

XII. Social Policy Measures to Mitigate the Effects of the COVID-19 Pandemic in Italy between Continuity and Change

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1. Introduction

Italy was the first European country to be seriously affected by the coronavirus pandemic. On 31 January 2020, the government declared the “state of national health emergency” (*stato di emergenza sanitaria*), originally intended to last for six months (from 1 February to 31 July 2020) but later extended several times.¹

Since the end of February 2020, the Italian government has issued an abundant set of decree laws² as well as implementing decrees³ and other regulations to gain control over the spread of the virus.⁴

By March 2020, the massive restrictions on public life with closure of business activities and social distancing, initially limited to a few “red zones” in Lombardy and Veneto, were gradually expanded throughout the national territory, extending their scope and coverage. One of the earliest measures was the closure of all daycare centres, schools and universities, as mandated by DPCM of 4 March 2020, later followed by an unprecedented lockdown of all non-essential economic activities and of social life

1 The first extension lasted until 15 October 2020, further protracted until 31 December 2021. With the spread of the Omicron variant, the state of emergency was extended until 31 March 2022.

2 A decree law (D.L.) is a decree having the force of law, adopted by the government in case of necessity and urgency, and immediately introduced to parliament to be converted into law, often with modifications. Approval by parliament must take place within 60 days, or the decree law loses effect from the beginning.

3 Administrative instructions are adopted by Decrees of the President of the Council of Ministers (Decreto del Presidente del Consiglio dei Ministri – DPCM) and serve to implement the emergency decrees.

4 According to a report in the daily newspaper “La Repubblica”, 160 coronavirus-related decrees, ordinances, ministerial circulars, etc. were produced within 100 days at the national level alone, not counting the no less productive flood of norms at the regional level, cf. La Repubblica, 4 May 2020, p. 17.

throughout the country.⁵ The massive restrictions initially applied until May 2020, but a variable set of restrictions remained in force or were later re-introduced.⁶ In autumn 2020, regions were classified as yellow, orange or red zones, corresponding to a moderate, a serious or a high risk of infection. Each zone was associated with differentiated restrictive measures.⁷

As of the second half of 2021, vaccination played a more prominent role in containing the spread of the virus and its changing variants. Italy introduced mandatory COVID-19 vaccination for health and education personnel already in April 2021, later extended to administrative staff in the health and education sectors, as well as to the military, police and emergency services.⁸ Access to certain activities required a Green Pass certificate which proves the holder (aged 12 or older) has been vaccinated, recovered or (negatively) tested. As of 15 October 2021, this certificate has been a mandatory requirement for access to any workplace.⁹ In December 2021, stricter access rules came into force.¹⁰

The measures taken to contain the pandemic have had and still have far-reaching consequences for the economy, the labour market and thus for many families facing significant income losses: by mid-April 2020, 60% of industrial enterprises had come to a standstill and every second

5 The [DPCM of 11 March 2020](#) extended the list of suspended activities (in particular activities with the highest risk of infection), and also recommended companies to use “smart working”, paid rest periods and holiday leave. For the essential sectors (health, agriculture, food) that are allowed to continue their activities cf. DPCM of 22 March 2020.

6 Cf. [DPCM of 26 April 2020](#), which, from 4 May 2020, envisaged a gradual relaxation of the restrictions on the freedom of movement and the resumption of production or operations for various sectors affected by the forced closure. A second (more differentiated) lockdown was imposed around Easter 2021 (31/03-30/04/2021).

7 Cf. DPCM of 24 October 2020.

8 Cf. Art. 4-bis D.L. 44/2021, converted by Law 76/2021, as modified by D.L. 122/2021 of 10 September 2021.

9 For the Green Pass cf. D.L. 52 of 22 April 2021, converted by Law 87/2021, as modified by D.L. 127 of 21 September 2021, converted by Law 165/2021 (inserting Art. 9-quinquies, 9-sexies and 9-septies to D.L. 52/2021). Workers who refuse to present a valid certificate are suspended and do not receive a salary.

10 D.L. 172 of 26 November 2021, converted by Law 3/2022 (“Super Green Pass” as of 15 December 2021).

enterprise (a total of 2.2 million companies) was blocked.¹¹ Many citizens literally ran out of money due to lack of income, especially in the poor regions of Southern Italy.¹² The travel and tourism sector has been affected particularly hard.¹³

While GDP declined by 8.9% in 2020, measures based on the National Recovery Plan helped generate positive developments, including GDP growth of 6.5%, and some improvements in the labour market situation by the end of 2021.

The 2020 economic shock linked to the pandemic hit a country that had not yet recovered from the preceding recessions and suffered from major inequalities, regional disparities and large fragmentation of the labour market. While the unemployment rate had fallen to just below 10% at the beginning of 2020¹⁴, the average duration of unemployment had already been at 27 months before the corona crisis. Other anomalies of the Italian labour market, in particular the spread of precarious employment with very short-term contracts and unregistered employment in the informal sector, leave relevant segments of the labour force at the margins of social protection.

To cushion the economic and social impact of the closure of many economic activities, provided for under DPCM of 9 March 2020 and further developed by subsequent decrees, the government adopted a series of “economic packages”.¹⁵ These packages were intended to support businesses,

11 For a breakdown by economic sector cf. INAPP, COVID-19: Misure di contenimento dell'epidemia e impatto sull'occupazione, Policy Brief No. 17/2020, April 2020.

12 As La Repubblica reported on 23 April 2020, 10 million citizens were only a small step away from absolute poverty.

13 The travel industry generates 13.2% of national product and employs 15% of the workforce.

14 Men: 8.7%; women: 11.5%; the regional peak was highest in the South with an average rate of 17.4%.

15 For a first overview cf. Gaglione/Purificato/Rymkevich, COVID-19 and Labour Law: Italy, Italian Labour Law e-Journal, Special Issue 1, vol. 13 (2020), with update of 16 June 2020; Tiraboschi, Il caso italiano, in: www.cielolaboral.com; Pileggi (ed.), Il Diritto del Lavoro dell'emergenza epidemiologica, Lav. Prev. Oggi, Special Issue, 2020; for further legal analysis of the support packages see e.g. the contributions Cairoli, Calderara and Mezzacapo, in: Bellomo et al. (eds.) Lavoro e tutele al tempo del Covid-19, 2020; the contributions by Brollo, Carinci, Cester, D'Ascola, Del Punta, Ferrante, Maresca, Perulli, Pessi, Romei, Scarpelli, Sgroi, Verzaro and Zoli, in: Mazzotta (ed.), Diritto del lavoro ed emergenza pandemica, 2021; Contrino and Farri (eds.), Pandemia da “COVID-19” e sistema tributario. Problematiche dell'emergenza, misure di sostegno e politiche

as well as workers and families, with a special focus on wage guarantee schemes which have a long tradition in Italy and had been successfully used in previous economic crises.¹⁶ According to labour market statistics for December 2021, the strategies adopted during the pandemic resulted in stabilising the employment rate at 59%, while the unemployment rate dropped to 9%.¹⁷

The first package, the so-called *Cura Italia* Decree No. 18/2020,¹⁸ was supplemented by the “Liquidity Decree” No. 23/2020,¹⁹ followed by a set of additional emergency decrees, aimed at addressing persistent economic challenges by either strengthening traditional social protection schemes for standard workers or providing new temporary income support for non-standard workers and financial support for businesses.²⁰

fiscali, 2021; Pantalone, Italian Measures in Support of Work at the Time of Coronavirus: Between Emergency Legislation and (the Need for a) More Resilient Administration, (2021) 28 Journal of Social Security Law, Issue 3, pp.189-199.

