

# ITALY



Key policies to promote longer  
working lives

Country note 2007 to 2017

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Co-funded by the  
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This Country Note was produced with the financial assistance of the European Union.

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# KEY POLICIES TO PROMOTE LONGER WORKING LIVES IN ITALY<sup>1</sup>

(Situation 2007 to mid-2017)

*Italy could do more to increase the employment rate of older workers. According to the Late Career Scoreboard at the end of this report (Table 1), despite recent increases the rate remains below the EU average (in 2016, 40.5% among those aged 50-74, compared with 45.4%). In particular, as synthesised in Table 2, Italy could take action to encourage the social partners to implement better retention and hiring mechanisms targeted at older workers; provide guidance for lifelong learning; and help to balance professional and family responsibilities. That said, Italy has in fact done much to raise the statutory age of retirement, and some regions have taken substantial action targeting workers most at risk of joblessness. The country has also taken steps to enhance participation in training and strengthen workplace health and safety.*

## 1. Rewarding work and later retirement

### 1.1. Enhancing incentives to continue working at an older age

#### *Introduction*

The first pillar of the pension system in Italy consists of two tiers. The main one is a pay-as-you-go (PAYG) scheme that covers the entire employed workforce, including the self-employed and the so-called *parasubordinati* (Project workers). While in the past these were all defined benefit (DB) schemes, since the 1995 reform a notional defined contribution scheme (NDC) has applied to those entering the labour market after 1 January 1996. A pension reform was decided in December 2011 and entered into force on 1 January 2012. This law accelerated the transition from the public DB scheme to the NDC scheme by applying the latter on a pro rata basis to all workers from 2012 onwards, rather than starting in the mid-2030s as set by the 1995 reform. Contributions earn a rate of return related to real GDP growth. At retirement, the accumulated notional capital is converted into an annuity that takes into account average life expectancy at retirement (OECD, 2017). Because eligibility requirements are strict (20 years of contributions on earnings above 1.5 times the safety net), people who do not spend long periods in the paid labour market and/or do not save in alternative insurance schemes may be exposed to high poverty risks in retirement (OECD, 2015a).

The second tier is an income-tested “old-age social allowance” (*Assegno sociale*, formerly “social pension”), amounting to EUR 5 824.91 annually in 2016 for a single person and an additional EUR 190.26 per month for those aged 70 and over.

In addition to the first pillar, Private and public sector employees hired after 2000 are entitled to a severance payment benefit (*Trattamento de Fine de Rapporto*, TFR) when they retire or change employer

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1. This note has been produced by the Ageing and Employment Policy Team with a contribution from Nicola Duell.

(second pillar). A new regulatory framework for funded pensions has been in place since 1992 with the objective of developing defined contribution (DC) supplementary pension funds. Contributions to the pension funds of the second pillar (closed and open occupational pension funds) and private pension plans – the third pillar – are promoted by tax incentives and especially the voluntary transfer of TFR to pension funds (European Commission, 2015). In 2016, there were 7 million people enrolled in supplementary pension schemes out of a total eligible workforce of around 23 million (COVIP, 2017).

### *Raising the statutory age of retirement*

Following the 2011 pension reform, the retirement qualifying age has been increased, gender differences in retirement ages will gradually be eliminated, and the pension age has and will continue to become more flexible: as of 2012, the retirement age is set between 66 and 70 years of age for men., That same year, the minimum retirement age for women was 62; it will gradually increase until it reaches 66 by 2018. With regard to the flexible retirement age band through the age of 70, the pension level will increase the more a worker postpones retirement. There are thus incentives for employees to continue their working lives.

The 2011 pension reform also indexed the minimum retirement age to life expectancy. Therefore, a three-month increase went into effect starting 1 January 2013. In March 2015, the Italian National Social Security Institute (*Istituto Nazionale Previdenza Sociale*, INPS) published new eligibility criteria for pensions that cover requirements for seniority pensions (paid after a given number of years of service), the old-age pension, and the early retirement pension.<sup>2</sup>

Due to changes in life expectancy, the pensionable age has generally been increased as of 2016. In 2017, retirement age was 66 years and 7 months for male employees in the public and private sector and women working in the public sector; 65 years and 7 months for women employed in the private sector; 66 years and 1 month for self-employed women; and 65 years and 7 months for *Assegno sociale*. From 2018, the retirement age will be raised to 66 years and 7 months for every worker, including for the recipients of the *Assegno sociale*. From 2019 it will increase to 67 (*Ministero dell'Economia e delle Finanze*, 2017). An additional four months have been added to the eligibility criteria for people who qualify for pensions based on a combination of length of service and age.

### *Facilitating phased retirement*

Unlike the situation in most other European countries, in Italy very few older workers intended to reduce their working hours in a move towards retirement in 2012, even though a partial retirement scheme was in place (Eurofound, 2016). The 2016 budget law introduced a subsidised part-time measure on an experimental basis, addressing workers in the private sector who i) had a standard full-time contract, ii) had made the minimum contributions to be entitled to the old-age pension, and iii) would reach retirement age by 31 December 2018. These workers may arrange with their employer a reduction in working time between 40% and 60%, receiving in their payroll remuneration for their part-time job and a tax-free allowance corresponding to the amount of contributions to be paid by the employer. In this way, for the purposes of calculating the pension, part-time years are considered as full-time ones. The limited number of applications jeopardised enforcement of the measure in 2017 (*Ministero del Lavoro e delle Politiche Sociali*, 2017).

