

Italy's Poverty Reduction Reforms: From Guaranteed Minimum Income to a Dual Path for Social Inclusion and Labor Activation

May 23, 2024

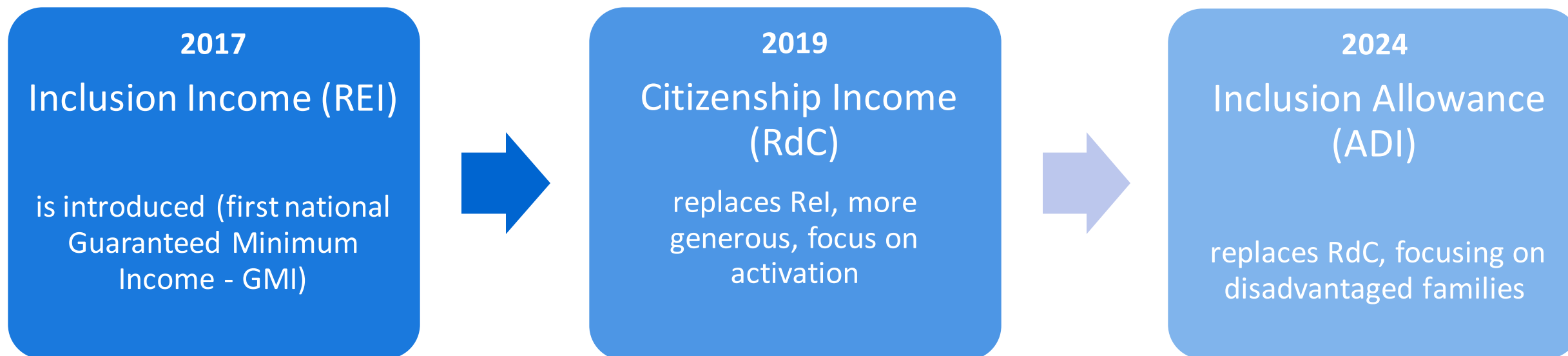
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Evolution of Social Policy In Italy