- 16 The Italian experience with wage guarantee programs (Cassa Integrazione Guadagni, CIG) dates back to the 1940s. CIG measures were part of the comprehensive 2015 labour market reform. Calls for further reform continued during the pandemic.
- 17 Even female and youth employment rates had increased impressively by the end of 2021, cf. ISTAT, Statistiche Flash, [Employment and Unemployment \(Provisional Estimates\)](#) – December 2021, Press Release 01/02/2022.
- 18 Decree Law No. 18 of 17 March 2020 on “Measures to strengthen the National Health Service and to provide economic support for families, workers and businesses in the context of the epidemiological emergency caused by COVID-19. Extension of the deadlines for legislative decrees”, converted by Law No. 27 of 24 April 2020. Under D.L. 18/2020, the National Social Security Institution INPS approved and, to a large extent, paid out benefits for 11.5 million people, totalling EUR 10.2 billion by 23 April 2020.
- 19 Decreto-Legge 8 aprile 2020, n. 23, on “Urgent measures regarding access to credit, tax law compliance for companies, special powers in the essential sectors as well as interventions for health, labour, extension of administrative and procedural deadlines”, converted by Law No. 40 of 5 June 2020. D.L. 23/2020 provided additional funding of EUR 400 billion.
- 20 Decree Law No. 34 of 19 May 2020 (“Relaunch” Decree) converted by Law No. 77 of 17 July 2020 with additional funding of EUR 155 billion for interventions from 18 May to 31 July 2020; Decree Law No. 52 of 16 June 2020 (not converted); Decree Law No. 104 of 17 August 2020 (“August” Decree), converted by Law No. 126 of 13 October 2020; Decree Law No. 137 of 28 October 2020 (“Ristori” Decree), converted by Law No. 176 of 18 December 2020. The first “Ristori Decree” was supplemented by three additional decree-laws: D.L. 149 of 9 November 2020, D.L. 154 of 23 November 2020, and D.L. 157 of 30 November 2020.

The 2021 Budget Law²¹ confirmed the government's main lines of action, as to supporting businesses and families, and incentivising employment, with a specific focus on young people and women.²² In 2021, pandemic-related support policies for workers and businesses continued, with vaccination measures providing new parameters for the gradual relaxation of restrictions. The normative production was not less abundant than in 2020, as most of the emergency provisions had to be extended in time, as well as adjusted to the evolution of the pandemic and targeted towards those most affected by the economic and social restrictions.²³

All 2020 and 2021 social protection measures based on emergency decrees have been adopted for a defined period of time, with a limited annual budget to be supervised by the National Institute for Social Protection INPS. However, the annual Budget Laws for 2021 (Law 178/2020) and 2022 (Law 234/2021)²⁴ have introduced important structural reforms to improve income continuity for non-standard workers and advance the goal of more universal social protection.

2. *Job Retention*

During corona-related business closures, short-time working solutions and a temporary general ban on redundancies were the preferred means to pre-

21 [Law No. 178](#) of 30 December 2020 “Bilancio di previsione dello Stato per l'anno finanziario 2021 e bilancio pluriennale per il triennio 2021-2023”.

22 The Budget Law also envisaged some structural reforms, such as the single universal child allowance, and a new income guarantee scheme for the self-employed.

23 [Decree Law No. 30](#) of 13 March 2021 (Misure urgenti per fronteggiare la diffusione del COVID-19 e interventi di sostegno per lavoratori con figli minori in didattica a distanza o in quarantena.), converted by [Law 61/2021](#); Decree Law No. 41 of 22 March 2021 (Misure urgenti in materia di sostegno alle imprese e agli operatori economici, di lavoro, salute e servizi territoriali, connesse all'emergenza da COVID-19 – [First Support Decree](#)), converted by [Law 69/2021](#); [Decree-Law No. 52](#) of 22 April 2021 (Misure urgenti per la graduale ripresa delle attività economiche e sociali nel rispetto delle esigenze di contenimento della diffusione dell'epidemia da COVID-19), converted by [Law 87/2021](#); Decree-Law No. 73 of 25 May 2021 (Misure urgenti connesse all'emergenza da COVID-19, per le imprese, il lavoro, i giovani, la salute e i servizi territoriali – [Second Support Decree](#)), converted by [Law 106/2021](#); Decree-Law No. 146 of 21 October 2021 (Misure urgenti in materia economica e fiscale, a tutela del lavoro e per esigenze indifferibili – [Fiscal Decree](#)), converted by [Law 215/2021](#).

24 [Law No. 234](#) of 30 December 2020 “Bilancio di previsione dello Stato per l'anno finanziario 2022 e bilancio pluriennale per il triennio 2022-2024”.

vent unemployment, protect existing employment contracts and stabilise the labour market.²⁵ Other instruments for preserving jobs under labour law provisions included the use of “flexible working” (*lavoro agile* or smart working)²⁶ whenever possible, but also the exhaustion of paid leave periods and holiday leave²⁷. However, in case of fixed-term employment of short duration, trial employment or apprenticeship contracts, these measures cannot guarantee job retention or income security.

a) *Adjustments to Wage Guarantee Schemes*

As in previous economic crises in Italy, the instrument of short-time work benefits through the “Ordinary Wage Guarantee Fund” (*Cassa Integrazione Guadagni Ordinaria, CIGO*)²⁸ for temporary suspensions of work or reductions of working time played a central role in 2020 and 2021. It offers protection for existing employment during temporary productivity problems linked to an exogenous crisis. The scheme guarantees to maintain 80% of previous earnings when working time is reduced or activities are suspended, with a fixed maximum.²⁹

25 The initial general ban on redundancies was established for 60 days only (Art. 46 D.L. 18/2020), extended subsequently various times, albeit with modifications restricting the scope of application (see below).

26 Art. 39, 75, 87 D.L. 18/2020. In practice, it is usually simple telework.

27 Under Italian labour law, employers cannot force their employees to take holidays for a certain period. An exception to this rule applies to leave remaining from previous calendar years. For the use of residual leave cf. Adapt, [Scheda No. 4](#), Congedi retribuiti e utilizzo delle ferie durante la crisi da COVID-19.

28 The CIGO is the main wage guarantee instrument to cushion temporary suspensions of work or reductions of working time due to problems in production activity, normally available for a period of 13 weeks (extendable to 52 weeks). The “Extraordinary Wage Guarantee Fund” (*Cassa Integrazione Guadagni Straordinaria, CIGS*) was used to cover restructuring processes in larger companies in specific sectors for a period varying between 12 to 24 months within a mobile five-year period; access requires authorisation by the Ministry of Labour and Social Policies. Coverage has been extended after the 2009 economic crisis, by means of a temporary “derogation scheme” (*CIG in deroga*) or by contractual schemes (Bilateral Solidarity Funds). On the evolution of these schemes see Cinelli, *Diritto della previdenza sociale*, 15th edition 2020, p. 329 et seq.