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2. [www.inps.it/bussola/VisualizzaDoc.aspx?sVirtualURL=/Circolari/Circolare%20numero%2063%20del%2003-2015.htm&iDDalPortale=&iIDLink=-1](http://www.inps.it/bussola/VisualizzaDoc.aspx?sVirtualURL=/Circolari/Circolare%20numero%2063%20del%2003-2015.htm&iDDalPortale=&iIDLink=-1) (accessed 23 February 2018).

### *Better combining of pensions (or partial pensions) and work income*

Since 2008, it has been possible for people who are retired and who have reached the minimum level of contributions made to social security (at that time 40 years) to combine their pension income with income from self-employment or project work (*Parasubordinati*) as well as from dependent income. Early retirement pensions also can be combined, but only with self-employment or project work and not with income from dependent employment. Limits to combining pensions with other sources of income established by previous rules<sup>3</sup> remain in the following cases: disability allowances (*Assegno di invalidità*); pensions for survivors; pensions for workers under certain workfare measures (*Lavori Socialmente Utili*); minimum income measures; and the pensions of employees who transit from full-time into part-time work.

According to labour force survey data, there was an increase in retired people working as white collar workers, from 18.5% in 2007 to 25% in 2011 (Principi, Checcucci and Di Rosa, 2012). Overall however, the percentage of retirees working after the age of 65 is very low. Several different sources show an increase in self-employed of retired workers, whereas the data on retired freelancers are contradictory. According to the Ministry of Labour, about 80% of working periods performed by persons who retired between 2008 and 2011 are below one year in duration, indicating the extensive use of flexible contracts (through contract work, work vouchers, etc.), including employer-co-ordinated freelance contracts. Numerically, self-employment among retired workers prevails over other employment forms. Working pensioners in the main either have low skill profiles or are highly skilled professionals. Undeclared work has likely been high among retired workers in order to avoid making pension contributions.

### *Rewarding longer careers*

It is possible for private employees to defer retirement until the age of 70; in such cases a higher transformation coefficient will be used.

## **1.2. Towards restricted use of early retirement schemes**

### *Restricting access to publicly funded early retirement schemes*

Three major pension reforms were decided in 2009, 2010 and 2011. The 2011 pension reform discontinued the seniority pension quota system that was based on a combination of age and seniority (previously 35 years of contributions) and has started to replace the seniority pension with the early retirement pension. Entitlement to the latter is subject to more restrictive conditions than in the previous system. To qualify for an early retirement pension without a penalty from age 62, 42 years and 10 months of contributions for men and 41 years and 10 months for women are required with no age prerequisites (from January 2016 to December 2018). Women alternatively can retire at 63 years and 7 months of age if they have at least 20 years of contributions and their pension is not below 2.8 times the minimum social pension.

Pensions are reduced, however, if the employee is less than 62 years old (1% of the pension amount for the first two years of early retirement and 2% for each additional year). These reductions do not apply to workers who are employed for the first time after 1 January 1996. Those workers can also draw the new seniority pension at the age of 63 years and 7 months in 2016 having made at least 20 years of contributions, provided their expected pension is not below EUR 1 250 per month. In order to set stronger incentives to lengthen working lives this rule should be reconsidered, and access to early retirement for those with higher earnings should be more restricted.

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3. Legislative Decree 30 December 1992, no. 503; Law of 23 October 1992, no. 421; Stability Law for 2012.

June 2017 saw a new early retirement programme come into force. APE (*Anticipo finanziario a garanzia pensionistica*) aims at facilitating early retirement and increasing lower pension incomes. Shortly after its introduction, more people applied than was forecast for the whole of 2017. INPS received 66 400 applications for the new APE programme, which presents unemployed and disadvantaged workers with the possibility of retiring a maximum of three years and seven months early. The measure mainly targets those unemployed whose entitlement to unemployment allowance (or *Cassa Integrazione* allowance) has expired. “APE sociale” includes a special benefit for people in hardship aged 63 years or over. Certain categories of disadvantaged workers with at least 30 years of paid contributions, can retire earlier (up to 3 years and 7 months before the standard pensionable age) with a monthly allowance of up to EUR 1 500. APE also provides workers aged 63 and above with the possibility of retiring earlier, via a special loan scheme covering missing contributions. The loan has to be repaid through monthly instalments over a 20-year period. The initiative is conceived as a trial period. INPS has to assess the applications and, in case of insufficient resources, comes up with a ranking that accords priority to workers who are close to retirement. The programme is expected have a positive effect on the entry of young workers to the labour market.<sup>4</sup> While the impact of raising retirement age on youth employment risk has been widely discussed in Italy, any negative impact is likely to be low over the long term (Bertoni and Brunello, 2017).

