two years. A National Observatory against Paedophilia and Child Pornography was created a year after (Law No 269/1998).

The legislative framework was enriched by an important reform on integrated social policies (Law No 328/2000) that opened new perspectives such as: balance between universalism and selective approaches; balance between monetary support and service delivery; involvement of relevant stakeholders; networked systems of services; regional and local social plans linked with regional health plans and coordinated with education, vocational training and employment policies.

Unfortunately, the lack of definition of basic levels of quality in social services throughout the national territory weakened the reform in one of its essential aspects. In addition, it should be noted that the Italian legislation on citizenship is based on a "ius sanguinis" (parents' citizenships) orientation (Zincone G., 2006). Foreign children and those with immigrant backgrounds are not given Italian citizenship although they have lived in Italy for many years or were born in Italy (including those of Roma and similar communities present in Italy for several generations).

The above mentioned laws attempted to stimulate collaboration also between monitoring bodies, such as the national observatory and analysis centre on childhood, regional observatories for social policies, the national institute of statistics (ISTAT) and other research agencies.

Three National Action Plans for childhood and adolescence were launched. The last one was approved in January 2011 and was purely programmatic with a wide range of intentions and guidelines for actions, but without quantified targets and financial resources that were closely anchored to the annual "stability" (i.e. financial) laws. The plan also included the institution of a National Ombudsperson for childhood and adolescence, previously postponed. Eventually, this authority was created (Law No 112/2011) together with a National Conference of regional ombudspersons, but their operational regulations became effective only in October 2012. Ombudspersons currently exist only in 10 out of 20 regions, with considerable differences in their institutional configuration.

In his most recent report to the national Parliament (June 2013), the National Ombudsperson underlined that a limited political attention to the needs and rights of children, a lack of investment by the State in these social issues, the lack of basic levels of quality in social services and the fragmentation of institutional responsibilities (among ministries, commissions, committees and observatories) have led to reduced efficiency in the overall policy framework and availability of financial resources. He recognised the existence of many good practices throughout the national territory. He suggested improvements in legislation (including citizenship rights to immigrant children), coordination between policies and optimisation of financial resources.

As a conclusion, there is significant room for improving the overall approach and governance in line with the common European framework aimed at investing in children (EU Commission Recommendation No 2013/112/EU). Inspired by these strategic principles, the main recommendation is to capitalise on the existing legislative framework through harmonisation, synergies and subsidiarity between different policy areas and players, but by involving relevant stakeholders and children. This recommendation should be accompanied by measures that specifically address the current financial and economic crisis. The principles of selective universalism must guide spending review processes to better cope with the impacts of the crisis. Evidence-based monitoring systems should support these processes. Mainstreaming the well-being and rights of children should be a multi-dimensional strategy and a priority to provide adequate financial resources to all local welfare systems through the definition of basic levels of services' quality aimed at reducing regional, gender and ethnic disparities. This implies a reform of citizenship legislation from "ius sanguinis" to "ius soli" (e.g. birthright citizenship).

2. Access to adequate resources

This section identifies the most urgent areas for policy improvements to: 1) support parents' participation in the labour market, especially those at a distance from the labour market and in households at particular risk; 2) provide adequate living standards by means of an optimal combination of cash and in kind benefits.

2.1. Parents' participation in the labour market

In Italy, plans and incentives to promote the participation in the labour market have constituted a conventional but useful instrument to support employment of vulnerable groups especially during times of economic downturn.

A specific measure (introduced by Law No 247/2007, but entered into operation only in 2011) favoured parents less than 35 years of age with legitimate, natural, adoptive or foster children. If one of these parents was hired with an open-ended labour contract, or if an existing fixed-term contract or an atypical contract were transformed into corresponding open-ended contracts, the concerned employer receives a financial incentive.

Subsequent acts (namely, Laws No 126 and 133 in 2008; No 2, 33, 102 and 126 in 2009; No 122 and 220 in 2010; 148/2011; 228/2012) extended, inter alia, the use of fixed-term and atypical contracts, reduced labour taxation and social contribution to link wage and productivity at a company level, lessened the duty to hire disable people through using compensation mechanisms between companies.

National plans were approved (under the heading of "Italia 2020") and updated (between 2009 and 2011) to favour employability of young people and women. However, these plans contained generic guidelines that summarised measures already existing without quantified targets.

Apprenticeship was confirmed as a fundamental contract for the young to enter the labour market (Law No 167/2011), with significant reductions in social contributions (up to 100% during the first three years for small sized enterprises; Law No 183/2011).

National acts (Laws No 102 and 191 in 2009; 220/2010) allowed companies to employ their redundant workers as beneficiaries of shock absorbing mechanisms (i.e. CIG, *cassa integrazione guadagni*, wage compensation fund) in production activities with a reduced cost to the company, as well as to employ disadvantaged workers, workers aged over 50 and unemployed through other bonuses and incentives.

A fiscal yearly bonus equal to 50% of the wage costs was granted to companies to employ disadvantaged workers through open-ended labour contracts in the South (Laws No 106/2011 and 35/2012). By adopting the EU Commission Regulation (EC No 800/2008), disadvantaged persons were defined as: unemployed for at least 6 months; unemployed for 24 months or more (i.e. long-term unemployed); workers without an upper secondary education or vocational level; workers aged over 50 years; single adults with one or more dependants; those employed in sectors with significant gender disparities; members of national minorities.

Significant tax relief and administrative simplification accompanied new rules to foster self-employment of people less than 35 years of age (and in some cases those who lost their job; Law No 111/2011), also through businesses with a low corporate capital (the so-called € 1 limited liability company; Laws No 27 and 134 in 2012) and the start-up of innovative businesses (Law No 221/2012).

A national fund was created (Law No 214/2011) to support women and youth employment (1,040 million € from 2012 to 2015, to finance for instance unemployment benefits and parental leaves).

A reduction in the tax wedge on labour costs was introduced (Laws No 214/2011 and 228/2012) starting from 2014 and consisting in significant fiscal reduction to enterprises that employ people less than 35 years of age and women through open-ended labour contracts (€ 13,500 per year as a national rule, increased up to € 21,000 in the South).

A structural reform of labour legislation (Law No 92/2012) made it easier for employers to hire and fire employees, while inhibiting unlawful dismissals based on race, gender and other forms of discrimination. The law streamlined shock-absorbing mechanisms and introduced a new system (ASPI, Assicurazione Sociale per l'Impiego, i.e. social insurance for employment) to substitute all the previous unemployment benefits. Active labour policies were fostered by developing lifelong strategies in education and training policies through territorially integrated systems between educational and training services. Apprenticeship was further strengthened as a main access to the labour market. The misuse of the numerous types of atypical (i.e. fixed-term) labour contracts and false self-employment work (i.e. VAT numbers) was discouraged in favour of permanent (i.e. open-ended) contracts.

Lastly, further measures were approved (Law No 99/2013) to reintroduce some flexibility in the use of fixed-term contracts, to extend simplified procedures in self-employment also to people aged 35 years and over, as well as to reward companies that hire unemployed workers through open-ended full-time contracts (a bonus equal to 50% of the monthly ASPI that would have otherwise been given to the concerned workers). These measures were considered not to significantly impact the government spending and were complemented by important financial resources to support new employment. A social contribution relief (up to € 650 per month) was granted to companies that employ people aged 18–29 years, who have not been in regular paid employment for the previous six months or do not have an upper secondary educational or vocational qualification. The duration of the incentive is 18 months (i.e. € 11,700 as a total) for new employment and 12 months (i.e. € 7,800) in the case of transformation of existing fixed-term contracts. 63% (equal to 500 million €) of the associated financial amount (794 million € between 2013 and 2016) was attributed to the 8 regions of the South and the remaining 37% (294 million €) to the 8 regions of the North and the 4 regions of the Centre. Entirely devoted to the southern regions, financial resources (80 million € between 2013 and 2015) were added to promote self-employment according to previous regulations (Law No 185/2000). Additional financial resources (80 million € between 2013 and 2015) were provided to support projects promoted by young people in social sector and improvement of public goods in the South, according to a Cohesion Action Plan started in 2011. Other financial resources (168 million € between 2013 and 2015) were allocated to vocational internship grants in favour of people aged 18–29 years living in the South and not in education, employment or training (i.e. NEET). As a total, 74% (i.e. 828 million €) of the overall public investment (i.e. 1,112 million €) was devoted to South.

In parallel, it is worth noting that, although not clearly quantifiable, regional and local authorities have always (i.e. before and during the current economic crisis) provided financial incentives for employment and self-employment, linked to sectoral initiatives or embedded in integrated development plans.

These policy measures were expected to reduce the disparity between Italian and EU-27 average. However, as of 2011, significant disparity in the risk of poverty (Box 5) continued. Similar differences were found in adulthood, e.g. the age group from 25 to 49 years. Half of the children at risk of poverty lived with 42% of the poverty threshold (set at 60% of median equivalised income). For them, the depth of poverty (i.e. poverty gap; Box 6) was higher than the EU-27 average. In Italy, the most affected children were those aged less than 6 years, in particular girls. It is worth highlighting that (by adopting a poverty threshold set at 50% of national median income) Italy was placed in the 25th position (among 29 countries) in the UNICEF scale of child poverty gaps (UNICEF, 2013).

The at-risk-of-poverty rate of children living in households with very low work intensity (Box 7) was significantly higher than the EU-27 average. Likewise, the in-work at-risk-of-poverty rate of Italian households with dependent children was also higher (Box 8).

In Italy, financial incentives to promote employment rarely consider parents with dependants (e.g. Laws No 247/2007 and No 106/2011), a useful mechanism to ensure that "work pays" for parents and, although indirectly, to reduce the poverty risk of the concerned children. A further attempt to favour single workers aged 18–29 years with dependants was made in a government bill, but the rule was cancelled during the Parliament debate (namely, Law No 99/2013). However, this law extended an important rule (introduced by Law No 92/2012) to workers employed in atypical labour contracts. The rule strengthened control to avoid discriminatory dismissals or forced resignations during pregnancy and, for both women and men workers, during the first three years of the child's life, adoption and foster care.

An act aimed at stimulating initiatives to reconcile family and work life (Law No 53/2000) supported flexible work organisation, vocational training to facilitate the return to work following parental leave, time banks, municipal plans to reorganise the services' time. A close relationship between this law and the already mentioned reform of social services (Law No 328/2000) was expected. Although outcomes were not satisfying, a path was opened towards good practices of family-friendly policies (Donati P. (ed.), 2013) both at territorial (i.e. local welfare systems) and company levels (the so-called "corporate welfare"). The "Italia 2020" national plans included new criteria to finance projects on work / life balance. A national agreement signed by all social partners (7 March 2011) fostered actions to reconcile work and family life and recognised the need for a better coordination between different levels of government to promote socio-educational services and utilise incentives provided by Law No 53/2000. The social partners committed themselves to develop the second level of bargaining (i.e. at company level, also defined as "proximity" collective bargaining) and to disseminate good practices (e.g. part-time job, tele-working, work and parental leaves). Other measures were introduced (Law No 183/2011) to encourage part-time work, tele-working and the proximity collective bargaining. The first Italian family plan (approved by the government in June 2012) pursued proposals to better reconcile work and family life. With the same aim, an agreement was reached between the State, Regions and local authorities (25 October 2012) to increase, inter alia, the provision of educational services for children (15 million € allocated to regional authorities for 2012).

However, all the abovementioned measures did not modify the relationship between parenthood and employment, which discriminates against women and worsens with an increased number of children (Box 9). Gender disparities against women in employment were higher in Italy than at the EU-27 average. Therefore, the traditional role of breadwinner played by men in the labour market has reinforced the household division of labour. The number of children influences women relegated to at-home childcare tasks (especially during the first age of the children) while reducing their rates of employment. Women have always been ancillary workers within the dynamic of the labour market as was further demonstrated in the current economic crisis. By mainly acting as a second earner in the household division of labour, women were pushed to compensate for a reduced household income due to a rising unemployment among the breadwinner men, especially when the number of children was high.

When in employment, women worked part-time more often than men (Box 10). Gender disparity against women increased in part-time employment according to the number of children. Differences between Italy and the EU-27 averages were less marked than those recorded in total employment rates. Italy was more in line with a general policy orientation according to which part-time work is one way to reconcile work and family life, offering job opportunities not otherwise available through full-time work (i.e. "better something than nothing"). However, gender inequalities remained significant both in the labour market and in the household division of labour, while part-time work maintained its involuntary or remedial nature as employment typology. Before the current severe economic crisis, women aged 25–49 years accepted part-time employment mainly because they had to look after children or incapacitated adults. Lack of opportunities for a full-time job was the main motivation for men to work part-time. The crisis has reduced household income and forced men and women to find a "better than nothing" job. The lack of full-time job opportunities became the first motivation for part-time employment both for women and men. However this realignment was very partial in terms of household division of labour. Care responsibilities for children or incapacitated adults continued to be a central motivation to work part-time for women.