29 Efforts to extend the statutory wage guarantee scheme to smaller companies remained limited. The pre-pandemic legal framework (Decreto Legislativo = D.Lgs. 148/2015) comprises the statutory social insurance schemes (CIGO and CIGS), some contractual instruments established through collective agreements, such as the Bilateral Solidarity Funds (*Fondi di solidarietà bilaterali*), and Alternative

During the corona crisis, emergency legislation has given consent to companies to use wage guarantee schemes in the most comprehensive, easiest, and simplest way possible, in particular by introducing the novel justification of “COVID-19 emergency” (*Emergenza COVID-19*).³⁰ Thus, employers did not have to prove the temporary character of the crisis nor the absence of fault. Access conditions to wage guarantee schemes were relaxed with regard to contractual Solidarity Funds (which were allowed to grant benefits in the absence of financial resources), and more generally by the re-introduction of the wage guarantee scheme in special cases (*Cassa Integrazione Guadagni in Deroga, CIGD*) for small companies in the private sector with less than five employees.³¹ Coverage by CIGD was extended to professional athletes who are employed by a sport association and insured by the Statutory Pension Fund for Professional Athletes.³²

Maintenance of employment was granted above all by the contextual ban on dismissals for economic reasons,³³ and by the adoption of comprehensive derogations from the pre-existing CIG rules, including the maximum duration of this instrument. The initial period of 9 weeks in 2020³⁴ was subsequently increased by additional periods.³⁵ As of August 2020, access was targeted more and more towards the most affected sectors.

Bilateral Solidarity Funds for the craft and temporary agency work sectors. As a residual statutory instrument, the Wage Integration Fund (Fondo di Integrazione Salariale, FIS) has been set up for companies with an average of more than five employees. For details see Gaetani/Marrucci, *Il sistema degli ammortizzatori sociali dopo il Jobs Act*, 2017; Nicolini (ed.), *Gli ammortizzatori sociali riformati*, 2018; Spattini, *Le tutele sul mercato del lavoro: il sistema degli ammortizzatori sociali, le politiche attive e la condizionalità*, in: Tiraboschi (ed.), *Le nuove regole del lavoro dopo il Jobs Act*, 2016, pp. 408-470.

30 Mesiti, *La tutela previdenziale temporanea speciale dei lavoratori nell'emergenza Covid-19*, in: Pileggi (ed.) op.cit. (supra fn. 14), pp. 115-127; Del Punta, *Note sugli ammortizzatori sociali ai tempi del Covid-19*, *Rivista italiana di diritto del lavoro* (RIDL), 2/2020, part I, pp. 251-265.

31 Art. 22 D.L. 18/2020. Private households as employers remained explicitly excluded.

32 Introduced by Art. 2 Para. 2 D.L. 104/2020, modifying Art. 22, Para. 1-bis D.L. 18/20.

33 INPS 2021, *L'innovazione dell'INPS per il rilancio del Paese*. XX Rapporto Annuale, p. 66.

34 Art. 19 D.L. 18/2020. Access to the wage guarantee scheme required that the short-time work has been registered by certain key dates.

35 Art. 69 of D.L. 34/2020 (+5+4 weeks); Art. 1 D.L. 104/2020 (+ 9 weeks); Art. 12 D.L. 137/2020 (+ 6 weeks); Art. 1 Para. 300 Law 178/2020 (13 weeks); Art. 8 D.L. 41/2021 (for enterprises covered by CIGO +13 weeks between April and June 2021; for enterprises covered by CIGD or by Solidarity Funds: + 28 weeks be-

The government also introduced derogations by exempting employers who activated the wage guarantee scheme from special social security contributions, and by suspending various eligibility conditions for employers and workers. Furthermore, provisions dealing with the involvement of trade unions in terms of consultation and information procedures were relaxed for some time. Access was also supported by provisions which allowed employers to request direct payments to employees in short-time work by INPS.³⁶

In addition, access to the ordinary wage guarantee scheme *CIGO*, based on the new “COVID-19” justification, was granted to companies for which the extraordinary wage guarantee scheme (*CIGS*) had been activated.³⁷ Likewise, the range of eligible companies has become more flexible under COVID-19 rules since employers could extend fixed-term employment contracts without losing the possibility to access the wage guarantee schemes.³⁸

As to the benefit level, the replacement rate of up to 80% of total gross wages for hours not worked (with an upper ceiling depending on total wages) has been maintained.³⁹ The scheme does not provide for any minimum level of the benefit. Benefits used under the corona-related short-time work scheme are not counted towards the statutory maximum duration for regular benefits under the various wage guarantee schemes.

The approach towards the pandemic-related use of short-time work has been very cautious. In view of budgetary constraints the Italian government tended to offer protection in a gradual way for rather short periods of time, with subsequent extensions and adjustments for better targeting.

tween June and December 2021); Art. 50-bis Para. 2-7 D.L. 73/2021 (for specific sectors, including the textile industry: +13 weeks); Art. 11 D.L. 146/2021 (up to 13 weeks if covered by CIGD or by Solidarity Funds; + 9 weeks under regular CIGO conditions for the specific sectors protected under Art. 50-bis D.L. 73/2021, albeit all extensions granted without additional contribution requirement).

36 Art. 22-quater (for CIGD) and Art. 22-quinquies (for CIGO and Bilateral Solidarity Funds) of D.L. 18/2020, as amended by Art. 71 D.L. 34/2020.

37 Art. 20 D.L. 18/2020. Such transition is normally excluded.

38 Cf. Art. 93 D.L. 34/2020 (Relaunch Decree) and Art. 8 D.L. 104/2020 (August Decree).

39 The maximum benefit amounts to EUR 940 in 2020 if the monthly wage is below the threshold of EUR 2,159.48, and to EUR 1,130 for wages above the threshold. In the event of receipt beyond 12 months, the amounts are to be reduced in the same way as unemployment benefit, i.e. by 3% for each additional month, but the maximum duration for benefits provided so far under COVID-19 rules amounts only to a total of 36 weeks.

Some extensions were aimed at extending coverage to workers previously excluded, as in the case of agricultural enterprises. In a modified approach adopted since August 2020, some mandatory social security contributions have been re-established if the loss in turnover has been less than 20%,⁴⁰ with differentiated contribution rates according to the revenue losses incurred, and exemptions were further restricted in 2021.

The Budget Law for 2021 introduced an incentive for employers not to activate wage guarantee schemes but to use the possibility of a partial exemption of social security contributions instead. In 2021, emergency legislation introduced the alternative solution that companies that had experienced a decline in turnover of 50% due to the pandemic measures compared to the first semester of 2019 could apply to access the extraordinary wage guarantee scheme “in derogation” for up to 26 weeks. The application required a collective agreement with trade unions in view of reducing working time and maintaining employment levels during the period of post-pandemic recovery.⁴¹ The benefit level for hours not worked was set at 70% of the usual salary, without upper ceiling.

