



ESF CoNet PROJECT: INTERNATIONAL LEARNING MODELS

REPORT FOR TUSCANY

A report prepared by the Local Economic and Employment Development (LEED) Programme of the Organisation for Economic Co-operation and Development in collaboration with the ESF CoNet and the Region of Tuscany

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ABSTRACT

This report has been prepared as part of the ESF CoNet supported project: International Learning Models. A team of OECD and Italian experts visited Florence in the Tuscany Region of Italy in June 2009 for a short study visit, looking specifically at provincial and regional methods for improving the participation of women in the labour market, by introducing training vouchers and other measures to reform and improve childcare and general working practices. The study was undertaken as a peer review as part of a broader study investigating the design and effects of social policy funded through the European Union's Social Fund and the CoNET network. The study timetable and a full list of participants can be found in Annexes 1 and 2. This report is based significantly on the available statistics and on material gathered from the study visit.

AUTHORS AND PROJECT TEAM

The report was prepared by Andy Westwood, President of the OECD Forum on Social Innovation and Adviser to John Denham, Secretary of State for Communities and Local Government, and Michael Förschner, the ZSI-Centre for Social Innovation (Austria), with inputs from, and under the supervision of, Emma Clarence (Policy Analyst), Antonella Noya (Senior Policy Analyst) and Stefano Barbieri (Head of the OECD LEED Trento Centre for Local Development, Trento, Italy).

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Introduction

Italy is now in the midst of a deep recession, as are many other countries, and there is great uncertainty about the timing and strength of the recovery ... Moreover, several years of low productivity growth and declining aggregate profitability left Italy's export-oriented economy particularly vulnerable to the slump in world trade. (OECD, 2009)

We must use this moment – Angelo Irano, National Head P.A.R.I. Programme – Italia Lavoro S.p.a. in Tuscany (during OECD Study Visit June 2009)

The Tuscany Region, like the rest of Italy and Europe, is suffering the effects of a sudden and deep economic recession. The free market model had driven growth for the best part of two decades, but it is now in a major crisis. In October 2008, the former U.S. Federal Reserve chairman Alan Greenspan admitted that he could never have envisaged the “once-in-a-century credit tsunami” that has wreaked havoc on national economies throughout the world. Greenspan, who led the Federal Reserve for nearly two decades, said the financial crisis had “turned out to be much broader than anything I could have imagined”. And he warned the economic meltdown will drive millions of people out of work.¹

Many countries, cities and regions had already been experiencing major challenges – in many places linked to economic events and crises of the relatively distant past; deindustrialisation, shifting global trade patterns, new methods of production and rapid technological and economic change. On top of these seismic economic shifts, come major challenges brought by environmental and demographic change. So today cities and regions are finding that they must face all of these crises together; rapid economic and social change exacerbated by the global economic crisis, deep seated population issues and an uncertain future. Further challenges add to this – structural problems at the national level, ageing populations, declining birth rates, high levels of migration and environmental issues.

Tuscany and its provinces, like Italy and much of western Europe, was already faced with the challenges of economic reform and major demographic and social problems. The Italian state knew that reform was required prior to the recent economic crisis and that this has intensified and accelerated because of it. In 2007, prior to the current economic crisis, the OECD's economic study of Italy summarised the challenges of poor productivity, high public debt, demographic problems and costs associated with an ageing population and a relatively bleak warning on living standards:

A welcome economic recovery is under way in Italy. In part, this reflects the cyclical upswing in the rest of Europe, but there are also early signs of a more fundamental improvement, notably in terms of export and labour market performance. Even so, medium-term prospects remain challenging: total factor productivity shows little signs of resurgence, high public indebtedness threatens fiscal sustainability and population ageing looms large. Without further reforms to restore economic dynamism, living standards will be dragged down relative to other countries. (OECD, 2007)

And this was before Greenspan's “tsunami” hit. The OECD's economic study in 2009 updates and reiterates these warnings:

Despite adopted reforms, growth in Italy was low, partly as a result of still excessive or cumbersome regulation, low competition in some sectors and a mostly inefficient public sector. These problems need to be addressed in order to restore confidence in the Italian economy. Progress has been made in improving regulation, but higher productivity growth remains elusive. Parts of the service sector remain largely protected from competition or encumbered with

excessive regulation, sometimes varying across regions. Inefficiencies in public administration can also add to the obstacles faced by the private sector.

Box 1. Spending measures in Italian "anti-crises" packages

Two packages have been presented, one announced in November 2008 and finalised in January 2009, the second announced in February 2009. These packages have two main characteristics: individual elements are small in macroeconomic terms, and they are designed to be fiscally neutral overall with spending increases or tax cuts in individual areas being offset by spending cuts or revenue increases elsewhere. The main spending increases are:

- Increased income support for low-income families, through a family bonus.
- The extension of unemployment benefits and temporary inactivity payments to some short-term contract workers in some sectors.
- Acceleration of some infrastructure projects, notably school and prison building, environmental infrastructure, museums and archaeological infrastructure.
- Incentives to buy low-emission cars.
- More spending on railway operation and infrastructure, provided new operating contracts are better oriented towards rationalisation and efficiency.

Revenue cuts involve:

- Freezing the prices of services provided by publicly-owned operators.
- A cap on the rate of interest on variable-rate mortgages (the government to make up the difference to lenders).
- Tax incentives to buy household appliances and furniture.
- Prolonging the partial tax exemption on productivity-based pay increases.
- Partial deductibility of the IRAP (regional tax on productive activities) against corporate and personal income tax.
- Reductions in advance tax payments by incorporated companies.

Spending reductions include:

- Lower spending on training and employment measures.
- Lower spending on regional policy.

Revenue increases include:

- Bringing tax accounting better into line with company accounting, on a voluntary basis.
- Better checking of tax declarations.
- Better tax collection.

Source: OECD Economic Outlook (2009)

The effects of such longer term structural issues taken together with the recent crisis are quite stark, despite several active measures introduced by the Italian Government in 2009 (see Box 1 above).

The labour market took a long time to react but is now weakening. Total full-time equivalent employment continued to grow up to the third quarter of 2008, with only a small fall in the fourth

quarter even as GDP plunged. The pace of decline can be expected to pick up in the first half of this year; the use of the *cassa integrazione*², in which companies may put workers in short time, already began to rise very sharply in January and February, having reached a historical low a year earlier. Unemployment had fallen fairly steadily for nearly 10 years until mid-2007, at least partly due to earlier labour market reforms introducing a considerable degree of flexibility in short term contracts. Throughout this period the labour market had successfully coped with a growing labour force due to both immigration and rising female participation. But this trend seems now to have reversed and by the end of 2008 unemployment was half a per cent above a year earlier, whereas GDP had fallen 3%. (OECD, 2009)

Introduction to the Tuscany Region

The Tuscany (Toscana in Italian) region in Central Northern Italy is over 22,990 km² in size with a population of about 3.6 million inhabitants. The regional capital is Firenze (Florence).

The region is sandwiched between the Tyrrhenian Sea and the central Apennine mountains; it is dominated by hilly and mountainous land with limited but very fertile flat agricultural land.

Tuscany's economy has several longstanding sectors that dominate; agriculture remains a significant industry, although declining as a proportion over time, with wine, olives, vegetable and cereal production. Tourism is also extremely significant in Tuscany with millions of visitors each year attracted by the regions rich mix of history, landscape, climate and lifestyle.

The more traditional industrial sectors in Tuscany include mining, textiles/clothing/footwear, chemicals/pharmaceuticals, metalworking, glass and ceramics, clothing and printing/publishing sectors. There are also several important smaller centres specialising in manufacturing and craft industries, such as the leather and footwear industry centred in and around Florence, the ceramics and textile industries in the Prato area, motorcycles, scooters and vehicle manufacturing in Pontedera, and furniture in Cascina. Heavy industries (mining, steel and mechanical engineering, chemicals) tend to be concentrated alongside shipbuilding and port activity in the coastal areas of Livorno and Pisa.

Table 1. Tuscany's ten provinces with area, population and density

Province	Area (km ²)	Population	Density (inhabitants/km ²)
Province of Arezzo	3,232	345,547	106.9
Province of Florence	3,514	983,073	279.8
Province of Grosseto	4,504	225,142	50.0
Province of Livorno	1,218	340,387	279.5
Province of Lucca	1,773	389,495	219.7
Province of Massa-Carrara	1,157	203,449	175.8
Province of Pisa	2,448	409,251	167.2
Province of Pistoia	965	289,886	300.4
Province of Prato	365	246,307	674.8
Province of Siena	3,281	268,706	81.9

Source: Tuscany Background Report and Istat (2008) data

Key to the economic make up of the region is the high reliance on traditional production in some 40,000 small (including micro) and medium sized enterprises, export orientated and based often on low skilled individually intensive production methods and processes. This is an important aspect of the industrial make-up of Tuscany, in common with many other regions in Italy (see for example the OECD

ESF CoNET study of the Marche Region), is the small firm entrepreneurial structure which is well embedded in so many of the key regional sectors described. This structure of small and micro enterprises demonstrates both economic and social characteristics – the often family run firms³ reinforce strong and high levels of social capital, with longstanding trading and business networks.

Industrial production in Tuscany tends towards the high quality/high price (*e.g.* in fashion industry), export orientated businesses. However, as in many parts of western Europe and North America, this tends to be a low innovation sector, which has made it vulnerable to globalisation in general and to the more recent economic crisis in particular. So the crisis in the fashion industry is much older than the current economic downturn, but is exacerbated by both this and other more “homemade” disadvantages. There is a high number of small companies working directly for big companies (in the sense of outside production places), and these small companies do not cluster in this region as they do very successfully in the north of Italy.

As set out in the background report to the visit, the Region also faces many of the same issues and challenges common throughout Italy and western Europe in particular; a low fertility rate, a declining overall population, an increased ageing population and a growth in immigration. As discussed in the introduction to this paper, the Tuscany region, like the rest of Italy, is also facing many wider economic and social challenges. Italy’s and Tuscany’s economic record and standards of living are increasingly threatened by poor productivity and a declining relative working age population – see Tables 2 and 3 below:

Table 2. Italy's per capita GDP growth relative to population change 1970-2005

Annual average growth rates

	Per capita GDP	GDP per hour worked	Hours /working age person	Working age population /total population
1970-1980	3.1	4.7	-1.6	0.0
1980-1995	2.0	2.2	-0.6	0.4
1995-2005	1.2	0.9	0.6	.0.3
1995-2000	1.9	1.5	0.6	-0.2
2000-2005	0.9	0.7	0.7	-0.4

Source: OECD Economic Outlook No. 81 database and OECD Productivity database

On top of the current economic crisis and the underpinning economic and structural changes of the last three decades, Italy is among the OECD countries that are being most severely hit by population ageing. Very low fertility rates and the lengthening life expectancy of its relatively large post-war baby boom generation exacerbate the sharp rise in the dependency ratio over the next thirty years (to 62%, at the EU’s high end). This is particularly evident in Tuscany, where the trends are severe even compared to other Italian regions and the Italian average. There are significantly higher proportions of residents over the age of 65 (nearly a quarter of the population – 23.3%) and lower than average proportions of both young people (12.4% compared to Italian average of 14.1%) and working age population (64.3% compared to 66.1% for Italy). See Table 3 below.

Table 3. Age structure of population

Years/Age	0-14	15-64	Over 65
1980	22.6	64.4	13.1
1990	16.8	68.5	14.7
2000	14.3	67.6	18.1
2001	14.3	67.3	18.4
2002	14.2	67.1	18.7
2003	14.2	66.8	19.0
2004	14.1	66.4	19.2
2005	14.1	66.2	19.7
2006	14.1	66.0	19.9
2006 (Marche)	13.2	64.3	22.5

Source: Annuario statistico italiano 2005 and 2008, ISTAT (Italian Statistical Institute)

One of the challenges to address this in Tuscany (in common with the other Italian regions in the OECD ESF CoNet study; Friuli Venezia Giulia, the Autonomous Province of Trento and Marche), and in Italy generally, is to make better use of the human resources available in the working age population, including via immigration, better rates of female and older worker participation, and the highest possible youth employment rates. Of particular interest in this study is the focus on improving the contribution and employment rate of women in the regional labour market – a historical problem in both Italy and Tuscany.

Unsurprisingly, migration has increased dramatically in Tuscany because of these demographic and economic issues. According to the Regional Economic Planning Institute of Tuscany, the presence of immigrants is taking on very significant proportions; with 230,000 residents recorded in 2007, 6.4% of the total population and higher than the national average of 6.2%. The originating countries tend to be from Eastern Europe, the recent EU accession countries and from further afield. The main countries are Albania, Romania, China and Morocco.

Migrant women in Tuscany are highly differentiated according to their country of origin: the proportions of women immigrants is high, Albania (19%), Romania (13%), China (9.8%), Morocco (6.3%), the Ukraine (4.3%) and the Philippines (4%).

The real levels of participation and integration of many of these groups is difficult to ascertain, as the so called “informal economy” is a major feature of both the Tuscany and the Italian labour markets, with many working illegally and many firms and individuals under-reporting economic activity. Though it is better to be working in the informal sector than not at all, widespread informality is rarely a benefit in well functioning modern market economies.

Labour Force Participation and Productivity Issues

In recent years, per capita GDP in Italy has though been clearly affected by the level of labour force participation. The employment rate in Italy is well below average for OECD countries. Measured on the population aged 15-64, only 59% of Italians are employed compared with an EU average of 67% and an OECD average of 69%. For males aged 25-54 the employment rate is similar to the EU and OECD averages. But all other age-gender groups show relatively low employment, including prime-age females, although the difference there is actually somewhat lower than for both older females and the 15-24 age group. The gap between female and male employment and unemployment has been falling faster in Italy than in most other countries, but it still remains relatively high by OECD standards, even for prime age groups (OECD, 2008).