Minor differences were found between women and men in temporary contracts. Main reason for that could be that "better something than nothing" justifies precarious employment, often intended as a way for the youngest to enter the labour market or as a way to compensate for periods of unemployment in advanced adulthood.

As a conclusion, the main challenges for Italy are: limited outcomes of financial incentives for employment in reducing child poverty; unequal division of work and parenting roles.

To face these challenges, current policies and increased financial incentives present a significant opportunity. They are expected to play a positive role in labour market transitions, to contribute to active labour policies, to help individuals to gain self-sufficiency through employment, to increase income from work. As a by-product, a decrease in the risk of poverty and child poverty is expected.

The main weakness is related to potentially complex dynamics of these mechanisms. Financial incentives risk to falling short of expectations in front of structural unemployment. These measures can create effects of substitution, displacement and deadweight on the labour market. Substitution effects result because companies increase the number of their employees according to their expected increase in business opportunities, not as a consequence of fiscal bonuses. The latter are used to choose manpower that has a lower labour cost. This is the case of a fiscal-relief-competition between apprenticeship and other measures to favour young employment, as well as of temporary measures. These measures do not increase employment per se, but change the typology of workers, probably with a positive impact in the transformation of irregular and undeclared work into regular work. A displacement effect occurs when a job is created and another is destroyed. This is, for instance, the case of fiscal benefits and reduction in administrative burden to promote self-employment. Similarly, a reduction in productivity-related taxation tends to favour companies that are increasing their market shares, while displacing those with a negative trend. Finally, the deadweight effect occurs when a job is created which would have been created in any case, even without the incentive. This can be the case of fiscal incentives to transform fixed-term contracts in open-ended labour contracts, or monetary bonuses to companies that hire unemployed workers through open-ended full-time contracts (e.g. Law No 99/2013). The effective utilisation of benefits complements the deadweight effect. For instance (Il Sole 24 Ore, 2013) after two years of implementation, financial resources were available (nearly € 15 million) by the end of July 2013 to favour the employment of parents less than 35 years of age (Law No 247/2007) through a monetary incentive (€ 5,000 per each). The initial budget (€ 51 million) would have allowed at least 10,000 persons to gain an open-ended contract, but the take-up rate has been only 70%.

Therefore, the most urgent area for policy improvements is to combine better targeting of financial incentives to promote employment and local plans of effective employment creation.

The risk of child poverty should be included among the criteria through which financial incentives for employment try to address workers conditions, households burdens, gender and regional disparities. To this end, employability and participation of single parents and second earners in employment should become a priority, along with a balanced parenting role between men and women. Fiscal relief and social contributions should be addressed to further advancement of collective bargaining towards family-friendly mechanisms in work organisation, including the reintegration into work of parents after returning from parental leave. Fiscal incentives should further support corporate welfare, especially if linked to local welfare systems (including quality early childhood education and care services).

Employment incentives should be embedded in development plans. Green economy constitutes an opportunity in present times, as already envisaged by some measures on youth employment (Law No 134/2012). Thus, coordinated at a national level, regional and local authorities should be requested to prepare their green economy plans through assessing their social impacts on child poverty.

2.2. Adequate living standards

In Italy, social transfers (pensions excluded) reduced the child poverty risk (Box 11) at significantly lower percentages than the EU-27 averages. Although the Italian social protection benefits were in line with the EU-27 average (Box 12), differences were found in those devoted to family and children. The latter were less than half the EU-27 average, both as share of GDP (gross domestic product) and as a share of the total social protection benefits. Promisingly, a more balanced distribution between cash benefits and benefits in kind was found in Italy, as well as a prevailing share of means-tested benefits.

Cash benefits mainly consist in income maintenance in the event of childbirth, family and child allowances, which have changed over time.

The reform of labour legislation (Law No 92/2012) introduced measures in support of paternity and employment of mothers. Measures in favour of paternity consisted in one-day mandatory paid leave for the father after the child's birth plus two day of paid optional leave within five months to replace the mother during her period of mandatory leave. Measures to support employment of mothers consisted in vouchers to purchase baby-sitting services or early childhood education and care (ECEC) services within eleven months after the end of the compulsory maternity leave and instead of parental leave. The mandatory and optional paternity leaves cannot be divided in fractional hours and are paid at 100% of the last salary. They include adoptive and foster fathers. Likewise, adoptive and foster mothers are included in the recipients of the voucher (€ 300 per month) for six months at a maximum (i.e. € 1,800 for each requiring mother) after means testing. The law specified that the new system is carried out on an experimental basis, for which adequate financial resources were provided (234 million € between 2013 and 2015, of which 20 million € each year devoted to vouchers).

The new system entered into operation in March 2013. If the outcomes of the new paternity leaves are too early to be known, results concerning the first year of experimentation (i.e. 2013) revealed a low take-up of vouchers (35%): nearly 3,800 mothers compared with 11,000 potential recipients (Il Sole 24 Ore, 2013a). Supply of ECEC services was limited (24%): 1,994 institutes compared with nearly 3,700 public crèches and other nearly 4,500 private structures. Scarce information, complicated procedures and restricted time (10 days for mothers and 20 for crèches) were among the main causes of this negative result.

However, experimentation with the new rules is an important step forward. Although the duration of the new paternity leaves is very short, although the voucher system for childcare services might stimulate a lower utilisation of parental leaves (since the former was put in alternative to the latter), the measures were deemed as a contribution at supporting parenting, promoting a culture of greater sharing of childcare duties among household, facilitating the reconciliation of work and family life. This approach (clearly motivated by Law No 92/2012) improved the legislative framework initiated in the early 1970s on the protection of working mothers (Law No 1204/1971), to foster equal treatment between men and women (Law No 903/1977) and to support both maternity and paternity (Law No 151/2001).

The new rules represented a rapprochement of the Italian legislation to the provisions of the EU Council Directive 2010/18/EU on parental leave. Another Italian act (Law No 228/2012) followed this path by stating that optional parental leave can be granted to both mother and father in fractional hours according to collective labour agreements, as well as that workers and employers shall make appropriate arrangements to facilitate the return to work following parental leave by taking into account rules defined by collective bargaining. These modifications were aimed at making the use of parental leave more effective. Separately and during the first eight years of the child's life, both mother and father are entitled to take the optional parental leave up to six months (Law No 151/2001). Parents are entitled to this benefit for a maximum of ten months, cumulative for both parents. However, the total duration of the benefit is prolonged to eleven months if the father applies for at least three months of the leave, as an incentive to a more balanced parenting role. For single parents, the duration of the benefit reaches ten months. The optional parental leave is paid at 30% of the last salary only up to the third year of the child's life and only for six months at a maximum as a sum of benefits concerning both parents. For mothers, this benefit follows the expiry of mandatory maternity leave, which lasts up to five months and is paid at 80% of the last salary.

To date, the take-up of parental leave remained low: 45.3% of eligible women and 6.9% of eligible men in 2010, according to the most recent survey (ISTAT, 2011). Respondents to the survey declared that low pay rates during leave (8% women and 4% men) and lack of information on the leave rights (5% women and 6% men) were reasons for a low take-up. These factors were however secondary to the prevalent reason (27% men and 17% women) of having the partner or other members of the household (namely grandparents) as a caregiver for looking after the child. Moreover, men declared to not have required the leave because the other partner was using this benefit (13%), a condition that was not reflected in the case of women (even less 1%). It should be noted that 72% of childcare responsibilities were shouldered by women between 2008 and 2009 (ISTAT - CNEL, 2013), while gender pay gap played a minor role (Box 13; EC, 2013). Parental leaves have been considered as a kind of last resort support to households. According to the survey (ISTAT, 2011), a majority of parents declared that other arrangements were used, mainly the first informal safety network constituted by households (women and grandparents), but also flexibility in work organisation as well as time banks when available. Interesting examples of "corporate welfare" were in fact identified by current literature (Donati P. (ed.), 2013; Treu T., 2013).

Several studies (EC, 2003 and 2012; OECD, 2005) have underlined that Italy is among the countries without generous social assistance. Consequently, people are less dependent on income-related benefits, and the risk of the so-called "inactivity trap" is low. In Italy, the inactivity trap for households with children is negligible (i.e. substantially negative) both for low and relatively higher incomes (Box 14). In a situation where the social assistance benefits are low, there is less damage caused by their withdrawal when a second earner within a household (normally women) enters the labour market. On the contrary the withdrawal of generous benefits, combined with a high labour tax wedge (i.e. income taxes and social security contributions), might discourage a second earner to actively participate in the labour market. This effect, which is synthesised in the so-called "low wage trap" risk, remains quite insignificant in Italy. Conversely, the tax wedge on labour costs increased in Italy and was higher than the EU-27 average. However, a reduction is expected starting in 2014 for people less than 35 years of age and for women with open-ended labour contracts (Law No 228/2012).

Inequality in income distribution remained significant in Italy (Box 15). Italy was in the 20th position (among 29 countries) as percentage of children who reported to live in poorer households (UNICEF, 2013). However, an increase in income-tax deductions (up to € 320 per year according to age and health conditions of children) was introduced in 2013 (Law No 228/2012).

A minor incidence of inactivity and low-wage traps in Italy did not per se have a positive echo in reducing poverty of households, especially those with children. For them, the AROP rates remained higher than the EU-27 average (Box 16). Domestic data confirm this unfavourable situation, although with a different methodology: 1,058,000 children were found in "absolute poverty" in 2012, mainly in the South and in numerous households.

The persistence of "absolute poverty" motivated the national government (Law No 99/2013) to allocate financial resources (167 million € between 2014 and 2015) to an "inclusion card" in the South, as a starting step of a future programme aimed at promoting social inclusion. The inclusion card is substantially and extension of the experimentation with the so-called "new social card", significantly reformed (Law No 35/2012) compared with previous regulations (Law No 10/2011). The new social card, aimed at addressing absolute poverty, follows a selective universalism approach (i.e. for all Italian citizens, those of other EU State Members and legally long-term non-EU residents) and is a component of the welfare system (i.e. mixing monetary support and social services) managed by local authorities. In doing so, the new social card followed key principles stated by the framework reform on integrated social policies (Law No 328/2000). The monetary amount also changed in relation to household size and hardships. The experimentation will last only twelve months and concerns 12 municipalities with more than 250,000 persons. The new social card entered effectively into operation in July 2013 and was financed by resources (50 million €) made available within the overall budget allocated to the old social card. The "new social card" coexists with the "old card" (created by Law No 133/2008), which was a pre-paid shopping card used to purchase food products, electricity and gas, infant formula and diapers. Although aimed at addressing absolute poverty, the old card was limited to Italian citizens who are parents of children aged 0-3 or persons aged 65 and over with a very low income. The social card appeared as a charitable measure, a kind of "poverty card", which allowed those in need to be visible, subject to social stigma and to individual shame, although trying to avoiding situations where they might be labelled. The take-up of social card was low, around 41%, which means 535,412 recipients in 2011 and 533,869 in 2012 (INPS, 2013) compared with the initially expected beneficiaries (1,300,000 households as a whole). The take-up would have been 41% in 2011 and 31% in 2012 when compared with the number of households in absolute poverty (1,297,000 and 1,725,000 respectively).

These "cards" have been the only measures to tackle absolute poverty since 2008. Another important measure consisted in new criteria introduced (Law No 214/2011) to revise main means-testing mechanisms (i.e. ISEE, the equivalised economic situation created by Law No 109/1998). The aims were to increase the efficiency and efficacy in delivering social protection benefits (both in kind and in cash) according to the economic situation of individual and households. The new system is expected to be operational by the beginning of 2014.

As a conclusion, the main challenge for Italy is to tackle child poverty and social exclusion by changing the traditional gender roles, through a clear orientation aimed at minimising the so-called "mommy-tax" on the employment of women, and family burdens.

To face this challenge, current policies present interesting starting points for improvement. They can be considered as strengths and consist in a fairly balance between in cash and in kind benefits for family and children, supported by means-testing mechanisms (under a reform process), low inactivity and low-wage traps, an improved legislative framework to support parenting, and also the new "inclusion card".

Main weaknesses are within the current welfare system, characterised by a reduced impact of social benefits for family and children, a low take up of benefits linked to forms of stigmatisation associated with some types of benefits (i.e. the old "social card"), the lack of a national minimum income framework. These weak points are embedded in regional and gender disparities, as well as in a general inequality in income distribution across social groups.

