

## ENHANCING YOUTH EMPLOYMENT IN ITALY<sup>1</sup>

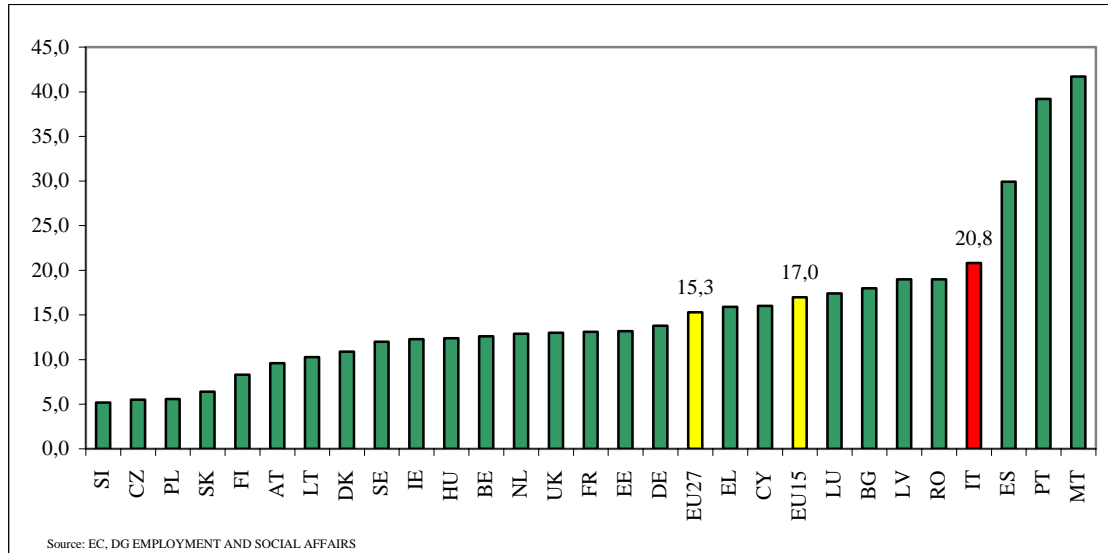
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### 1. A BRIEF PICTURE OF YOUTH EMPLOYMENT IN ITALY

The Italian labour market is characterised by an increasing level of segmentation, which strongly penalize younger cohorts entering the labour market. During the '90s several reforms were introduced, aiming at reducing the rigidity of labour market. Among the issues of concern, lowering the very high level of youth unemployment rate, especially in the Southern regions of Italy, was considered one of the priorities of interventions. Many flexible arrangements were introduced or modified, with the explicit intent to increase work opportunities for young and older workers, women and disadvantaged people and to attain Lisbon targets. Despite an impressive growth in total employment, the generation gap has in the last decade increased. Labour market flexibilization has mostly involved younger cohorts of workers, while the delay in implementing a complementary security system has produced more precariousness than substantial flexicurity.

Looking at the main indicators of the youth labour market, many critical issues can be stressed. In this section we will focus on the school-to-work transition, that is often hampered by long unemployment spells and unsatisfactory job matches. Despite the high level of youth unemployment rates, if compared to most European countries, Italy shows a high level of early school leavers<sup>3</sup> (20,8% - see Figure 1).

Figure 1 - Early school leavers, Europe 2006

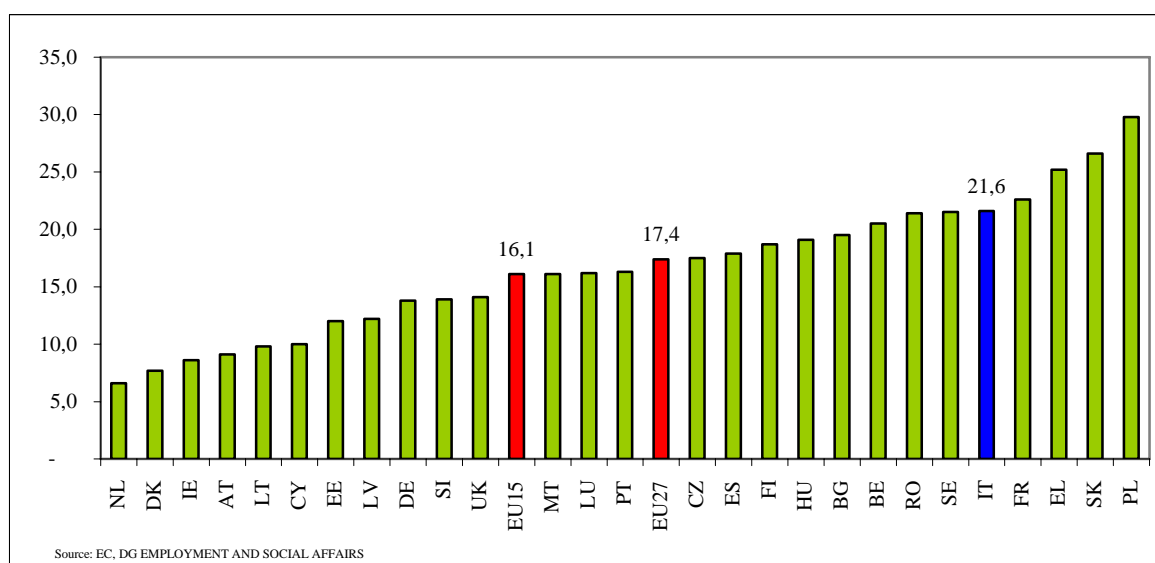


<sup>1</sup> This paper is part of an ongoing research project "Pathways to Work: Current practices and future needs for the labour market integration of young people", "Young in Occupations and Unemployment: Thinking of their better integration in the labour market", (Youth Project), the European Commission assigned in December 2006 to ISFOL - Istituto per lo Sviluppo della Formazione Professionale, as main contractor and Cesos (Italy), National Training Fund (Czech Republic), Szent István University of Godollo- (Hungary) as partners.