Table 4. Labour Market Performance: International Comparisons

	1985-1995			1995-2005			1995			2005		
	Italy	EU15	OECD	Italy	EU15	OECD	Italy	EU15	OECD	Italy	EU15	OECD
Employment rate ⁽¹⁾	52.1	60.3	52.5	54.1	62.9	54.9	51.2	58.5	63.4	57.5	65.2	65.5
of which												
Men	69.2	72.7	76.5	68.3	72.1	75.6	67.0	73.0	76.3	69.7	72.9	75.0
Women	35.3	48.1	52.5	39.9	53.7	54.9	35.4	44.2	50.8	45.3	57.5	56.1
Unemployment rate	11.4	10.0	7.3	10.2	9.1	6.9	11.7	10.7	8.0	7.8	8.4	6.8
of which												
Men ⁽¹⁾	8.0	8.6	6.8	7.9	8.1	6.5	9.0	9.6	7.5	6.3	7.7	6.5
Women ⁽¹⁾	17.3	12.0	8.0	14.0	10.4	7.4	16.3	12.5	8.7	10.1	9.2	7.1
Long Term ^(1,2)	81.8	67.8	48.3	75.9	64.4	47.5	80.2	71.8	48.8	67.7	60.4	46.9
Young ⁽³⁾	32.6	19.4	14.2	28.7	17.3	13.1	31.9	22.3	16.4	24.0	16.6	13.3
Participation rate	58.8	66.9	69.5	60.2	69.2	69.9	57.9	65.5	68.8	62.4	71.1	70.2
of which												
Men	75.2	79.5	82.0	74.1	78.4	80.8	73.6	80.7	82.5	74.4	78.9	80.3
Women	42.6	54.3	57.2	46.3	60.0	59.2	42.3	50.5	55.6	50.4	63.3	60.3
Older persons ⁽⁴⁾	32.5	40.4	49.3	30.1	42.8	51.2	29.6	41.3	49.2	32.6	50.6	54.5
of which												
Men	51.6	55.7	32.5	44.0	53.7	30.1	46.5	59.3	33.9	44.3	57.2	32.6
women	15.1	26.3	35.2	17.2	31.9	39.5	14.1	25.4	34.1	21.5	38.3	43.9
Hours worked ⁽⁵⁾	1906.6	1543.0	1448.2	1847.7	1665.8	1669.5	1876.0	1413.2	1292.0	1791.0	1634.0	1541.2

1. Refers to population aged 15 to 64.

2. Share of unemployment for 6 months and over.

3. Refers to population aged 15 to 24.

4. Refers to population aged 55 to 64

5. Refers to annual average, including self employed persons, unweighted average for OECD.

Source: OECD (2006), *OECD Employment Outlook*

Tuscany is one of the regions in Italy with the highest rate of employment for men with low levels of education and the lowest levels of employment for men with tertiary education. But above all, it is the only region where the employment rate for men with higher education is lower than that for those with only school-leaving qualifications.

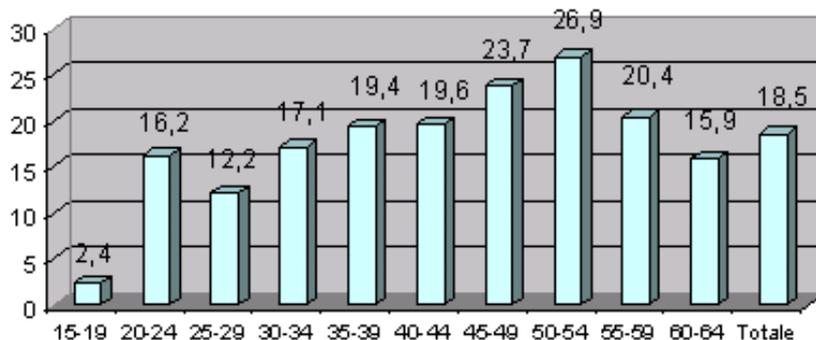
Despite the difficult economic climate of recent years, Tuscany has seen an increase in both male and female employment as well as a mild growth in the economy of the region. In Tuscany between 1993 and 2003, female unemployment fell from 12.7% to 7.3%, with greater rapidity (albeit from a higher base) than that for men (from 5.1% to 2.8%), reaching 7% in 2007. The rate of female unemployment, however, still remains significantly higher than for men by a margin of approximately 5%. The reduction in female unemployment was recorded for all age groups, being particularly emphasised among the very young, between 15-24 years of age, significant among 25-34 year olds and less emphasised in middle age groups.

This increase is mainly due to the growth in the number of legally employed foreign citizens and in female employment, especially for women between 30 and 50, causing a contraction in the gender gap and in the difference between male and female employment rates.

Despite this, female participation in employment continues to be lower than that for men at every age group (see Figure 1 below) and contains elements of instability and discontinuity associated with the need to reconcile domestic and professional life and with the problems facing mothers of young children and older women when returning to work. The share of flexible employment contracts has increased in recent years, and as in many other countries, this is mainly affecting women. On the one hand this opens up job opportunities for those who are not seeking or cannot accept full time employment (*e.g.* because of child care requirements). On the other hand, though, people working part time or in flexible contracts find it hard

to get back to standard contracts, and again this is affecting women stronger than men. It is 61% of men that can expect to have their contract changed to fixed term after a period of 4 years, but only 42% of women. As part time jobs are usually ranked and subsequently paid considerably less than their full time equivalents, this makes it even more difficult for those who have to enter this employment pathway.

Figure 1. Difference in Employment Rates between Men and Women by age group

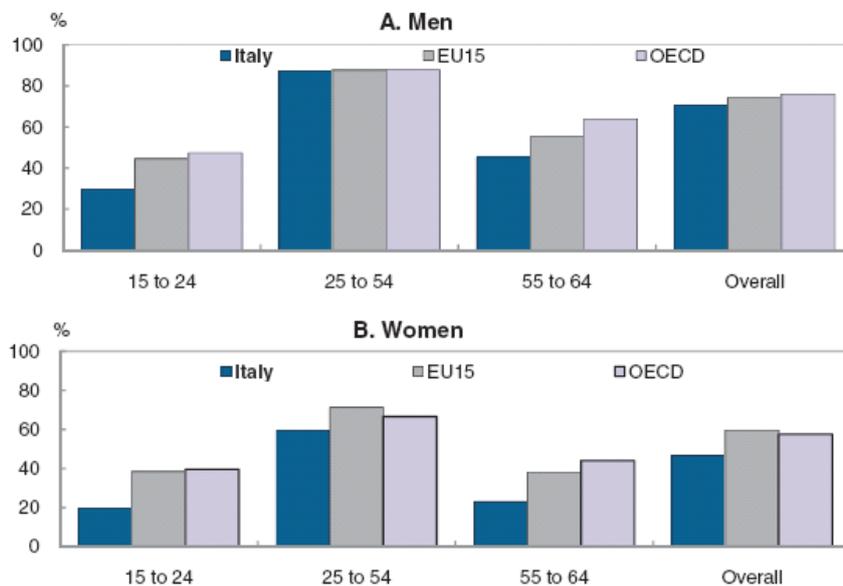


Source: Tuscany Background Report, 2009

In Tuscany, the most recent picture shows an overall growth in female employment with the first half of 2008 seeing 56.4% of women in work, an increase of 1% on 2007 therefore making the Lisbon target a possibility. Over the last ten years the gap between female employment rates in Tuscany and the European average has also closed. Female employment rates in Tuscany were 52.9% in 2004, 54.1% in 2005, 55% in 2006 and 57.2% in 2007, well above the national average (47.2%), but lower than those for regions in the North of Italy, especially Emilia-Romagna, where the target of 60% has been reached.

Greater difficulties in participating in the employment market are encountered especially by women with lower levels of education. Women without any qualification record a rate far inferior to men; 13.7% against almost 51% of men and exit from the working world takes place as early as 45 years of age. Some 66.6% of men with the elementary school-leaving certificate are employed where as the percentage of women with school-leaving diploma is lower and men with secondary school leaving diplomas have a greater probability of finding work than women with university degrees. For foreign women the earning capacity of higher education is decidedly inferior: the rate of employment for women with university degrees (62.1%) is just lower than that for school-leavers (63.7%).

Figure 2. Employment Rate By Age and Gender (2007)



Source: OECD Labour Force Statistics.

A Problem of Low Innovation, Low Skills and Low Skills Utilisation (Particularly of Women)?

A problem that underpins the poor productivity and employment performance of both Tuscany and Italy, relative to other EU and OECD regions and countries, is the low level of education and training especially amongst its adult population (see Figure 4 below). The relationship between skills and employment levels and overall productivity is important and it is clear that a part of Italy’s poor economic performance has been because of poor skills levels in the population and poor utilization of skills and human capital in the workplace.

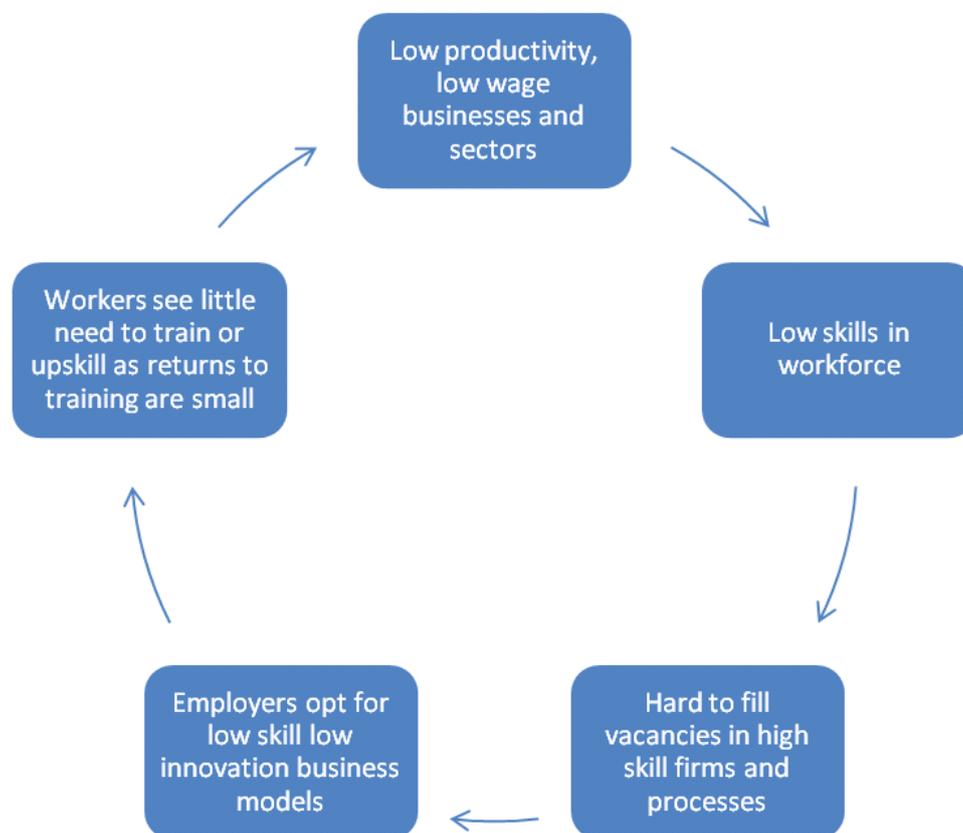
In recent years, Italy’s share in world trade has declined and low productivity growth has led to a widening gap in GDP per capita with the best OECD countries. The formal qualification level of employees is comparatively low in Tuscany especially compared to some other regions in Italy, as companies are mostly looking for skilled workers rather than qualified ones, and this constitutes a weak base for necessary reforms.

Tuscany and Italy are not alone in this issue. In many advanced economies there are countries, cities and regions with problems of low skills and low productivity. It has been observed that some such locations are stuck in a “low skills equilibrium” (Finegold and Soskice 1988; Keep and Mayhew, 1998) and that the incidence of low skill in workforces has at least, in part, caused organisations to opt for low skill business models in resulting product or service specifications.

If applied in the Tuscan context, this situation could reinforce existing businesses and employers to perpetuate low skill, low innovation models and processes because there is little available human capital to do otherwise. The subsequent combination of both low skills and low employer demand for skills results in a system that may prove difficult to change. Where employers have jobs that suit low skilled people – an increased supply of more highly skilled individuals might upset this equilibrium. Similarly, a rise in the number of employers offering jobs needing high skills – the move to a more knowledge driven economy – and the lack of ability in the workforce will lead to more and more skill shortages.

It is a “chicken and egg” situation – but at least the authorities in Tuscany are clear that they need to advance the cause on both sides of this equation, exhorting both individuals and employers to raise their skills and to pursue high valued added product and service strategies.

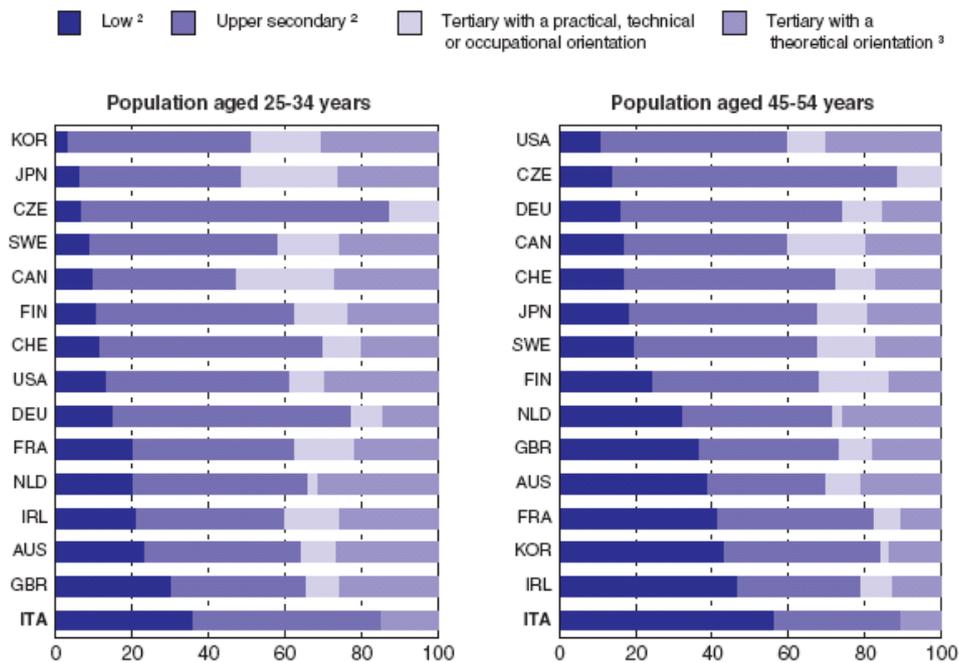
Figure 3. Low Skills Equilibrium



Improving levels of skills, skills utilisation (that is the deployment of skills to improve organisational performance), research and development, and innovation in the economy is therefore a crucial part of the solution and a major challenge for the Tuscany region. In some cases there has been significant improvement in the proportion of residents with higher level skills – including women – but thus far the deployment of new skills has yet to have a discernible impact on working practices, wages or productivity.