A more progressive fiscal reform based on wealth taxation, a shift of tax burden away from labour, would improve the value of women's earnings from employment. By coordinating this reform with income support and improved care services, gender division of labour and gender segregation in household responsibilities would be reduced. The combined effects of these factors could contribute to reducing the risk of child poverty and social exclusion. Therefore, the most urgent area for policy improvement should focus on a "de-familiarisation" process aimed at changing the role attributed to women, the family and their closed networks in favour of equitable rights for all and participatory citizenships (Alesina A. and Ichino A., 2009).

As a consequence, the fight against child poverty should be combined with the fight against gender discrimination in the labour market and in the household. A key measure consists in a national minimum income framework capable of stimulating universal and targeted schemes at regional levels, as part of local welfare systems. This policy measure should streamline the current system of family and child allowances. The measure should be elaborated in parallel with: extending mandatory paternity leaves; promoting equal opportunities and equal treatment between men and women within a combined regulation of parental leaves; increasing fiscal deductions and incentives for employment in favour of dual-earner family; taking into consideration homemaker work and the costs of raising children for taxation; stimulating corporate welfare in connection with collective bargaining.

3. Access to affordable quality services

This section identifies the most urgent areas for policy improvements in favour of a better accessibility to children-relevant services, such as early childhood education and care, education systems, health systems, housing and alternative care settings.

The improvement in availability and quality services is actually a mechanism to compensate for "material deprivation", and to indirectly redistribute income more equitably.

The UNICEF indicators placed Italy in the 18th position (among 29 countries) in the scale of child deprivation rates (UNICEF, 2013). Domestic data showed that in 2009 immigrant households were more materially deprived than those formed only by Italians (Box 17). These differences also depended on discriminatory restrictions in a number of schemes such as allowances to face housing hardships and allowances linked to household. Other indicators revealed that 1,299,000 Italian children were in severe material deprivation in 2011, with a higher percentage than the EU-27 average.

National policies to favour access to affordable quality services can be assessed through the consistency of financial resources devoted to the associated national funds (last update: 31.08.2013). Their amounts were calculated by taking into account some overlap of functions. Results should be used with caution given the complexity of the framework formed by ministerial decrees, agreements between the State, Regions and local authorities, as well as estimates of expenditure envisaged by financial laws especially for 2013 and 2014.

3.1. Social services and child well-being

The most important national fund is that for social policies, which ensures the widespread of regional and local welfare plans. Created in 1997, the importance of this fund was amplified by the most important reform of social services (Law No 328/2000) and by the 2001 financial act (Law No 388/2000). While the reform stated that the fund would have to be anchored to the definition of basic levels of quality in social services in order to reduce regional disparity, the financial act established financial harmonisation through the confluence of previous sectoral funds in the new instrument.

National Fund for Social Policies (*Fondo Nazionale Politiche Sociali*) created by Law No 449/1997. In million € by year.						
2008	2009	2010	2011	2012	2013	2014
712.0	578.6	435.3	218.1	42.9	343.7	43.9

The significant reduction (-94%) between 2008 and 2012 was temporary lessened in 2013 (-52%) but not avoided for 2014. This fund is prevalently managed by regional authorities, to which were allocated 300 million € of the 2013 resources (Law No 228/2012). It is worth noting that the total nominal amount in 2013 was quite equal to that of fourteen years before (1999 with 345.6 million €), but reduced by inflation rates in real terms (-119 million € as an estimate).

The national fund actually has had a leverage effect to stimulate expenditure by municipalities on social services. In 2010 (ISTAT, 2013a), municipalities financed social policies with their own resources (62.7%) more than through regional funds for social policies (16.8%), the national fund for social policies (13.9%) and other sources

(6.6%). Municipalities in 3 out of 8 northern regions were found to self-finance social policies at higher percentages than the national average (from 74% to 78%), in 2 out of 4 central regions (from 68% to 71%) and in 3 out of 8 southern regions (from 64% to 72%).

The total expenditure (7,127 million €) corresponded to 0.46% of the national GDP and increased by 0.7% in comparison with the previous year. However, this increase was low compared to the yearly average 6% increase between 2003 and 2009. Moreover, when inflation is taken into account, the real variation between 2009 and 2010 was negative (-1.5%). Likewise, the average per inhabitant expenditure went from € 90 in 2003 to € 118 in 2010, but the real increase was only € 10 if adjusted for inflation.

Comparing average expenditure per inhabitant, regional disparities were confirmed. Regional averages showed the following distance: between € 114 (Veneto) and € 304 (Trento) in the North; between € 96 (Umbria) and € 147 (Lazio) in the Centre; between € 26 (Calabria) and € 74 (Sicilia) in the South, where only Sardegna recorded an average of € 220.

Recipients were families and children (39.6%), disabled (22.4%), elderly (20.9%), the poorest, homeless people included (7.9%), immigrants, Roma and similar communities (2.6%), addicted to drugs, alcohol etc. (0.6%), mixed beneficiaries (6%). The average spending per typology of need (e.g. recipient) was: € 121 for families and children; € 122 for elderly; € 2,834 for disabled; € 15 for very poor and homeless; € 42 for immigrant or member of Roma and similar communities; € 1 for substance addicted; € 7 for mixed beneficiaries.

Expenditure can be divided as follows: 27% in cash, namely economic allowances (income support, subsidies for housing and education services, etc.); 73% in kind, of which 39% as direct services to households and individuals (actions for social integration, home care, etc.), and 34% as services provided through territorial facilities (crèches and nurseries, day-care centres, etc.).

By following a balance between universalism and selective approaches, another important national fund integrated measures devoted to childhood and adolescence (Law No 285/1997). This fund was incorporated in the National Fund for Social Policies (according to Law 388/2000) but regained its financial autonomy in 2007 (Law No 296/2006) specifically regarding child welfare projects developed by 15 large metropolitan municipalities.

National Fund for Childhood and Adolescence (*Fondo Nazionale per l'infanzia e l'adolescenza*), created by Law No 285/1997. In million € by year.						
2008	2009	2010	2011	2012	2013	2014
43.9	43.8	40.0	35.2	40.0	39.2	39.4

The National Fund for Childhood and Adolescence has shown more consistency between 2008 and 2014, without any compensation for inflation. This fund is fundamental to allow local initiatives to be efficiently implemented and monitored. The number of projects was 469 in 2008, 515 in 2009, 472 in 2010 and 535 in 2011. They addressed child poverty and social exclusion, juvenile institutionalisation, early school leaving, abuse, ill-treatment, violence and the exploitation of children. Main measures included in these projects have promoted children rights, participation of children, awareness raising, community facilities, foster care, family adoption, education at home and through territorial facilities, socio-educational services for infants (0-3 years old), social inclusion of foreign children and children of Roma and similar communities.

It should be added that, to cover costs incurred by local authorities, a national fund (5 million € in 2012) was introduced (Law 135/2012) for unaccompanied migrant minors and refinanced (5 million € in 2013) under the national fund for social policies.

The key challenge for Italy is to invest in social policies that prevent the disadvantages present during childhood from continuing throughout the individuals' life. To address this challenge, strengths can be identified in the policy orientations related to the "social package" of the National Fund for Social Policies and the National Fund for Childhood and Adolescence. Unfortunately, weaknesses related to regional disparities (amplified by the lack of definition of basic levels of quality in social services) and uncertainty of adequate long-term investments are present.

3.2. Early childhood education and care

With 96.8% of children above 4 years old participating in early education in 2011 (Box 18), Italy has reached the Education and Training 2020 strategy's target (at least 95%). However, the Italian rates declined over time. Likewise, with 95% of children aged from 3 to mandatory school age cared for under formal arrangements other than the family, Italy has reached one of the so-called "Barcelona targets" (at least 90%). On the contrary, the Italian rate for children below 3 years of age (26%) was below the "Barcelona target" (33%).

Domestic data (ISTAT, 2013b) show that in 2011, as a national average, only 13.5% of children aged 0–2 years had access to crèches managed or financially supported by local authorities, 26.5% in the North (i.e. Emilia-Romagna) to 2.5% in the South (i.e. Calabria).

Two national funds influence the provision of ECEC services.

Socio-Educational Services devoted to children (nurseries and crèches, *asili nido e servizi socio educativi*), according to Law No 296/2006. In million € by year.						
2008	2009	2010	2011	2012	2013	2014
219.5	103.0	103.0	0	0	0	0
National Fund for Family Policies (*Fondo Nazionale Politiche per la Famiglia*), created by Law No 248/2006. In million € by year.						
2008	2009	2010	2011	2012	2013	2014
173.1	113.7	49.3	51.5	117.0	19.8	21.2

These two funds, largely managed by regional authorities, were linked by subsequent agreements. For instance, the Unified State-Regions Conference approved (in February and April 2012) the refinancing of activities associated with the national fund for family policies. These agreements provided new resources (70 million €) devoted to children (e.g. nurseries and crèches) and the elderly (home care) in 2012. The agreements included other resources (11 million €) to support the first Italian family plan, approved by the government in June 2012. Thus, the fund reached 117 million € in 2012 by adding other actions such as reconciliation of work and family life, inter-country adoptions and education services for children aged 2-3 (36 million €). These additional resources were not enough to compensate for the significant reduction (-87%) in the total amount of the two national funds between 2008 and 2011.

These data should be evaluated considering the role played by the family as the first safety net and social services supplier, where women historically have acted as care givers. Dependency has been maintained between family's components (e.g. children towards parents) due to a lack of affordable public childcare services. The current economic crisis has strengthened a kind of "compulsory familism", since households are obliged to individually ensure mutual aid especially towards children and the elderly.

For these reasons, the loss of the national fund for not-self-sufficient persons (children included), managed by regional authorities, was particularly significant. Some additional resources (275 million €) were allocated only in 2013 (Law No 228/2012).

National Fund for Not-Self-sufficient persons (*Fondo per la non autosufficienza*) created by Law No 296/2006). In million € by year.						
2008	2009	2010	2011	2012	2013	2014
300.0	400.0	400.0	100.0	0	275.0	0

It is evident that the key challenge for Italy is to increase the provision of customised ECEC, specifically looking at the needs of families. Strengths can be identified in the success attained within the Europe 2020 strategy. Weaknesses consist in the uncertainty of adequate long-term investments and regional disparities that affect the early phases of childhood, as well as the already mentioned scarce "de-familiarisation" present in the current policies.

3.3. Education

Education is a component of the UNICEF child well-being scale. This component combines the following indicators: early childhood education, further education (children aged 15–19 years), NEET (not in education, employment or training) rates of children aged 15–19 years and average PISA scores (Programme for International Student Assessment, launched in 1997 by the OECD) in reading, mathematics and science. Italy ranked 25th among the 29 countries listed (UNICEF, 2013).

Referring more specifically to students 15 years of age, the 2009 PISA database reveals that Italian pupils had very low scores. The rank in educational performances for the Italian pupils was: between 22 – 24 in reading, 25 – 28 in science and 26 – 29 in mathematics. These ranks were therefore at the bottom of a scale constituted by 34 countries.

In Italy, the rates of young people (18-year-old) who abandon any effort to improve their skills through initial education have generally been higher than the EU-27 average (Box 19), as well as higher for boys than for girls. These data complement the NEET rates of young people aged from 15 to 19 years. In 2012, 11.9% of them were NEET, more boys than girls, with higher rates than the EU-27 average. A generational transmission of educational problems continues to the age group from 18 to 24 years, when the transition from school to working life initiates. More than a quarter (27%) of the young aged 18–24 years were NEET in 2012, without gender difference, but with rates significantly higher than the EU-27 average and demonstrating regional disparities.

A domestic survey (Save the Children and Associazione B. Trentin, 2013) estimated in 2013 that nearly 260,000 children aged 7–15 years (i.e. 5% of the corresponding population) are involved in labour activities, mainly odd jobs, small family businesses and housework.

Apprenticeship can substitute compulsory education (Law No 276/2003) and makes it possible to work at 15 years of age (Law No 183/2010). These rules are in conflict with the statutory definition of age limit for work (16 years according to Law No 296/2006) and the possibility to accomplish compulsory education through vocational training pathways or experimental educational courses provided by regional and local authorities (as recognised by sentences of the Constitutional Court, e.g. No 334/2010).

In Italy, public expenditure on compulsory education was reduced (e.g. in 2009 and 2010) compared to an increase in the EU-27 average (Box 19). National resources useful for education in childhood and consisting of exemption from schoolbook costs and scholarship for low-income households was also reduced (-73% between 2008 and 2013).

Exemption from schoolbook costs (created by Law No 448/1998) and scholarship (created by Law No 62/2000) for low-income households (*Fornitura gratuita, totale o parziale di libri di testo scolastici ed erogazione di borse di studio per alunni meno abbienti*). In million € by year.						
2008	2009	2010	2011	2012	2013	2014
258.2	222.9	220.3	118.3	113.7	69.5	

It is evident that the key challenge for Italy is to increase the institutional capacity of the education system in order to improve human capital during critical phases of childhood and throughout the individual's life. To address this challenge, strengths can be identified in good practices developed at local level in many regions. Weaknesses consist in the lack of capitalisation on these practices, which reduces their influence on national schemes. Uncertainty of adequate long-term investments and structural regional disparities also affect this policy field.