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In spite of such a drop-out rate, youth activity rates remain well below the European average. In 2006, against an EU-27 average of 44.0%, the 15-24 activity rate in Italy amounted to 32.5%. The main explanation for such a poor performance of this indicator is that unlike in many other European countries, the proportion of working students in Italy is very low. This reality is in turn partly explained by the fact that the labour demand for part-time jobs, tailored to the needs of students, is still very low in Italy. This picture of the Italian youth labour market turns out to be somewhat paradoxical if one looks at the unemployment rates which, despite a relatively low labour supply, are still very high. In fact more than one in five (21.6%) active youngsters in Italy is looking for a job, against an EU-27 average of 17.4% (see Figure 2).

Figure 2 – Youth unemployment rates, Europe 2006



The unemployment levels in the young are 3.7 times higher than in adults in the group 25 to 54 thus testifying to the difficulties youngsters suffer in entering or attaching themselves to the labour market in Italy. In fact more than 22% of 20-24 year olds in Italy are not in employment, education or training, probably due to discouragement.

## 2. THE SEGMENTATION OF THE LABOUR MARKET: EFFECTS OF SOCIAL BUFFERS ON THE SYSTEM

In Italy, few measures are directly aimed at young people. However, new apprenticeship and access-to-work contracts (see box 1) were established after the labour-market reform of 2003 and “adolescents” and “young people” are two employment service targets. It should be admitted that technical and institutional difficulties have hindered the start-up of these two contracts (ISFOL, 2007).

Besides apprenticeship and access-to-work contracts it is necessary to consider other employment contracts, such as project work contracts (see again box 1), because they are clearly aimed at the young.

<sup>3</sup> Percentage of the population aged 18-24 with at most lower secondary education (ISCED level 2) and not in further education or training)

**BOX 1. THE LABOUR MARKET REFORM OF 2003**

The new apprenticeship contracts (*Contratto di apprendistato*)

In apprenticeship contracts the employee receives training at the employer's expense in addition to remuneration. The reform provides for three types of apprenticeship contract:

- o educational training apprenticeships, providing training and access to the labour market for school leavers
- o vocational training apprenticeships, combining on-the-job training with a technical or vocational qualification
- o higher-level apprenticeships, with advanced technical training leading to a high-school diploma or university-level qualification.

Educational training apprenticeships are designed mainly for 15-18 year olds, whereas vocational training apprenticeships and higher-level apprenticeships are for 18-29 year olds, or for 17 year olds with a vocational qualification. Apprenticeship contracts can be taken out in any sector, but the number of apprentices may not exceed the number of qualified staff in a given firm<sup>4</sup>.

The first type of apprenticeship can last for up to three years, depending on the qualification to be obtained, whereas the second one can last from two to six years, depending on the collective bargaining provisions, but this type of contract can be used to provide further training at the end of an educational training apprenticeship; finally the duration of higher-level apprenticeships is established at regional level, in agreement with the social partners and the educational bodies involved.

Apprenticeship contracts must be issued in writing, specifying the work to be performed, the training schedule and the qualification to be awarded. Remuneration cannot be based on piecework, and the pay cannot be more than two levels below the level specified in the company-level collective agreement for workers with the same employment grade. During the apprenticeship the employer cannot terminate the contract except for just reason or cause, but has the right to discontinue the employment relationship when the contract runs out.

Access-to-work contracts (*Contratto di inserimento*)

This contract is designed to enable certain categories to enter or return to the labour market by means of an individual plan for acquiring the skills required for a particular working environment.

The following categories are eligible for these contracts:

- 18-29 year olds
- long-term unemployed 29-32 year olds
- workers over the age of 50 who are no longer in employment
- workers who wish to return after a break of two years or more
- women of any age resident in areas where the employment rate for women is more than 20% less than for men (or the unemployment rate is 10% higher)
- individuals with a recognised physical or mental disability

The following employers may make use of access-to-work contracts:

- public bodies, enterprises and consortia
- groups of enterprises
- professional, socio-cultural and sports associations
- public or private research bodies.

There is no upper limit on the percentage of workers hired on these contracts, except for the limits laid down in national, sectoral or company level collective bargaining. An employer may only hire new workers on these contracts if at least 60% of the employees hired in this way whose contracts have run out in the previous 18

<sup>4</sup> Small firms without qualified staff (or with fewer than three) may hire up to three apprentices.

months are still employed by the company.