Italian Poverty Reduction measures: 2018-2024



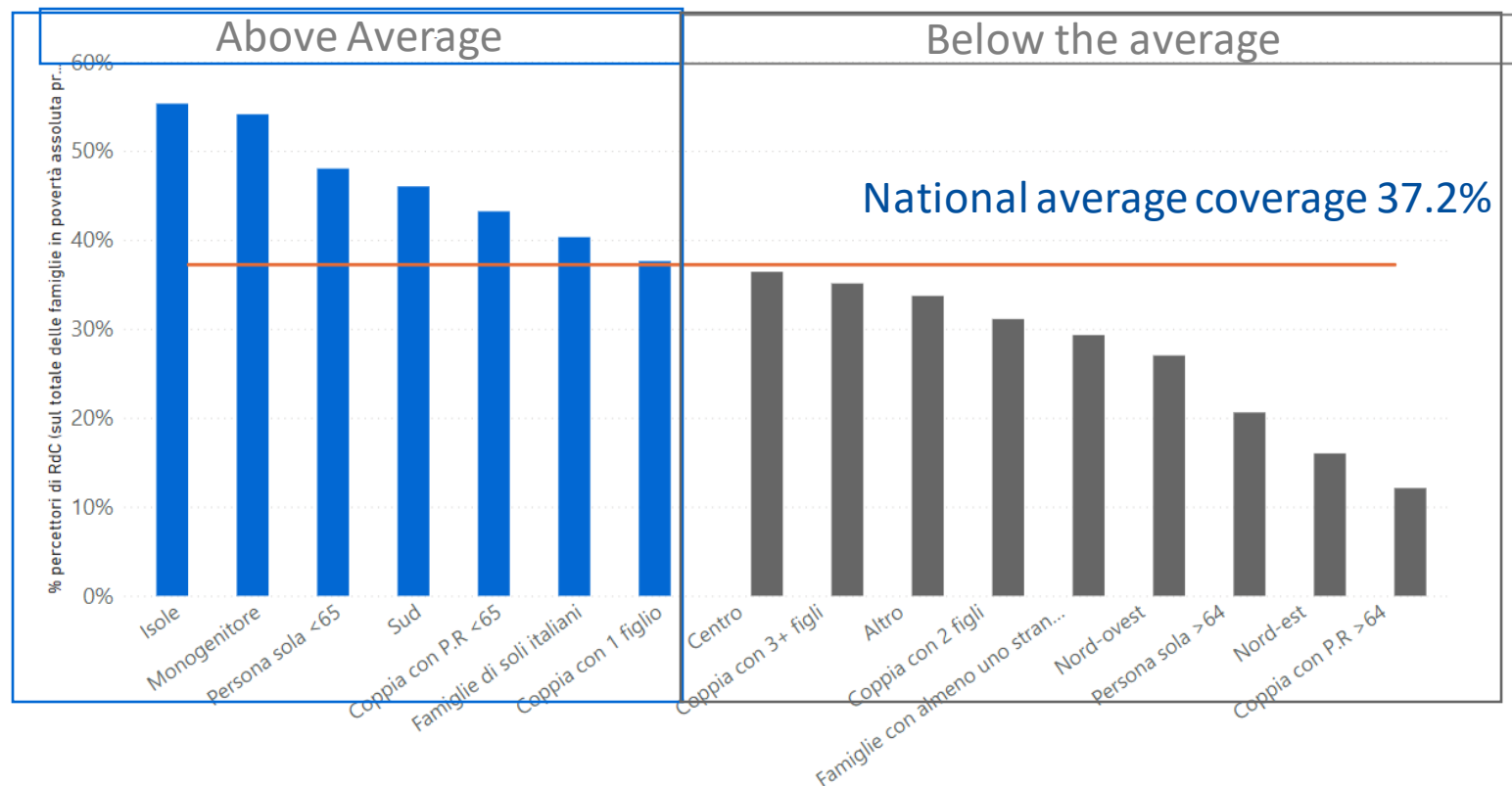
- ✓ Both REI and RdC designed to promote integration between income support and active inclusion, following EU recommendations
- ✓ RdC more generous than Rel and more focused on labor activation

RdC displayed relatively low coverage of absolute poor families

In 2021, 37.2% of estimated families in absolute poverty received the RdC

Of RdC families in 2021, 59% were in absolute poverty

Percentage of families in absolute poverty pre-subsidies that are RdC beneficiaries



Profile of RdC Beneficiaries

- Concentrated in the **south** (means testing does not differentiate for cost of living)
- Low proportion of large households, households with **minors** (equivalence scale favoring small families)
- Low proportion of households with **foreigners** (10-year residency requirement)
- Households **staying longer** have lower income
- Over time increase in number of households with **working poor**

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Reforming the System

The Evolution of Social Policies: ADI & SFL

On January 1, 2024 the Citizenship Income was replaced by two measures:

- the **Inclusion Allowance (*Assegno di Inclusione, AdI*)**, aimed at households with minors, disabled, over 60, "certified disadvantaged"



- the **Support for training and work (*Supporto Formazione e Lavoro*)** (*active since September 1, 2023*), aimed at individuals aged 18-59 in absolute poverty who do not qualify for AdI and AdI members other than parents

Lessons Learned Considered in the Reform

Issues	Lessons learned/Challenges from RdC	Solutions Implemented with the ADI/SFL Reform
Eligibility Criteria and Design Parameters	Strict 10 years residency rules limited access to poor non-EU citizens	Revised residency criteria (5 yrs) favoring inclusion of foreign residents
	Equivalence scale favoring small families	Complementarity with Family Allowance to benefit families with children
	Same benefit across the country despite different cost of living	Complementarity with Regional Benefits for better benefit adequacy with respect to different regional cost of living
	Complex governance requires coordination of local/national level, capacity, resources, networks	Partnership with World Bank for Implementation support
Incomplete Implementation of Active Inclusion	Potential Disincentive to Work/High Inclusion Errors potentially associated to high informality	Separation of measures: new SFL program for “activable” individuals for 12 months with strict conditionalities
	Limited capacity of social and labor services	Important financial investment strengthening integration with social and activation services, partnership with private sector (labor) and NGOs (social services)
	Limited proactivity/participation in active inclusion by beneficiaries	Benefit payment conditional on participation to inclusion pathways New digital platform for beneficiaries