3.4. Health

The "health and safety" dimension of the UNICEF study on child well-being (UNICEF, 2013) placed Italy in the middle of the related scale (17th among 29 countries). This encouraging rank is due to the success of national health system to ensure universal coverage throughout the national territory according to the principles of human dignity, health needs and solidarity. To this end, the definition of uniform levels of assistance accompanied a devolution process aimed at supporting regional health plans. However, regional disparities remain noticeable. In 2010, public expenditure on the national health service (ISTAT, 2012) was € 1,833 per capita, but distance was apparent between inhabitants of the autonomous province of Bolzano (North) and those living in Sicilia (South): the former with € 2,191 per capita and the latter with € 1,690 per capita. These are monetary parameters that correspond to services delivered in terms of health care especially for the most vulnerable categories (children, the elderly and serious sick people). Higher levels of quality can be found in the North (Piemonte, Valle d'Aosta, Veneto, Emilia-Romagna and the autonomous province of Trento) and in the Centre (Toscana). On the contrary, the worst performing regions are in the South (e.g. Campania and Sicilia).

Interestingly, additional financial resources (5 million € in 2012 and 10 million € per year in 2013 and after; Law No 189/2012) were allocated to a national institute created (Law No 296/2006) to promote health among migrant population and to fight against diseases due to poverty.

Italy has made substantial progress to face the challenge of improving the responsiveness of the health care systems to address also the needs of disadvantaged children. Strengths (such as universal access to healthcare, prevention and uniform criteria for quality services throughout the national territory) are unfortunately hampered by a main weakness, which is the persistence of regional disparities.

3.5. Housing and living environment

In 2011, the percentage of children living in households at risk of poverty and with housing cost overburden was 33.9% in Italy (Box 20). Among them, those younger than 6 years of age were the most vulnerable. 68% of households with children were in housing deprivation, a higher percentage than that of households without children. Particularly exposed to severe housing deprivation were children younger than 6 years of age and those from 12 to 17. As a total, 19.5% of children were in this living condition, when at least one of the housing deprivation items is added to the condition of overcrowded dwellings. The overcrowding rate was 57.8% for young aged 12–17 years at risk of poverty, followed by those in the other age groups. All these percentages were higher than their respective EU-27 averages.

Domestic surveys (Pezzana P., 2012) revealed that services for homeless people are heterogeneous and geographically fragmented, with a greater concentration in larger urban areas, an imbalance between demand and supply (housing included), only partially covered by public funding, but some local authorities have developed interesting initiatives.

According to the UNICEF "housing and environment" indicators (UNICEF, 2013), Italy was 21st (among 29 countries), revealing that Italian children were heavily exposed to air pollution (26th position).

Streamlined criteria and procedures were introduced (Laws No 27 and 134 in 2012) to implement a national housing plan launched in 2007 that addresses the needs of low income and vulnerable people. The plan was based on urban development agreements (*contratti di valorizzazione urbana*) between private and public agencies and under the responsibility of the municipalities. By collecting all previous financial resources from the State with the regional and local authorities, the available resources were devoted to a national fund for cities. The fund allowed (ministerial decree No 1105/2013) resources to be allocated to regional authorities (224 million €) for social housing and to municipalities (94 million €) for social inclusion in degraded areas (a provision already envisaged by Law No 244/2007).

A solidarity fund mortgage loan to support low-income first home purchase (*Fondo di solidarietà per i mutui per l'acquisto della prima casa*; created by Law No 244/2007) was replenished (10 million € per year in 2012 and 2013 according to Law No 214/2011), after its nullification in 2010. Previously the fund was financed with similar resources (10 million € per year in 2008 and 2009). A recent government bill (No 102/2013) included new financial resources (20 million € per year in 2014 and 2015) for this fund.

Instalments were delayed due to household hardships (Law No 92/2012) and evictions postponed till the end of 2013 (Law No 228/2012) for low-income households with dependent children (according to Law No 9/2007). The recent government bill (No 102/2013) envisaged a new fund for a temporary suspension of payment of rent and evictions (*Fondo destinato agli inquilini morosi incolpevoli*; 20 million € per year in 2014 and 2015).

Notwithstanding its usefulness, a national fund to support rented housing of low-income households (*Fondo nazionale per il sostegno all'accesso alle abitazioni in locazione*; created by Law No 431/1998) was nullified in 2012, after a progressive decrease in resources between 2008 and 2011 (from 205.6 to 9.9 million €). New financial resources (30 million € per year in 2014 and 2015) were envisaged by a government bill (No 102/2013).

A fund devoted to social housing (*Fondo per l'edilizia a canone speciale*; created by Law No 350/2003) was financed only for two years (9.7 million € in 2008 and 7.6 million € in 2009).

Contrasting interests between banks and expected beneficiaries (as the former Minister for international cooperation and social integration explained to the Parliament in September 2012) caused a very low take-up of benefits provided on an experimental basis through a national fund for young couples and single parents with children to buy their first home (Fo*ndo per l'accesso al credito per l'acquisto della prima casa da parte delle giovani coppie o dei nuclei familiari monogenitoriali con figli minori*; created by Law No 133/2008). The fund was addressed to low-income households and people employed in atypical labour contracts. The fund was financed at the beginning of the experimentation period (4 million € in 2008; 10 million € each year in 2009 and 2010) while new financial resources (30 million € per year in 2014 and 2015) have been included in a recent government bill (No 102/2013).

In order to face fuel household hardship, a national fund was maintained with more stable financing.

National Fund to support low-income households to cover Electricity and Gas costs (*Fondo per la riduzione dei costi di energia elettrica e gas*), created by Law No 296/2006). In million € by year.						
2008	2009	2010	2011	2012	2013	2014
50.0	50.0	88.0	86.3	76.7	80.9	79.1

Key challenge for Italy is to provide children and their households with affordable, quality housing, in a healthy urban and environmental context. The most critical conditions influence those at risk of homelessness. To address this challenge, strengths can be found in the good practices existing at local level (including Local Agenda 21 processes) and supported by national programmes since the 1990s (e.g. urban re-qualification in 1992 and 1993, urban renewal and local sustainable development in 1998). The main weaknesses can be found in a fragmented and contradictory national legislative framework, which is not always consistent with the basic principles of sustainable housing.

3.6. Family support and alternative care

In 2003 nearly 2,700 children were hosted in Juvenile Institutes (*Istituti per i minori*), but their closure was established by the end of 2006 (Law No 149/2001). They were replaced by alternative mechanisms of prevention, mainly through community-based care and foster care within family settings to support children in their transition to adulthood. A survey carried out by the National Childhood-Adolescence Documentation and Analysis Centre confirmed that the deinstitutionalisation process was nearly completed in March 2009. Other data (*SOS villaggi dei bambini*, 2011) confirmed that the number of children in alternative care (i.e. family and community-based facilities for children deprived of parental care) has grown, as has the number in foster care (mainly involuntary), while the number in residential care facilities (i.e. care provided in non-family or community-based settings) remained quite stable between 2007 and 2008. Family care options and community-based services increased for foreign minors, including unaccompanied children. Regional disparities were also present.

The Italian juvenile system is characterised by a low use of detention with respect to alternatives aimed at permitting the continued education of the child and his / her reintegration into the community. Social service offices for minors follow all phases of criminal proceedings by implementing legal measures that do not involve a total restriction of freedom. Other juvenile justice structures consist of initial reception centres, community-based services and criminal institutions for minors. A survey (ISTAT, 2013c) showed that in 2011, the number of children (2,343 persons) entered in the initial reception centres considerably decreased compared with 2001 (-36%), although increasing (+4%) with respect to 2010. The number of those in communities (915 persons) tripled with respect to 2001 and increased (+8%) compared with 2010. During the same time, the number of children in criminal institutions for minors (494 persons) remained quite stable. Boys were the large majority (between 87% and 94%) in all three types of juvenile justice structures.

These data indicate that Italy has made substantial progress to face the challenges of enhancing family support and the quality of alternative care. Strengths reside in a good developed legislative framework and its implementation.

3.7 Most urgent areas for policy improvements

Based on the challenges, strengths and weaknesses identified in main policy fields, the following objectives appear to be most urgent: 1) reducing regional disparities, 2) ensuring adequate long-term investments, 3) enhancing coordination between service delivery and benefit take-up.

1) Italy can be regionally characterised regarding the abovementioned services. Regions where low levels of per capita expenditure, a relatively high dependence on external resources and a low capacity to develop networked services are present (e.g. in the South). Regions where high per capita spending, high autonomy in funding, structured and differentiated systems according to needs, a high capacity to manage networked services and facilities also in smaller centres are present (e.g. in the North and the Centre). To reduce regional disparities, harmonised levels of assistance throughout the national territory should be defined and implemented. In this direction, efforts should be made to eradicate any discriminatory restrictions (e.g. against "Roma" people, immigrants and the homeless) from existing laws.

2) As a whole, Italy significantly reduced financial resources necessary to form a compact "social investment package". To improve both efficiency and adequacy of social investment, fragmentation and overlap should be reduced. This strategy would require a refinancing and reconvergence of all relevant funds into a single national fund for local welfare systems, yearly allocated according the abovementioned harmonised levels of assistance. This has already been successfully implemented in the regionally based National Health Service, where a yearly budget combines central and regional financial sources.

3) Important reforms have provided a "new model" to connect services through regional and local plans in Italy. This was the case of the national health system and of social services, for which basic criteria and guidelines were provided to reach equilibrium between service delivery and monetary support. However, fragmentation still exists. Regional and local authorities implement plans and targeted projects that address the most in need. National agencies (mainly the national institute of social insurance) deliver monetary support to households and individuals facing economic hardships. To improve coordination, a simplified delivery of services and benefits should be developed through one-stop-systems.

4. Addressing child poverty and social exclusion in the European Semester

This section assesses the extent to which child poverty and social exclusion are tackled in Italy as key issues for the Europe 2020 Strategy and the European Semester.

The 2013 Italian National Reform Programme (NRP) was limited in its scope. It addressed progress made over the past year and did not set priorities for the future since these latter depended upon the policy agenda of the new government. Both the national government and Parliament resigned in December 2012. After national political elections (24 and 25 February 2013) a new Parliament took office (15 March 2013), but a new government was constituted after much delay (30 April 2013). Following the present electoral system, a large majority in the Chamber of Deputies was given to one political coalition while no robust majority was present in the Senate. In between, the NRP was approved by the former government (10 April 2013) and by the new national Parliament (7 May 2013).

As a consequence, the 2013 NRP was primarily an updated version of the 2012 NRP with a general continuity of proposed measures, all ancillary to the overwhelming austerity policy and insufficient to improve the worsening of social conditions. The NRP itself admitted the difficulties in making more decisive actions due to the limited resources available. Likewise, when approving the NRP, the national Parliament made a major recommendation: that the continuation of a policy based solely on budgetary austerity would not be able to ensure the growth and would worsen the current recession; suggesting that it should be immediately associated with a policy aimed at creating employment. Unfortunately, child poverty and social exclusion remained in shadow of these developments.

The new NRP took into account the European Council's Specific Recommendations (2012 CSR) concerning the previous NRP. The fourth 2012 CSR specified that Italy should "Take further action to incentivise labour market participation of women, in particular through the provision of child and elderly care".

The 2013 NRP responded to this recommendation by placing particular emphasis on: the experimentation with the "new social card"; additional financial resources to the national funds for family policies; the implementation of the national housing plan; the replenishment of the national solidarity fund for mortgages for first homes; the deferral of instalments in case of household hardships; the reform of labour legislation (including a strengthened control to avoid discriminatory dismissals, paternity leaves and vouchers for the purchase of ECEC services); agreements and measures for reconciling family and work life; financial incentives to promote women employment. Other measures from the NRP response to the fifth 2012 CSR aimed at fighting against tax evasion and reforming taxation systems, namely: the increase in income-tax deductions for children; the reform of means-test mechanisms; the reduction in the tax wedge on labour costs. Eventually, the NRP included the financial resources added to the national funds for social policies and not-self-sufficient persons, as well as measures to postpone evictions.

Future options were anticipated by the NRP, some of them consisting in measures that the present report had the opportunity to comment on. In particular, the NRP recommended (to the new government): to strengthen the life-work balance measures already put in place; to "address the issue of how to finance spending" on networked local services and programmes to fight against poverty, including educational services for children, care services for not-self-sufficient people; to extend the experimentation with the new social card at a local level and according to the type of recipients.