The under utilisation of skills in Tuscan firms (and especially those of women workers) is an issue of particular significance for this report. Whilst some of this will be because of discrimination and occupational segregation, it is also likely to be a consequence of the types of firm and sector most evident in the region and their over-reliance on production systems that require low skill levels.

Figure 4. Italy's Low Skill Problems (2004)



1. 2003 for Netherlands and Sweden, 2002 for Canada and United States.
2. Low comprises persons having primary school, lower secondary school or ISCED 3C short programmes as their only formal qualification; upper secondary includes also post-secondary-non-tertiary programmes.
3. Includes tertiary with a practical, technical or occupational orientation for Italy.

Source: Cotis (2006) in OECD (2007b)

Two clear weak points of both the Italian and Tuscany labour markets relevant to the consideration of the “Pact for Female Employment” are therefore the low participation rate of women and the poor utilisation of women’s skills when in the labour market.

Female employment rates and average wages are both relatively low, while the level of education of younger females measured in terms of years spent in full time education is, for the new generations, somewhat higher than that of males. While low educational attainments may explain activity rates among women over 45-50, low female participation rates even among the youngest cohorts may have several other causes. As the Regional Authorities state in their background report:

The limits of the participation of women in the employment market are strongly characterised by structural factors such as the mismatching of supply and demand, sectoral and professional segmentation, the persistence of discrimination, and in some cases also by the inadequacy of employment laws, and lastly by the difficulty of reconciling domestic and personal commitments with those of work.

Women are also more likely to take up flexible working opportunities (that is, short or fixed term jobs, part time work, in care, retail, cleaning and hospitality sectors) than men and are therefore taking a relatively greater share of increasing labour market flexibility typical in advanced countries. However, it is also clear that they are not taking their fair proportion of the higher level knowledge jobs that have also been a characteristic of employment and economic growth in many OECD and EU countries. In the background report to the OECD visit, the region acknowledge that the recent steady growth in female

employment does not yet correspond to any growth of women in higher level and management positions, with female career prospects often blocked at intermediate levels. The background report states that “only rarely and in certain professions do a minority of women reach the top”. It is also fair to say that both structural and firm level discrimination is likely to play a part in the poor performance of women in Tuscany’s labour market (relative to men) in access to employment, enterprise⁴, career progression, wages and flexibility. This, alongside the occupational segregation and spatial issues are faults that the Tuscany economy can barely afford to indulge.

Female Participation and Childcare Factors

Italy, along with Spain and Greece, is one of the European countries with the lowest participation rates of mothers with young and school age children. Although there is little available national data that combines information on child care use and labour market participation, it is commonly believed that the limited availability of childcare and school hours are often incompatible with full or even part time working hours and thus are major factors in Italy (Del Boca, Locatelli and Vuri, 2004). A further factor may be the disincentives to find either formal or informal childcare because of limited labour market opportunities – either good jobs themselves or jobs that might fit some caring responsibilities more easily with flexible hours and nearby opportunities.

Low provision of formal child care services means that the opportunity cost of work for mothers with young children is higher than in many other countries; this is also likely to be an important factor behind relatively low female participation (see, for instance, Jaumotte, 2003; d’Addio and d’Ercole, 2006, OECD 2007). Discrimination and occupational segregation might be other possibilities for low activity rates among Italian women, though there is no solid evidence supporting this explanation.

Unlike other northern European countries, the number of private childcare facilities has not increased significantly over the last few decades and large proportions of Italian families still rely on informal child care arrangements often with family members such as grandparents. As Table 5 (below) shows, the proportion of women in the labour market in Italy has therefore increased at a much slower rate and to lower overall totals than in other countries such as the UK, France and Denmark where childcare is more readily available.

Table 5. Female participation rates (%) in selected countries

Country	1977	1999
Italy	37.6	44.1
France	53.0	59.8
Spain	33.0	47.1
Greece	33.3	47.5
Denmark	64.7	75.1
Sweden	70.0	74.5
U.K.	56.3	67.5

Source: OECD, Eurostat 2001 Statistics in Focus

In Tuscany the situation is, like in many other factors, very good by Italian standards (see Table 6 below), but as shown in earlier data is historically very poor when compared to other European regions and nations. There are also clear differences in employment participation according to the status of women with and without children.

Table 6. Child Care Availability by Italian Region (per 100 children)

Region	Availability (%)
Emilia Romagna	18.3
Valle d'Aosta	12.3
Umbria	11.6
Marche	11.5
TUSCANY	11.3
Piemonte	10.7
Lombardia	9.7
Liguria	9.7
Lazio	8.5
Friuli Venezia Giulia	7.8
Trentino	7.5
ITALY	7.4
Veneto	7.2
Sardegna	6.4
Basilicata	5.2
Sicily	4.7
Abruzzo	4.1
Molise	2.9
Puglia	2.7
Campania	2.2
Calabria	1.9

Sources: ISTAT: Annuario Statistico Italiano 1999-2001; Ministero del Lavoro e delle Politiche Sociali: I servizi educative per la prima infanzia, 2002 (The amount that parents pay differs from one municipality to another)

What Labour Market and Economic Measures are being introduced in Tuscany?

From 2002, the Regional Authorities in Tuscany began to address some of these structural, social, economic and demographic challenges. Broadly the interventions have been grouped in the following areas:

- Policies to tackle obstacles and market failures in the Tuscany labour market, aimed at increasing female employment;
- Measures to improve professional training for employment and female participation in the employment market;
- Actions to improve “work-life balance”, that is, reconciliation between domestic and professional life, through work organisation measures, improved instruments for freeing time in company situations like variable parental leave and father’s leave, improved childcare, etc.; and,
- Interventions to encourage employment development and stability.

More recently in 2008-2009, with the advent of the financial and economic crisis, Tuscany has also been focusing (and synchronising) these interventions with those aimed specifically at tackling and ameliorating the local effects of recession, these are combined with those measures introduced at the national level described in Box 1 (above):

- Defensive policies: to support the cash flow in companies (through the creation of special financial institutions);
- Active policies: to support the development of innovation in firms and clusters;
- Defensive policies: social and economic “shockwave-absorbers” to keep consumption (and consumer activity) high; and,
- Active policies: employment support and training for individuals and firms.

The “Pact for Female Employment”

In July 2008, the Region of Tuscany formally stipulated a “Pact for Female Employment”, signed together with the Provinces, Districts and Social Partners of Tuscany. The Pact is the first of its kind in Italy and aims at involving and committing all stakeholders, from unions to employers and employer organisations, and from the Region to the Provinces, to introducing policies that will ultimately boost (and sustain) female employment and equal opportunities in the region. The Tuscany Region is supporting the Pact with EUR 10 million, EUR 6 million of which comes from the Regional Operational Plan 2007-2013. Added to this funding is a further EUR 20 million co-financed by the Provinces.

Overall, the Pact for Female Employment contains, in the form of stated financial support, political intention, or commitment of different parties, the following types of measures:

- support for employment creation, education and training, including non-discrimination in training;
- welfare to work for social integration and self employment;
- accompanying measures, such as funding child care services and their developed, and associated information provision, as well as training service providers;
- strengthening of the employment service network including:
 - re-enforcing the work of the gender opportunities referee;
 - job assistance, outplacement and support for self employment; and,
 - the development of employment centres as service providers;
- awareness raising activities in favour of integrating women with a migration background (as a pilot);
- awareness raising activities at companies to encourage the employment of disadvantaged groups;
- encouragement of companies to offer flexible working time solutions and development of parental leave;
- a fight against black and illegal labour; and,
- actions to promote awareness and cultural change.

The main elements of the Pact are divided amongst the following themes/areas:

- Recruitment subsidies for women over 35 (Incentive Fund for Female Employment);
- Strengthened training (especially through the ILA Card - Individual Learning Accounts);
- “PARI” (pre-crisis) programme to improve social and economic inclusion;
- Reconciliation vouchers;
- Strengthened employment services and the figure of Parity Referees to advise and support policies in region’s firms and in labour market as a whole;
- Expansion of childcare with improved childcare facilities and services (to boost female participation and family wellbeing);
- Work-life balance initiatives (also to boost female employment and improve family wellbeing);
- Additional attention and support for female migrant workers; and,
- Promotion of female entrepreneurship;

1. Recruitment Subsidy for Women over 35

The “Fund for Female Employment” promotes the entry and re-entry of women into the Tuscan labour market and their continuing presence there. The Fund aims to help women who wish to return to work after having children or other reasons for being outside of the labour market. It provides up to EUR 2,500 to firms for each woman over 35 recruited to permanent part-time jobs (to be eligible women must be registered with the Provincial employment services and available for immediate employment) and EUR 4,000 for those recruiting to permanent full time jobs.

Eligible firms must be based in Tuscany, not in the process of dismissing any staff and demonstrably adding a new, permanent position to their workforce. Employers must also agree not to dismiss the employee unfairly or without good reason in the first three years after recruitment.

The overall regional resources available in 2009 for these employment subsidies are EUR 800,000. So far 76 Tuscan women over the age of 35 have found or returned to permanent employment with 62 firms in the region as a result of the subsidy.

2. Individual Learning Accounts – ILA Card

The ILA– Individual Learning Account – Card is a pre-paid credit card for approved training up to the maximum sum of EUR 2,500. The intention is to enable users in part time, temporary work or those seeking work, to commission the most relevant training courses for their needs whilst simultaneously incentivising suppliers of training to become more flexible and adaptable to individual learning needs.⁵

Beneficiaries of the ILA are adult residents in the participating provinces who can provide evidence of their unemployed or “non-conventional” employment status and who wish to undertake a specific learning programme, assessed and approved by the Employment Office.

The pre-paid credit card is valid for two years and is initially charged with EUR 500 with up to four further payments of EUR 500 on the submission of eligible expenses.

This experimental project has been introduced in the Provinces of Arezzo, Grosseto, Livorno and Pistoia, and will soon be extended to all provinces in the Region. To the end of 2007, 2418 ILA cards were issued mainly to the unemployed, 78% of the total recipients were women.

Box 2. ILA examples and case study interviews: supporting self employment/entrepreneurship and social innovation

One recipient of the ILA had used the funds to start a business in balloon art called “Palloncinando” and based in Montecatini. The woman in her mid 30s wanted to start a business and had initially considered a franchise but after a period of test trading and market research opted to start a small business from scratch. There were no specific courses in balloon art as it is a very specialist area but she did undertake a range of general business and self employment training including sales, business techniques. Administration and retail management. The ILA was also used to commission bespoke training from a balloon artist as a one to one process. The shop opened in September 2008 – and had been trading for eight months by the time of the OECD visit.

Another recipient also demonstrated the links between specialist training and self employment. A veterinary student had graduated in veterinary studies four years ago and had now opened a surgery with the help of training and self employment support delivered through the ILA programme. Prior to the ILA she had found it difficult to get a job in this area as it was very specialist (whereas the degree was very broad) and she had little practical experience. She needed the ILA to do further specialist VET training, such as in laboratory analysis and toxicology, and other pharmaceutical and treatment/diagnosis courses.

Given the great flexibility of the ILA card, it was also used experimentally for trans-sexuals in the Province of Pistoia. 50 pre-paid cards and €150,000.00 from regional funds in Tuscany were made available. This is an innovative experiment aimed at helping people clinically diagnosed with gender identity problems in returning to work. The project started in October 2007 and ended on 31 December 2008. One participant described the experience and the support as nothing less than ‘life-changing’. After working as a prostitute (transsexuals could only really work in sex industry with associated health, crime and other issues) but now has completed formal training in business administration and has a job, a home and a stable relationship.

Source: Discussions with ILA recipients during OECD visit to Tuscany, June 2009

3. The “PARI” Programme

Tuscany operates a range of “welfare to work” policies covering both passive and active measures, such as social security payments and active labour market programmes to support entry/re-entry for various disadvantaged groups and individuals. The PARI Programme is co-ordinated at the regional level in conjunction with Italia Lavoro and the Provinces. It is aimed at people in the most disadvantaged groups, including women, over 50s, the young unemployed and to immigrants.

The experimental project, “PARI – Pre-Crisis” is aimed at firms and industries, that are suffering in the short to medium term and potentially looking at redundancies. The PARI Project consists of actions aimed both at demand (firms) and supply (workers). Firms are offered financial support to help them regain competitiveness in the market place through improving production processes, supply chain management, product innovation and work organisation. The PARI programme offers a contribution to firm, if supported by union agreement, on condition that the firm agrees to protect the maximum number of jobs possible. The size of the contribution is directly proportional to the number of jobs saved. This firm level assistance is supplemented by individual training vouchers to the value of EUR 1,000.

The Italian Employment Ministry funds the PARI Programme, alongside funding and actions from Tuscany, EUR 1.35m (to help 300 firms to a maximum of EUR 4,500 per firm); monthly income support

of EUR 450 for ten months for jobseekers from disadvantaged groups; and, EUR 1m for training vouchers for redundant or at risk workers.

Regions and provinces commit themselves to undergo an efficient monitoring of the actions on the bases of adequate techniques.

4. The Parity Referee

“Parity Referees” are new occupations that have been designed and developed in Tuscany, with the aim of supporting greater female participation in employment and also for advising on equal opportunities and work-life balance issues. The idea was developed in the “New pact for qualified development and more and better jobs in Tuscany”, financed by the ESF and part of the Employment Services of each Province within the *Piano di Indirizzo Generale Integrato* (PIGI) (General Integrated Policy Plan) for Tuscany.