In order to support rapid access to wage guarantee benefits during the initial phase of the pandemic, the government, the social partners and the Italian Banking Association ABI signed an agreement on 30 March 2020 so that banks could anticipate the payments of wage guarantee benefits up to EUR 1,400.⁴² Nevertheless, the promise of rapid assistance was often not kept during the first lockdown in 2020, partly because the social administrations had difficulties tackling the sheer amount of applications, partly because applicants themselves committed errors in the application procedure.⁴³ Another critical aspect consisted in a temporary lack of priorities in

40 Art. 1 D.L. 104/2020. The contribution rate is 9% of total wages for hours not worked when turnover losses are less than 20%, and 18% for employers without any disruption in turnover. The exemption continues to apply to employers who have suffered a reduction in turnover of at least 20%, and to employers that have started their business activities later than 1 January 2019.

41 Art. 40 D.L. 73/2021. The provision encompassed also enterprises of smaller dimensions (regular staff up to 15 employees) which normally are not covered by the CIGS system.

42 This agreement, in force until 31 December 2020, was aimed at supporting workers waiting for the payment of income support measures by the National Social Security Institute (INPS).

43 A total of 7.35 million eligible workers were registered with the INPS for wage guarantee benefits as of 23 April 2020. The unprecedented role of wage guarantee benefits in the 2020 crisis is demonstrated by the sheer number of short-time work authorised in the first semester of 2020, reaching 3 billion hours. This repre-

times of limited financial resources, subsequently corrected by better targeting.⁴⁴

Overall, the wage guarantee schemes were the most important instrument for job retention during the pandemic, accounting for 6.4 million beneficiaries in 2020 (up from 620,000 in 2019), albeit with considerable variations as to duration and intensity.⁴⁵

In response to reform proposals debated during the pandemic, the Budget Law for 2022 introduced significant modifications to the ordinary wage guarantee schemes, aimed at a more inclusive welfare state by expanding coverage to employees previously excluded, by improving benefits, and by harmonising access conditions, and equalising benefit rules.⁴⁶ According the principle of a “differentiated universalism”, the wage guarantee system will cover home-based workers (*lavoratori a domicilio*) and all types of apprenticeship relations, as of January 2022. The requirement related to the effective prior employment with the company is reduced (from 90 to 30 working days). At the same time, benefits are improved through the elimination of the lower cap on benefit amounts, while the upper cap (of EUR 1,199.72 in 2021) is maintained.

Bilateral Solidarity Funds (as contractual schemes) can be set up by all enterprises and sectors not covered by the CIGO system, regardless of the number of employees; the replacement rate of theses contractual schemes must not be lower than in the statutory CIGO scheme (80%). The inclusion of very small enterprises with less than five employees via mandatory affiliation to the Wage Integration Fund of INPS (*FIS*), and the extension of the scheme for the agricultural sector (*CISOA*) to dependent workers

sents an increase by 988% for the period January to August 2020, as compared to the year 2019. Cf. INPS, [Report Mensile Settembre 2020](#). Cassa integrazione guadagni e Disoccupazione, 25/09/2020.

44 Data analysis of direct CIG payments by INPS revealed that about 34% of businesses (almost 189,000 out of about 552,000) which had claimed at least one hour of short-time work had not suffered any decrease in their turnover, cf. INPS, INPS tra emergenza e rilancio. Relazione annuale del Presidente INPS, October 2020, p. 6.

45 For details cf. INPS, XX Rapporto Annuale 2021, pp. 66 ff; the number of authorised short-time work hours amounted to 2.8 billion hours in 2021 (35% less than in 2020); on average across the different sub-schemes, only 39% of the total amount was used in 2021, against 46% in 2020. Cf. INPS, Report Mensile. Cassa integrazione guadagni e Disoccupazione, 20/01/2022.

46 Law 234 of 30 December 2021 (Art. 1 Paras. 191-257) and D.L. 228/2021 of 30 December 2021 (“[Milleproroghe](#)”), establishing comprehensive changes to Legislative Decree 148/2015.

in the fishery and maritime sector are further steps towards universal coverage beyond the pandemic. More inclusive coverage is also granted by expanding access to the extraordinary CIGS scheme to employers with more than 15 employees, irrespective of the economic sector. Thus, the pandemic can be considered as a catalyst facilitating structural changes in the much-debated area of social shock absorbers from 2022 onwards.

b) Adjustment to the Renewal of Fixed-Term Contracts

The COVID-19 rules also introduced some adjustments for fixed-term employment contracts. Some of the restrictions related to the renewal or extension of fixed-term contracts have been waived. In particular, companies that benefitted from the wage guarantee scheme were permitted to renew or extend the duration of fixed-term employment contracts already in place, even without any objective reason generally required by law.⁴⁷ Subsequent legislation confirmed and extended the relaxed renewal of fixed-term contracts to any company, even without any link to the wage guarantee scheme. Such measures have been confirmed under further emergency legislation.⁴⁸

c) Ban on Dismissals as New Temporary Measure

From the date of entry into force of the *Cura Italia* Decree (17 March 2020), collective redundancies and individual dismissals for economic reasons were prohibited for 60 days. Any collective redundancy procedures already in progress and initiated after 23 February 2020 were mandatorily suspended.⁴⁹ Accordingly, those who wished to close their company had to look for alternatives (namely wage guarantee schemes). Only dismissals based on personal misconduct were still possible. The ban on dismissals has been extended several times in 2020, but as of August 2020 the gov-

47 Art. 19-bis D.L. 18/2020 as amended.

48 Art. 93 Para. 1; Para. 1-bis D.L. 34/2020 (Relaunch Decree), Art. 8 D.L. 104/2020, Art. 17 D.L. 41/2021.

49 Art. 46 D.L. 18/2020. Cf. Biasi, COVID-19 and Labour Law in Italy, [European Labour Law Journal](#) 2020, vol. 11(3), 306-309 (309). The intensity of this measure (taken without involvement of social partners) was not only new for Italy, but also quite unique among the EU countries.

ernment introduced important exceptions and modifications.⁵⁰ The ban on dismissals has been restricted to those companies which had not yet exhausted all possibilities to use short-time work or the alternative alleviation in social security contributions. Thus, the duration of the ban became blurred and turned into a mobile ban depending mainly on the use or non-use of wage guarantee schemes. The prohibition was continued up to 31 December 2021, albeit for a limited number of specific cases.⁵¹

d) Temporary Leave Provisions for Parents and Family Carers

The closure of schools and childcare facilities which initially lasted from 5 March 2020 up to the beginning of the school year 2020/21 prompted the government to adopt provisions for extended parental leave and family care leave and the right to smart working for parents and carers.⁵² The provisions were more generous than regular parental leave with respect to the child's age, the number of days, and the corresponding leave benefit. A paid ad hoc parental leave (*congedo parentale*) of an initial duration of 15 days, later extended to a total of 30 days per parent was created for parents for the care of children up to the age of 12 (and disabled children without age limit) due to the suspension of all educational, didactic and care-related services, including specialised care services for severely disabled children. The corresponding COVID-19 parental leave benefit was available to employees in the private sector, self-employed persons and atypical workers registered with INPS social security schemes.⁵³

The reopening of schools in September 2020 brought additional parental leave provisions to meet childcare needs due to various COVID-19 measures, in particular quarantine imposed on students, but also local closures of educational services, or periods of "distance learning" (home

50 Art. 14 D.L. 104/2020 provided for a flexible period, at most up to 31 December 2020, extended to 31 January 2021 by D.L. 137/2020 (Art. 12). An exemption from the ban was also allowed as part of collective agreements, and in case of business closure.