#### *Introducing specific provisions for arduous/hazardous work*

Since 1993, legislation has defined arduous/hazardous work as manual labour that is particularly strenuous. A list of categories drafted in 2007 includes individuals working in tunnels, caves, mines, caissons with compressed air; deep-sea divers; workers exposed to high temperatures; processing of hollow glass; work carried out in a confined space; asbestos removal work; assembly line workers; drivers of heavy vehicles used for public transport services; and night workers. Workers performing arduous/hazardous jobs can more easily access early retirement pensions of the first pillar (five years before reaching the minimum pensionable age for dependent workers and four years for the self-employed, provided they have met the requirements of a minimum period of contributions and a waiting period).

About 900 000 workers are potentially covered by the law, although in practice many applications are rejected. Starting in 2018, to be eligible for early retirement workers must have been employed for at least half of their careers in the jobs listed above, while until the end of 2017 employment was limited to at least seven out of the last ten years (Jessoula, Pavolini and Strati, 2016).

### **1.3. Preventing welfare benefits from being used as alternative pathways to early retirement**

#### *Unemployment (insurance and assistance) benefits*

Individuals who have been unemployed for at least four years may actually claim early supplementary pensions five years before reaching the minimum retirement age if they comply with contributory conditions in place under the first pillar. Furthermore, insured workers who have been unemployed for between one and four years, or are on the special wage compensation schemes for working-time reduction (CIGO and CIGS)<sup>5</sup>, or are beneficiaries of “mobility allowance” (*Indennità di mobilità*) may withdraw up to 50% of accumulated contributions in a lump sum (Jessoula, Pavolini and Strati, 2016).

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4. [www.etui.org/ReformsWatch/Italy/Italy-early-retirement-program-applied-above-expectations](http://www.etui.org/ReformsWatch/Italy/Italy-early-retirement-program-applied-above-expectations) (accessed 25 February 2018).

5. These are short-term allowances. The Ordinary Wages Guarantee Fund (*Cassa integrazione guadagni ordinaria*, CIGO) is activated in case of suspension of, or reduction in working activities due to temporary events that cannot be ascribed to the company. The Extraordinary Wages Guarantee Fund (*Cassa integrazione guadagni straordinaria*, CIGS) is activated for those companies that undergo economic restructuring or an economic crisis. See for details see <https://www.eurofound.europa.eu/it/observatories/emcc/erm/support-instrument/wage-guarantee-fund-cigocigscigd> (accessed 6 March 2018).

The 2012 labour market reform abolished the mobility allowance, which represented the most generous social protection exit scheme in Italy. Before the reform, beneficiaries were included on a special list held by the Public Employment Service (PES) for receiving services and referrals to active labour market programmes (ALMPs). The reform affected some categories of workers hit by collective dismissals, although temporary and seasonal jobs were excluded.

With regard to unemployment compensation, the 2012 reform introduced a new benefit scheme (*Assicurazione Sociale per l'Impiego*, or ASPI) in 2013 that is gradually replacing the current unemployment compensation. The duration of this new benefit will eventually be 18 months for workers over 55 and 12 months for younger workers (Principi, Checcucci and Di Rosa, 2012).

In 2014 the Italian Government introduced the Jobs Act, a labour market reform package that adjusts, among other things, unemployment benefit schemes (OECD, 2015b). The new ASPI scheme (NASPI) extends coverage to all dependent employed, and requires benefit recipients to participate in targeted active measures proposed by the PES (see Section 3.2 below). In 2015, the new unemployment scheme extended the maximum duration to 24 months. Workers lose this benefit at any age if: i) they refuse to participate in active labour market initiatives without justifiable reason, or do not participate on a regular basis; ii) they refuse a job offer from PES with a salary at least 20% higher than the benefit.

#### *Social aid*

In the past, people below pensionable age were hardly ever eligible for social aid. Workers who did not comply with the eligibility requirements relied only on the (low) social assistance benefit (*Assegno sociale*, see above) during retirement. Therefore, workers who were most likely to have intermittent careers, low-paid and/or precarious jobs, or periods of unemployment preferred to work in the informal labour market rather than pay high contributions and face the risk of not obtaining a pension.

A new universal scheme has been introduced in Italy: the *Reddito di inclusione* is a structural income support measure with stable funding addressed to people in poverty.<sup>6</sup> A decree was adopted in September 2017 to implement the measure, and funds were increased in the Budget Law 2018 to extend the coverage of the allowance and make it a universal means-tested measure.

#### *Disability benefits*

In 2009 a law was enacted to reduce the misuse of welfare benefits by “fake invalid people” (*Falsi invalidi*) through introduction of stricter controls on allowance allocation (Ciccarone, 2012). According to Eurostat data, there were 972 400 disability pension beneficiaries in 2009 and 1 047 000 in 2015. This increase may be influenced by the age shift. Recipients of the disability allowance can combine it with income from work, but reductions are specified depending on income and the length of contributions.