The duty of the Parity Referee is to: implement gender and equal opportunities policies, and promote female participation in the employment market by means of information, awareness and communication activities at community, national, regional and provincial levels; support the Provincial Employment Centres; promote policies aimed at improving work-life balance; and, publicise the incentives to promote female employment to firms. The Parity Referee also takes on the role of a local expert on the problems of a specific local area, operating as a link between the Provincial Equality Councillors, with the Employment Services, Social and Health Services, firms and professional training.

The main task of the referee is the support of gender mainstreaming at institutions and companies of the region by developing a network that combines the different organisations in a position to share and transmit experiences. The referee should also seek to establish processes to facilitate women’s access.

The Region of Tuscany has provided EUR 600,000 in total for all ten Provinces in Tuscany.

5. Expansion of Childcare Services

The progressive development of crèches and supplementary services over the past three decades has meant that Tuscany is one of the leading regions in Italy for the quality and supply of childcare and early years education services. This is an essential investment to complement the other measures in the Pact for Female Employment and also combines with other policies and financial support for mainly female carers.⁶ Tuscany provides (directly and indirectly) childcare places for 28.6% of the population of 0 to 2 year olds (against the EU aspiration of at least 33%). In Italy as a whole this proportion stands at 11.4%, and the EU average is 28%. Tuscany is committed to reaching the EU objective of 33% or better and to provide guaranteed equal access to child care facilities regardless of the size of the community.

Facilities are organised and managed at the level of the province and the municipality, with the Region providing a supporting role through funding and through region wide policies that improve planning, staff training and quality management. The Region of Tuscany is providing EUR 73 million for the three year period 2008-2010, to support the management of services, investment in new facilities and the extension of services to municipalities with no provision. This funding is also available for individualised vouchers, home services and family centres. The Region is also providing for the start up of public and private company crèches in the workplace, if companies will then offer at least 10% of places to residents of the local municipality (even when working elsewhere).

6. *Work/Life Balance (or Reconciliation) Issues*

Work/life balance is seen as a major problem in Tuscany affecting both men and women. The regional government defines it as an issue for “anyone who, for personal, family, territorial, demographic, economic, social, cultural or other reason, is disadvantaged in reaching normal living, study and working standards”. This definition provides the basis in Tuscany for a range of policies aimed at better reconciling working and family life.

Active measures in the region include help to reduce or vary the division of working time, including part-time working, variable hours, job sharing, time banks, home working and parental leave. Flexible working for parents is a key feature enshrined in Tuscany’s Law Number 5/2000 which established “provisions for supporting maternity and paternity leave for the right to care and to training and for the co-ordination of time in urban areas”.

Grants are available for firms working flexibly such as those introducing flexitime and other working arrangements that support the participation of parents and especially women returning to work.

Parental leave is available for both parents during the first eight years of a child's life and can be requested by either parent up to a maximum of six months each (the maximum for the couple, however, cannot exceed 10 months). Working mothers have the right and duty to take leave from work for two months prior to the expected date of birth of the child and three months afterwards. Each parent can also take a maximum of five days leave throughout the year to care for children between 3 and 8 years of age. Law 53/2000 also provides for training leave, where workers can complete compulsory schooling, secondary studies, and university diploma or degree courses or participate in vocational training.

This is in common with best practice and policy recommendations made by the OECD in the *Babies and Bosses* review in 2007:

The *Babies and Bosses* reviews advocated the use of a mixture of financing tools. Direct supply-side subsidies should be made towards capital investment, providers in deprived and/or scarcely populated areas and/or concerning the provision of services to children with special needs. In addition, as in Australia and the Netherlands, the private sector can be relied upon to provide childcare and when combined with demand-side funding to parents which is earmarked (vouchers), relatively high coverage of the population can be achieved. A further advantage of this approach is that parental choice is promoted, potentially leading to more variety in types of services and service providers, and efficiency can be promoted as well through competition between providers. Budgetary costs can be controlled through income testing and targeting of public supports on families which need it most. (OECD 2007a)

Box 3. Introduction to Work Life Balance and Family Friendly Policies

What is 'Work Life Balance Policy'?

Many elements of work life balance policy arise because of the vital interests of any society and state, e.g. child care, family and social structures, health, work related diseases and early pension requirements, labour productivity and income, and gender equality. Many of these issues are unlikely to be reconciled either by the market or by societal actions alone. They are therefore targeted by state interventions of various kinds, often implicitly and sometimes also explicitly in relation to a concept of work life balance.

State interventions can be in the form of legal regulations, such as maximum working hours, parental child care leave, health provisions related to work or overtime taxation, to name a few. Another form of state policies relates to institutional support offered by the state, e.g. child care facilities and the price charged for them or national health provision. A third type of state intervention is financial incentives to allow individuals, but also companies, to choose other solutions than the current regional economic and labour market situation would provide them.

Depending on their main field of interest, state interventions can thus target employment and labour market policy (e.g. increase employability through better child care provisions, support of flexible work time solutions), social policy (e.g. parental leave, better child care provisions), health policy (e.g. special regulations for elder people on the labour market), family policy (e.g. family related social services), gender policy (e.g. support of measures to reduce traditional gender attributions that lead to disadvantages on the labour market, thus in the individual income).

What are family-friendly policies?

Family-friendly policies are those policies that facilitate the reconciliation of work and family life, ensure the adequacy of family resources, enhance child development, facilitate parental choice about work and care, and promote gender equity in employment opportunities. Family-friendly policies include improved access to affordable and quality childcare, financial support for children, arrangements that allow working parents to take leave to care for children, and flexible workplace practices that allow a better reconciliation of work and care commitments. They also include financial incentives to work for families with children and employment support for jobless parents.

Parents whose primary activity is looking after their children and/or elderly relatives are working – they are just not paid for the work. Casual references to the desirability of increasing the number of, say, mothers who “work” are resented as not acknowledging the importance of this unpaid work. Nevertheless, to avoid making the discussion overly cumbersome and wordy, “work” is often confined in this report to encompass all *paid* work (employment and self-employment). Whenever this usage might be confusing, an explicit distinction is drawn between paid and unpaid work.

“Families” and “reconciliation policies” are defined as follows by the OECD:

Families: “Each household of one or more adults living together with, and taking responsibility for the care and rearing of one or more children.”

Reconciliation policies: “All those measures that extend both family resources (income, services and time for parenting) and parental labour market attachment.”

Source: OECD (2007a)

7. Additional attention and support for female migrant workers

Given the increasing importance and presence of women with migrant backgrounds in the region, awareness raising activities and practical measures have also been introduced as part of the Pact for Female Employment. This is considered to be a positive tool to reducing stereotypes by integrating foreign women into visible and high-profile positions whilst also considering ways in which to reduce qualification gaps and recognise qualifications from other countries (normally the originating countries of female migrant workers).

A pilot programme is being developed whereby migrant women with suitable cultural and professional qualifications are being placed in higher level professions and sectors that are visible to the

wider public (*e.g.* in jobs in banks, post offices and other public and private service providers). This is designed to help reduce the negative preconceptions, to address stereotyping and to reduce the need for female migrant workers (especially those with high levels of qualifications in their originating countries) to work in low paid, insecure occupations such as personal care.

The innovative element of this project lies with overcoming the double discrimination against migrant workers in firms and in the broader labour market. Reasons relating to culture, religion and sex typically create the biggest obstacles for labour market integration.

The partnership agreement that underpins the Pact for Female Employment is an excellent example of both how to deal with complex issues of labour market segregation and integration as well as gender issues. Probably the most severe problem of how to effectively and properly (re)integrate certain groups into the labour market is the complexity of the issue, touching many different factors at the same time. Strictly labour market problems such as the lack of appropriate skills may only be the minor part in such a setting. This is very often also the case when it comes to the integration of women, and even more so when this shall take true account of gender issues.⁷ Whilst there are examples from other countries on the integration of gender policy into the work programmes of partnerships (such as in the Austrian Territorial Employment Pact Learning Model below) the use of partnership structures explicitly and solely for gender issues has not been widely documented.

Besides the regional pact there are also partnership agreements on gender policies at the province level. Sienna has been presented as an example, and in fact this agreement is older than the one at the regional level. This underlines the strength of the political will to change the structures that lead to female discrimination and non-participation in the labour market.

It was stated during the OECD study visit that to reach the agreement took time and compromises had to be formulated and agreed upon, so that not all partners are satisfied with the extent of the programme as it stands now. This problem is not unusual for partnerships especially in their earlier days, when the merits of collaboration are somehow unclear at least for some partners, however on-going co-operation between and the commitment of partners can improve significantly over time.

The financial support for recruitment subsidies, training via the ILA and the welfare to work measures all refer to specific funds for each individual action and to co-funding from ESF and the provinces. However, in all three areas it is interesting to note that no overall budget is presented. So it is not possible to get an indication of the intended impact overall from the background document. Other items in the agreement do not include any reference to budgets at all, neither the size of individual funding, nor the overall budget, nor the possible source or composition of funding. These figures may be available – publicly or privately between partners – but are important for the evaluation of the overall ambition of the Pact as well as for the success for each individual area.

Most items within the Pact are formulated as what might be called “political objectives”, giving a clear direction of what shall be done, but unclear from the agreement itself which institution or partner is committed to do what. So the statement and objectives are positive but the volume and costs are unclear.

Throughout the Pact, it is clear that the social partners commit themselves to actively supporting the agreement, by engaging in awareness raising activities in companies (in favour of the employment of disadvantaged persons), in services supporting self employment, and by encouraging enterprises to implement actions that offer their employees – both men and women – opportunities to balance their professional and their private life. This rightly acknowledges the role social partners have in employment policies and incorporates them in a way that enables them to enact this role in fulfilment of the overall goals.

Whilst it is important to retain their involvement as signatories to the Pact and its overall goals it is perhaps inevitable that their exact involvement and responsibilities are more vague. Despite this, the role of social partners should be as explicit as possible – with clearer and more accountable responsibilities such as the dissemination of information, support for overall policy objectives and perhaps ensuring access and support for the parity counsellors.

The Parity Counsellor and the President of the Regional Commission on Equal Opportunities of Men and Women are both signatories to the agreement; together with the representatives of the region, the provinces and communities and the social partners. This is a strong indicator for their influence in the drafting of the document, and of their possibility to influence the execution (if not in daily work, at least via direct access to all monitoring results and any subsequent actions which from from them).

From the agreed package, one item makes direct reference to the tasks of the gender referee:

The enforcement of the role of the gender referee is considered important to improve the performance of the employment offices and shall especially create a network of companies and institutions to share and transmit the experiences and to facilitate the access of women to the labour market. It is also interesting to note, that for this strategy a new argument is highlighted: While in the rest of the document women are described as being disadvantaged on the labour market out of various reasons that need to be targeted, they are referred to here “not as weak subjects but as bearers of new and important skills and abilities.

This is an important message and it would be worth considering putting it more into the heart of the strategy. When it comes to redefining the position of women in the Tuscany society as well as their position on the labour market a different, more aggressive approach that concentrates on their strengths instead of their weaknesses might be more successful.

International Learning Examples

1. England; Childcare, “Sure Start” and the “Right to Request” Flexible Working

The UK has more than doubled the number of childcare places, from 638,000 in 1997 to over 1.3 million in March 2009, based partly around the introduction of over 3,000 “Sure Start” children’s centres. All three and four year olds are also now entitled to a free part-time early education place (of 12.5 hours per week), if their parents want one.

Within the Sure Start programme introduced by the Labour Government shortly after 1997, a huge investment programme was announced to increase the availability of childcare in England and to complement it with a series of new rights and entitlements of young children. These included new tax credit incentives alongside rights to universal childcare. Children’s centres were developed in every community as service hubs where children under five-years-old and their families can receive seamless integrated services and information. The Government’s ambition is that by 2010, every community will be served by a Sure Start children’s centre, offering permanent universal provision across the country, ensuring that every child gets the best start in life. Currently these services vary according to the centre but are likely to include:

- integrated early education and childcare – all centres offering Early Years provision have a minimum half-time qualified teacher (increasing to full-time within 18 months of the centre opening);

- support for parents – including advice on parenting, local childcare options and access to specialist services for families;
- child and family health services – ranging from health screening, health visitor services to breast-feeding support; and,
- helping parents into work – with links to the local Jobcentre Plus and training.

The aim of Sure Start children’s centres is to improve outcomes for all children as well as to improve the ability of parents to get and sustain work. They are a vital part of the Government’s ten-year childcare strategy to enable all families with children to have access to an affordable, flexible, high-quality childcare place for their child.

Local Authorities have strategic responsibility for the delivery of children’s centres, including the planning, location and development of centres to meet the needs of local communities, in consultation with parents, the private, voluntary and independent sectors, primary care trusts (PCTs), Jobcentre Plus and other key partners to deliver a range of services.

As in Tuscany, the UK Government has twinned increased childcare facilities and entitlements with demand-side initiatives designed to help employees and employers with changing work culture and organisation. The central policy in this approach has been the introduction of a “Right to Request Flexible Working”. “Flexible working” is a phrase that describes any working pattern adapted to suit your needs. Common types of flexible working are:

- part time: working less than the normal hours, perhaps by working fewer days per week
- flexi time: choosing when to work (there's usually a core period during which you have to work)
- annualised hours: your hours are worked out over a year (often set shifts with you deciding when to work the other hours)
- compressed hours: working your agreed hours over fewer days
- staggered hours: different starting, break and finishing times for employees in the same workplace
- job sharing: sharing a job designed for one person with someone else
- homeworking: working from home

Anyone can ask their employer for flexible work arrangements, but the law provides some employees with the statutory right to request a flexible working pattern. Certain employees in the UK have the right to request flexible working. Employers who receive such a request have a legal duty to give it serious consideration and to only reject requests based on pre-determined categories. However, regardless of the legal obligations, businesses are appreciating more and more how flexible working can benefit their performance, such as through improved staff motivation and productivity, easier recruitment and retention of staff and lower skills shortages.