51 Cf. Art. 40 D.L. 73/2021; Art. 11 D.L. 146/2021.

52 The pandemic legislation also introduced a right to smart (agile) working for parents with at least one child under the age of 14, even without any individual agreement normally required.

53 Art. 23 D.L. 18/2020; Art. 72 D.L. 34/2020. The leave had to be used between 5 March and 31 August 2020.

schooling). Coverage depending on the child's age was increased from 12 years to 14 years of age.⁵⁴

The parental leave benefit was set at 50% of the usual monthly earnings or income and thus higher than the regular parental leave benefit (of only 30%). Both parents are entitled to paid leave, but not simultaneously.⁵⁵ Parents of older children up to the age of 16 were entitled to unpaid parental leave for the total period of school closure and suspension of educational services, and without pension rights acknowledged for this period.⁵⁶ Paid and unpaid leave periods for employees are protected by a job guarantee and a ban on dismissal, so the instrument serves to retain employment for parents. About 300,000 children benefitted from the paid leave and about 784,700 children from the babysitting bonus.⁵⁷

In 2021, the protection via paid leave for working parents of children up to age 14 has been extended exclusively for salaried workers, as well as unpaid leave in case of children aged 14-16.⁵⁸ Starting from the 2021/22 school year, the provisions on paid parental in case of quarantine of the child and suspension of classes have been unified and extended until 31 March 2022.⁵⁹

As an alternative to paid parental leave, parents who needed to be present at the workplace were entitled to a voucher for "babysitter" services, initially amounting to a maximum of EUR 600, increased to EUR 1,200 in May 2020, to meet the costs for childcare services used during the general closure period (5 March 2020 to 31 August 2020). Parents working in the healthcare, rescue and defence sectors were entitled to an increased bonus, initially of EUR 1,000, subsequently raised to

54 E.g. D.L. 104/2020, as modified by D.L. 111/2020 (in case of infections among teaching staff or students); Art. 5 D.L. 111/2020, modified and converted by Law 126/2020 (students under imposed quarantine); D.L. 137/2020, converted by Law 176/2020 (suspension of educational activities in presence).

55 The benefit is not accessible if the other parent receives wage guarantee benefits (or unemployment benefits) or is unemployed.

56 The lower age limit for children with regard to unpaid leave was originally set at 12 years, but has been raised to 14 years since the 2020/21 school year.

57 INPS, XX Rapporto Annuale, 2021, pp. 219 ff.

58 D.L. 30/2021, converted into Law 61/2021 (up to 30 June 2021).

59 Renamed "congedo parentale SARS CoV-2", cf. Art. 9 D.L. 146 of 21 October 2021, converted by Law 215/2021; Art. 17 of D.L. 221 of 24 December 2021. The benefit during the leave was again 50% of previous earnings and covered dependent workers, autonomous workers registered with INPS and self-employed workers registered exclusively with the separate scheme of INPS.

EUR 2,000.⁶⁰ In contrast to the additional parental leave entitlement, also self-employed persons not insured with INPS (encompassing the liberal professions affiliated to specific professional schemes) were entitled to the babysitting voucher.⁶¹

In 2021, emergency childcare benefits have been re-adjusted: working parents of children up to 14 years of age, insured by the separate INPS insurance scheme, the INPS schemes for autonomous workers, or insured as dependent workers in public health services, as health professionals, security forces and other essential services, could apply for a weekly childcare bonus of up to EUR 100 for the time when face-to-face classes were interrupted and for periods of infection or quarantine imposed by the health authority.⁶²

With respect to caregiver leave, employees and self-employed workers taking care of a severely disabled family member were entitled to 12 days of paid caregiver leave in addition to the regular paid leave of three days per month under the Disabilities Act.⁶³ Entitlement to this caregiver leave required that the carers could not work from home during the pandemic and that they did not stay at home on grounds of a short-time working agreement. The wage replacement benefit was set at 100% of the effective daily or hourly earnings.

e) Sickness Benefits in Cases of Infection and Quarantine

The government introduced some adjustments to the sickness benefit scheme. Workers who are infected with the COVID-19 virus are entitled

60 Art. 23 Para. 8 D.L. 18/2020; Art. 25 Para. 3 D.L. 18/2020; Art. 72 D.L. 34/2020. The bonus could be used for summer camps and for care provided by grandparents.

61 At the end of 2020, another voucher for the purchase of childcare services of up to EUR 1,000 was introduced for parents insured exclusively in the Special Fund for atypical workers or a special scheme of INPS when secondary school classes were temporarily suspended in regions classified as red zones (limited to the period 9 November to 3 December 2020), Art. 14 D.L. 149/2020; Art. 13-terdecies D.L. 137/2020.

62 Art. 2 Para. 6 D.L. 30/2021, converted by Law 61/2021.

63 Art. 24 D.L. 18/2020; Art. 33 Para. 3 Law No. 104/1992 (Legge-quadro per l'assistenza, l'integrazione sociale e i diritti delle persone handicappate). The leave for carers was subsequently extended for another 12 days (Art. 73 D.L. 34/2020).

to sick pay or sickness cash benefits under the statutory scheme.⁶⁴ Sickness benefits are provided upon medical proof of sickness and until the end of the prognosis, for a maximum duration of 180 days per calendar year. The initial COVID-19 legislation extended the entitlement to such benefits to workers in mandatory quarantine or in mandatory domestic isolation: the period of 14 days imposed by the competent health authority in case of contact with infected persons or after a stay in COVID-19 hot spot countries has been equalised to a sickness period.⁶⁵ All workers covered by sick pay provisions in case of sick leave are thus entitled to cash benefits in accordance with the social protection or security scheme that applies. Income protection through sickness benefits covers private and public sector employees and assimilated workers, the unemployed, apprentices, para-subordinate workers and other “new self-employed” under the separate mandatory pension scheme of INPS.⁶⁶

For private sector workers the income replacement rate may vary according to the sector and is normally 50% of average daily earnings, and 66.66% from day 21 onwards up to a maximum of 180 days per calendar year.⁶⁷ Periods spent in mandatory quarantine are not included in the maximum number of days for which a worker is entitled to sickness benefits. Contrary to the usual rule, the state bears the costs for sick pay or sickness benefits instead of the employer or the INPS.

Special rules were created to maintain employment for dependent workers with severe disability or suffering severe medical conditions (e.g. treatment with immunosuppressive drugs and similar conditions of high vulnerability). They were entitled to a special, extended sick leave which was considered equivalent to a hospital stay, with corresponding sickness

64 If a COVID-19 infection occurred at the workplace, it is considered an occupational injury with corresponding social security benefits from the National Institute for Work Injury Insurance INAIL (also for COVID-related quarantine and self-isolation), Art. 42 Para. 2 D.L. 18/2020. The work injury scheme covers all employees and some self-employed workers, in particular para-subordinate workers.

65 Art. 26 Para. 1 D.L. 18/2020; the provision has been extended various times up to 31 December 2021.

66 The traditional self-employed workers enrolled at the corresponding special pension schemes of INPS for farmers, craftsmen or dealers are not covered by the statutory sickness cash benefits. As of July 2007, all professionals with no pension scheme other than the one offered by the gestione separata at INPS are mandatorily insured for sickness cash benefits. Duration of the benefits is limited to 1/6 of the insured working period with a maximum of 61 days per year.