For people with occupational disabilities or injuries, occupational health and safety legislation as well as accident insurance legislation lays down the various obligations of the occupational social security organisation INAIL (the National Institute for Insurance against Accidents at Work – *Istituto Nazionale Assicurazione Infortuni sul Lavoro*), INPS, the employer, the occupational physician and the worker with regard to the process of returning back to work. These include provisions related to workplace accommodation, reclassification of workers declared unable to take up their former position, and the possibility of combining part-time work and sickness allowances. The INAIL approach is comprehensive

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6. For details see [www.lavoro.gov.it/temi-e-priorita/poverta-ed-esclusione-sociale/focus-on/Reddito-di-Inclusione-Rel/Pagine/default.aspx](http://www.lavoro.gov.it/temi-e-priorita/poverta-ed-esclusione-sociale/focus-on/Reddito-di-Inclusione-Rel/Pagine/default.aspx); (accessed 23 February 2018).

and its activities are carried out by multidisciplinary teams comprising health professionals, social experts and work experts. People who have suffered from health problems not related to work can benefit from rehabilitation services offered by INPS, but these involve only medical treatment (Banfi and Fries-Tersch, 2016). There is room for improvement in co-ordinating and aligning the activities of the different institutions and implementing comprehensive approaches to enable people with disabilities to return to work, independently of whether the disability or injury is occupational.

## **2. Encouraging employers to retain and hire older workers**

### ***2.1. Preventing discrimination in employment on the basis of age***

#### *Implementing current or new legislation*

Article 3 of the Italian Constitution contains a general equality principle. Article 37 guarantees equal treatment and mentions age only as a minimum limit for salaried workers (Principi, Checcucci and Di Rosa, 2012). Legislative Decree 216/2003, which transposes Article 6(1) of Directive 2000/78/EC in establishing a general framework for equal treatment in employment and occupation, contains exceptions to equal treatment under certain circumstances. Prohibition of discrimination does not apply in the following fields: i) access to and treatment in employment and occupational training, including dismissal and payment, by young workers, older workers and those with caring responsibilities, in order to promote their integration into employment or their protection; ii) for “the determination of minimum age levels, professional experience or seniority in employment for access to employment or to certain benefits linked to employment”; and iii) “the determination of a maximum age for recruitment, based on the training requirements for a specific occupation or on the need for a reasonable period of work before retirement” (Favilli, 2017). These exceptions should be reviewed, especially when they limit access to the labour market and training. The European Directive on Discrimination, including on the grounds of age, should be implemented fully. The social partners should be consulted regarding implementation of the legislation, in order to ensure its effectiveness and minimise any additional costs to employers.

#### *Launching public awareness campaigns*

The 2012 national programme on active, vital and dignified ageing in a solidarity-based society aims at promoting a more positive idea of old age and the concept of active ageing, and encourages volunteering, lifelong learning, the transition of knowledge from older to younger workers, and education in active and healthy lifestyles. The Presidency of the Council of Ministers created a website for the European Year for Active Ageing and Solidarity between Generations, together with a dedicated email, where citizens and actors can submit events and initiatives at local, regional and national level and publish studies or research papers on related issues. During the closing event of the European Year 2012, the Minister in charge of intergenerational cooperation and family policies presented a proposal for a Chart of Intentions and Measures for Active Ageing and Solidarity between Generations.

The result of co-operation between the Ministry of Labour and ISFOL (Institute for the Development of Vocational Training of Workers), the national strategy envisages the screening and monitoring of regional and local plans for active ageing and the regular review of the implementation of such plans (Banfi and Fries-Tersch, 2016).

## **2.2. Taking a balanced approach to employment protection by age**

### *Implementing age-neutral measures*

Employment protection legislation (EPL) in Italy is relatively strict compared with other OECD countries. The 2012 labour market reform introduced a range of amendments that could have impacts on older workers' employability, most notably: extension of the age span for on-call work, from those aged 25-45 to those aged 25-55; and introduction of restrictions and economic disincentives for employer-co-ordinated freelance work (Colombo, 2013). The number of short-term employer-co-ordinated freelance workers was eventually reduced from 1 426 000 in 2012 to 918 000 in 2016. The decline was observed especially among younger cohorts, while the numbers remained stable among older workers. Pensioners represented only a minority in this group (83 000) (*Ministero del Lavoro e delle Politiche Sociali et al.*, 2017).

With the Jobs Act adopted in December 2014, the government has a mandate to introduce measures to rationalise employment protection for all and tackle the duality in the labour market between temporary and better-protected permanent jobs (OECD, 2015c). In particular, these measures include:

- i. A new standard contract introduced in early 2015 with employment protection that increases with tenure. It further limits the possibility of the reinstatement of workers following unfair dismissal, excluding cases of dismissal for economic reasons (*Motivo oggettivo*). To avoid unnecessary disruption, the new arrangements are applied only to new employment contracts. Given the very low rates of job changes after a certain age in the Italian labour market, it is likely that the new legislation will mostly impact younger cohorts.
- ii. Monetary compensation that increases with tenure (two months of wages per year of service) with a minimum amount equivalent to 4 months of wages and a maximum amount equivalent to 24 months of wages.

## **2.3. Discouraging mandatory retirement by employers**

### *By law in general, by sector/occupation, private/public sector, region*

As soon as private employees reach retirement entitlements, the employer has the freedom to recede from the employment contract. The age limit of 70, however, is mandatory.

Public employees are obliged to retire as soon as they reach the mandatory retirement age as established in their respective Professional Codes. Public employment reforms in 2014 abolished the right to work beyond the retirement age.<sup>7</sup> The aim of these changes is to encourage generational shifts in public employment, and the government estimates that the reforms will allow 15 000 new civil servants to be hired in the next few years.