The Work and Families Act 2006 is the first step towards delivery of some of the measures set out in the Government response to the consultation, “Work and Families: Choice and Flexibility”, was published

in October 2005, aiming to establish a balanced package of rights and responsibilities for both employers and employees:

- extend maternity and adoption pay from six to nine months from April 2007, towards the goal of a year's paid leave by spring 2010;
- extend the right to request flexible working to carers of adults from April 2007;
- give employed fathers a new right to up to 26 weeks Additional Paternity Leave some of which could be paid, if the mother returns to work. This will be introduced alongside the extension of maternity pay to 12 months;
- introduce measures to help employers manage the administration of leave and pay and plan ahead with greater certainty from April 2007; and,
- Help employers and employees benefit from improved communication during maternity leave.

2. Wales “ProAct Scheme”

The Welsh Assembly Government⁸ has reacted to the economic crisis in similar ways to Italian regions (and Tuscany in particular) by providing support to firms and individuals before redundancies take place. The “ProAct Scheme” aims to help businesses cope with the downturn, and develop their employees’ skills ready for the upturn. The scheme provides training for employees who have been placed on short time working, and helps businesses (and the Welsh economy) to keep skilled staff and firms/sectors who may otherwise be made redundant or disappear.

It is initially available until March 2010, is flexible, but broadly offers:

- training costs up to GBP 2,000 per individual
- wage subsidy up to GBP 2,000 (GBP 50 a day) per individual during this training
- free one-to-one expert advice to help create a ProAct Training plan.

ProAct is available to private sector businesses that were inherently viable prior to the economic downturn (information is required to support this as part of the application process); have introduced, or plan to introduce, short time working at a minimum level of 20% (that is, one day a week); have made or are considering redundancies and introduced short time working as a way of avoiding redundancies (such that ProAct funding is also used to avoid redundancies); and, have not received significant European Funding over the past three years.

Applying firms are required to put together a business case explaining their situation and why ProAct help is needed. It is considered by a ProAct Panel and if successful an advisor is assigned to help prepare a ProAct Training Plan. Training costs are then paid directly to the agreed training provider by the ProAct Team whilst the wage subsidy element is paid direct to the firm in arrears in four equal instalments in weeks 4, 16, 36, and 52 providing the ProAct training is being delivered to plan.

Training is strongly focussed on accredited activity, involving either a part or full qualification.

The wage subsidy can also be used to safeguard the employment of existing apprentices to ensure they achieve their full qualifications.

3. “New Industries, New Jobs” (and the role of Regional Development Agencies) in England

In England, the Labour Government has begun to turn away from the previously dominant free market economic orthodoxies to a considerably more “activist” approach to industry and the economy as a whole. After several decades without an industrial policy of any significance, the UK Government published “New Industries, New Jobs” in April 2009 marking out a conscious and deliberate targeting of key industries and sectors within England.⁹

The guiding principles behind these changes came with a desire to see the economy and labour market to emerge from the worldwide downturn faster and stronger. Supported by UK business organisations, the Government wished to set out a clear industrial strategy for the future, describing key sectors and the key policies which could support their growth today and in the future.¹⁰

The architect of the new approach to industrial policy is the former EU trade commissioner and now Secretary of State for Business, Innovation and Skills, Lord Mandelson. In a speech, late in 2008 he set out the principles and definition behind the new approach:

First, industrial activism does not mean propping up failed companies or running industries from Whitehall. No protection of industry from international competition – because we believe that competition is in our long term interests. Second, industrial activism means being pragmatic about the ability of markets to enable companies and people to succeed in a rapidly changing global economy. Policy should be activist in the sense that it recognises that government can and must complement market dynamics to get the best outcomes for our society and economy. Third, industrial activism is shaped not just by what we conventionally label industrial policy but by all government policies –regulation, planning policy, migration policy, transport policy and a range of others – as well as the way government spends money and encourages innovation and entrepreneurship. The central point about industrial policy is how successfully it aligns all these relevant policies to target and deliver industrial outcomes. (Speech to the Royal Society for the encouragement of Arts, Manufactures and Commerce, London, 17 December 2008)

British science and technology is seen as being a crucial part of the infrastructure and at the heart of the revolutions in industrial production that will define the 21st century, especially in areas like advanced engineering, electronics and biosciences. Equally important in the delivery of this new “industrial activism” are agencies such as the Technology Strategy Board¹¹, UK universities and, especially relevant to Tuscany and to other regions in Europe, the English Regional Development Agencies.

The Regional Development Agencies (RDAs) have traditionally had a key role in driving sustainable economic growth within the English regions since being established in 1997. This new responsibility for RDAs for developing regional strategies that support specific sectors and infrastructure is backed by their own existing resources but also complemented by national level funds to support such activities.

The UK Government’s assessment of the specific sectors that will benefit from this new approach is set out below. Each has an accompanying strategy describing the research, innovation, skills and investment policies over the medium and longer terms:

- **Low Carbon Industrial Strategy** – has set out challenges presented by rising demand for low carbon products and services, tackling key barriers to growth in the UK’s low carbon sector, aiming at a coherent approach at both national and regional levels and across the economy. Includes support for ultra low carbon vehicle manufacturing with GBR 250 million of funding.

- **Digital Britain** – drives upgrading of digital networks, a dynamic investment climate for UK digital content, access and near-universal participation, and enable widespread delivery of public services online. This will represent a comprehensive plan of action to ensure the UK is a global leader in the digital economy and society.
- **Life sciences and pharmaceuticals** – a new Life Sciences Industrial Strategy prepared by the new Office for Life Sciences has been published, setting out the steps to be taken to stimulate investment and address how the National Health Service can be more effective as a champion of innovation, how to get medicines to market faster, etc.
- **Advanced manufacturing** – the 2008 Manufacturing Strategy sets out how to increase skills and technology support. Specific sub-sectors include aerospace, (engine and wing design), composite materials manufacturing, industrial biotechnology and plastic electronics technology.
- **Professional and financial services** – still seen as a core strength in the UK and a strong desire to maintain London and the UK's position as a key global financial centre in the future.
- **Engineering construction** – with many significant engineering challenges in the near future such as new nuclear power stations and high speed rail links.
- **Industrial opportunities in an ageing society** – opportunities for health, pharmaceuticals and other industries as opportunities caused by demographic shifts in UK and wider global population.

These are just examples that are seen as strengths in the UK. It is however the process that is relevant to Tuscany – the assessment of key strengths and opportunities and the orientation of policies and processes to support their growth through the current economic crisis and beyond. This will include preferential access to financial support in research and technology, skills and capital investment as well as a conscious attempt to make sure that any labour market or economic regulation, local or national government procurement takes account of these key sectors.

What might Tuscany do to mirror such an approach? Firstly, it could assess its key industrial and economic strengths. Secondly, it should engage in some analysis of global trends and technological change and how it may influence key sectors in the region. Thirdly, it should assess its current interventions (and wider activities such as procurement and regulation) and consider how they can best prioritise and/or benefit the most important sectors in the future.

4. Adaptability Programmes in Austria

The “Short Term Work Programme” to sustain jobs in firms in times of unforeseeable, short term periods of a crisis in demand instead of large ups and downs in company employment has been in operation for decades. The design is simple: the working time and the salary for a number of people are reduced for a limited period, and part of the salary is paid by the AMS, the Austrian Employment Service. The reason for the programme is that it is cheaper for the public to sustain employment than to pay for unemployment, especially as every period of unemployment bears the risk of long term unemployment. The logic for the firm is to keep well trained staff rather than having to make them redundant, particularly when it is likely that such people would have been employed again only a few months later.

In the current economic crisis, the programme has been reformed and reshaped to allow for longer periods of short term work. Currently, the programme has the following elements:

- All non public employees (including people seconded to their respective companies), who face a reduction in work and a reduction in income, in the short term, are eligible;
- The reduction of working time has to be between 10% and 90%;
- The economic problems of the company are limited in time;
- There is a social partner agreement on the reduction of working time and on the qualification measures;
- The individual financial support depends on what the unemployment entitlement (including social insurance) would have been; and,
- The time is limited to 6 months, but can be prolonged for 6 month until a maximum of 24 months.

As in Italy, the programme was usually not used for training and skills upgrading. This has been changed so that employees, who use the working time cut to train and gain qualifications, can receive up to 60% of the costs of their qualification (up to EUR 10,000), co-funded by AMS and the ESF.

With entry into the European Union and the availability of ESF budgets a new strategy related to the adaptability of workers was developed and applied. The core was securing jobs through training of employees. From 1995 on training measures for employees were offered in 3 subsequent ESF programmes involving between 60,000 and 100,000 people annually. The conditions were constantly being sharpened to reach those most in need and avoid the misuse of funds. During the first phase (1995-1999) it turned out that: a) mainly bigger companies participated due to better information and organisation as well as a better vision of what training their employees required; and b) they wanted to train mainly those who were already better qualified and had a better employment situation, so the programme had a strong bias on better qualified young male employed in better firms.

Consequently in the second phase (2000-2006) the programme was targeted at women and older employees and the long term unemployed. Although there was still some creaming effects (especially with regard to well qualified young women) the targeting proved effective and indeed 70% of the participants were women. To increase the participation of small companies a free, two day counselling service for the identification of qualifications needed was provided, later widened to a third day for gender related issues. In the current third phase the same principles were kept, with low qualified and people (re-)entering the labour market added as target groups; and female participation was to be ensured by fixing the budget share as well as the number of cases to a minimum of 50%.

As it is not easy for single companies to plan and organise trainings and qualification measures for usually only a few employees, the founding of "Qualification Networks" has been supported. It is usually SMEs (often together with a big company of the region) that participate in these local networks that are usually framed around certain predominant professions (*e.g.* there are successful examples from areas such as the metal-working sector or spa tourism).

As the future planning of qualifications takes time and requires substantial financial and personal resources, reliable information is needed. The "Prospect" methodology was developed to help decision makers in the labour market to plan which qualifications were required by providing them with regional information and to ensure that local enterprises were contacted early during economic times of change. At the heart of the methodology is a structured dialogue on personnel issues whereby companies are engaged in a reflective process of questions and answers, leading them to a future view of the work area. Actual, as

well as future, tasks are discussed, evaluated and eventually decided upon. The results of these dialogues are then compared with findings from related studies and experience and presented to employment offices and companies; qualification options are also then developed. More than 400 companies in five Austrian Länder (regions) were analysed and the results were used as a basis for future work, including counselling and placement as well as for the development of training provision.¹²

Another related method piloted in the last ESF programming period which is now being mainstreamed is “Flexibility Counselling”, which is mainly an offer for large enterprises to help them in their personnel planning processes with the aim of: preventing unemployment through counselling and training, developing intra company labour markets; and, softening unavoidable redundancies with early measures.

Of the programmes developed in the case of redundancies it is worth mentioning “Labour Foundations”, which was developed more than 20 years ago to support people affected by mass lay offs. With re-employment rates of more than 80% it is probably the most successful Austrian labour market programme. People who are being laid off are entitled to receive unemployment benefits for up to four years if the company provides for a “labour foundation”, which is a body designed to assist former employees with counselling, training, outplacement and self-employment measures on a large scale. This combination of passive support and active measures is the most prominent instrument in the current economic crisis.

5. Gender Policy in Austrian Partnerships

To use partnership structures only for gender issues is not well documented from other countries. But there is an example from gender policy being part of partnership strategies, as for example in Austria, where gender issues are dealt with within Territorial Employment Pacts (TEPs). During the ESF Operational Programme 2000-2006 the responsible Ministry of Economics and Labour decided to involve the Territorial Employment Pacts in the delivery of gender mainstreaming activities. The advantage of this approach was the existing linkage of the TEPs to the Ministry, as they were (and still are) also funded by ESF and therefore co-ordinated by the ESF department of the Ministry.

The Austrian labour market and employment policy is confronted with particular challenges that cannot be met by just a few institutions on their own. These challenges are, for example, the concentration of unemployment in certain target groups, gender segregation in the labour market, and shifts between industries, economic sectors and regions as a result of developments in the business and technology sectors in particular.

The National Reform Programme (NRP) for Growth and Jobs reconciles the aims of the employment policy, especially in terms of economic and structural policy, educational policy and regional policy. With the Territorial Employment Pacts, the NRP can point out in what form improved institutional reconciliation can be achieved between Federal Institutions, Provinces and Municipalities to secure and create jobs. Innovative strategies can be developed within the framework of Territorial Employment Pacts and new approaches introduced to deal with the complex problem of unemployment.

Territorial Employment Pacts (TEPs), developed in all nine Austrian Länder since 1997, are contracted regional partnerships to better link employment policy with other policies in order to improve the employment situation at the regional and local level. In co-operating as partners, the specific aims are to:

- increase effectiveness and efficiency in the use of resources;

- improve the quality of support given to certain target groups;
- secure and create jobs;
- obtain funding for the regions; and,
- preserve, in a sustainable manner, the region as a place to live.

The basic objective is to encourage widespread regional partnership in order to:

- identify the difficulties regions are facing with respect to employment policies and possible , ideas and objectives to address them;
- mobilise all available resources in favour of an integrated strategy which is accepted by all, based on the regions needs and entrenched in a formal commitment – the Territorial Employment Pact;
- improve the co-ordination of job-creation measures; and,
- implement measures to boost employment.

The main tasks of TEPs are:

- co-ordinating partners and their topics;
- developing joint work programmes (TEP-programme); and,
- implementing the measures according to the emphasis of the TEPs.

The success of Austrian TEPs is very often attributed to their stable and effective structures, funded within the framework of the Austrian ESF (currently the Operational Programme for Employment 2007-2013 by means of a specific focus [Priority 5]).

In 2002, the Territorial Employment Pacts jointly developed a “Gender Mainstreaming Project”, the TEGEM Platform. The aim of this platform was to elaborate together the basic principles and instruments for Gender Mainstreaming within TEPs. As a result, the TEPGEM strategy was created which included several single components, such as a common definition, a joint agreement on Gender Mainstreaming, and ways on how to implement gender mainstreaming within the TEPs and their programmes, as well as the establishment of gender sensitive criteria.

Gender mainstreaming continues to be an important element of the TEPs work policy: gender mainstreaming experts are represented in all TEPs. Examination of the special conditions of women and men in the field of intervention is carried out by most TEPs before planning measures and it is considered in the TEPs working programmes, projects and analysis.