With regard to the field of application, access-to-work contracts may be issued in all sectors, except for public administration. Access-to-work contracts can be issued for a period of nine to 18 months (or up to 36 months in the case of workers with a physical or mental disability). At the end of the contract, it is not permitted to continue with another contract of the same kind with the same employer. Any extensions must be within the limits laid down by law (18 or 36 months).

The contract must be in writing, specifying the training to be provided. As apprenticeship contracts, remuneration may not be more than two levels below the level specified in the national collective agreement for workers with the same employment grade. These contracts entail benefits in the form of tax and contribution relief for the employer.

Project work contracts (*Contratto di lavoro a progetto*)

These are quasi-subordinate employment contracts relating to one or more specific projects or project phases, managed autonomously by the worker with reference to the end result, regardless of the time required for completion.

The project work contract must be in writing and provide an indication of the duration of the project or project phase, a description of the project or phase to be implemented, the amount of remuneration or the criteria by which it is to be determined, payment dates, any provisions relating to expenses, methods for coordination between the project worker and the client firm, and any health and safety protection measures additional to those already adopted in the workplace.

The remuneration must be comparable to similar work on a freelance basis in the place where the work is carried out. The law provides a first level of protection for these contracts comparable with subordinate employment for sickness, injury and maternity. In the case of sickness or injury, the employment relationship is suspended but not extended. In the event of an interruption more than one sixth of the duration of the contract (if specified), or more than 30 days, the client firm has the right to terminate the contract, whereas in the case of maternity, the contract is interrupted and automatically extended for 180 days. In addition, the project worker has the right to work for other client firms (unless expressly forbidden in the individual contract), and may claim patent rights for any inventions arising from the work performed.

The latest data available shows that only 45% of young people aged between 15 and 24 years enter the labour market with a standard form of work, confirming the poor prospects of occupational stability for young people approaching the world of labour (see Table 1).

Albeit dependent work is by far the main source of employment for youngsters, the Project work contracts, one of the most unstable job positions in the Italian labour market, represent 4.3% of the total 15-24 year old workforce, against an average of 2.2 %. These contracts are also widespread among young adults, with shares of 4.4 % for 25-29 year old workers and 2.8 % for 30-34 year old workers (Table 2).

In Italy, as the EC Commission has stressed (see Green Paper on "Modernising Labour Law to Meet the Challenges of the 21st Century"<sup>5</sup>), the reform of national employment protection legislation, increasing flexibility "on the margins", has caused increasingly segmented labour markets.

The increase in labour-market segmentation has meant that a new and capable protection net – the "security" part of the term "flexicurity" – has become one of the stepping stones in labour-market policies.

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<sup>5</sup> COM(2006) 708 final.

Table 1 - Percentage of work entries according to age and type of work

Year	Age classes	Permanent dependent employment	Fixed term dependent employment	Self-employed long-term consultant	Self-employed occasional consultant	Other self-employed	Total
Entries 2005-2006	15-24	35.7	45.7	5.7	3.6	9.4	100.0
	25-34	33.6	36.3	8.4	3.3	18.3	100.0
	35-44	39.5	30.0	3.1	3.1	24.3	100.0
	45-54	41.3	22.4	3.5	1.0	31.8	100.0
	55-64	36.3	20.0	5.9	0.0	37.8	100.0
	Totale	36.4	35.5	5.8	2.9	19.5	100.0
Entries 2004-2005	15-24	39.1	45.6	5.4	0.9	8.9	100.0
	25-34	39.0	33.7	6.4	2.9	17.9	100.0
	35-44	47.6	27.1	2.1	0.7	22.6	100.0
	45-54	38.5	26.2	3.6	2.6	29.2	100.0
	55-64	41.4	13.1	5.1	2.0	38.4	100.0
	Total	40.5	34.3	4.8	1.8	18.5	100.0

Source: ISFOL processing of ISTAT RCFL 2004-2006 data

The present system of social buffers is constructed around standard work in the big industrial firms. Hence not only is there a low rate of coverage, but above all non-standard workers, who are often precisely the younger population cohorts, totally lack insurance coverage.

Table 2 - Employment according to professional status

	Employee	Para-subordinate	Self-employed
15-19	88.6	3.3	8.1
20-24	84.9	4.5	10.6
<b>15-24</b>	85.5	4.3	10.2
25-29	79.1	4.4	16.4
<b>15-29</b>	81.6	4.4	14.0
30-34	75.7	2.8	21.5
35-39	73.7	1.7	24.6
40-44	73.6	1.3	25.1
45-49	74.3	1.0	24.6
50-54	75.2	0.8	24.0
55-59	67.5	1.5	31.0
60-64	48.3	3.5	48.1
<b>25-64</b>	73.7	2.0	24.3
<b>Total</b>	73.6	2.2	24.3

Source: ISFOL processing of Italian Labour Force Survey, 2006

Looking at the beneficiaries of all the passive policies in 2005 (Table 2), it can be seen that the 28.5% rate of coverage, excluding formally employed workers (extraordinary wages guarantee fund - CIGS) and early retirees who have left the workforce, is much lower than in other European countries.

In Italy, out of 100 workers seeking jobs, a little over a quarter receives income support if they lose their jobs and of these only a third receives a benefit of a consistent amount and duration (80% of the latest wage for at least 2 years), whereas the other two thirds benefit only from ordinary unemployment benefit, whose duration and rate of substitution (see Annex) does not give a suitable guarantee to those who have lost their jobs.