Therefore, the NRP addressed child poverty and social exclusion only indirectly as a by-product of main measures adopted between 2011 and 2012. Also the proposed measures appear to be of a remedial nature to try and minimise problems progressively exacerbated by the current economic crisis.

The same NRP declared that policy fields relevant to child well-being and the transition from school to adulthood and working life (namely, education, training, research and innovation) still receive a weak policy commitment, while much remains to be done to increase employment. As a result, the NRP fully recognised that the national targets defined in 2011 within the Europe 2020 Strategy are currently very far from being achieved. This is particular evident in the target concerning the reduction of persons at-risk-of-poverty or social exclusion (AROPE) by 2020.

The 2013 NRP confirmed the target defined in 2011, which consists in lifting 2,200,000 people out of the AROPE condition. The target was based on the 2008 number of AROPE persons (i.e. 15,099,000) and translated to a reduced number of 12,899,000 AROPE people in next years. Unfortunately, the number of AROPE persons increased to 17,112,000 in 2011 (Box 2), with an increase (+2,013,000 persons) that almost nullified the target. 17% of this increase (i.e. +350,000 persons) was constituted by AROPE children (from 3,078,000 to 3,428,000 persons between 2008 and 2011). However, a specific target for children was not yet defined in Italy.

All the above considerations converge on a central conclusion; the 2013 NRP was not sufficiently focussed on the national targets on poverty and social exclusion. Most importantly, monitoring arrangements were not put in place, especially as far as children are concerned. The most vulnerable social groups were not taken into consideration. Nothing was written, for instance, on the risks of poverty and social exclusion experienced by immigrant children, those living in homelessness conditions, those living in minority communities. Outcomes of the national strategy for the inclusion of Roma, Sinti and Travellers (approved by the national government in February 2012) were not monitored. Likewise, information was lacking in the NRP on discriminatory behaviour and xenophobia against children and their households, although manifestations of racial hate and the racism are persistent, as documented by the national office against racial discrimination (UNAR).

In June 2013, by assessing the NRP, the Council of the European Union endorsed new Specific Recommendations (2013 CSR). The fourth 2013 CSR specified that Italy should: "Reduce financial disincentives for second earners to work and improve the provision of care, especially child and long-term care, and out-of-school services. Step up efforts to prevent early school leaving. Improve school quality and outcomes (…). Ensure effectiveness of social transfers, notably through better targeting of benefits, especially for low-income households with children".

The conclusions made in the present assessment report further justify this recommendation, given that child poverty and social exclusion are expected to increase without more aggressive measures. Key ways in which implementation of the recommendations could be better integrated into the European Semester should address the most urgent areas for policy improvements.

A comprehensive and integrated programme should be specifically focused on child poverty and social exclusion, as part of a new national action plan for childhood and adolescence (see Section 1 of the present report). To this end, lessons from projects implemented in the 15 large metropolitan municipalities (see Section 3) should be utilised to extend similar measures at local level throughout the national territory.

The programme should identify a national target concerning the reduction of AROPE children by 2020 and it should stimulate regional authorities to set their own targets.

The programme should be a reference policy document for the future NRP and for mainstreaming child well-being across different policy areas and players.

Monitoring should be improved to assess progress by developing a social impact assessment approach. This should be especially used to monitor the impacts of spending review processes and recovery plans on childhood conditions.

At the same time, a more incisive financing should be recommended to improve quantity and quality of public services relevant to childhood conditions, as a major contributor to a compact "social investment package" (see Section 3). To this end, harmonised levels of service quality for children should be incorporated in a single national fund for local welfare systems and should complement the targets for AROPE children, considering regional disparities.

As an instrument of local welfare systems, a national minimum income framework is considered as a key mechanism to ensure effectiveness of social transfers and to streamline the current benefits for families and children. This could be used in universal but targeted schemes at regional and local levels for low-income households with children. This important measure would encompass the "inclusion card" and the "new social card", which follow the fundamental reform on integrated social policies (Law No 328/2000). The reform comprised the experimentation with a national minimum income scheme for social insertion (RMI, *Reddito Minimimo di Inserimento*) between 1999 and 2004.

Therefore, the proposed national minimum income framework could be considered as the application of existing rules and a revamped instrument. To be more effective, the measure should be conceived within an active inclusion strategy consisting in already mentioned (and partly existing) instruments such as mandatory paternity leaves, a combined regulation of parental leaves on an equal footing, fiscal deductions for women employment and incentives in favour of dual-earner households.

There are several obstacles to these proposed key ways and the implementation of the fourth 2013 CSR in the European Semester. The most important of these are the lack of financial resources, and a cultural resistance to "de-familiarisation". The first obstacle could be overcome by strengthening the social impact assessment to demonstrate that other public expenditures are less important than investing in children (i.e. the future productive human capital). The second obstacle could be overcome by elaborating and implementing a clear integrated strategy in collaboration with relevant stakeholders, e.g. social partners, non-governmental organisations, women organisations, people experiencing poverty and social exclusion, as well as regional and local authorities.

5. Mobilising relevant EU financial instruments

The second 2012 CSR specified that Italy should "pursue a durable improvement of the efficiency and quality of public expenditure through the planned spending review and the implementation of the 2011 Cohesion Action Plan leading to improving the absorption and management of EU funds, in particular in the South of Italy".

The 2013 NRP responded to this recommendation by underling the promising results reached by this plan (CAP) by the end of December 2011 with the best certified expenditure in the previous five years. The NRP specified data concerning the three phases of the CAP, which through rescheduling operational programmes has provided new methods to support policy improvements in planning and managing the next 2014-2020 programming period.

By assessing the Italian efforts, the second 2013 CSR specified that Italy should: "Adopt structural measures to improve the management of EU funds in the southern regions with regard to the 2014-2020 programming period".

The necessity to reduce regional disparities has been clearly highlighted in the present report. Five (Campania, Puglia, Basilicata, Calabria and Sicilia) out of the 8 southern regions are included in the Convergence objective of the EU Funds. The other three (Abruzzo, Molise and Sardegna) are part of the Regional Competitiveness and Employment objective (15 regions as a total). The European Social Fund (ESF) and the European Regional Development Fund (ERDF) support their regional operational programmes (ROP).

The Cohesion Action Plan (CAP) reprogrammed the utilisation of the EU Funds to avoid the risk of losing EU and national resources due to low institutional capacity in investment and spending, both at national and local levels, especially in the South. Through the rescheduling process, a reduction in the share of national co-financing was agreed with the EU Commission and therefore also the amount of certified expenditures was diminished. By combining this reduction with an evident stimulus to increase institutional capacity, positive outcomes were reached. The ratio between certified expenditure and the total reprogrammed financial resources of the ESF and the ERDF increased from 15.6% in autumn 2011 to 39.3% in December 2012 (based on data from the Department for Development and Economic Cohesion, DPS, 2013). This percentage reached 40.6% in August 2013 (Il Sole 24 Ore, 2013b) and showed apparent disparities in regional performances: ROPs on the Convergence objective (i.e. the least-developed regions) reached 33.8%; ROPs on the Regional Competitiveness and Employment objective reached 50.8%. However, it is evident that nearly 60% of the available resources (these latter amounting to 49.5 billion €) need to be spent in a short time before the final date of eligibility (31 December 2015). Distinction between EU Funds can also be made considering the total expenditure with respect to the overall reprogrammed financial resources by the end of 2012: the ESF with 47.7% and ERDF with 35.8%.

About € 3.4 billion of these resources (2.2 billion € as ERDF and 1.2 billion € as ESF) were earmarked to the policy priority of social inclusion (i.e. nearly 7% of the total amount after the CAP rescheduling), mainly in the Convergences Regions (2.7 billion €). However, delays were recorded in June 2012 (DPS, 2012) with 26% as the average rate of certified expenditure and with different performances between Convergence Regions (20%) and those pertaining to the Regional Competitiveness and Employment objective (50%). The ERDF financed infrastructural improvement of social services, childcare services, health services and the social economy. The ESF financed customised paths (e.g. vocational training, empowerment, support to employment, job creation, micro-credit, reconciliation of work and family life) that addressed people at risk of poverty and social exclusion, including children, women, young people, immigrants, ethnic minorities, disabled persons, addicted and convicts.

The above data (related to 30 June 2012) were documented through a joint monitoring system between different public administrations involved in the implementation of operational programmes, despite a rather heterogeneous and poorly timed collection of indicators, as well as the not often reliability quantification of targets and outcomes. For the ESF monitoring, data were integrated with those provided by ISFOL (national research agency on vocational training and social policies within the Ministry of Labour). Recipients of vocational training have amounted to nearly 124,000 persons (of which 55,000 were women) and other 75,000 persons were counted as beneficiaries of actions against poverty. Funded projects were mainly concentrated in degraded towns, territorially marginalised areas, urban suburbs without primary services and other areas with environmental decay.

To tackle the abovementioned difficulties, the 2007-2013 National Strategic Reference Framework provided the basis for comprehensive monitoring and benchmarking. The system was created through a close collaboration between the national ministry for economic development, the regional governments, national government departments and ISTAT. Indicators were defined to: describe trends and make targets explicit for each priority field also at a regional level; foster the Southern regions to achieve quantitative targets of key importance for the well-being and equal opportunities of all citizens in policy fields where major disparities exist with respect to other territorial areas (e.g. drop-outs and learning opportunities, quality of the environment and so on).

For the policy priority of social inclusion, main indicators are: at-risk-of poverty rates; percentage of municipalities with ECEC services; percentage of children (aged 0-3 years) attending ECEC services; percentage of elderly people (aged 65 years and over) assisted through integrated home-care services; percentage of long-term unemployed.

The monitoring system (which was made available to all citizens through the internet portal "OpenCoesione") is updated every two months with detailed information on ongoing projects (more than 600,000).

The CAP contributed to improving the monitoring system while presenting a comprehensive approach aimed at mainstreaming social inclusion objectives into all relevant public policies through the involvement of regional authorities and other relevant stakeholders (namely social partners).

The CAP was implemented in three phases between December 2011 and December 2012, through which a total of 11.9 billion € were reprogrammed in the utilisation of the EU Funds (ERDF and ESF), 73% devoted to the South. Specific attention (based on data from DPS, 2013) was paid to childcare and not-self-sufficient elderly care (765 million), youth conditions (672 million €) and persons at risk of social exclusion (144 million €). More specifically, the first and second phases totalled the following financial resources devoted to childcare (400 million €), not-self-sufficient elderly care (330 million €), reduction in early school leavers (77 million €), reduction in NEET rates of young people (50 million €), promotion of youth employment and entrepreneurship (50 million €), support to projects carried out by young people in social sector (38 million €), participation of young university people in innovative research methods (5 million €).

Impact of the CAP interventions can be found in the following expectations concerning the Convergence Regions (Ministry for Territorial Cohesion, MCT, 2012; Il Sole 24 Ore, 2013c): nearly 1,500 projects (out of nearly 5,400 applications already submitted) for youth employment and entrepreneurship; nearly 122,000 young persons (69% of which women) lifted out of the NEET condition; nearly 4,300 young in apprenticeship and nearly 3,300 young in internship; financial resources for childcare and elderly care (730 million € as a total) already attributed to Calabria, Campania, Puglia and Sicilia.

Linked to the EU Council Regulation No 1234/2007 on the food distribution programme for the most deprived people (MDP, created in 1987), Italy adopted a yearly programme to deliver food to the poor through charitable organisations, supported by a national fund consisting of donations from agribusinesses (Law No 134/2012). This important measure to face food poverty was also included among those presented in the annex to the 2013 NRP. It is worth noting that both the concerned national agency (Agea) and organisations (nearly 250) have underlined the role played by the food aid programme also in view of the next Fund for European Aid to the Most Deprived.

4,068,250 recipients were counted in January 2013 (Agea, 2013), with a significant increase (+47%) compared to the number recorded in January 2010 (2,763,379 persons). 11% of recipients were children aged 0–5 years (428,587 persons) in January 2013, with a 13% increase compared to January 2012 (379,799 children). Elaboration on the 2013 data indicated that most recipient children were in the South (54%) than in the North (30%) and the Centre (16%). Two southern regions (Campania and Sicilia) constituted a large share of all recipient children (38%).

In conclusion, utilisation of EU Funds in Italy did not sufficiently earmark financial resources for child poverty and social inclusion. Monitoring was very limited on these policy issues. Although improvements were made in expenditure capacity, the risk of losing important financial resources is still present. Fortunately, new methods for programming, implementing and monitoring were introduced during the last two years and these positive lessons are expected to improve institutional capacity in mobilising relevant EU financial instruments in the upcoming programming period (2014-2020).