## **2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers**

### *For all older workers*

Most Italian companies have supported early retirement policies and have faced difficulties during the last decade in implementing human resource approaches that are effective at the outplacement of older workers. There is still a widespread stereotype that older workers are less productive (Riccio and

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7. [www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions/italy-reform-of-right-of-public-sector-employees-to-work-beyond-retirement-age](http://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions/italy-reform-of-right-of-public-sector-employees-to-work-beyond-retirement-age) (accessed 23 February 2018).

Scassellati, 2008). Collective bargaining is still focused on general issues like crisis management, wage policies and working time. Specific conditions to retain older workers in the labour market have not yet been established.

#### *Review of the use of seniority wages*

Seniority wages are governed by collective bargaining. It is recommended to encourage the social partners to review seniority wage rules.

### **2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce**

#### *Sharing knowledge and experience across different age groups*

From 2007, a “handover” scheme (*Staffetta giovani anziani*) supported by the social partners in the private sector was introduced by law in the solidarity agreement between generations. This scheme targeting older workers aims to support the creation of new jobs and reduce early exits from the labour market. The measure has allowed for the transformation of contracts of workers over the age of 55 from full time to part time while at the same time young people are hired for part-time jobs, to allow for a transfer of skills between generations (OECD, 2013). According to available information, however, the success of the pilot scheme was extremely limited since it was, in the end, too expensive for firms (Jessoula, Pavolini and Strati, 2016).

#### *Other issues such as internal job mobility, further training, workplace adjustment, age discrimination, mandatory retirement*

Collective bargaining plays an essential role in safety and health conditions in the workplace (Ceccucci and ISFOL, 2011). The Single Act Regarding Occupational Health and Safety in 2008 stated that collective bargaining and bilateral institutions can establish arrangements related to health and safety in workplaces. However, changes to working conditions that are aimed at keeping older workers in the labour market are not always negotiated, and sometimes these initiatives are unilaterally carried out by companies.

## **3. Promoting the employability of workers throughout their working lives**

### **3.1. Enhancing participation in training by workers in their mid- to late careers**

#### *Providing guidance services*

No appropriate action has been taken.

#### *Providing access to training adjusted to the experience and learning needs of older workers*

Financial resources to support corporate training activities (based on a law passed in 1993) have been used for i) corporate, sectoral and individual training plans agreed by the social partners; ii) corporate training vouchers defined by framework agreements among the social partners; and iii) vouchers for individual training activities. Recent actions taken by the government in the form of decrees allow regions and independent provinces to finance training projects submitted by companies, including those that are aimed at addressing the employment crisis. In recent years, the most important actions have been registered in the central and northern regions of Italy. Most of the companies involved are small and use corporate and

individual vouchers. However, the participation of workers who are older than 50 is very low (Colombo, 2013).

Since 2010, there has been a joint Multi-Sectoral Fund for Continuing Training (Fondimpresa) that provides rewards for funded programmes that benefit a large share of workers aged over 45 (over 32.2% in June 2015) (Ministero del Lavoro e delle Politiche Sociali, 2016).

#### *Promoting lifelong learning and development of the adult vocational education and training system*

Recent years have seen a number of measures implemented to promote lifelong learning. These are not specifically designed for older workers, but they certainly have had an impact on them. The Guidelines for Training were set up in 2010 to revitalise vocational training through an agreement signed by the government, regions and social partners. In 2011, a timetable for future work to be done regarding professional standards, standards of accreditation, and the certification of skills and training standards was established in order to make these guidelines more effective.

#### *Setting up mechanisms for recognising and validating skills*

With support from the social partners, a law was decided in 2012 that creates an institutional system of validation for experience and skill certifications. The relevant reference framework from 2013 and the implementation process include i) a glossary, principles, institutional duties and responsibilities for the public certification system; ii) process standards and certification and validation tools; iii) attestation standards; and iv) a national register of education, training and professional qualifications, which is the single national reference framework to certify competence. The framework aims at integrating and harmonising the different national and regional standards over the long term. In 2015, a decree from the Ministry of Labour and Social Policies established a framework of rules and instruments that implements the system of validation and certification of competencies, beginning with regional vocational training.

### **3.2. Providing effective employment assistance to older jobseekers**

#### *Promoting an all-age mainstreaming activation approach*

As mentioned above, the 2014 Jobs Act requires unemployment benefit recipients to participate in ALMPs. The National Employment Agency was created to co-ordinate ALMP policy – currently the responsibility of local governments – and with social benefit providers. As stressed by the OECD (2015c), it is crucial to implement these new measures rapidly, especially those relating to the effectiveness of recruitment procedures for PES staff. Further strengthening co-ordination among different stakeholders (regions, provinces and the government) is another area where improvements can be made.

The “Measures for Income and Skills Support for Workers Affected by the Economic Crisis” programme was established through an agreement between the government, regions and autonomous provinces in February 2009. Access to passive measures such as income support is now more strongly linked to the declaration of immediate availability for work or vocational retraining courses, effectively tying provision of that support to policy measures. The targeted workers are those who are at risk of becoming dismissed and workers considered redundant. Various interventions aim to enhance workers’ skills through guidance and support at work; training course “packages” that are short, modular, well blended and are transferable; professional training in companies; retraining in co-operation with enterprises; and consulting and mentoring in, and incubation support for, self-employment. The programme also includes specific “replacement contracts” for laid-off workers aged 50 and over.