As said elsewhere, the current system of social buffers does not give adequate insurance coverage to workers with non-standard contracts, i.e. those who pass from one job to another with frequent spells of unemployment, nor to self-employed workers. The former includes fixed-term employees, who can only benefit from the modest ordinary unemployment allowance (see Box 2), long-term consultants who, albeit subject to frequent unemployment spells, cannot access any additional measure for the loss of their jobs, and apprentices and occasional consultants who are excluded from unemployment subsidies.

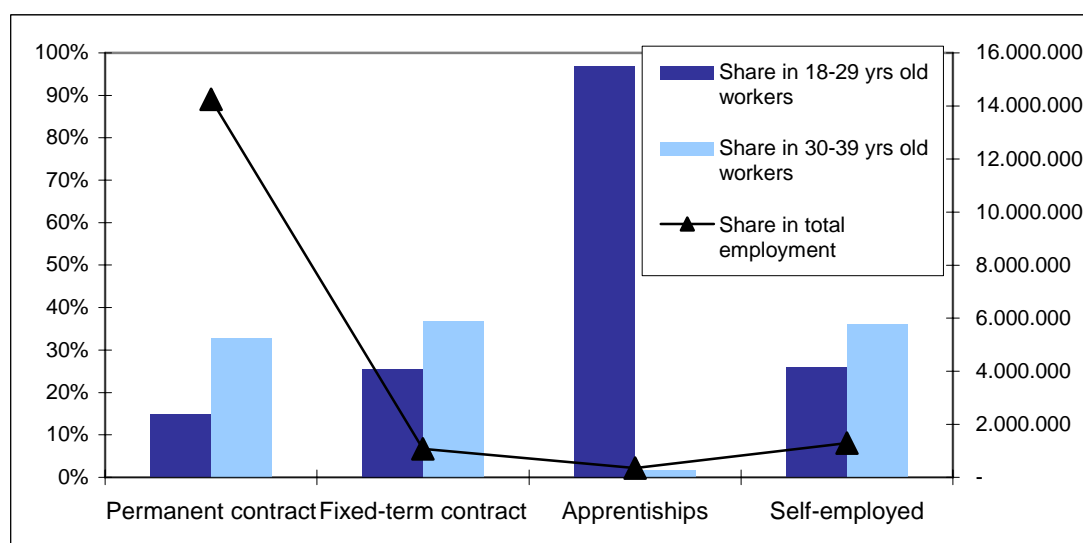
Table 3 - Beneficiaries of passive policies in 2005 (annual average stock - thousands)

Ordinary wages guarantee fund (CIGO)	82.1
Extraordinary wages guarantee fund (CIGS)	58.8
Mobility allowance	110.0
Special building trade unemployment benefit	1.4
Ordinary building trade unemployment benefit	28.4
Ordinary non-agricultural unemployment benefit	137.3
Non-agricultural unemployment benefit with reduced requisites	128.0
Ordinary agricultural unemployment benefit	36.7
Agricultural unemployment benefit with reduced requisites	1.9
Special agricultural unemployment benefit (40%)	51.7
Special agricultural unemployment benefit (66%)	43.6
Early retirement	95.5
Total	775.4
Total without CIGO, CIGS and early retirements	539.0
Jobseekers (average 2005)	1.889
Rate of coverage (%)	28.5

Source: Monitoring Report of the Ministry of Labour and Social Policies

As can be seen in Figure 3, taken from the ISFOL PLUS survey, some of the typologies mentioned above often involve younger people.

Figure 3 - Incidence and relative weight of the main non-standard contractual forms by age class



Source: Isfol PLUS 2006

BOX 2. THE ORDINARY UNEMPLOYMENT BENEFIT

The ordinary unemployment benefit (*indennità ordinaria di disoccupazione, DS*) is part of the Italian social security system together with the ordinary wages guarantee fund (*Cassa Integrazione Guadagni Ordinaria, CIGO*), the extraordinary wages guarantee fund (*Cassa Integrazione Guadagni Straordinaria, CIGS*) and mobility allowance (availability list). These benefits are financed by the state as well as by contributions paid by employers and are disbursed by the INPS (National Social Security Institute).

Ordinary unemployment benefit is 24% of the unemployed income support and is the most active component of this policy field. It is payable to employees (not apprentices) for whom specific INPS unemployment benefit deductions have been made and who have lost their jobs but not through resignation (with the exception of resignation for just cause or resignation during pregnancy or during the first year after birth). The allowance is paid for seven months (if the unemployed person is under 50) and amounts to 50% (40% in the last month) of the average pay received over the last three months, with a monthly ceiling fixed by law (for 2007: 844.06€; 1014.48 € for workers with a monthly salary > 1,826.07 €).

Although the percentage of young people (< 29 years) out of total beneficiaries increased between 2000 and 2004, only 10% of these receive ordinary unemployment benefit, but the cost per participant for young people is higher than that for adults.