The Inclusion Allowance - AdI

On Jan. 1st, 2024, the Inclusion Allowance replaced the Citizenship Income – RdC moving away from a “pure” European means tested Last Resort Income support program

Beneficiaries (Apr. 1, 2024)	Annual budget (cash transfer)	Max monthly benefit (depends on composition)	Citizenship and residency	Eligibility Criteria	Duration	Conditionalities
530 thousand families 1.29 million persons	5.5 billion EURO	780 EUR: 1 person 1,430 EUR: family with 4+ members (and at least one component with severe disability)	EU citizenship/ long stay permit: 5 years + last 2 years continuous residence	Means testing - <u>ISEE: 9,360 EUR</u> and categorical 1+ member: PWDs, 60+, minor, has a certified disadvantage	18 months Can be renewed after a 1 month suspension for 12 additional months indefinitely	Signing of personalized project with labor and social services

The Inclusion Allowance - AdI

Households AdI
application

Online or in person

Subscription of a
Digital Activation
Pact (PAD)

Online



Check eligibility and
determination of benefit



Inclusion Allowance
beneficiaries' data sent
to MoLSP



Assegno di Inclusione



Social Inclusion Pathway

Social Workers @ Municipalities

Intake

Pre-Assessment

Multi-professional team
In-depth assessment
(complex cases only)

Intervention plan design
"Social Inclusion Pact"

Monitoring of the case
(quarterly meetings with services)



SIU

Labor Activation
Pathway

*Public Employment
Services*

Individuals
activable in the
labor market

Quantitative and
qualitative
assessment

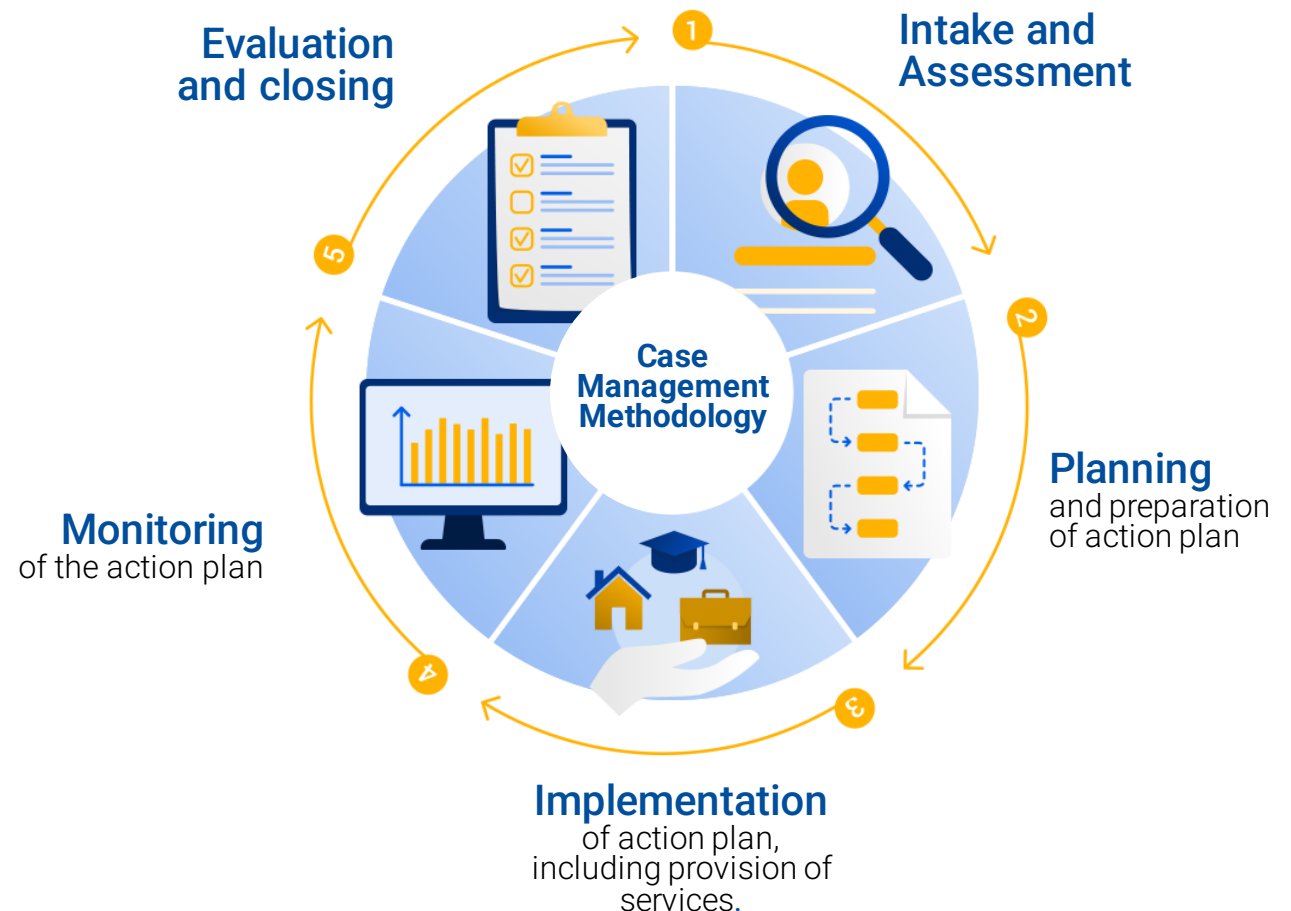
"Personalized
Service Pact"