6. Child Care Policies in Europe: The “Nordic Model” in Denmark and Sweden

In 2002, explicit goals relating to the provision of child care services were set by the European Council as part of the conclusions of the Barcelona summit. By making direct reference to the target of full employment and the need to increase especially female participation in the labour market, the Council addressed the lack child care as one of the crucial elements to reach this goal. A target of childcare to be provided for 90% of all children between three years and the mandatory school age and for at least one out

of three children under three years was set and reconfirmed in 2008 within the Employment guidelines for the years 2008-2010.

Though the close link between availability and affordability of child care and labour market participation, long term income and career perspectives (especially for women) as well as a better balanced demographic development of the society as a whole is well documented (Eurostat, 2009), there is a surprisingly huge difference in European Union member states' child care provision and policies. For the group of the youngest (0-2 years) for example, formal childcare is available for 73% in Denmark but only for 2% in Czech Republic and Poland (Eurostat, 2009). While in seven Member States (Denmark, Netherlands, Sweden, Belgium, Spain, Portugal and United Kingdom) and Iceland and Norway the use of childcare services is above or at the Barcelona target of 33%, childcare services are only used on a part-time basis (not covering a full working week) in others. The same difference, though on a higher overall level, can be observed for older age groups. For children from three to mandatory school age, only nine member states meet the targets set at Barcelona already in 2002 with formal child care provision varying from close to 100% (Belgium) to only 28% (Poland) (European Commission, 2009).

Of the different approaches applied in Europe, the "Nordic model" of the social state (Scandinavian countries, but also France) seems to be especially well designed to significantly increase the participation rate of women in the labour market, with heavily subsidised public child care provisions, long term entitlements to parental leave, flexible work schemes (also as a legal entitlement) and a much higher participation rate of women in the labour market and an employment gender gap considerably lower than 10%. In Denmark a strong policy has been developed over many years supporting parents who wish to combine work and responsibility for the well-being of young children. Two elements shall be referred to here: a) the structure of the Danish child care provision system; and, b) the possibilities offered.

Family policy and childcare fall under the partial responsibility of a number of different ministries at state level alone:

- The Ministry of Social Affairs (day care facilities),
- The Ministry of Education (kindergarten classes, primary and lower secondary education and after-school facilities),
- The Ministry of Labour (parental and childcare leave),
- The Ministry of Taxation (payment of allowances to families with children)

To improve cross-ministerial collaboration a Governmental Child Committee and a parallel committee of government officials called the Interministerial Child Committee were established (1987) as well as a National Council for Children (1993) "to safeguard the rights of children and to attract attention to and issue information about children's conditions in society...", (Danish Background report the OECD's review). While the overall legal framework and general conditions are laid done by the Ministry of Social Affairs, the actual organisation of facilities and service offered to citizens is carried out at the local level by the municipalities and to some extent also at county level. As childcare is a legal right, since 2006 all municipalities have to guarantee for 100% of places for children older than 6 months, and in larger towns, there is also a more flexible offer regarding opening hours (though a further extension is being discussed). From the provisions available in the respective communities families can choose freely what suits them best.

The fees parents have to pay for child care services are income dependent (free for low income families) with a maximum of 25% of income for children from 0-5 years and 33% for older children; the

costs vary among communities and child care provisions offered. The quality of the Danish system is considered high (e.g. rate children/care persons) in international comparison. It is interesting to note that a discussion seems to have been going on for some time on the issue of care versus education of children (see below the Swedish example).

To sum up, the Danish child care system is based on the a legal right to childcare, it is co-ordinated at state level but highly decentralised for delivery, it offers high quality, at least some flexibility in opening hours and some choice for parents at a comparatively low contribution to the costs.

Sweden offers a slightly different model. Remarkable is the overall responsibility that has been shifted to and concentrated on the Ministry of Education and Science. There is no distinctions between care and kindergarten, and all services for young children from 1-6 are defined as “pre-school” and from 5/6-7 years as “pre-school class”.

All children from 1 to 12 years have a right to childcare, and it is the municipalities who have the duty to provide sufficient numbers of pre-school and leisure-time centres and places. As in Denmark, there is a private contribution, though lower at a rate For 2 and 20% of income, depending on the income and the community service (the maximum fee is set at 3 % of income for one child with a maximum of EUR 130 per month, at 2% of income for the second child with a maximum of EUR 86 per month and at 1% of income for the third child with a maximum of EUR 43 per month).

The right to childcare, which was originally limited to both parents to be in work or to study, now also includes children of unemployed parents and of parents on parental leave. As a result, the share of children aged 1–5 years who made use of childcare services with a parent on parental leave rose from 29 % in 1999 to 59 % in 2005, while the percentage of participating children with unemployed parents rose from 58 % to 81 %.¹³ The overall offer is not as complete as in Denmark but seems to meet demand. There is also a later start of child care demand (at one year or later) due to longer parental leave arrangements (16 months).

7. Policy reform in New Zealand and Australia

Between October 2004 and April 2007, the New Zealand government rolled out a new ‘Working For Families’ (WFF) assistance package, with a full annual cost of approximately NZD 1.1 billion (or USD 0.8 billion). This package attempted to simplifying the benefit system and to create a fairer, more widely accessible system which would enable more families to benefit and more parents (especially lone mothers) to enter the labour market. The reforms had four principle components:

First, the maximum *Family Tax Credit* rates (the main payment per child) increased by around 75% until 2007 and was made more widely available to more families with higher earnings (increasing the eligible threshold from NZD 20 000 to 27 500).

Second, working parents would now also be eligible for the *In-Work Family Tax Credit* (which is paid per family) that replaced and pays more than the previous Child Tax Credit (which was paid per child).

Third, *accommodation supplement* (benefits paid to support housing costs) would also be available to more working people, and many people are entitled to more assistance.

Fourth, *childcare subsidy* and *out-of-school-hours care subsidy* payment rates also increased in 2005, 2006 and 2007), also by raising eligibility thresholds – since 2007 these are now potentially available to 70% of families in New Zealand with dependent children.

The increase in Family Tax Credit and the new In-Work Family Tax Credit, costs up to NZD 1 billion by 2007 – roughly 90% of the costs of the entire “Working for Families” package, whereas the costs of the

childcare subsidy component are estimated at NZD 35 million – only 3% of the package. One consequence of the reform is that as of 2007 for a family with two children, family benefits will cut out at around 150% of average earnings compared to roughly 100% prior to reform. Childcare subsidies are granted up to about 140% of average earnings compared to 93% in 2003. Both of these rates are significantly higher than in the past and have been exceedingly popular amongst the newly eligible recipients in New Zealand. Politicians and parents alike have described these higher entitlement thresholds as a “fairer” way of dividing up the benefits pot.

The introduction of the WFF package has also improved the incentives for lone parents to seek and to stay in work, with a small but positive effect on labour supply. It has been combined with a raft of other policy interventions designed to increase the proportion of single parents in work. To complement these initiatives, the New Zealand Government has also introduced a range of demand side policies aiming to increase the number of working opportunities available to parents, including expanded employment supports (*e.g.* the Jobs Jolt initiative), more accessible and affordable childcare and other service support for sole parents on benefit.

In Australia, as in the Marche reforms, childcare funding now follows parental choices via a newly developed voucher system that allocates public funding via eligible parents. Through income-testing and (partial) linkage of entitlements to working hours or to taking up job offers, employment objectives, as in New Zealand, are also a major aspect of the scheme.

The other clear objective in the Australian system is to improve the efficiency of providers through competition and choice as well as to increase the types of care available, including out-of-school-hours care. Vouchers are linked to *licensed* providers only (see below).

The number of children using Australian government-supported childcare services more than doubled between 1991 and 2004, from 262 200 to 646 800 (AIHW, 2006). Over this period, the number of children attending long-daycare centres almost tripled, to 383 000, while the number attending outside school-hours (OSH) care more than tripled to 160 800. Paralleling this trend, the use of vacation care services has also increased markedly. Of the children who used formal childcare during 2004, 59% attended long-day-care centres; 14% family day care.

The Australian government funds the vouchers for parents through the Child Care Benefit (CCB), which is a payment made to families to help with the cost of childcare. The rate of CCB varies depending on family income, the number of children in care and the type of care used. Families using approved services who are on the lowest incomes receive the highest benefits but some support is still available for families with incomes of up to the equivalent of USD 28 100.¹⁴ If families earn more than USD 28 100, the CCB tapers down to a minimum rate of USD 20.35 per child for 50 hours of care per week – or USD 0.41 per hour. If a family has an income greater than USD 80 568, they are eligible for only a minimum rate.

In addition, since 2005 there has been a Child Care Tax Rebate, which covers 30% of out-of-pocket childcare expenses for approved childcare for working parents, with a rebate of up to USD 3 277 per child per year. Out-of-pocket expenses are the total fees paid for childcare expenses for approved care, less the amount of Child Care Benefit (CCB) received.

The experiences in Australia and New Zealand have much in common with those policies recently undertaken in Tuscany. The increased investment, the increased eligibility thresholds for more middle income earners and the associated sense of “fairness” (as described in the summary and recommendations below) all bear strong resemblance to the policies in Tuscany. So to do the demand side interventions on work organisation and family friendly policies specifically demonstrated in New Zealand. However, the focus on specific employment outcomes – especially for unemployed lone parents is significantly stronger

in New Zealand and has been complemented by major reforms to the benefit system and to other incentives for parents to work.

In Australia the voucher method of purchasing accredited childcare is also reminiscent of that introduced in Tuscany – with a clear supply side agenda of increasing childcare but also using competition and parental choice as a way of driving up standards and accessibility in the childcare market. This is a stage further than that in place in Tuscany where accessibility is currently a more significant driver.

Whilst Tuscany does not have the level of resource or policy responsibility for many of the areas that feature in the Australian and New Zealand reforms (such as to the benefits system for example), the strong focus on employment outcomes is relevant. As described elsewhere in this paper, the ESF objectives for employability and adaptability make this an area that could be strengthened in Tuscany and the focus on seeking and/or retaining jobs could be promoted as a much more significant objective.

TUSCANY SWOT (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS) ANALYSIS

Strengths

- Strong innovation in public service delivery (and willingness to experiment with concurrent and complementary different methods)
- Massive childcare investment and complementary reforms on supply and demand sides
- Good focus on personalisation and co-creation of services (through voucher delivery)
- Broad focus on entrepreneurship and self employment alongside education and training
- Demand led process for ILA system allows users to shape and co-create new services as well as to help direct public investment
- Public service reform – aiming to improve nature and effectiveness of public bodies such as training providers etc
- Breadth of eligible funding for ILA (good links to entrepreneurship and self employment – also social innovation/interventions such as transsexual support programme)
- Channelling of major investment into developing sustainable childcare facilities and services
- Use of anti-crisis funding to support upskilling and work/organisation redesign in Tuscany firms

Weaknesses

- Deadweight and displacement/substitution possibilities – in PARI and ILA interventions

- Limited focus on progression/promotion of women at work (as well as measures helping them into work or to create new working patterns)
- Few active measures to target discrimination in the workplace and in labour market generally
- Dangers of “deadweight” and substitution issues – needs more effective monitoring (would some people start businesses and/or get into labour market anyway?)
- Dangers of inappropriate and wasteful intervention in some firms – needs stronger/more developed rationale for intervention (would some firms/sectors decline and/or disappear over time despite regional government assistance? and does support extend likelihood path dependency and discrimination?)
- Some women may only be starting businesses because they cannot get jobs at all or jobs that do not use their skills (see explanation of necessity versus opportunity entrepreneurship below – both can be supported but the former should be balanced with labour market reform so that women generally have a choice)
- Low skills equilibrium/poor skills utilisation is an issue in the Tuscan economy especially in certain sectors and locations
- VET (and also higher education) may be too detached from labour markets, risking inefficiency in matching supply with demand
- Skills based interventions in a low skilled labour market are difficult – could result in over supply unless work practices develop at same pace (and in same areas as skills investment)

Opportunities

- To connect more effectively with industrial /economic strategy (supporting diversification, entrepreneurship – especially female)
- Some sectors should be prioritised over others? (active labour market policy linked to active industrial policy)
- More demand-led/co-produced services and strategies in future? – increasing the proportion and types of mainstream services that could be driven by voucher type transactions with users
- Greater promotion of flexible working as a way of increasing firm level performance in Tuscan region – especially in light of demographic and productivity challenges in local firms and sectors
- More promotion/facilitation of female and broader entrepreneurship through vouchers and employment/training support
- Improved links between childcare and other programmes with specific programmes to help unemployed/economically inactive female jobseekers in region
- More connections could be made between childcare and work-life balance vouchers and vocational education and training provision in the region

- Work organisation and other policies could be more clearly linked to industrial policy in the region targeting growth firms and sectors and further diversification

Threats

- Tuscany not making enough of knowledge economy – not enough high skills utilization, innovation etc
- Is the imperative to change (culturally and economically) strong enough?
- Political situation regionally and nationally – especially refocus of ESF funding to broader unemployment support due to economic crisis
- Reduction in available funds (political change, crisis related cuts in regional, national and EU budgets)
- More rapid demographic/economic/technological change could accelerate and/or reinforce problems in the economy and labour market
- Further industrial change still likely and impact on economy may be significant eg economic change in key industries may still be likely (eg textiles/footwear sectors, other manufacturing clusters) – also because of small and ‘tight knit’ nature of family firms this is likely to have a more pronounced social effect
- Culture change may continue to be a constraint – significant barriers within population groups and within small firm structure in region (and in Italy generally)