Table 4 - Percentage of young people (and related expenses) out of total beneficiaries (and related expenses) of ordinary unemployment benefit

Year	Males		Females		TOTAL	
	Beneficiaries	Expenses	Beneficiaries	Expenses	Beneficiaries	Expenses
2000	6.5	5.9	8.8	8.9	7.7	7.2
2001	7.1	7.8	8.9	11.3	8.0	9.4
2002	7.7	8.5	9.3	12.0	8.5	10.1
2003	8.1	9.0	9.9	12.8	9.0	10.7
2004	9.2	10.6	11.0	14.5	10.1	12.4

Source: ISFOL processing of Ministry of Labour – INPS data

Table 5 - Ordinary Unemployment Benefit, cost per participant

Year	All participants			participants (<29 years)		
	Total	M	F	Total	M	F
2000	1,748	2,006	1,509	1,638	1,801	1,525
2001	1,794	2,061	1,549	2,093	2,255	1,974
2002	1,824	2,098	1,576	2,147	2,315	2,022
2003	1,843	2,113	1,595	2,178	2,343	2,055
2004	1,802	2,062	1,572	2,205	2,375	2,079

Source: ISFOL processing of Ministry of Labour data

Table 6 - Ordinary Unemployment Benefit costs

Year	Males		Females		TOTAL	
	Beneficiaries	Cost	Beneficiaries	Cost	Beneficiaries	Cost
2000	18,992	34,206,310	27,717	42,282,011	46,709	76,488,321
2001	20,576	46,396,064	28,046	55,370,173	48,622	101,766,238
2002	22,341	51,720,415	30,079	60,807,394	52,42	112,527,808
2003	24,259	56,832,858	32,465	66,712,072	56,724	123,544,930
2004	25,373	60,266,412	34,176	71,052,694	59,549	131,319,106

Source: ISFOL processing of Ministry of Labour data

There are no specific age limits. Applicants must have paid at least two years of national insurance contributions and one year of contributions (52 weekly contributions) in the two years prior to cessation of work.

Employment policies, and in particular active labour-market policies managed by PES, have recently focused on the unemployment benefit system. Participation in labour-market programmes managed by local authorities is compulsory (Law 80 of 2005) and applicants must be registered as jobseekers at a Job Centre. This means jobseekers have to make an "unemployment declaration" and sign the "activation agreement". If they do not comply with the service contract rules, they loose entitlement to benefits not only from public services, but also unemployment benefits. The goal is to prevent and counteract unemployment, providing an indispensable complement to income provision for the unemployed through an unemployment benefit system.

Table 7 - Non-agricultural ordinary unemployment benefits - 2004

Age	Number Beneficiaries		Days compensated	Amount of compensation	Days x beneficiary	Amount x day	Amount x beneficiary
	V.a.	%					
<20	216	0.1	26,541	445,747	122.9	16.8	2063.6
20-24	12,384	4.0	1,488,447	26,485,634	120.2	17.8	2138.7
<b>Under 24 years</b>	<b>12,600</b>	<b>4.1</b>	<b>1,514,988</b>	<b>26,931,387</b>	<b>120.2</b>	<b>17.8</b>	<b>2137.4</b>
25-29	46,949	15.3	5,796,513	104,387,725	123.5	18.0	2223.4
<b>Under 29 years</b>	<b>59,549</b>	<b>19.4</b>	<b>7,311,501</b>	<b>131,319,106</b>	<b>122.8</b>	<b>18.0</b>	<b>2205.2</b>
30-39	124,700	40.7	15,253,847	279,766,938	122.3	18.3	2243.5
40-49	79,984	26.1	9,563,642	179,808,561	119.6	18.8	2248.1
50-54	23,337	7.6	3,318,553	63,291,023	142.2	19.1	2712.0
>=55	19,108	6.2	2,946,986	55,718,520	154.2	18.9	2916.0
<b>TOTAL</b>	<b>306,678</b>	<b>100.0</b>	<b>38,394,529</b>	<b>709,904,148</b>	<b>125.2</b>	<b>18.5</b>	<b>2314.8</b>

Source: ISFOL processing of INPS data



Apart from apprenticeships, fixed-term work and freelance work (especially long-term consultancies, occasional consultancies and project work) are all types of labour contract which do not guarantee access to the traditional forms of unemployment protection. On top of this, beneficiaries of the most general unemployment insurance existing in Italy - the ordinary unemployment benefit - are also *excluded* from this kind of protection. The latest administrative data available referring to 2004, shows that only 4% of those receiving ordinary unemployment benefits are young people.

#### THE ITALIAN FLEXICURITY PATHWAY

In Italy, the political parties, social partners, government and institutions as well as researchers and commentators all agree that the reform of the social security system is one of the most urgent items on the Italian policy agenda. The current system is seen as dysfunctional since it neither provides adequate economic support for the unemployed (in particular the young), nor does it sufficiently promote re-entry into the labour market.

The reform of the social security system figured on the agenda of all Italian governments in the 1990s and since then the need for the unemployment benefit system to include activation programmes has always been highlighted in all proposals, whatever the "colour" of the political majority. Hence there has been the prospect that the social security system will be included in the next reform, with stronger links for access to passive and active labour market policies, and that was one of the main reasons for selecting the following measures. Also important is the fact that the measures considered echo the complex Italian institutional framework: both the central state and local authorities are involved, each with their own responsibilities, in the administration of all four measures.