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Boxes (appendix to Sections 1, 2 and 3)

Box 1: Demographic trends
In 2012, Italy was in the 4th **demographic position** among the EU 27 Member States (EU-27), with 11% of the total children (10,232,549 out of 94.827,304 total) and 12% of the total population (60,820,696 out of 503,930,191 total inhabitants). These proportions were stable between 2005 and 2011 with a slight change in percentage points (+1 pp) concerning children from 10% (2005 - 2007) to 11% (2008 - 2012). The contribution of immigrant people played an important role in the Italian demographic trends. As a total (4,825,573 persons), they constituted 8% of the population, with 10% of children (1,040,907 persons). This means that 22% of the immigrant people were children and compensated for a decreasing number of children with an Italian background. Between 2005 and 2012, children constituted 17% of the general population in Italy, a lower percentage (-3 pp and - 2pp) than the average of 20% (2005 – 2006) and 19% (2007 – 2012) recorded in the EU-27.
Elaboration on data referring to 1 January 2012 from EUROSTAT database (demo_pjan; migr_pop2ctz). Date of extraction: 26.07.2013.

Box 2: People at risk of poverty or social exclusion (AROPE)
As a share of total population in similar conditions, children **at risk of poverty or social exclusion (AROPE)** increased from 19% (2005 – 2006) to 20% (2007 – 2011) in Italy against a 21-22% floating average in the EU-27 (2005 – 2011). The Italian contribution to the total number of AROPE children in the EU-27 increased by 2 pp between 2005 and 2011, from 11% to 13%. An increase from 2,835,000 to 3,428,000 children in Italy was embedded in a decrease from 26,866,000 to 25,470,000 children at EU level. Similarly, there was an increase from 12% to 14% in the Italian contribution to the total AROPE population in the EU-27. The concerned population increased in Italy, from 14,621,000 to 17,112,000 persons, while decreasing as a total in the EU-27, from 123,892,000 to 119,820,000 persons. In Italy, the increase in AROPE children (+593,000) corresponded to 24% of the increase in total AROPE persons (+2,491,000) between 2005 and 2011. The largest increase occurred between 2009 and 2011: 66% of the children (+392,000) and 91% of the total persons (+2,277,000). The remaining increase occurred between 2005 and 2009: 34% of the children (+201,000) and 9% of the total population (+214,000). Thus, the global financial and economic crisis amplified the dynamics of previous periods. At EU-27 level, the decrease in AROPE children (-1,396,000) corresponded to 34% of the decrease in total AROPE people (-4,072,000) between 2005 and 2011. The reduction occurred between 2005 and 2009 (-2,353,000 children and –10,119,000 total persons), but it was offset by the crisis with an increase in AROPE children (+957,000) and in total AROPE people (+6,047,000) between 2009 and 2011. The 2009 – 2011 trends indicate that 41% of the increase in AROPE children in the EU-27 occurred in Italy (392,000 out of 957,000 persons) as well as 38% of the increase in total AROPE population (2,277,000 out of 6,047,000 persons). In 2011, nearly one third (32.2%) of Italian children were AROPE, 5.1 pp more than the EU-27 average (27.1%).

Box 2 (continued): People at risk of poverty or social exclusion (AROPE)
This difference was determined by increases at a national level: +3.3, +3.4 and +4.6 pp respectively compared to 2010, 2009 and 2005. The increases also reflected the differences reached in 2011 (+3.8 and +8.1 pp respectively) between children, people aged from 18 to 64 years (28.4%) and 65 years and over (24.1%). AROPE rates have generally been higher for girls than for boys although decreasing (e.g. from +3.3 pp in 2005 to +1.1 pp in 2011) also as a difference between Italy and the EU-27 average situation (e.g. from +2.7 pp in 2005 to +0.5 pp in 2011). The Italian children aged 12-17 years have generally been more at risk of poverty or social exclusion than those aged 6-11 and 0-5 years (e.g. 34.8%, 33.2% and 28.9% respectively in 2011), a similar balance to the EU-27 average division (e.g. respectively 29.1%, 26.9% and 25.2% in 2011).
Elaboration on data from EUROSTAT database (ilc_peps01). Date of extraction: 27.07.2013.

Box 3: People at risk of poverty (AROP)
1) According to a poverty threshold set at 60% of national equivalised median income, children **at risk of poverty (AROP)** increased between 2005 and 2011 from 2,431,000 to 2,801,000 (i.e. +370,000 persons) in Italy constituting 43% of the increase in the overall AROP population (+863,000 persons, i.e. from 11,014,000 to 11,877,000 persons). The largest increases (63% and 93% respectively) occurred between 2009 and 2011: +233,000 children and +800,000 total persons. At EU-27 level, the crisis produced an increase of 615,000 AROP children (from 18,727,000 to 19,342,000 persons), constituting 19% of the increase (+3,293,000 persons) of overall AROP population (i.e. from 80,179,000 to 83,472,000 persons). This means that 38% and 24% of the EU-27 increase in AROP children and in total AROP population was concentrated in Italy. As a consequence, more than a quarter (26.3%) of Italian children were AROP in 2011, 5.8 pp more than the EU-27 average (20.5%). This difference showed increases at a national level: +1.6, +1.9 and +2.7 pp respectively compared to 2010, 2009 and 2005. The increases also reflected the differences reached in 2011 (+7.8 and +9.3 pp respectively) between children, people aged from 18 to 64 years (18.5%) and 65 years and over (17%). AROP rates have generally been higher for girls than for boys although decreasing (e.g. from +2.6 pp in 2005 to +0.6 pp in 2011) also as a difference between Italy and the EU-27 average situation (e.g. from +2.1 pp in 2005 to +0.1 pp in 2011). The Italian children aged 12-17 years have generally been more at risk of poverty than those aged 6-11 and 0-5 years (e.g. 28.2%, 26.4% and 24.5% respectively in 2011), fairly in line with the EU-27 average situation although characterised by lower rates (e.g. respectively 22.3%, 20.2% and 19.2% in 2011). **2) Regional disparities** amplify the poverty risk in Italy. In 2011, the AROP rates of all population ranged from 8% to 13% in the northern regions, from 12% to 18% in those of the Centre and from 22% to 44% in the South. **3)** For Italy, **at risk of poverty thresholds** (set at 60% of median equivalised income) were: € 9,583 in 2011; € 9,382 in 2009; € 8,611 in 2005.
1) Elaboration on data from EUROSTAT database (ilc_li02). Date of extraction: 28.07.2013. 2) EUROSTAT database (ilc_li41). Date of extraction: 06.08.2013. 3) EUROSTAT database (ilc_li01). Date of extraction: 28.07.2013.

Box 4: At risk of poverty (AROP) rate anchored at a fixed moment in time
For Italy, the AROP rates **anchored at 2005 and 2008** were 27.7% and 28.6% in childhood. These rates were higher than those in working age (19.6% and 20.1% for persons aged from 18 to 64 years) and for the elderly (18.1% and 18.9% for persons aged 65 years or over). Differences between the Italian rates with the EU-27 averages were significant: +10.3 pp in childhood, +5.6 pp in working age and +3.6 pp for the elderly if anchored at 2005 (+7.2 pp, +3.6 pp and +1.9% respectively if anchored at 2008).
Elaboration on data from EUROSTAT database (ilc_li22; ilc_22b). Date of extraction: 30.07.2013.

Box 5: Persistence and dispersion of risk of poverty
1) The **persistent at-risk-of-poverty** (**AROP)** rate expresses the percentage of people whose equivalised disposable income was below the poverty threshold set at 60% of national equivalised median income for an observed year and at least 2 out of the preceding 3 years. In 2011, the persistent AROP rate of the Italian children was 18%, increased with respect to 2009 (14.9%) and higher than the EU-27 average (12.7%). The rate of Italian persons aged 25–49 years was 11.3%, increased with respect to 2009 (10.4%) and higher than the EU-27 average (8.5%). **2)** In Italy, by adopting poverty thresholds set at 50% and 70% of national equivalised median income, the likelihood of being children at risk of poverty varied from 18% to 35.5% in 2011, more for those aged from 12 to 17 years (from 19.4% to 36.7%) than those less than 12 years. These ranges of percentage indicate the **dispersion of poverty risk** around the conventional poverty threshold (set at 60% of national equivalised median income). The "dispersion" indicator confirmed that the probability of being at risk of poverty in childhood was higher in Italy than the EU-27 averages at a 50% cut-off point (12.5%) and at a 70% cut-off point (29.6%). Similar trend was found for persons aged 25–49 years. Their poverty risk varied from 13.2% at a 50% cut-off point to 26.3% at a 70% cut-off point in Italy, higher than the EU-27 averages (9.8% and 21.9%, respectively). Therefore, persistence and dispersion of poverty risk differentiated the Italian children from the EU-27 average (between 5 and 6 pp higher) with almost similar differences to those recorded by the group aged 25 to 49 years (between 3 and 4 pp higher).
1) Elaboration on data from EUROSTAT database (ilc_li21). Date of extraction: 30.07.2013. 2) Elaboration on data from EUROSTAT database (ilc_li02). Date of extraction: 30.07.2013.

Box 6: Poverty gaps

In order to measure "how poor the poor are", the **poverty gap** indicator takes into account how far the income of AROP persons is below the poverty threshold, set at 60% of national equivalised median income.

While the Italian poverty gaps concerning the elderly were quite in line with the EU-27 averages (-1 pp in 2011 and –0.2 pp in 2010), differences were significant for persons in working age (+4.4 pp in 2011 and +2.4 pp in 2010) and even higher for children (+6.1 pp in 2011 and +5.1 pp in 2010).

In 2011, the poverty gap was 30.4% for children, 30.2% for persons aged from 18 to 64 years and 15.7% for those aged 65 years and over. In other words, half of AROP children lived on less than 69.6% of the 60% poverty threshold, i.e. with 41.8% of median equivalised income. The impact of the economic crisis was significant for children. Their poverty gap increased by 6.5 pp with respect to 2009 and was higher than the increase in poverty gap of persons aged 18–64 years (+4.8 pp). The most affected children were those aged less than 6 years, who reached a poverty gap of 32.8% (35.6% for girls) with a 8.9 pp increase compared to 2009 (+11.7 pp for girls).

3) Elaboration on data from EUROSTAT database (ilc_li11). Date of extraction: 25.07.2013.

Box 7: Child poverty risks in households by intensity of work

1) In 2012, the share of children living in **households where no one is working** arrived at 9.2% in Italy and increased compared to 2009 (+1.6 pp) and to 2005 (+3.3 pp), making differences with the EU-27 averages less significant (-1.9 pp in 2012, -2.6 pp in 2009 and –4 pp in 2005).

2) Households with **very low work intensity** are those where working-age adults (aged from 18 to 59 years) have worked less than 20% of their total work potential per year. In 2011, with limited gender differences, the Italian rate of children living in these households was 7.6%, lower (-1.4 pp) than the EU-27 average. Only children aged 12-17 years reached a rate (8.6%) quite similar to the EU-27 average (8.9%). Quite in line with the EU-27 average (10.6%) was the Italian rate of working-age adults (11.2%).

These data indicate how people are distributed among household typology, but not how they are exposed at risk of poverty.

3) The at-risk-of-poverty (AROP) rate of children living in households **with very low work intensity** (i.e. less than 20%) arrived at 81.9% in 2011, which was 12.3 pp higher than the EU-27 average. Differences (+12.2 pp and +9.1 pp respectively) were also found in households with: low work intensity (i.e. between 20% and 45%), where the AROP rate of the Italian children was 62.8%; medium work intensity (i.e. between 46% and 55%), where the AROP rate of the Italian children was 34.5%. Difference decreased (+2.3 pp) and inverted direction (–1 pp) as work increased from high (i.e. 56% - 85%) to very high intensity (i.e. 86% - 100%). The AROP rates of Italian children living in these two types of household decreased from 14.1% to 5.6%.

1) Elaboration on data from EUROSTAT database (lfsi_jhh_a). Date of extraction: 1.08.2013.

2) Elaboration on data from EUROSTAT database (ilc_lvhl11). Date of extraction: 23.07.2013.

3) Elaboration on data from EUROSTAT database (ilc_li06). Date of extraction: 24.07.2013.

Box 8: In-work at-risk-of poverty rate of households with children
The **in-work at-risk-of-poverty** rate of households with dependent children increased between 2005 (12.2%), 2009 (13.6%) and 2011 (14.6%), when Italy reached the highest difference with the EU-27 (+3.8 pp) and confirmed a significant distance from households without children (+7.9 pp). The Italian rates were higher than the EU-27 averages for single person (+3.2 pp) and for two or more adults (+3.9 pp) with dependent children (+3.9 pp). In Italy, these rates (22.6% and 14.2% respectively) were higher that those of single persons (+11 pp) and two or more adults (+9.2 pp) without dependent children, while revealing increases when compared to 2009 (+2.6 pp if single person and +1 pp if two or more adults) and to 2005 (+2.9 pp and +2.4 pp respectively).
Elaboration on data from EUROSTAT database (ilc_iw02). Date of extraction: 24.07.2013.