### *Targeting workers most at risk of long-term joblessness*

Once unemployed, older people have a higher risk of remaining unemployed. At regional level a number of ALMPs have been implemented that target older unemployed.

Research carried out by ISFOL in 2011 on regional initiatives identified a wide array of activities that support the hiring of older workers. These include extending welfare provisions, especially to support older workers who were laid off; financing employment and training incentives; and supporting measures designed for job reintegration through professional training or through tax relief for companies that re-employ older workers.

PES initiatives are mainly being developed in the northern regions of Italy, and some of them are designed specifically for older workers (ISFOL, 2011). In the province of Milan, on a group basis to middle and top managers over 40 years of age who are seeking a job. The initiative promotes professional development and the expansion of beneficiaries' vocational profiles into different kinds of production environments, including the tertiary sector.

In Piedmont, specific emphasis has been placed on women. The Labour Department of the Province of Biella, in collaboration with employment agencies, has developed the project "Women Over 40 – Experience and Professionalism." In the province of Rovigo, workers over 45 years of age were the main beneficiaries of certain ALMPs developed in 2008. The initiative used training apprenticeships and orientation as tools to build up the employment relationship, and also facilitated demand-supply matching. To this end, employment agencies in Rovigo offered a counselling service intended to help workers create individual action plans, followed by apprenticeships funded through grants along with mentoring services performed by an operator throughout the whole programme (up to six months).

In the province of Padua the Department of Work and Training, in collaboration with employment agencies and counselling and orientation agencies, has implemented initiatives aimed at keeping workers older than 45 in the labour market by investing in activities that promote retraining and labour market reintegration.<sup>8</sup> The projects are targeted at workers receiving benefits from an earnings supplement fund and those who are long-term unemployed. The activities supported consist of counselling; individual and group vocational orientation; professional training in the areas of services, tourism, industry and the tertiary sector; apprenticeships; internships; and sometimes counselling to start up self-entrepreneurial activities.

In addition, in recent years employers' organisations and local institutions (especially municipalities) have developed many initiatives at the local level – sometimes by joining forces and often by using resources from the European Social Fund – to finance projects for reintegration of unemployed persons who are older than 50. These activities are focused on placement, training, and support of self-employment.

### *Providing employment/hiring subsidies to firms*

In 2009, employers who hired older workers who have experienced 35 years or more of social security contributions and received a mobility allowance benefited from a reduction in their social security contribution per worker hired under this allowance until their retirement. The measure, intended to be in effect for only one year until the end of 2010, was prolonged through 2011 and 2012 but not after 2012. In addition, unemployed workers aged over 50 should be willing to work at a lower wage (20% less than their

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8. Notably, the programme "Over45 – Mix of Professionalism, Skills and Experience" and in 2009, "Over45 – Opportunities of Reintegration in the Labour Market".

most recent job). Dismissed workers (especially older workers) who received the mobility allowance moreover could be hired through an apprenticeship contract that allowed their reinsertion into the labour market and training in new abilities and skills. Through this initiative, employers received half of the mobility allowance per older (over 50) worker for 24 months.

In 2010 the Ministry for Labour and Social Policies, in co-operation with the PES at the local level and the social partners, implemented an initiative that targets the occupational reintegration of 1 000 unemployed older managers. Public funds/grants (“hiring bonuses”) have been made available to companies that hire managers aged 50 and over.

#### *Providing other active labour market policies*

A fund for ALMPs was established by law in 2013 and the related legislative decree in November 2014 implemented measures such as a contract of replacement, career guidance, training, internships, incentives for recruitment, and actions to support self-employment. Older workers are among the participants – especially in the context of the economic crisis during which many older workers were made redundant.

Work vouchers (*Buoni lavoro – lavoro occasionale di tipo accessorio*), introduced by law in 2003, were modified in 2009 and by the 2012 labour market reform. Vouchers in a fixed amount can be bought by employers from INPS, which is responsible for paying pensions. These can be used to pay for specific performance without any written contract. The measure, originally targeted at pensioners or disadvantaged people, is now available for all workers engaged in activities such as housework, gardening and maintenance, personal teaching, sporting and cultural events, social work, seasonal agriculture, commerce, tourism, services provided within family enterprises, parcel or newspaper delivery, and newsagent work. Recent changes in the legislation have been aimed at allowing pensioners to use vouchers in every economic sector, but there are yearly income limits (Principi, Checcucci and Di Rosa, 2012).

The Stability Law of 2015 tasked INAIL with supporting the reintegration at work of persons with disabilities originating from their job. The task includes tailored projects aimed at job protection or job-search, training programmes, and accessibility and adaptation of the workplace. In the same period, INAIL continued its activity concerning the assessment and management of work-related stress risk, providing technical support and methodological tools for both employers and employees (*Ministero del Lavoro e delle Politiche Sociali*, 2017).