67 For self-employed professionals the daily rate of sickness cash benefits depends on the number of previous contribution periods.

benefits.⁶⁸ Finally, reinforced sanitary surveillance of workers at high risk of contamination according to their age and/or state of health has been put in place, with the prohibition to dismiss them if they are declared unfit for work within the framework of this surveillance.⁶⁹ In general, periods of absence from work due to the pandemic are not included in the calculation of the maximum period of sick leave.⁷⁰

3. *Supporting the Economy*

The measures to support businesses pursue different objectives. On the one hand, the aim is to prevent companies from laying off their workforce or suspending wage payments.⁷¹ On the other hand, the self-employed who no longer generate a turnover and have had to stop their activities due to corona should also receive non-means-tested income support to compensate for income losses. In addition, various measures sought to restore liquidity, in particular for small and medium-sized enterprises (SMEs), which often have little or no financial reserves. Instruments adopted for this purpose include non-repayable subsidies, tax credits, relaxed access to credit through the guarantee fund for SMEs, deferred deadlines for payment of tax and social security obligations, in order to ensure the continuation of business activities during and after the emergency.

Moreover, as part of labour market policies, with particular emphasis since the relaunch phase, the creation of new employment opportunities

68 Art. 26 Para. 2 D.L. 18/2020, Art. 87 Para. 1 D.L. 18/2020, as amended and extended subsequently up to 31 December 2021 by Law 178/2020 as modified by D.L. 111/2021, converted by Law 133/2021. The level of sickness benefits during a hospital stay is determined by statutory provisions or by collective agreement. As a rule, fragile workers should perform their work under agile working modalities or participate in specific online professional training activities. In the future, the protection should be based exclusively on smart working, cf. Art. 17 D.L. 221 of 24 December 2021. The Budget Law for 2022 provided for a new one-off payment of EUR 1,000 EUR for insured workers who had exhausted the maximum period of sick leave in 2021 (Art. 1 Para. 969 Law 234/2021).

69 Art. 83 D.L. 34/2020, converted by Law 77/2020. This protection tool has been extended several times by subsequent decrees adopted in 2021, most recently up to 31 March 2022 by D.L. 221/2021.

70 Art. 15 D.L. 41/2021.

71 Italian labour law allows the employer to suspend payment of wages if the business activities have to be discontinued for reasons of “force majeure” for which he is not responsible (e.g. natural disasters, failure of the electricity supply or an officially ordered closure).

has been incentivised and rewarded by temporary exemptions from social security contributions.⁷² The instrument of temporary rebates on social contributions has been adopted also as a temporary regional policy measure to incentivise job creation in the depressed areas of Southern Italy (*Bonus Sud*).⁷³ Many of the government measures are supplemented by regional interventions.⁷⁴

The various instruments have been continued over 2021, in particular non-repayable subsidies to specific sectors exposed to extensive closure or restrictions.⁷⁵

a) *Deferral and Exemptions of Taxes and Social Security Contributions*

An important element in providing relief in the event of a drop in turnover or loss of revenue is the deferral of tax payments and social security contributions for companies, self-employed persons and freelancers who generate income of less than EUR 2 million annually.⁷⁶ The deadlines for this have been postponed several times. The Decree Law of August 2020 added a new alternative extending the respite period for 50% of the suspended tax and social security contributions to up to 24 months.⁷⁷

In addition, special tax exemptions have been adopted during the pandemic, including the regional tax for industrial activities IRAP, the real

72 Art. 6 D.L. 104/2020: total exemptions for 6 months in case of permanent contracts (except for industrial accident premiums), up to a maximum amount of EUR 8,060 per year. The exemption does not apply to agricultural and domestic workers; Art. 7 D.L. 104/2020: temporary exemption of three months in case of new fixed-term contracts for seasonal workers in the tourism and spa sectors.

73 Art. 27 D.L. 104/2020 provides for a 30% rebate on social security contributions in the period of October to December 2020.

74 Cf. the compilation of regional measures by ANFIA (Associazione Nazionale Filiera Industria), [Emergenza COVID-19. Misure regionali a sostegno delle imprese](#), Bollettino Adapt, 6 April 2020.

75 E.g. 26 D.L. 41/2021; Art. 1, 2; 24 D.L. 73/2021, Art. 11 D.L. 105/2021 converted by Law 126/2021. Public funding allocated via the Economy Support Fund amounted to EUR 350 million in 2021.

76 Art. 61 and 62 D.L. 18/2020; Art. 18 D.L. 23/2020. Private households as employers of home help personnel may also defer the payment of social security contributions, Art. 37 Para. 1 D.L. 18/2020.

77 Art. 97 D.L. 104/2020. 50% of the suspended payments had to be paid as a lump sum by 16 September 2020 or with four instalments starting on 16 September 2020.

estate municipal tax IMU, and other minor charges like the stamp duty.⁷⁸ Employers particularly affected by the restrictive measures adopted in the wake of the second wave were allowed to defer payment of social security contributions due for September 2020 by four months.⁷⁹

The *Ristori* Decree introduced additional contribution exemptions under particular circumstances.⁸⁰ The approach, based on partial exemptions instead of simple postponement of payments, was continued in 2021 in order to protect the liquidity of enterprises particularly affected by the pandemic.⁸¹

b) Restoring Liquidity

The liquidity of craftsmen and merchants is supported by special tax credits to compensate for the rental costs of business premises amounting to 60% of the rental costs⁸² and tax credits for special corona disinfection measures.⁸³ Subsequently, the Relaunch Decree extended financial measures in favour of businesses, providing support for the purchase of equipment and instruments to reduce the risk of contagion in the workplace, and introducing a tax credit equal to 50% of expenses incurred up to 31 December 2020 for adapting the work environment to COVID-19-related health regulations.

78 Art. 24 D.L. 34/2020 (IRAP); Art. 9 D.L. 137/2020 (IMU); a variety of support measures, addressing specific economic sectors can be found in Art. 25 to 52-ter D.L. 34/2020.

79 Art. 13 D.L. 137/2020.

80 Exemption of up to four weeks for employers who refrain from claiming benefits under the wage guarantee scheme (Art. 12, Para. 14 D.L. 137/2020); further contribution exemptions apply to the agricultural sector (including fisheries), cf. Art. 16 D.L. 137/2020.

81 Up to 31/12/2021, cf. Art. 1 Para. 20 Law 178/2020 (2021 Budget Law), Art. 43 D.L. 73/2021.

82 Art. 65 D.L. 18/2020 (for March 2020). Tax credits for non-residential properties have been extended in particular for the tourism sector by Art. 28 D.L. 34/2020 and Art. 77 D.L. 104/2020 (up to 31 December 2020); further extensions in time and coverage were provided for by D.L. 137/2020.

83 According to Art. 64 D.L. 18/2020, companies and freelancers are entitled to a tax credit of 50% of the costs of products for disinfecting the workplace and equipment up to a maximum of EUR 20,000; the tax credit has been extended by Art. 30 D.L. 23/2020 to cover the costs of personal protective equipment, face masks and eye protection.