Box 9: Impact of parenthood on employment conditions
In Italy, the **employment rate of women** aged 20–49 years without children was 64.5% in 2012, compared with 59.9% for those with one child aged less than 6 years and 38.6% for those with three children or more (aged less than 6 years). In the same age range, male employment rates were higher: 74.1% without children; 88.4% for those with one child; 84% for those with three children or more. Similar dynamics characterise the EU-27 averages but with different percentages. Women employment rates were 75% if without children, 65% with a child and 46.6% with three or more children while they were 77%, 88.2% and 82.7% respectively for men. As a result, gender disparities against women in employment were higher in Italy than at the EU-27 average: +7.6 pp when employed without children, +5.3 pp with a child and +9.3 pp with three children or more. Employment rates of men aged 20–49 years decreased in all household typologies between 2011 and 2012 (–2.2 pp without children, -1.7 pp with a child and –1.4 pp with three children or more). These decreases were most significant between 2009 and 2012 (–4.1 pp without children, -3.3 pp with a child and –2.9 pp with three children or more), covering the largest share of the total reduction recorded between 2005 and 2012 (–6.8 pp without children, -5.3 pp with a child and –6.3 pp with three children or more). On the contrary, employment rates for women of the same age group slightly increased for those with a child (+1.2 pp between 2011 and 2012, +0.8 pp between 2009 and 2012, +1.6 pp between 2005 and 2012) and more significantly for those with three children or more (+2.9 pp between 2011 and 2012, +1.8 pp between 2009 and 2012, +2.8 pp between 2005 and 2012), but decreased to some extent for those without children (-0.8 pp between 2011 and 2012, -1.8 pp between 2009 and 2012, -2.3 pp between 2005 and 2012).
1) Elaboration on data from EUROSTAT database (lfst_hheredch). Date of extraction: 30.07.2013.

Box 10: Part-time employment and temporary contracts

1) When in employment, women had to work part-time more than men. In 2012, the percentage of **part-time employment** of Italian women aged 20–49 years was 25.8% without children, 36% with a child aged less than 6 years and 46.4% with three children or more (aged less than 6 years), compared respectively with 8.5%, 5% and 5.9% for men in similar conditions. Thus, gender disparity against women increased in part-time employment from 17.3 pp to 31 pp and 40.5 pp according to the number of children. In gender disparity, differences between Italy and the EU-27 averages were: +5.1 pp without children, +2 pp with a child and –1.5 pp with three children or more.

2) Before the current severe economic crisis, women aged 25–49 years accepted part-time employment firstly because they had to look after children or incapacitated adults (from 44.4% in 2005 to 39.4% 2008), to which other family or personal responsibilities could be added (e.g. 7.6% in 2008), and secondly because they did not find a full-time job (from 34.9% in 2005 to 37.2% in 2008).

On the contrary, lack of opportunities for a full-time job was the main motivation for men to work part-time (from 65.8% in 2005 to 64% in 2008), while care responsibilities were quite insignificant (from 2.6% in 2005 and 1.9% in 2008) and lower than other family or personal responsibilities (e.g. 3.5% in 2008).

The lack of full-time job opportunities became the first motivation for part-time employment both for women (from 42.1% in 2009 to 53.9% in 2012) and for men (from 69% in 2009 to 79.2% in 2012). However this realignment was very partial in terms of household division of labour.

Only for women, care responsibilities for children or incapacitated adults were confirmed as a central motivation to work part-time (from 35.8% in 2009 to 28.8% 2012), which should be added to other family or personal responsibilities (from 7.9% in 2009 to 5.2% in 2012). For men, these motivations remained of a minor nature (e.g. care responsibilities from 1.4% in 2009 to 1.5% in 2012) or even reduced (e.g. other family or personal responsibilities from 2.5% in 2008 to 1.2% in 2012).

3) Minor differences can be found between women and men in **temporary contracts**. Four percentage points separated women from men of the same age group (20–49 years) without children (17.4% and 13.4% respectively) and with a child aged less than 6 years (11.4% and 7.2% respectively) in 2012. The difference decreased to 1.2 pp for those with three children or more aged less than 6 years (10% and 8.8% respectively). In gender disparity, the difference between Italy and the EU-27 averages was small (+1.5 pp without children, +0.8 pp with a child and –1.9 pp with three children or more).

1) Elaboration on data from EUROSTAT database (lfst_hhptechi). Date of extraction: 30.07.2013.

2) Elaboration on data from EUROSTAT database (lfsa_epgar). Date of extraction: 01.08.2013.

3) Elaboration on data from EUROSTAT database (lfst_hhtemchi). Date of extraction: 31.07.2013.

Box 11: Impact of social transfers on poverty risks
Social transfers (pensions excluded) reduced the AROP rate of children by 6.7 pp in 2011, from 33% to 26.3%, significantly lower (-7.6 pp) than the EU-27 average of 14.3 pp (from 34.8% to 20.5%). In the same year, social transfers reduced respectively by 5.1 pp and by 2.3 pp the AROP rates of persons aged 18–64 years (from 23.6% to 18.5%) and aged 65 or over (from 19.3% to 17%). Reduction was more noticeable in the EU-27 averages: by 9.5 pp for working-age persons (from 25.5% to 16%) and by 3.8 pp (from 19.7% to 15.9%) for the elderly. Therefore, the EU-27 averages showed a capacity of reducing the risk of poverty that doubled the Italian capacity, as well as they marked higher performances in favour of children (+4.8 pp and +10.5 pp compared to the working age population and the elderly) than the Italian performances (+1.6 pp and +4.4 pp, respectively). These differences have substantially characterised the period between 2005 and 2011, with minor increases after 2009, when the current economic crisis initiated to manifest its social consequences. However, for children, the 2011 difference (i.e. the above quoted –7.6 pp) signified a 1.5 pp increase compared to the 2009 difference (-6.1 pp), when social transfers allowed the AROP rates to decrease from 33.3% to 19.8% as a EU-27 average and from 31.8% to 24.4% in Italy.
Elaboration on data from EUROSTAT database (ilc_li10; ilc_li02). Date of extraction: 03.08.2013.

Box 12: Social protection benefits
1) Measured as a percentage of GDP (gross domestic product), the Italian **social protection benefits** were in line with the EU-27 averages, for instance 28.6% and 28.2% respectively in 2010 and 28.5% in 2009 in both cases. Also when measured in PPS (Purchasing Power Standard to allow fairer comparison among EU countries) per inhabitant, the social protection benefits reveal slight differences. For instance, PPS per capita were higher in Italy in 2010 (PPS 7,017) and 2009 (PPS 6,920) than the EU-27 averages (PPS 6,907 in 2010 and PPS 6,684 in 2009). However, when **benefits for family and children** are taken into consideration, the situation significantly changes. In Italy, these benefits amounted at 1.3% of GDP in 2010, nearly half the EU-27 average (2.3%) maintaining performances similar to previous years (e.g. 1.4% in 2009 and 1.1% in 2005). These benefits have always constituted a minor share of the total social protection benefits (4.6% in 2010, 5.1% in 2009 and 4.4% in 2005) in Italy, compared with a consistently higher EU-27 average (8% during the same years). Measured in PPS per inhabitant, the Italian family and children benefits (e.g. PPS 321 in 2010, PPS 350 in 2009 and PPS 261 in 2005) scarcely arrived at 60% of the EU-27 averages (e.g. PPS 553 in 2010, PPS 540 in 2009 and PPS 466 in 2005). **2)** Promisingly, a more balanced distribution between **cash benefits** (52%) and **benefits in kind** (48%) for family and children was found in Italy compared with the EU-27 averages (65% and 35% respectively) in 2010. There was a synchronised improvement both for Italy and the EU-27 with respect to previous years, when the share of benefits in kind (i.e. social services) was lower (e.g. in 2005 with 43% as an Italian rate and 29% as a EU-27 average). In 2010, **means-tested benefits** for family and children significantly prevailed in Italy (71%) in comparison with the EU-27 average (26%), and this trend has substantially characterised the previous years. The Italian percentage (71%) was found in both benefits (i.e. in kind and cash), while the EU-27 averages revealed a prevalence of means-tested benefits in kind (38%) compared with those in cash (19%).
1) Elaboration on data from EUROSTAT database (spr_exp_sum). Date of extraction: 12.08.2013. 2) Elaboration on data from EUROSTAT database (spr_exp_eur). Date of extraction: 12.08.2013.

Box 13: Gender pay gaps
Measured as a percentage of average gross hourly earnings of men, the **gender pay gaps** between women and men in employment have always been lower in Italy (e.g. 5.5% in 2009 and 5.8% in 2011) than the EU-27 average (e.g. 16.6% in 2009 and 16.2% in 2011). These percentages refer to industry, construction and services (except public administration, defence, compulsory social security).
EUROSTAT database (earn_gr_gpgr2). Date of extraction: 03.08.2013.

Box 14: Inactivity trap, low wage trap and tax wedge on labour costs

1) The inactivity trap - or the implicit tax on returning to work for inactive persons - measures the part of additional gross wage that is taxed away in the case where an inactive person (not entitled to receive unemployment benefits but eligible for income-tested social assistance) takes up a job. In other words, this indicator measures the financial incentives to move from inactivity and social assistance to employment.

In Italy, the **inactivity trap** for households with children is negligible both for low and relatively higher incomes (e.g. 33% and 67% of the earnings of an average production worker - APW). As an example, between 2005 and 2011, the trap remained substantially negative for one earner couple with two children (from –28 to –24 at 33% APW; from –6 to +1 at 67% APW). The situation of single parent with two children was similar (from –18 to –24 at 33% APW; from +2 to +5 at 67% APW). These rates are undoubtedly different for those of countries with a well structured welfare system (such as Belgium, Finland, Denmark, The Netherlands, Austria and Sweden), where the risks of inactive trap were elevated both for one earner couple with two children (from +85 to 100 at 33% APW; from +66 to +97 at 67% APW) and for single parent with two children (from +65 up to +128 at 33% APW; from +59 to +87 at 67% APW).

2) The **low wage trap** measures the percentage of gross earnings that is taxed away through the combined effects of income taxes, social security contributions and any withdrawal of benefits when gross earnings increase from 33% to 67% of APW.

In Italy, between 2005 and 2011, the low wage trap risk was quite low for one-earner couple, at 33% of APW, with two children (from -11 to +4) with respect to important EU-27 average (+58).

3) At the same time, the Italian **tax wedge on labour costs** increased (from 42.2% to 44.5%), significantly higher than the EU-27 averages (from 39.9% to 39.6%). Tax wedge on labour costs is defined as income tax on gross wage earnings plus the employee's and the employer's social security contributions, expressed as a percentage of the total labour costs of the earner. This indicator is available only for single persons without children earning 67% of the APW.

1) Elaboration on data from European Commission Economic and Financial Affairs: Tax and benefits indicators database. Date of extraction: 12.08.2013.

2) Elaboration on data from EUROSTAT database (earn_nt_lowwtrp). Date of extraction: 12.08.2013.

3) Elaboration on data from EUROSTAT database (earn_nt_taxwedge). Date of extraction: 12.08.2013.

Box 15: Income distribution

1) The **GINI coefficient** measures income distribution in terms of equivalent disposable income, for which perfect income equality is 0 and total inequality is 100%.

Measured by the GINI coefficient, inequality in income distribution remained significant in Italy. Although decreasing between 2005 and 2011 (from 32.8% to 31.9%), this inequality was higher than the EU-27 average (from 30.6% to 30.7%).

2) In Italy, 10% of the households with the lowest income received 2.4% of the total income in 2010, nearly 11 times less than the 10% of households with highest income. The latter received 26.1% of the total income, a percentage that corresponds to that received by the lowest 50% of households. Inequality in net wealth distribution was higher than that of income and showed a slight increase: from 61% in 2008 to 62% in 2010 (GINI coefficient). Net wealth is highly concentrated: the richest 10% of households owned 45.9% of household's net wealth in 2010 with a 1.6% increase compared to 2008.

1) EUROSTAT database (ilc_di12). Date of extraction: 13.08.2013.

2) Banca d'Italia (2012), *Household Income and Wealth in 2010,* Sample Surveys, Number 6, January 2012.

Box 16: At-risk-of-poverty rates for households with dependant children

1) The **at-risk-of-poverty (AROP)** rate for Italian households with dependent children reached 24.3% in 2011, i.e. 9.3 pp more than for households without children, 2.5 pp more than in 2009 and in 2005, 5.7 pp more than the EU-27 average.