This is why the current government intends to intervene in the matter. The Ministry of Labour and Social Security's paper "The protection of vulnerable people on the labour market. Social buffers – young people - women"<sup>6</sup>, anticipated what was later specified in the Trilateral Pact "Protocol on social security, labour and competitiveness for equity and sustainable growth", signed by the government and social partners.

This paper maps out the general lines of a long-term legislative intervention. This includes the progressive harmonization of the current ordinary unemployment and mobility schemes<sup>7</sup>, firstly by creating a "single tool for income support and the re-insertion of the unemployed in jobs" and secondly by standardizing tools for wage guarantees when the employment contract is interrupted, by gradually extending and unifying the ordinary and extraordinary wage guarantee funds<sup>8</sup>.

In the short term it is intended to improve the "basic" interventions for unemployment. That is, the ordinary unemployment allowance and that with reduced requisites, for which the duration and amount will be increased, and the relative social insurance cover<sup>9</sup>.

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<sup>6</sup> <http://www.lavoro.gov.it>

<sup>7</sup> In Italy there is a universal protection covering all dependent workers (but not the self-employed) after dismissal (see Annex) and one for workers involved in collective dismissal procedures.

<sup>8</sup> In Italy, for some production sectors there is a tool for preserving jobs in case of temporary redundancies (Wage Guarantee Fund - *Cassa Integrazione Guadagni*). In this case, for the duration of the corporate crisis, work contracts are interrupted and the redundant workers receive wage supplements.

<sup>9</sup> For unemployment benefits (see Annex for current legislation), the agreement has fixed: an increase in the duration of the benefit to 8 months for workers under 50 and to 12 months for workers over 50 years of age

Together with the primary need to strengthen and “extend protection for those lacking it” and to improve active policies, it is considered equally important to “combine active policies with monetary support” and thus “render effective the loss of protection in the event of unjustified non participation in work re-insertion programmes or non acceptance of suitable jobs”.

In the same protocol, some measures are expressly dedicated to the young. They can be divided into a group of income and employment measures<sup>10</sup> and another group aimed at improving their pension schemes<sup>11</sup>.

While awaiting the regulatory “translation” of the norms set forth in the protocol, the Financial Law for 2008, recently presented by the government and currently under debate in parliament, contains measures with different aims. First of all, there are triennial tax deductions for young people aged between 20 and 30 years who rent a property for their main habitation, as well as a more general “national programme for young graduates” resident in the Mezzogiorno regions. This plan, fostering job placement primarily with permanent work contracts, will be disciplined with a decree of the Ministry of Labour and Social Security.

## CONCLUSIONS

The Community framework of the flexicurity approach could be of help in completing the Italian scenario,. An overall “positioning” of the measures analysed for the case study in the four flexicurity components could assist in discovering those more “active”/available for a youth flexicurity system.

Descriptive and/or evaluative elements are provided for the various measures in the following table which could give some cues.

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an increase in the amount of the benefit up to 60% of the last wage for the first 6 months, to 50% for the 7th and 8th months and to 40% for any subsequent months notional coverage for the entire benefit period, with reference to the wage.

<sup>10</sup> Three rotating funds are to be created:

- Credit fund for quasi-subordinate workers, offering loans up to 600 € a month for 12 months, with zero or very low interest, to cover any periods of inactivity
- Microcredit fund, to incentivize innovative activities for young people and women
- Credit fund for young self-employed workers, to finance new activities in small and craft firms, in the retail sector, in agriculture and in cooperatives.

<sup>11</sup> For instance, the increase in the share paid by project work consultants, facilities for the “totalization” of contributions (the possibility of combining, for social security purposes, contributions paid to the various funds, varying according to the labour contract) and the reduction of payments for the “redemption” of years spent obtaining a degree (the possibility of including this period in social security schemes).

<i>COMPONENT</i>	<b>Flexible and reliable contractual arrangements</b>	<b>Comprehensive lifelong learning (LLL) strategies</b>	<b>Effective active labour market policies</b>	<b>Modern social security system</b>
<i>MEASURE</i>				
<b>Employment services</b>			Regional disparities in implementing the reform. 2.2% of jobseekers use Job Centres	
<b>Ordinary unemployment allowance</b>				10% of beneficiaries are young people
<b>New apprenticeship contracts</b>	Expressly addressed to young people, they are designed to "appeal" to employers	Contains a formal training pathway as well as on-the-job training	33% of young employees are apprentices. In one out of five the first employment contract is an apprenticeship	
<b>Right-duty to participate in education and vocational training</b>		The measure has been recently modified by rising school-leaving age to 16 years.		

Taken as a whole, young people seem to be able to count on a single measure, apprenticeship, which includes three of the four flexicurity components. Unfortunately, there are no elements to evaluate the importance of formal and informal training received during the apprenticeship in promoting employability and lifelong learning. It is thus still not possible to give an overall judgement on the measure.

With regards to the other measures, each linked to one of the components of the flexicurity approach, only the right-duty to education and training seems important for young people (see Box 3). The measure aims to lay the foundations for a lifelong learning strategy to support employability and exercise of citizenship. The possibility of accessing training during the life cycle is closely linked to the educational level.