Certain sectors, such as the agricultural and fisheries sectors, could benefit from advance subsidies from the special funds of the European agricultural policy.⁸⁴ In addition, financial assistance could be provided for access to bank loans. A key instrument have been state guarantees (sureties) for business loans totalling around EUR 200 billion and other state guarantees for exports and to top up the guarantee fund for SMEs. Depending on the size or turnover of the business, the guarantees covered between 100% and 70% of the amount financed.⁸⁵ The measures were primarily designed to ensure the survival of those enterprises that were not at risk before the crisis. A new loan conditionality fostering social dialogue during the pandemic has been introduced which required companies that benefit from the state loan guarantee to “undertake to manage the occupational levels by means of collective agreements”.⁸⁶ To cushion the restrictive measures adopted after the onset of the second wave, new sector-specific funds were provided to sustain enterprises in sectors particularly affected (e.g. travel agencies, culture, publishers, hotel industry).

4. Social Protection

In addition to the abovementioned benefits (in particular the short-time working benefits) access rules for existing social insurance and welfare benefits have been adjusted in various ways during the pandemic. The emergency legislation also introduced a whole set of temporary ad hoc allowances for non-standard workers, self-employed professionals, and for private households that were facing losses of income from work or were excluded from social benefits.⁸⁷ Some measures established new income support schemes for low income families with special needs, or introduced

84 These advances could be increased from 50% to 70%, Art. 78 D.L. 18/2020.

85 For details cf. Art. 49-59 D.L. 18/2020 and [Adapt, Scheda No. 6](#), Misure finanziarie e fiscali di sostegno alle imprese per far fronte all'emergenza da COVID-19. State guarantees have been extended – with modifications – up to 30 June 2022, cf. Art. 1 Para. 53-58 Budget Law 234/2021.

86 Art. 1 Para. 2, litt. l) D.L. 23/2020.

87 E.g. by provisions that impede the expiry of exclusion and limitation periods (Art. 34, Art. 37 Para. 2 and Art. 42 Para. 1 D.L. 18/2020). Several temporary measures have strengthened housing support for low income households, by suspending mortgage payments, or providing subsidies to reduce rental costs for tenants to avoid the risk of evictions. For details cf. Jessoula et al., ESPN Thematic Report: Social protection and inclusion policy responses to the COVID-19 crisis. Italy, EU Commission 2021, p. 29 f.

new instruments for professional categories previously not covered by “social shock absorbers”, in a more structural perspective.

a) Adjustments and Innovations with regard to Unemployment Protection

Due to the long-time ban on lay-offs for all dependent workers as of 23 February 2020 and some other measures aimed at retaining employment, the pandemic had a rather modest impact on the unemployment insurance scheme consisting of three subschemes: the general unemployment insurance scheme (*Nuova Assicurazione Sociale per l'Impiego, NASpI*)⁸⁸, its special scheme for workers with a coordinated and continuous collaboration contract and project workers (*Disoccupazione per Collaboratori, DIS-COLL*)⁸⁹ and the unemployment insurance for the agricultural sector.⁹⁰ Nevertheless, the *NASpI* and *DIS-COLL* schemes have been subject to slight adjustments during the pandemic. The maximum duration of the benefits was extended by two additional months at two occasions.⁹¹ In addition, eligibility criteria for accessing the *NASpI* benefit were relaxed: during the pandemic period 2020/2021, the only condition was having paid thirteen weeks of contributions in the four years before the dismissal. The requirement of a qualifying period of 30 days of actual working days in the 12 months preceding the dismissal was suspended⁹² as well as the progressive reduction by 3% per month of the benefit from the fourth month (91st day) onwards.⁹³ Access to unemployment benefits was also fa-

88 Legislative Decree (D.Lgs.) No. 22/2015 (Disposizioni per il riordino della normativa in materia di ammortizzatori sociali in caso di disoccupazione involontaria e di ricollocazione dei lavoratori disoccupati, in attuazione della legge 183/2014).

89 This special unemployment insurance covers freelance workers without a VAT number who are insured exclusively under the Separate Fund (gestione separata) at INPS, and holders of research grants.

90 D.L. 338/1989 as amended by Law 389/1989.

91 Art. 92 D.L. 34/2020; Art. 5 D.L. 104/2020.

92 Art. 16 D.L. 41/2021.

93 Art. 4 D.Lgs. 22/2015. The unemployment benefit amounts to 75% of the average monthly wage (or reference earnings, respectively) up to a fixed, dynamic earnings limit (2020: EUR 1,227.55), and to 25% of earnings above this limit, with a maximum benefit of EUR 1,335 per month (2020).

cilitated by waiving some conditionalities for labour market integration⁹⁴ and by postponing application deadlines.⁹⁵

The Budget Law for 2022 (Law 234/2021) transformed some of the temporary adjustments into permanent ones.⁹⁶ For workers who become unemployed in 2022, the benefit requirement of a minimum period of 30 working days in the last 12 months has been abolished. The reform also extended coverage to agricultural workers employed in permanent contracts by cooperatives, changed the mechanism by which the benefits are reduced progressively,⁹⁷ and enhanced protection for workers on coordinated and collaboration contracts under the *DIS-COLL* scheme by reducing the disparities in treatment as compared to the *NASpI* scheme.⁹⁸

By contrast, the special allowance aimed at bridging the period until old-age pension is accessible for certain vulnerable groups,⁹⁹ including unemployed senior workers aged 63 with a contribution period of 30 or 36 years, has been extended in 2022,¹⁰⁰ but not transformed into a structural measure. Although introduced on an experimental basis before the pandemic, it helped to secure income for some senior workers during the pandemic.

Some important structural changes adopted in the course of the pandemic seek to improve the protection of self-employed professionals through new contributory social security schemes.

The first novelty has been the Extraordinary Allowance to Guarantee Income and Business Continuity (ISCRO), introduced by the 2021 Budget Law as a pilot project for 2021-2023 for certain self-employed workers who have suffered a serious reduction in labour income, with the objective to provide income continuity similar to that of wage guarantee schemes.¹⁰¹

94 Art. 40 D.L. 18/2020, albeit for the condition to participate in vocational counselling and training measures, and to accept reasonable job offers within their own community of residence.

95 The deadline for claiming the benefit was extended by 60 days (from 68 to 128 days), Art. 33 D.L. 18/2020.

96 Art. 1 Para. 221 Law 234/2021.

97 The 3% benefit reduction of *NASpI* applies as of the 6th month, and as of the 8th month for workers older than 55.

98 Art. 1 Para. 222-223 Law 234/2021.

99 “Anticipo pensionistico” (*APE sociale*), introduced by Art. 1 Para. 179 Law 232/2016 (Budget Law for 2017).

100 Art. 1 Para. 91 Law 234/2021 (up to 31/12/2022).

101 *Indennità straordinaria di continuità reddituale e operativa*, (ISCRO), Art. 1 Paras. 386-401 Budget Law for 2021 (No. 178/2020). The scheme requires an additional contribution (0.26% in 2021, and 0.51% as of 2022).