### **3.3. Enhancing job quality for older workers**

#### *Strengthening workplace safety and physical and mental health*

The Single Act Regarding Occupational Health and Safety (decided in 2008 and amended in 2009) has restructured relevant regulations in accordance with EU regulations (Colombo, 2013). The main elements of this act include: i) a considerable expansion of the scope of safe working practices, which is now applied to all production sectors and all forms of contracts or jobs, whatever their legal classification; ii) a single reference framework for public prevention policies and procedures for the planning and spread of a national strategy regarding occupational health and safety issues; iii) an innovative public information system that also involves the social partners; iii) changes in the role played by the social partners and more bilateralism with a view to a joint safety system; iv) a growing emphasis on training and the dissemination of information about safe workplaces; and v) updates to the penalty system.

In 2011, the State-Regions Conference made training on occupational health and safety compulsory for workers and executives (on the basis of a 2008 legislative decree). The most important elements are compulsory participation in knowledge update sessions every five years, and a requirement for new staff to

attend training courses before or shortly after the employment date. The training course was also extended to family-run enterprises and to self-employed workers. In 2011, a similar agreement was signed by the independent provinces of Trento and Bolzano (Colombo, 2013).

In 2013 a national strategy was launched to prevent accidents at work and occupational diseases. The strategy seeks to promote and disseminate information on safe behaviour. Both musculoskeletal and neoplasm disorders are considered priorities for supervisory action, to encourage the reduction of occupational diseases (Banfi and Fries-Tersch, 2016).

The percentage of workers, and in particular of workers older than 54, who were affected by work-related health problems was recorded to be lower in Italy than the European average (Ciccarone, 2012). However, monitoring the outcomes of the aforementioned measures is difficult due to a likely low willingness to report accidents or other dangerous events; particularly in sectors with high health risks, the share of workers who are not regularly employed is high (Colombo, 2013).

#### *Reducing the incidence of arduous/hazardous work*

There is no evidence of a proper policy mix or innovative programmes concerning end-of-career options for workers who are exposed to arduous/hazardous working conditions. Such programmes might have included preventive measures such as ergonomic adjustment, counselling for career change, rehabilitation programmes and retraining measures (Banfi and Fries-Tersch, 2016).

#### *Balancing professional and family responsibilities*

Recent research based on administrative INPS data has investigated the effects of the 2011 pension reform on increasing the retirement age and reducing sick leave taken by women (Coda Moscarola, Fornero and Strøm, 2015). Results reveal a substantial effect on women following changes in pension rules. In 2011, women who had already experienced a sick-leave spell appeared to increase their sick-leave spells proportionally to the number of years of delay imposed upon them by the reform. Women who did not have a sick-leave spell in 2011 behaved in the same manner, but less intensively so, and mostly if they were grandmothers. Due to the chronic lack of well-structured high-quality childcare facilities in Italy and the necessity for middle-aged women to compensate for them, it is likely that sick leave provided a last resort alternative to take care of grandchildren. Research also indicates that the availability of grandmothers for childcare enhances the employment rate of women with children (Bratti, Frattini, and Scervini, 2016).

Caring for older parents poses another huge challenge as regards combining work and care. Italy does not have a high level of working-time flexibility and has no emergency leave entitlement, but does have both a short-term (although not very generous at 36 days) and a relatively generous long-term leave policy for working carers. Italian workers are well protected from layoffs and are entitled to go back to their original job after a care spell (Eurofound, 2015).

Table 1. Late Career Scoreboard, Italy, 2006 and 2016

	Italy		EU28 <sup>a</sup>		OECD <sup>a</sup>	
	2006	2016	2006	2016	2006	2016
<b>Demographic situation</b>						
-- Old-age dependency ratio <sup>b</sup>	0.33	0.37	0.28	0.32	0.23	0.28
-- Effective labour force exit age <sup>c</sup> (years) Men	62.0	62.1	62.0	63.4	63.6	65.1
Women	58.7	61.3	60.5	62.0	62.3	63.6
<b>Employment</b>						
-- Employment rate, 50-74 (% of the age group)	30.6	40.5	38.3	45.4	47.0	50.8
of which 50-54	68.9	70.6	73.1	77.9	73.8	75.7
55-64	32.4	50.3	43.3	55.3	52.7	59.2
65-69	7.3	9.1	9.1	12.1	20.3	25.5
70-74	2.8	3.7	4.4	5.5	12.0	14.6
-- Gender gap in employment, 55-64 ((men-women)/men)	0.50	0.36	0.34	0.21	0.32	0.25
<b>Job characteristics</b>						
-- Incidence of part-time work, 55-64 (% of total employment in the age group)	10.7	13.8	22.1	22.2	20.3	21.1
of which voluntary 55-64 (% of part-time work in the age group)	75.2	43.4	85.4	78.9	87.3	85.2
Average number of weekly hours worked	19.4	19.4	17.1	17.5	16.6	16.9
-- Incidence of temporary work, 55-64 (% of employees in the age group)	6.4	5.8	6.9	6.7	8.9	7.9
-- Incidence of self-employment, 55-64 (% of total employment in the age group)	35.6	26.2	24.1	19.7	38.0	32.8
-- Full-time earnings, 55-64 relative to 25-54 (ratio)	-	-	-	-	1.09	1.10
<b>Dynamics</b>						
-- Retention rate <sup>d</sup> after 60 (% of employees t-5)	33.1	52.5	37.1	48.8	40.3	50.3
-- Hiring rate, <sup>e</sup> 55-64 (% of employees in the age group)	4.0	4.4	6.1	5.8	9.2	9.1
<b>Joblessness</b>						
-- Unemployment rate, 55-64 (% of the labour force aged 55-64)	2.9	5.7	6.1	6.4	4.3	4.6
-- Incidence of long-term <sup>f</sup> unemployment, 55-64 (% of total unemployment in the age group)	56.7	63.8	49.8	63.7	26.3	44.3
-- Marginally attached workers, <sup>g</sup> 55-64 (% of population in the age group)	0.7	1.4	2.4	1.9	1.2	1.2
<b>Employability</b>						
-- Share of 55-64 with tertiary education (% of population in the age group)	8.6	12.4	17.2	22.9	20.0	26.2
-- Participation in training, <sup>h</sup> 55-74 (% of employed in the age group)	4.3	8.0	-	8.5	-	-
Relative to employed persons aged 25-54 (ratio)	0.67	0.87	-	0.66	-	-