Since the right-duty to education and training has only recently been implemented there are still not yet enough elements to support a judgement, but certainly an increase in the years of education and training is positive in theory. It remains to be seen how the course of upper secondary education will be changed and the reversibility of some pathways chosen at a young age.

Employment services provide little support for job placement and they are considered an ineffective channel for seeking work. This is particularly damaging for young people who are more likely to find themselves in this situation, whether for their first job placement or afterwards at the end of fixed-term contracts.

It is also very evident that Italy is without a social security system. This lack is much more important for those who, like young people with flexible contracts, are most at risk of unemployment spells.

Finally, in Italy, where a considerable contractual flexibilization (and consequently also of wages) has been introduced in the labour market since 1996, young people do not benefit from flexicurity-oriented measures. The recent lively debate on labour precariousness has also been prompted by the absence of measures for accompanying work flexibilization that can act as buffers to the conditions of other markets in which young people operate as users/consumers (credit, property, training, etc).

The welfare protocol signed on 23 July 2007 can be considered as a first step towards a modernization of the system also specifically concerning young people to whom a special chapter is dedicated. The measures specified in the protocol belong, at least partly, to pathway 1 (tackling contractual segmentation). The limitations to the reiteration of fixed-term contracts and social security measures tend to narrow the gap between flexible workers and the rest of the labour force. The strengthening of employment services is also going in this direction. However, an essential component of flexicurity, social security, is missing from the protocol. The income support consists of credit to subordinate workers who are experiencing intermittent activities. The changes to social buffers could only theoretically concern young people and actually leaves them without income support during unemployment spells.

To support pathway 1 the protocol presents some proposals for adjusting insurance coverage, but no specific measure for promoting and guaranteeing access to training, except for reference to the resources of the Social Fund 2007-2013 programme.

The specific interventions regarding subsidies for renting apartments specified in the Financial Law 2008, still under debate, instead extend the range of interventions needed to encourage the autonomy of young people, rendering the necessary intervention for young people broader than that specified in the Community approach to flexicurity.

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### BOX 3. RIGHT-DUTY TO EDUCATION AND TRAINING<sup>12</sup>

In Italy, the school-leaving age was raised to 18 years in 2002, and since then young people carry out this compulsory education (*obbligo formativo*) in schools or in vocational training or apprenticeships.

Until August of this year, education was compulsory from the age of 6 to 15 years in Italy. Law 53/03 introduced the concept of the right-duty to participate in education and vocational training (*diritto-dovere all'istruzione e alla formazione professionale*) for 12 years or at least until students obtain an educational or training qualification. This right-duty starts from the first class of primary school and continues to the age of 18, or before that either by attaining an upper-secondary school diploma, passing a state exam or attaining a three-year vocational qualification. This reform, in line with Community principles and guidelines in education and training, aims to increase investment in human capital through better education and skills. There is no longer any distinction between staying in the school system up to the age of 14 and attending training up to the age of 18. The right-duty can be satisfied either in schools or in vocational institutions.

The 2003 reform (so-called Moratti reform) has organised the second cycle into two streams:

- the upper-secondary school (*licei*) system, for which the state is responsible, lasting five years, at the end of which students take the state examination necessary for access to university;
- the vocational education and training system, for which regional authorities are responsible, lasting at least three years and leading to a vocational qualification certificate (*certificato di qualifica professionale*) recognised Europe-wide. This qualification can be used either for entering the labour market or for post-

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<sup>12</sup> The description of education and vocational system is based on an update of Cedefop country report.

qualification courses leading to an upper-secondary vocational diploma. This diploma is required for entry into higher technical education and training IFTS (*istruzione e formazione tecnica superiore*) or, after attending a supplementary year, for entry into university.

In both streams there are strong links with higher education, higher vocational training and the labour world. The partial completion of any pathway provides certified credits which can be used to return to education after a break or to move between the various streams. It is also possible, in practice, to switch streams within high schools and vocational education and training establishments and to move from one system to the other. At the age of 15, students can decide to satisfy the right-duty to obtain diplomas and qualifications by alternating school and work or by entering an apprenticeship.

The upper-secondary school reform will be tested during the 2006/07 academic year, after which the new curriculum will be defined and all the new regulations agreed with the regions. The VET pathway is currently effective, although under testing.

The goals of the reform are:

- Continuation of studies in upper-secondary education
- Access to vocational education and training courses

In the lifelong learning scenario, it is important to offer young people more learning opportunities before labour market integration. As many studies reveal, people with low educational levels have very few opportunities for learning, firstly because they do not demand training opportunities and secondly because they do not have the necessary ability to learn, especially if taken up long after leaving school. During 2007 the Moratti reform was partly modified, once again bringing the school-leaving age to 16 years (as established previously, albeit for a brief period), limiting the choice of the stream for compulsory schooling to the last two years (ministerial decree of August 2007).