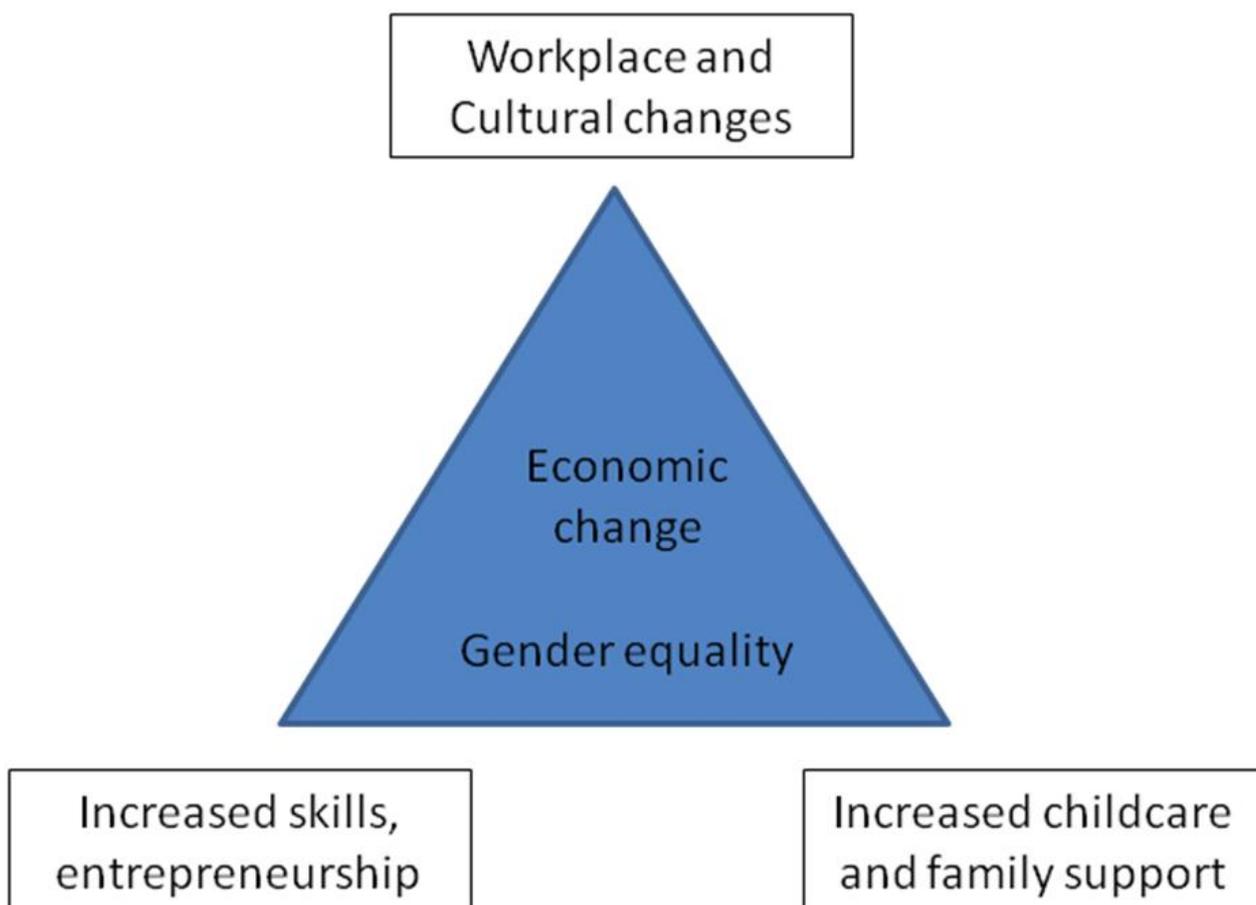
SUMMARY AND RECOMMENDATIONS

The overall context for these recommendations are those set out throughout the OECD visit and this report – namely the ongoing economic crisis and response, the intensification of other social and economic challenges through globalisation, demographic pressures and continuing social change. As a result the need for strong leadership and effective regional strategies are clear. However, it is also clear that these are the most challenging times for the development and delivery of policy. There will be continuing pressure on public (and regional) finances for many years to come because there is less money around because of the crisis (less tax receipts, more pressure on social costs such as benefits and unemployment) and because of the limited room for active anti crisis measures within the generally parlous Italian state finances.

But, the need to change will not disappear when the current economic crises passes. Indeed the demographic and economic pressures to change working practices and daily lives will only intensify in the future. This is why the Regional authorities in Tuscany should continue to develop their policies on work life balance and the innovative approach to developing and delivering public services. It is also why there is a need for Tuscany to demonstrate real leadership and to set out how they see the social and economic future of the Region develop in the coming years ahead.

Nonetheless, it must be acknowledged that the Pact for Female Employment is a necessary and well developed range of initiatives. With the position of women in the Tuscan (and Italian) economy and the demographic pressures clearly evident in society, the need for such an ambitious intervention is clear. The potential ramifications for the Tuscan economy are great – not just in terms of improved female participation in line with the EU’s Lisbon objectives, but also as a way of supporting (and catalysing) economic and cultural change in the regional economy.

Figure 5. Policy objectives of Tuscany's Pact for Female Employment



The main different areas of female discrimination on the labour market are all targeted by this highly differentiated set of measures, be it skills deficits, lack of job offers, traditional company structures and behaviour, deficits in the public employment service, childcare and work life balance, and additional problems of migrant women. Though the formulation used in the agreement is more a sign of political intentions than a programme of work, it definitely constitutes a very good framework to document the common will and to refer to when it comes to the development of concrete measures. Also, other partnership agreements are often not too specific, and it is usual for later programmes of work or subsequent agreements that certain items are defined more explicitly.

There should be little doubt that the regional authorities in Tuscany are both ambitious and capable in the design and delivery of the policies making up their Pact for Female Employment. They have identified several problems, market failures and barriers in the regional economy and have embarked on a long term programme of intervention and reform. But the size of the task should not be under-estimated. At a regional level, the powers of intervention and resource levels are always likely to be limited. Ranged against this are crises of dramatic proportions; economic, demographic and environmental. The current

financial crisis is but one aspect and one that is likely to end in the near future. Also in the way of reform is the status quo – cultural and economic traditions that are not changed easily.

We believe there are seven key areas to consider (all of which are inter-related and dependant on others for success):

1. “Seizing the Moment” – promoting the need for economic and social change in Tuscany;
2. Partnership structures and processes;
3. Improving the effectiveness of measures;
4. Industrial strategy – focusing policies on the sectors and occupations that will drive Tuscany’s future;
5. Avoiding “deadweight” and ensuring that spending is efficiently and effectively targeted in the right places;
6. Supporting entrepreneurship; and,
7. Improving VET and skills utilisation in Tuscan firms and sectors.

1. “Seizing the Moment” – promoting the need for economic and social change in Tuscany

As made clear by several participants in the OECD visit, the crisis presents an unparalleled opportunity to enact cultural and economic change in Tuscany. The authorities clearly understand the failures and limitations evident in Tuscany’s economy and labour market – most notably in this context the under employment of, and discrimination against, women. So this recommendation is primarily about how best to exploit current economic conditions in order to address these weaknesses.

Tuscany should more consciously aim to address discrimination and encourage cultural change – now is the time to “use the crisis” and affect change. Otherwise the region and its firms and sectors may lapse back to pre-crisis complacency (including discrimination, low innovation/productivity and poor skills utilisation behaviours and practices). In the process, Tuscany should make a stronger case for change – economic, demographic and cultural.

The regional authorities in Tuscany should make their ambitions, and broader vision for the region, more widely understood and therefore easier to understand and to deliver. Alongside that the authorities should communicate the wider challenges and “crises” facing the region – especially demographic and environmental.

2. Partnership Structures and Processes

For a better reflection on the structure of the Pact for Female Employment in particular, it might be helpful to draw on the principles of partnerships, as defined by the OECD LEED Forum on Partnerships and Local Governance:

A partnership is an agreement to do something together that will benefit all involved, bringing results that could not be achieved by a single partner operating alone, and reducing duplication of efforts. A successful partnership enhances the impact and effectiveness of action through combined and more efficient use of resources; promotes innovation; and is distinguished by a strong commitment from each partner. To achieve sustained success it is essential that basic local

parameters be created and agreed upon; equally essential are political will, resourcing, and the appropriation of funds.

One can easily see that the Tuscany Pact for Female Employment fulfils the criteria for good partnerships with one, albeit important, exception: the appropriation of resources and of funds is vague in many parts and though there might be more informal consent between partners, this cannot easily be detected from the outside. To define budgets is always important (especially as regional, national and EU budgets come under increasing pressure and scrutiny as a result of the crisis) as it always contains a moment of truth: if a budget is the political will described in figures, true political will is reflected by committing the own institution to a budgetary contribution. And it should not be overlooked that there are other resources, for example, personnel and time, which have to be provided for if operations are to be successful.

The Tuscany Pact for Female Employment clearly reflects the need to intervene in rather different areas of policy to improve the situation of women on the labour market. Direct labour market interventions are combined with accompanying measures, such as support for, and investments in, child care, and awareness raising campaigns and information policies. Special measures are planned to support more disadvantaged groups, and especially women with a migration background, and reference is being made (in the where as clauses) to additional legal measures that are being exercised by the regional government to support the common programme.

The partners to the pact commit themselves to actively support the programme with a number of different activities. The social partners are given a very prominent role (or rather, their actual power is clearly reflected by the tasks assigned to them). There are some partners missing, though, that are usually to be found in similar agreements: especially representatives of the employment offices, and of the education and training sector. It will have to be seen if this constitutes a weakness in the fulfilment of the objectives.

What could be a weak point of the agreement is the lack of concrete figures, both in terms of targets and budgets. This is not unusual for political agreements at this level, but would require a more operational programme of work to fix objectives, resources and responsibilities. As can be learned from partnership experience, there is a need for clear objectives to be able to measure and communicate success, and there is need for resources to be clearly defined, so that there is a mutual understanding of who has to do what and when. There seems to be a clear shared understanding of the “why”, that is the need of the approach; the other questions still require a clear answer.

There is no problem agreeing on these answers at a later stage, and it would be good to make them public to send out clear messages to all those who might benefit one way or the other from the programmes or be involved in some other way.

Another aspect of partnership that needs to be addressed is the way partners in the Pact for Female Employment reach agreement (and deal with disagreement). The document has been signed by mutual agreement on the need and the objectives as well as on the individual commitments of the partners according to the respective items. But what is the mechanism to carry on from there, how shall a detailed programme of work (including budgets) be agreed upon, and what will happen if a partner simply does not fulfil his part to the expectations of others?

The existence of the partnership agreement and its content are a milestone in Tuscany gender policy. There will be very few other examples of regions that have created such a good structure that is able to target the different areas of female discrimination on the labour market at the same time. There is a far

reaching commitment of many relevant actors from the province, the social partners, and the direct involvement of those responsible for gender issues in the region.

There are, nonetheless, three areas where the agreement could be improved further:

- Not all relevant actors are partners to the agreement, and especially the employment offices and the educational sector should actively support the programme and its goals;
- The budgetary commitment remains rather vague. Given the strong political commitment, it should be possible to create operative budgets with clear indications of what shall be achieved in numerical terms. This will be a strong signal to the outside – providing a clear indication to potential beneficiaries – but also to the inside, making the whole agreement much more binding for everybody involved.
- There is no indication of formal structures in the agreement. That means it is unclear at least from the outside, how decisions are being made and how conflicts shall be solved. It is usually a stabilising factor for partnerships, if such precautions are taken (before they are actually needed).

3. Improving the effectiveness of measures

Financial support for the employment of women over 35

The conditions for support should be carefully observed if they are framed in a way to attract company's interest in figures large enough to help improve the employment situation of women. It could also be considered to differentiate the subsidy, *e.g.* by granting different amounts depending on the character of "disadvantage". Or different options could be designed linking the height of the subsidy to the job guarantee period, that is, the longer the job guarantee, the higher the subsidy.

Individual Learning Account

Special attention should be given to the training of people at employment offices to enable them to better judge the ability of persons to participate in such a programme as well as to evaluate the proposals presented to them. This should help to improve the decisions on eligibility, improve results and thus the cost/benefit ratio (see recommendation below on 'deadweight'). The system of tutoring should be developed further to make it as smooth as possible, especially regarding the triangle relationship between individual, tutor and employment office personal. The transition period between the end of the ILA funding and reasonable outcomes should be acknowledged and built into the evaluation; especially regarding the self employed so as to take account of the delicate phase between initial trading and a stable income.

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The current economic crisis will increase substantially the number of companies that need to undergo restructuring, especially given the underlying problems of some industrial sectors in Tuscany. The package designed in co-operation with *Italo Lavoro* to assist companies and people alike in this process seems to go in the right direction. What should be considered though is its scope – as it might be significantly underfunded to cope with the current crisis, and the flanking of the programme by further measures taking special account of the Tuscany situation.

Given the large number of small companies and the lack of traditional co-operation between them (as has been mentioned during the interviews) measures should be considered to increase this level of co-

operation so that companies can back themselves in their restructuring and requalification requirements. Possible solutions could be the creation of qualification networks of small companies or in collaboration with the big company they are often linked to through supply chains or co-operative activities.

Another priority could be a general increase in qualification and upskilling measures for employees as well as for people being made redundant to accompany the economic restructuring process by a substantial investment in the adaptability of people within a clear concept of “Flexicurity”. In a positive sense this concept implies the increase of individual adaptability to be able to cope with requested changes in qualifications and skills and thus to secure the regional competitiveness of enterprises which is then in turn securing employment.

With respect to women, measures should be more explicitly targeted. There could be a clear reference to the proportional share of women in support offers for company restructuring (in jobs saved, in redundancies, in training programmes). During the restructuring process, organisational changes to support female employment and work life balance could be enhanced.

Parity Referee and Gender Mainstreaming

The role of the Parity Referee is mainly restricted to networking and “soft” measures. Though these aspects of policy are doubtlessly of high value for any gender policy, there would be the need for additional, binding criteria inside the agreement that go beyond positive action and include gender aspects in all policy areas. Especially supportive could be budgetary quotas reserving a correct share for each sex; correct meaning depending on the share of the population and not in continuation of the traditional division of sectors, qualification levels, income etc.

4. Industrial strategy – focusing policies on the sectors and occupations that will drive Tuscany’s future

Seizing the moment of crisis to effect long term change (see above) will require a clear strategy of the future that the authorities in Tuscany wish to see. Whilst there is a clear desire to improve female employment levels and also public services such as childcare, it is less clear that there is a robust industrial strategy in place looking at supporting and shaping the key firms and sectors in the Tuscan economy. The links between social and industrial policy are important at this time for reasons of deadweight (see below) and the allocation of increasingly scarce resources but also so that individuals and firms within the region are able to see opportunities and returns in the future. There is widespread agreement on the need for economic diversification and new more innovative sectors bringing better jobs – but what are these sectors and jobs? It would be helpful for the authorities to spell out those strengths that they see in the future (see “New Industries, New Jobs” example from the UK above).