a) Weighted averages with the exception of the share with tertiary education.

b) The ratio of the population aged 65 and over to the population aged 20-64.

c) Effective exit age over the five-year periods 2001-2006 and 2011-2016. The effective exit age (also called the effective age of retirement) is calculated as a weighted average of the exit ages of each five-year age cohort, starting with the cohort aged 40-44 at the first year, using absolute changes in the labour force participation rate of each cohort as weights.

d) All employees currently aged 60-64 with job tenure of five years or more as a percentage of all employees aged 55-59 five years previously.

e) Employees aged 55-64 with job tenure of less than one year as a percentage of total employees.

f) Unemployed for more than one year.

g) Persons neither employed, nor actively looking for work, but willing to work and available for taking a job during the survey reference week. Year 2006 refers to 2010.

h) Participation in formal and non-formal training in the last four weeks.

Source: OECD estimations from the *OECD Employment Database*, the *OECD Earnings Distribution Database*, *OECD Education at a Glance* and the *Eurostat Database on Education and Training*.

Table 2. Implementing ageing and employment policies in Italy, 2007 to mid-2017

<b>1. Rewarding work and later retirement</b>	
<b>1.1. Enhancing incentives to continue working at an older age</b>	
<i>Raising the statutory age of retirement</i>	++
<i>Facilitating phased retirement</i>	/
<i>Better combining of pensions (or partial pensions) and work income</i>	+
<i>Rewarding longer careers</i>	+
<b>1.2. Towards restricted use of early retirement schemes</b>	
<i>Restricting access to publicly funded early retirement schemes</i>	+?
<i>Introducing specific provisions for arduous/hazardous work</i>	+
<b>1.3. Preventing welfare benefits from being used as alternative pathways to early retirement</b>	
<i>Unemployment (insurance and assistance) benefits</i>	+
<i>Social aid</i>	/
<i>Disability benefits</i>	+
<b>2. Encouraging employers to retain and hire older workers</b>	
<b>2.1. Preventing discrimination in employment on the basis of age</b>	
<i>Implementing current or new legislation</i>	/
<i>Launching public awareness campaigns</i>	+
<b>2.2. Taking a balanced approach to employment protection by age</b>	
<i>Implementing age-neutral measures</i>	+
<b>2.3. Discouraging mandatory retirement by employers</b>	
<i>By law in general, by sector/occupation, private/public sector, region</i>	/
<b>2.4. Encouraging the social partners to implement better retention and hiring mechanisms targeted at older workers</b>	
<i>For all older workers</i>	/
<i>Review of the use of seniority wages</i>	/

<b>2.5. Encouraging good practice in collective labour agreements and/or by individual employers/industries in managing an age-diverse workforce</b>	
<i>Sharing knowledge and experience across different age groups</i>	+
<i>Other issues such as internal job mobility, further training, workplace adjustment, age discrimination, mandatory retirement</i>	+
<b>3. Promoting the employability of workers throughout their working lives</b>	
<b>3.1. Enhancing participation in training by workers in their mid-to late careers</b>	
<i>Providing guidance services</i>	/
<i>Providing access to training adjusted to the experience and learning needs of older workers</i>	+
<i>Promoting lifelong learning and development of the adult vocational education and training system</i>	+
<i>Setting up mechanisms for recognising and validating skills</i>	+
<b>3.2. Providing effective employment assistance to older jobseekers</b>	
<i>Promoting an all-age mainstreaming activation approach</i>	+
<i>Targeting workers most at risk of long-term joblessness</i>	++
<i>Providing employment/hiring subsidies to firms</i>	+
<i>Providing other active labour market policies</i>	+
<b>3.3. Enhancing job quality for older workers</b>	
<i>Strengthening workplace safety and physical and mental health</i>	+
<i>Reducing the incidence of arduous/hazardous work</i>	/
<i>Balancing professional and family responsibilities</i>	/
<p>++ = Substantial action taken.  + = Some action taken, but more could be done.  +? = Some action taken, but requires further assessment.  ? = Some action taken with negative impact.  / = No relevant action taken.  ✓ = No action needed.</p> <p>Source: Assessment based mainly on answers by Italy to several OECD questionnaires.</p>	

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