The number of parents influences the AROP rates of households with dependent children. In 2011, the AROP rate was 35.7% for single parents, 52% higher (+12.2 pp) than that for two or more adults (23.5%). These rates were higher than the EU-27 averages (+1.2 pp and +6.4 pp respectively) and, compared to those of households without children (23.9% for single persons and 12% in the case of two or more adults), had almost a similar difference (+11.8 pp and +11.5 pp respectively).

The number of dependent children is another key factor. In 2011, the AROP rate for two adults with three or more children was 36.7% in Italy, higher than those of two adults with two children (23.4%) or with one child (17.3%). These AROP rates were higher than those of their counterparts without children (+23.5 pp, +10.2 pp and +4.1 pp respectively), and also higher compared with the EU-27 averages (+11.9 pp, +7.5 pp and +4.6 pp respectively).

2) According to domestic data, 1,058,000 children were found in "**absolute poverty**" in 2012, with an increase of 335,000 persons compared to 2011. Children were 22% of the total number of individuals (i.e. 4,814,000 persons) in similar conditions, defined as inability to buy essential goods and services. For households in these conditions (1,725,000 as a total), absolute poverty rates increased according to the number of children: 7.1% with one child, 10% with two children and 17.1% with three children or more. Regional disparities were apparent: 46% households and 49% individuals in absolute poverty were concentrated in the South.

1) Elaboration on data from EUROSTAT database (ilc_li03). Date of extraction: 01.08.2013.

2) ISTAT (2013), *La povertà in Italia. Anno 2012*, 17 Luglio 2013.

Box 17: Material deprivation
1) According to EUROSTAT, the **material deprivation** rate is defined as the proportion of people living in households who lack at least three of 9 basic items. By applying this indicator, domestic data allowed to compare immigrant households with those formed only by Italians in 2009. Material deprivation concerned 41.9% of immigrant households with a child, 44.5% of those with two children and 48.6% of those with three children or more. These rates were higher (from 25 to 30 pp) than those of corresponding households formed by persons with Italian origins (14.9%, 14.8% and 23.7% respectively). **2) Severe material deprivation (SMD)** rate is defined as the enforced inability to pay for at least four out of 9 basic items. The Italian children in SMD increased from 779,000 to 1,299,000 (i.e. +520,000 persons) between 2005 and 2011, constituting 17% of the increase in the overall SMD population (+3,009,000 persons, i.e. from 3,762,000 to 6,771,000 persons). The largest increases (81% and 85% respectively) occurred between 2009 and 2011: +421,000 children and +2,560,000 persons as a total population. At EU-27 level, the crisis produced an increase of 568,000 children in SMD (from 8,828,000 in 2009 to 9,396,000 in 2011), constituting 15% of the increase (+3,666,000 persons) of overall population in SMD (i.e. from 39,764,000 to 43,430,000 persons). This means that 74% and 70% of the increase in children and in total population experiencing SMD at EU-27 was concentrated in Italy. The result was that the SMD rate of the Italian children arrived at 12.2%, with 2.2 pp more than the EU-27 average (10%). This difference was determined by increases at a national level: +4.2, +3.9 and +4.6 pp respectively compared to 2010, 2009 and 2005. The increases also reflected on the differences reached in 2011 (+1.2 and +1.3 pp respectively) between children, people aged from 18 to 64 years (11%) and 65 years and over (10.9%). Disparity in SMD rates between boys and girls were not significant and in line with the EU-27 average. Similar to the EU-27 average, minor differences were found in 2011 between SMD rates by age groups, namely children aged 6-11 years (12.9% in Italy and 10% in EU-27), 12-17 years (12.3% in Italy and 10.4% in EU-27) and 0-5 years (11.5% in Italy and 9.6% in EU-27).
1) ISTAT (2011), *Le famiglie con stranieri: indicatori di disagio economico. Anno 2009*, 28 Febbraio 2011. 2) Elaboration on data from EUROSTAT database (ilc_mddd11). Date of extraction: 29.07.2013.

Box 18: Early childhood education and care

1) In Italy, the share of the **population aged between 4-years and the starting age of compulsory education** who participated in early education was 96.8% in 2011, 98.2% in 2009 and 100% in 2005. These percentages were higher than the Education and Training 2020 strategy's headline target of 95%. The Italian rates have generally been higher than the EU-27 averages, e.g. +3.6 pp in 2011, +6.5 pp in 2009 and +11.9 pp in 2005.

However, the positive difference in favour of Italian children declined over time due both to an increase at the EU-27 level and a decrease in Italy, respectively: +1.5 pp and −1.4 pp between 2009 and 2011; +3.6 pp and −1.8 pp between 2005 and 2009. Moreover, while gender disparity in participation was non-present in the EU-27 average, the share of girls was lower than that of boys in Italy, principally between 2007 (−1.5 pp) and 2011 (−0.9 pp).

2) The aforementioned data complement those concerning the **provision of childcare by formal arrangements** other than by the family. Formal arrangements include all type of public or private care, such as pre-school and compulsory education services, centre-based services outside school hours, collective crèches and similar day-care services. Two typologies of services can be identified according to their duration per week: from 1 to 29 hours (short time) and for 30 hours or over (longer time). Children can be distinguished in two age groups, those from 3 years to minimum compulsory schooling age and those less than 3 years. The so-called "Barcelona targets" (included in the Europe 2020 strategy) are to provide childcare by 2020 to at least 90% of children between three years old and the mandatory school age and at least 33% of children less than three years of age.

In the first age group, 95% Italian children were cared for under formal arrangements (i.e. by summing the two typologies of services) in 2011. This rate was higher than the EU-27 average (84%) and increased in Italy over time (e.g. 93% in 2009 and 91% in 2005). Importantly, 75% of the Italian children of the first age group used formal childcare services for 30 hours or over, while the EU-27 average was by 28 pp lower.

On the contrary, in 2011, the EU-27 average was 4 pp higher than the 26% Italian rate for children aged less than 3 years cared for through the two typologies of services. The Italian coverage rates have been quite stable over time (e.g. 25% in 2009 and in 2005) and revealed a prevalent use of childcare services for 30 hours or over with respect to those of shorter duration. For instance, in 2011 these rates were 17% and 9% respectively, while the EU-27 averages were similar (15%) in both typologies of services.

1) Elaboration on data from EUROSTAT database (educ_ipart). Date of extraction: 04.08.2013.

1) Elaboration on data from EUROSTAT database (ilc_caindformal). Date of extraction: 05.08.2013.

Box 19: Education

1) Measured in constant prices (2000 = 100), the Italian total **public expenditure on education** was 103 in 2010 and 106 in 2009. In the same years, the EU-27 averages were 129 and 126. Therefore, the EU-27 average expenditure increased significantly faster than that of Italy.

2) Measured in millions PPS (Purchasing Power Standard to allow fairer comparison among EU countries), **public expenditure on compulsory education** (i.e. from primary to post-secondary non-tertiary education) was reduced in Italy by 3% in 2010 and 2% in 2009. On the contrary, there was an increase by 3% and 1% in the same years in the EU-27.

3) In Italy, the percentage of all 18-year-olds who are **still in any kind of school** (i.e. in all levels of education) has generally been lower than the EU-27 averages, e.g. -1.6 pp in 2011, -0.7 pp in 2009 and –1.1 in 2005. These differences indicate a marked tendency of the Italian young people to abandon their effort to improve their skills through initial education (including those who had a regular education career without any delays, as well as those who are continuing even if they had to repeat some steps in the past). Boys tended to abandon education more than girls. As an example, in 2011 the participation rate was 79.1% for all, but lower for boys (76.7%) than for girls (81.5%). This gender difference was more evident in Italy than as a EU-27 average, although decreasing over time, from 2.9 pp in 2005 (7.3 pp in Italy and 4.4 pp in the EU-27) to 1.5 pp in 2011 (4.8 pp in Italy and 3.3 pp in the EU-27).

4) In 2012, 11.9% of young people aged from 15 to 19 years were **NEET (not in education, employment or training)** in Italy, more boys (12.9%) than girls (10.9%), with higher rates than the corresponding EU-27 averages (+4.9 pp, +5.4 pp and +4.4 pp, respectively). These differences did not significantly change over time.

5) Differences increased in the age group from 18 to 24 years, indicating a generational transmission of educational problems influencing the transition from school to working life. In 2012, more than a quarter (27%) of the young aged 18–24 years were NEET in Italy, +10 pp compared with the EU-27 average (17%). Very similar rates concerned the Italian boys (27%) and girls (27.1%), differently from the EU-27 averages (16.6% for boys and 17.5% for girls). The current economic crisis significantly contributed to increasing NEET rates in Italy (+4.6 pp between 2009 and 2012), while a small increase occurred in the EU-27 average (+0.9 pp).

6) In 2012, regional disparities among NEET people aged 18–24 were apparent in Italy with higher rates for the young living in the South (39.9% in Sicilia), especially if boys (41.4% in Sicilia), compared to the Centre (22.8% as an average) and the North (20% as an average).

1) Elaboration on data from EUROSTAT database (educ_fiexpc). Date of extraction: 18.08.2013.

2) Elaboration on data from EUROSTAT database (educ_fiabs). Date of extraction: 18.08.2013

3) Elaboration on data from EUROSTAT database (educ_ipart_s). Date of extraction: 04.08.2013.

4) Elaboration on data from EUROSTAT database (edat_lfse_20). Date of extraction: 04.08.2013.

5) Elaboration on data from EUROSTAT database (edat_lfse_21). Date of extraction: 04.08.2013.

6) Elaboration on data from EUROSTAT database (edat_lfse_22). Date of extraction: 04.08.2013.

Box 20: Housing and living conditions

1) When housing costs constitute more than 40% of the total disposable household income (net of housing allowance), there is a **housing cost overburden**. In 2011, the percentage of children living in households below the poverty threshold (i.e. below 60% of median equivalised income), and with housing cost overburden was 33.9% in Italy, in line with the EU-27 average (34%). In similar condition were 33.4% of Italian persons aged 18–64 and 18.2% of those aged 65 years and over, with lower percentage than the EU-27 averages (-8.1 pp and –15.4 pp, respectively). The percentage of children living in households above the poverty threshold and with housing cost overburden was 2.4% in Italy, lower (-3 pp) than the EU-27 average. In similar condition were 2.9% of Italian persons aged 18–64 and 3.1% of those aged 65 years and over, with lower percentage than the EU-27 averages (-3 pp and –4 pp, respectively). Children at risk of poverty younger than 6 years of age were the most vulnerable (40.7%, with 5.2 pp more than the EU-27 average) followed by children from 6 to 11 years of age (32.2%, with 2.9 pp less than the EU-27 average) and by those 12–17 years of age (29.1%, with 2.6 pp less than the EU-27 average). After a decrease of 11.6 pp between 2005 and 2009, there was a 6.1 pp increase between 2009 and 2011 in the percentage of children living in a household with housing cost overburden and below the poverty threshold.

2) In Italy, 68% of Italian households with children and with an income below the poverty threshold were in a condition of **housing deprivation** (i.e. unhealthy dwellings with a lack of basic equipments) in 2011, a higher percentage than the EU-27 average of 64.5% and the Italian rate of 61.4% of households without children.

3) When at least one of the housing deprivation items is added to the condition of overcrowded dwellings, the concerned household is considered in **severe housing deprivation**. In Italy, 19.5% of children were in this living condition in 2011, compared with 17.9% as a EU-27 average, 17.8% of the Italian population aged 18–64 years and 4.7% of the elderly. Both the Italian children younger than 6 years of age and those from 12 to 17 years of age were particularly exposed to severe housing deprivation (21.1% and 21.2%, respectively), with higher rates than the EU-27 averages (16.8% and 19,1%, respectively). On the contrary, the rate of the Italian children aged 6–11 years (16.1%) was lower than the EU-27 average (17.7%).

4) The **overcrowding rate** was 57.8% for Italians between the ages of 12–17 years below the poverty threshold, 15.1 pp higher than the EU-27 average in 2011. They were followed by the persons between 6–11 years of age and less than 6 years of age with 51.2% and 44.3% respectively. These rates were always higher (+13.2 pp and +7.7 pp, respectively) than the EU-27 averages. As a total, the overcrowding rate of Italian children at risk of poverty was 51.3%, higher (+12 pp) than the EU-27 average (39.3%) as well as that of Italian people 18–64 years of age (42.1%) and those 65 years and over (11.1%). It is worth noting that the difference with the EU-27 averages was +11.8 pp for people in working age and +1.8 pp for the elderly.

1) Elaboration on data from EUROSTAT database (ilc_lvho07a). Date of extraction: 25.07.2013.

2) Elaboration on data from EUROSTAT database (ilc_mddd04a). Date of extraction: 04.08.2013.

3) Elaboration on data from EUROSTAT database (ilc_mdho06a). Date of extraction: 04.08.2013.

4) Elaboration on data from EUROSTAT database (ilc_lvho5a). Date of extraction: 04.08.2013.