A conscious process of identifying and supporting key sectors, clusters and firms will provide benefits to the economy and the labour force over the longer term. Resource constraints also suggest that some degree of prioritisation may be beneficial.

This also sends strong signals to new entrepreneurs, investors and research and education providers in the region as well as to individuals considering training or retraining options.

5. Avoiding “deadweight” and ensuring that spending is efficiently and effectively targeted in the right places

As explained at the beginning of this section, it is clear that there will be continued pressure on regional and national resources over coming years. Making the best use of what the region has will therefore be crucial as even existing resource levels may not be sustained.

On this basis, the authorities in Tuscany should be particularly watchful of possible “deadweight” or ineffective spending in its policy interventions. The two areas of most concern are likely to be in spending on ILA recipients and on firms accessing various packages of financial support during the crisis. In both cases, the authorities should ask:

- What would happen if these individuals and firms were not given support (would they manage without support to access training, start businesses and to survive without government help)?
- Are there more deserving individuals and firms (that may not be presenting themselves for assistance)?
- Could the expenditure be better targeted (for example on firms more closely linked to industrial strategy for future or for individuals gaining skills in same sectors – see above)?

The authorities in Tuscany should evaluate the cost effectiveness of all interventions but with a particular focus on ‘deadweight’ and ‘substitution’ effects so that all money is well spent.

6. Supporting entrepreneurship

Diversification in the economy as well as the need for new businesses and a new business culture are seen as important through regions in the developing world and the OECD. In Tuscany these issues are also relevant but so too is the cultural change that new entrepreneurs might be able to bring to the region. Female entrepreneurs, such as the ILA case study starting a business in balloon art (see above), are likely to do more than just diversify and strengthen the economic base and structure in the region. They are also likely to bring about cultural change such as that coming from more women in the labour market and more women starting and running their own businesses.

In the process, the region should do as much as it can to support entrepreneurship generally but new forms of entrepreneurship and self employment (such as women entrepreneurs) in particular. Along the way, they should be mindful of motivations for entrepreneurs and especially the definition of “necessity” and “opportunity” entrepreneurship.

It is an important distinction between “necessity entrepreneurship”; people who think that they have little choice but to be self-employed, and “opportunity entrepreneurship”; where people see a commercial opportunity and set up a business to exploit it. Necessity entrepreneurship has also been described as the “reluctant self-employed”, an interesting category given the large overall rise in this category in the last few years. While this distinction between types of entrepreneurship also applies in other countries, there has to be a caveat applied in riskier labour markets (that is, low regulation and low social protection countries, such as the US and the UK) because many such “entrepreneurs” feel that they have little choice but to be self employed.

7. Improving VET and skills utilisation in Tuscan firms and sectors

There is strong evidence of a “low skills equilibrium” in many parts of Tuscany’s economy. If the region is to react properly to global changes (both challenges and opportunities) and also to effectively realise its goals for female employment, it must do all it can to break out of these limited working practices and aim to increase both the demand for and utilization of skills.

Improving skills utilisation (working towards a knowledge based not a low skilled economy) will make discrimination less likely to persist – whether cultural, economic or at firm level as the value of

women's skills will become more and more important. Whilst low skill, low productivity processes and sectors remain it is easier and less costly to discriminate as there is less of an overt cost to such behaviour.

The low skill equilibrium also needs to be minimised for other reasons. One clear problem if it persists is that Tuscany will enter a situation where they are over-supplying skills into its labour market. This is particularly important when many human capital and training related interventions are being designed and delivered. Oversupply of skills will result in poor wage and/or employment returns for individuals and reduced incentives for people and firms to invest in training. This potentially creates a reinforcing downward spiral that should be avoided at all costs.

The Pact for Female Employment will be generally be less effective in a low skilled economy. As explained, the training measures are likely to be less effective if skills utilisation and productivity are not raised at the same rate. Also, where wage returns are low, women will be less tempted to organise rare or expensive childcare because of the paucity of their earnings potential in work. All of these issues would conspire against an improving female employment rate.

This adds more weight to the need for aligning economic and industrial policy as effectively as possible and reinforces Tuscany's need to continue with its demand side measures targeting work organisation, innovation and performance improvement.

“Seizing the moment” in Tuscany sums up the situation dramatically. There are longstanding flaws in the regional economy and labour market and the financial crisis provides a huge opportunity to tackle ingrained behaviours and cultural practices that will otherwise hold the region back. The Pact for Female Employment alongside massive investment in childcare facilities and a positive industrial strategy has the potential to transform the economy in Tuscany over the medium and longer term.

Tackling issues such as discrimination and the low skills equilibrium are essential if the region is to maximise economic and social conditions and to make the best possible use of its human capital. Without this the region's firms and sectors will continue to rely on poor working practices, low productivity and sub optimal uses of human resources that will make them and the region more vulnerable to the negative effects of globalisation and technological change and to future economic shocks.

The issues of discrimination and the low skill – low productivity model are however, firmly in the sights of Tuscan policymakers and the measures adopted under the guises of the ESF (and other) programmes are generally impressive and ambitious. Success may be more likely in both areas if there is widespread agreement about the type of economy that is desirable in the future and clarity over how this will develop over time. In this sense the widespread debates about how economies can develop and become more resilient as well as prosperous in the future are well timed.

But in industrial terms there is a need to be equally ambitious here too. A compelling vision for the future economy – supported and articulated by all major stakeholders is as important as existing goals for improving female participation and developing human capital.

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ANNEX 1: STUDY VISIT PROGRAMME

International Learning Models OECD LEED Programme - ESF CoNet STUDY VISIT

Firenze, 25th and 26th June 2009
Palazzo Strozzi Sacrati, Piazza Duomo 10 – Endimione Room

“L’Occupazione femminile in Regione Toscana”
“Female employment in the Region of Tuscany”

25th June 2009
Hour 9.30am - 1.00pm

Welcome and Start Work

Giacomo Gambino – Deputy Director General for Guidance, Education, Training and
Employment

Presentation of the labour market in Tuscany Region
Francesca Giovani – Labour Branch Director

The crisis and the actions for female employment
Piergiorgio Cattini – Head of Unit Industrial Relations and Labour Market Projects

11.00am Coffee Break

The non-equal opportunities: female employment in Tuscany Region and the fight against
discrimination

Marina Capponi – Parity Councilor of Tuscany Region

A Pact for female employment

Elisa Donatini – Directorate General for Cultural and Education Policy

Incentive Fund for the insertion of women over 35 into the employment market
Floriana Pagano – Directorate General for cultural and education policy – Labour Branch

1.00pm Lunch – Osteria dell’Olio, Piazza dell’Olio 10/r .

2.30-5.30pm

Presentation ILA Project – Individual Learning Account
Piergiorgio Cattini – Head of Unit Industrial Relations and Labour Market Projects

ILA card in the Province of Pistoia
Marzia Vannucchi – Labour and Employment Service of the Province of Pistoia

The active policies of female employment in the Province of Grosseto
Roberta Giulietti – Head of Labour and Social Policies branch in the Province of Grosseto

The promotion of female employment during the crisis: territorial pact, active policies and conciliation measures. The role of the Monte dei Paschi di Siena Foundation towards a new model of workfare in the Province of Siena.
Monica Becattelli – Head of Employment Services and Territorial Network of the Province of Siena.

26th June 2009

Hour 9.30am - 1.00pm

Presentation Programme P.A.R.I.
Angelo Irano – National Head Programme P.A.R.I. – Itallavoro S.p.a.

The actions for female employment in the Province of Pisa
Anna Romei – Provincial Minister of Labour Policies and Vocational Training of the Province of Pisa

11.00am Coffee Break

Strengthening employment services: The Parity Referee
Anna Maria Tognetti – Parità Referee of the Province of Firenze

Female entrepreneurship in Tuscany Region
Antonella Turci – Gender policies and Promotion of Equality Opportunities Branch Director

1.00pm Lunch – Ristorante Perseus, Viale Don Minzioni n. 14/R - Firenze

2.30 - 5.00pm

Expansion of childcare services and reconciliation in Tuscany Region
Daniele Sestini – Head of childhood and educational policies Unit of Tuscany Region

Final discussion and conclusions

ANNEX 2: LIST OF PARTICIPANTS

International Learning Models – OECD LEED – ESF CoNet

Study visit – Florence 25th and 26th June 2009

Francesca Giovani – Tuscany Region - Labour Branch Director;

Cattini Pier Giorgio – Tuscany Region - Head of Unit Industrial Relations and Labour Market Project;

Elisa Donatini – Tuscany Region - Directorate General for Cultural and Education Policy;

Floriana Pagano – Tuscany Region - Directorate General for Cultural and Education Policy – Labour Branch;

Antonella Turci – Tuscany Region - Gender policies and Promotion of Equality Opportunities Branch Director;

Daniele Sestini – Tuscany Region - Head of Childhood and Educational Policies Unit;

Marina Capponi – Parity Councilor of Tuscany Region;

Stefano Barbieri – Head of the OECD LEED Trento Centre for Local Development;

Emma Clarence – Policy Analyst, OECD LEED Trento Centre for Local Development;

Andy Westwood – President of the OECD Forum on Social Innovation and Adviser;

Michael Forscher – ZSI Centre for Social Innovation;

Roberto Pettenello – Autonomous Province of Trento;

Luigina Leonarduzzi – Friuli Venezia Giulia Region;

Angelo Irano – National Head Programme P.A.R.I. – Itallavoro S.p.a.

Marzia Vannucchi – Labour and Employment Service of the Province of Pistoia;

Roberta Giulietti – Head of Labour and Social Policies branch in the Province of Grosseto;

Paola Paradisi – Province of Grosseto;

Monica Becattelli – Head of Employment Services and Territorial Network of the Province of Siena;

Sara Frediani – Province of Pisa;

Elisa Berni – Province of Pisa;

Anna Maria Tognetti – Parity Referee of the Province of Florence

ENDNOTES

¹ 24th October, 2008 Alan Greenspan in Evidence to Congress House Oversight and Government Reform Committee.

² Support for the unemployed is provided mainly through the employer-based *cassa integrazione* system which provides far from universal coverage. In 2008 and early 2009 the Government adopted various temporary measures to provide some income security to workers likely to be hit by the recession through an increase of resources devoted to finance additional unemployment benefits further to those foreseen on a permanent basis under current legislation (so-called “ammortizzatori in deroga”).

³ Another aspect of the industrial structure that is often highlighted in Italy is the high proportion of employment in small firms. Often these have been family firms. If small firms (or a sufficient number of them) nevertheless grew fast, their high numbers might be an advantage, but this does not appear to be the case. In practice, it is hard to separate discussion of why small firms are predominant from why this might affect overall growth. One set of reasons put forward for the importance of small firms concerns explicit threshold effects in regulation, notably in labour law; others are related to some combination of corporate governance arrangements and the role of the state; and more “cultural” explanations are often advanced too. The cultural explanation – that Italian entrepreneurs themselves *prefer* their companies to stay small – is difficult to refute, but requires explanation itself (OECD, 2009).

⁴ The female labour force is more concentrated in employed status, where growth has been consistent, from 75.6% to 77.2%, whereas men of the same age group are more likely to choose self-employment.

⁵ The voucher scheme was described as a benefit for both users and also for supply side reform – addressing perceived rigidities in formal VET systems – with too many “one size fits all” approaches in jobcentres and training that was not directly relevant to jobs and to businesses.

⁶ Besides those actions mentioned before also those are considered strategically positive that favour the labour market integration of women, like “voucher *a sportello*” to buy care services for children, elderly and disabled within the existing framework to increase the number of education, work training an practice as well as active search for employment. Such interventions will be accompanied by measures of dissemination, information and orientation to ensure the maximum of access possibilities on the whole Tuscany territory. Training measures for providers of such services can be supported as well.

⁷ When, for example, the Austrian Ministry of Labour and Social Affairs identified the need to fund counselling and support facilities from non-governmental organisations (NGOs) as a kind of pre-front office of their employment offices around 1990, it do so in recognition that many of the problems of their clients – if detected at all – could not be addressed by the officials of the institutions. Counselling and support facilities were funded for a number of different target groups, *e.g.* migrants, people with social problems, youth, and women. The variety of topics that had to be addressed was enormous, including housing, childcare, divorce, legal questions, as well as qualification, skills and training needs and confidence issues. NGOs, often embedded in a strong network, and in co-operation with official institutions often succeeded in reaching reach workable solutions for all parties involved, for the clients, and for the public institutions responsible for the public funds and results. This is an early example of the necessity of involving partner organisations in order to reach certain goals which could not be reached by one organisation alone. This was long before the beginning of formal partnership activities and the relationship between the public institutions and the NGOs was often not an easy one, partly relating to funding dependency on the part of NGOs, the sometimes rather different approach to certain issues of their common clients, and their different orders.

- 8 Wales is one of the devolved nations within the UK and has a range of autonomous powers especially in education and training and economic policy. Its status is quite similar to autonomous regions in Italy in that it can retain budgets and some taxes. Certain powers are not devolved, including tax raising powers and benefits or unemployment policy, which remain UK wide.
- 9 As set out in the Welsh “ProAct” case study, economic policy as well as education and training is now a devolved matter, so the “New Industries, New Jobs” white paper (published in April 2009) policy applies to England only.
- 10 The Director General of the Confederation of British Industry’s, Richard Lambert, argued that what the UK need from the Government was “a vision of the kind of economy we want to have in ten years time and what it’s going to take to get from here to there” Richard Lambert’s speech at CBI North West annual dinner <http://www.cbi.org.uk/pdf/20090401-r1-speech-nw-annual-dinner.pdf>
- 11 The Technology Strategy Board is a public-private fund providing capital funds to support investment and collaboration in new technologies and the sectors that exploit them for commercial gain.
- 12 See: Prospect Unternehmensberatung GesmbH: Die Methode Prospect, Vienna.
- 13 See: European Commission (2009) *The Provision of Childcare Services - A Comparative Review of 30 European Countries*, European Commission, Brussels.
- 14 Monetary value is the approximate conversion of Australian dollars into US dollars.