Monitoring of the
case

The Innovative Social Inclusion Pathway of AdI

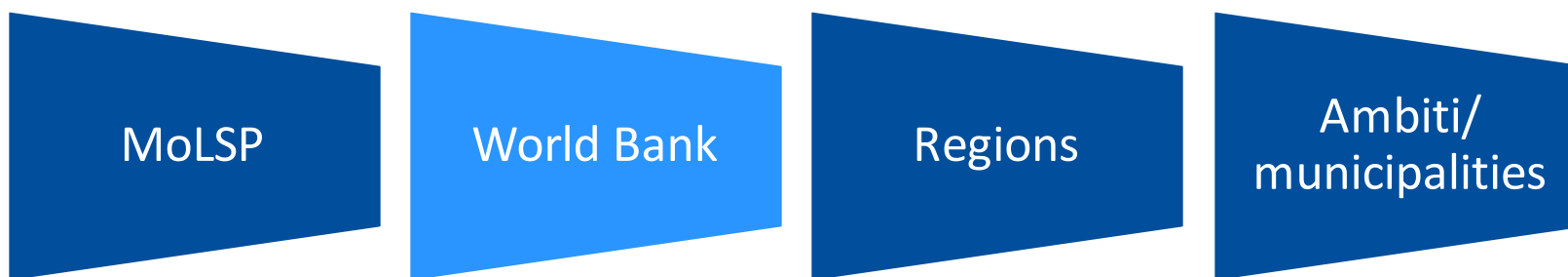
- Beneficiaries are sent to **social services** where they receive case management
- **Case management** helps Social workers match beneficiaries with benefits and services that will meet their needs

Case management is a well-established social protection practice with a clear methodology



Partnership with the World Bank focused on Implementation Support

Objective: Strengthen the capacity of the Ministry of Labor and Social Policies (MoLSP) as well as the regional and local levels in the implementation of the National program to fight poverty and its integration with Social services & help to achieve homogeneous implementation throughout the national territory



GePI: an Innovative Case Management Information System

- The first **national** Case Management Information System in Italy
- Introduced in 2019 to support social workers
- 28,000 registered operators
- Used by all municipalities in Italy (approx. **8K municipalities**)
- Key functionality offered:
 - Pre-assessment, in-depth assessment, intervention planning and monitoring, meetings management
 - Ex-post eligibility checks

Thank you