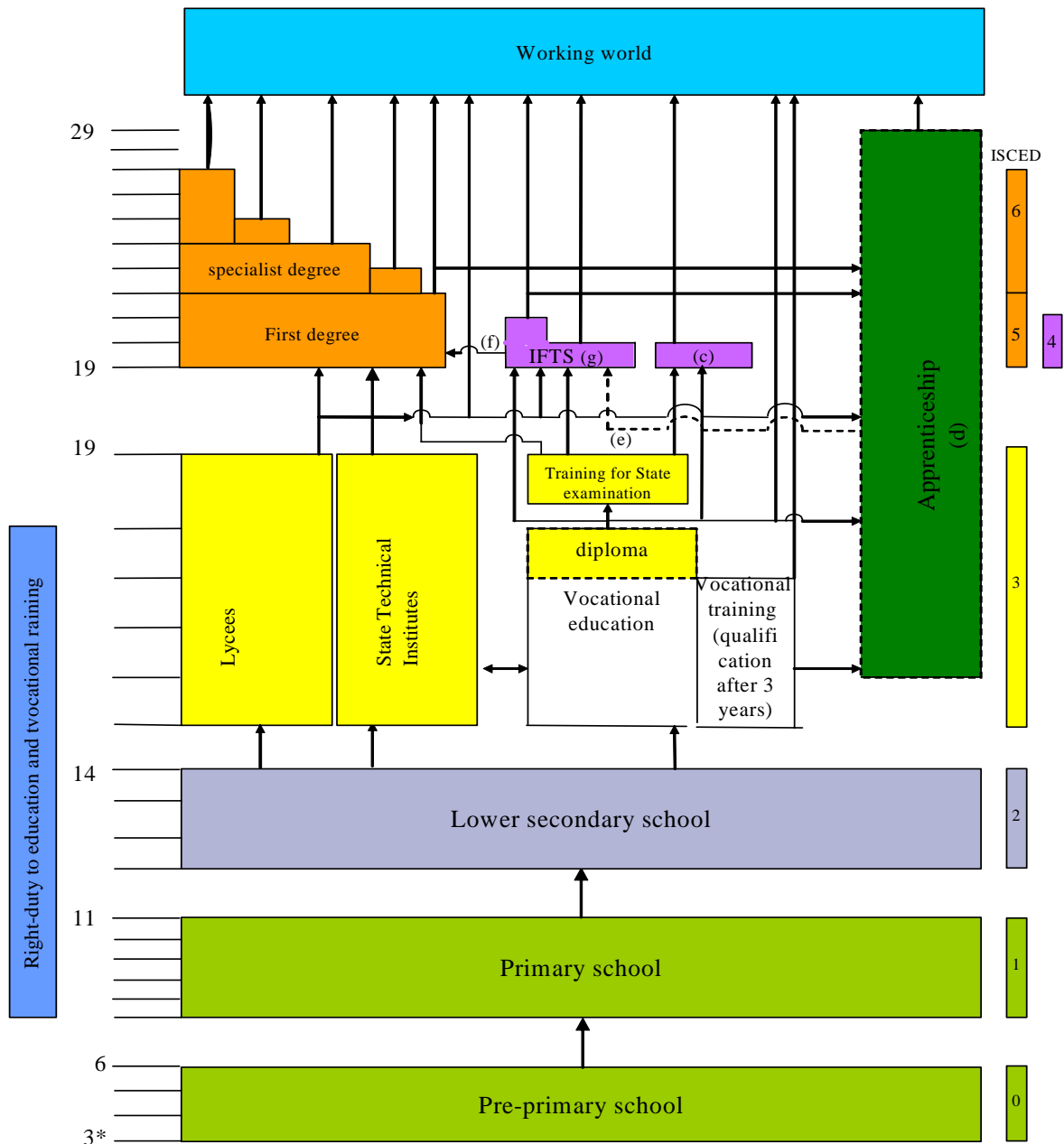
The institutional levels involved in the right-duty are:

- National level: the state for the school system
- Regional level: the regions for the school system, training and minimum standard definition
- Local level: the provinces by delegation for providing training and educational and social policies in the school system.

With regards to costs and results, the measure has not yet been completely implemented, so reference is to the old school system and primary-level training, i.e. the cost and results of compulsory training (*obbligo formativo*). The state provides the main finances for the school system: in 2004 the state invested 41,082 million euro in education (82% of public expenditure on education), almost all of it coming from the Ministry of Education, Universities and Research. Local authorities follow with about 8,068 million euro (16%) and the regions with about 1,559 million (2%). Other regional resources are also available for training: in 2004 the regions invested 419,560 million Euro through European Social Fund regional programmes (ESF programmes cover 90% of regional training expenses in Italy).

With regards to the outcomes of compulsory education, within the framework of ESF programmes 58% of trainees obtained a job 12 months after training and 22% decided to re-enter the school system. After the new government came into power in 2006, the Moratti reform was discussed and some changes are now being planned, besides rising the already changed school-leaving age (see figure below).

*Fioroni draft law*



(a) Scuola di specializzazione / Dottorato di ricerca

(b) Master

(c) Corsi regionali post-qualifica

(d) La durata dell'apprendistato è determinata dal contratto di lavoro; l'età può andare dai 15 ai 29 anni

Fonte: elaborazione Isfol

(e) Accesso previo accreditamento delle competenze acquisite (che non costituiscono crediti)

(f) Accesso con riconoscimento di crediti

(g) IFTS – Istruzione e Formazione Tecnica Superiore

\* L'ingresso può avvenire anche a 2,5 anni