Coverage has been restricted to self-employed professionals who are holders of a VAT number and affiliated to the separate scheme for atypical workers of INPS. The new measure requires a significant drop in income, of at least 50% of average income compared to the average of the last three years, while the income of the year when the benefit is claimed must not exceed EUR 8,145. The monthly benefit covers 25% of the average income over the 3-year period, varying between EUR 250 and EUR 800, with a maximum duration of six months, and can be claimed only once in a three-year period. Despite these limitations it is the first income support scheme in Italy targeting the self-employed insured in the INPS Separate Fund without access to any unemployment scheme.¹⁰²

The second novelty has been the creation of the new contributory unemployment benefit *ALAS* as of January 2022, as part of the scheme for autonomous workers of the entertainment sector – a sector exposed to intensive employment discontinuity and thus excluded from standard unemployment protection schemes. The new scheme constitutes a structural innovation, covering artistic and technical work activities, directly linked to the artistic production and performance. The prerequisites for entitlement are 15 days of work covered by contributions in the previous year and an income limit of no more than EUR 35,000.¹⁰³

In 2020/2019, the average number of *NASpI* beneficiaries per month increased by 3.6% (from 1.199 million to 1.242 million recipients), but decreased in 2021/2020 by 23.1% (from 1.242 million down to 0.956 million recipients). The average number of *DIS-COLL* beneficiaries per month increased by 34.9% in 2020/2019 (from 5,835 to 7,872 recipients), but decreased by 15.5% in 2021/2020 (from 7,872 down to 6,655 recipients). From 2019 to 2020, total spending for the *NASpI* scheme has increased by 5%, amounting to EUR 15.932 million in 2020.¹⁰⁴

102 The new scheme involves about 290,000 persons, cf. *Jessoula et al.*, ESPN Thematic Report: Social Protection and Inclusion Policy Responses to the COVID-19 Crisis – Italy, Luxembourg, 2021, p.21.

103 *Assicurazione lavoratori autonomi dello spettacolo (ALAS)*, introduced by Art. 66 D.L. 73/2021 (Decree “Support”), as modified by Law 106/2021. The benefit is calculated according to the rules of general unemployment insurance, but the duration has been limited to 6 months.

104 For details cf. INPS, *Report mensile Febbraio 2022*. Cassa Integrazione Guadagni e Disoccupazione, p. 24; INPS, *XX Rapporto Annuale*, 2021, pp. 83 ff.

b) *Adjustments to Existing Minimum Income Protection Schemes*

Minimum income protection during the pandemic has been subject to various adjustments. In the early phase of the pandemic, provisions amended some eligibility criteria of the general means-tested minimum income scheme, the citizenship income (*Reddito di Cittadinanza*, *RdC*), and granted additional relief through shopping vouchers, rental subsidies, and temporary suspension of domestic charges. In the second phase, the government introduced a new emergency income support, followed by special support for vulnerable families. Despite considerable spending for means-tested income support, the number of households in absolute poverty increased from 1.6 million in 2019 to 2 million in 2020, involving a total of 5.6 million individuals.¹⁰⁵

The *RdC* scheme, introduced in 2019,¹⁰⁶ is granted to destitute households having resided in Italy for at least 10 years and satisfying several conditions concerning income and wealth. The benefit comprises two components (economic subsistence and housing needs) at a maximum monthly rate of up to EUR 780 for a single person household. It is granted for 18 months, subject to strict access criteria concerning conditionalities for job offers, and complicated means-testing rules that use income indicators not updated to the current income situation.¹⁰⁷ The main adjustments to the *RdC* benefit scheme included the temporary suspension of conditionalities

105 Cf. ISTAT, [Statistiche report](#), 16/06/2021; the number of households receiving at least one monthly instalment of the *RdC* benefit increased from 1.4 million in 2020 to 1.6 million in 2021; cf. INPS, *Reddito/Pensione di Cittadinanza. Reddito di Emergenza. Report January 2022*.

106 Art. 1-13 D.L. 4/2019, as converted by Law No. 26 of 28 March 2019 on “Urgent provisions in matters of Citizenship Basic Income and Basic Pension”. The benefits differentiate between the Citizenship Income (*RdC*) and the Citizenship Pension (*PdC*).

107 The economic indicator for the assessment of poverty for 2020 (indicator of the equivalent economic situation = ISEE 2020) is referred to the 2018 income data; the updated indicator (ISEE corrente) is referred to 2019 (Art. 4-sexies D.L. 34/2019, as amended by Law No. 58/2019, thereby excluding income disruptions as those incurred during the pandemic. For the various criticalities of the *RdC* scheme see Comandè, *I confini del rischio sociale di povertà attraverso i requisiti soggettivi e oggettivi del reddito di cittadinanza*, in: Giubboni (ed.) *Reddito di cittadinanza e pensioni: il riordino del welfare italiano. Commentario aggiornato ai decreti “Cura Italia” e “Rilancio”*, 2020, pp. 31-45; Alaimo, *Il reddito di cittadinanza: il beneficio economico, il patto per il lavoro e il patto per l’inclusione sociale*, in: Giubboni (ed.), cit., pp. 47-66; Pascucci, *Note critiche sparse a margine del reddito di cittadinanza*, RDSS 2/2020, pp. 273-300; on the difficult

for job searching activities over several months and of the corresponding sanctions for non-compliance,¹⁰⁸ and the suspension of certain notification obligations for the period from 23 February to 1 June 2020.¹⁰⁹ Beneficiaries were permitted to earn up to a limit of EUR 2,000 in 2020 by taking up temporary employment in agriculture for 30 days (extendable to another 30 days) without impact on benefit entitlement.¹¹⁰ A further novelty concerned the possibility of topping up the *RdC* amount for recipients who belonged to a professional category entitled to one of the flat-rate allowances for self-employed, para-subordinate, seasonal or intermittent workers when the flat-rate allowance was higher.¹¹¹ Yet, various access barriers, such as qualified residence requirements, qualified residence permit or means-testing rules that do not take into account current income losses have not been suspended or relaxed. Instead, the Budget Law for 2022 (Law 234/2021) tightened the conditions for beneficiaries regarding the acceptance of job offers as of January 2022.¹¹²

The number of households receiving at least one monthly *RdC* benefit increased significantly in 2020 to 1.6 million (involving 3.7 million persons in total), and coverage went further up to almost 1.8 million households (involving slightly less than 4 million persons in total) in 2021. Despite the increasing numbers of beneficiaries, many impoverished households affected by income losses during the lockdown remained excluded. As a result, incidence of absolute poverty increased as compared to pre-pandemic times.

In addition to the general minimum income scheme, adjustments have also been made to family support schemes that affect household income. Access to the so-called family card (*carta della famiglia*)¹¹³ has been extended to needy families with only one or two children (instead of at least three) under the age of 26 until the end of 2020.¹¹⁴ In 2021, an important structural reform for child benefits was enacted, aimed at increasing

interaction with activation policies see various articles in RGL 3/2021 (thematic issue).

108 Art. 40 D.L. 18/2020; the same exceptions as for receipt of unemployment benefits apply, cf. Art. 40 Para. 1-bis D.L. 18/2020, introduced by Conversion Law No. 27/2020.

109 Art. 34 Para. 1 D.L. 18/2020, INPS, Messaggio No. 1608 of 14 April 2020.

110 Art. 94 D.L. 34/2020.

111 See below.

112 Art. 1 Para. 74 Law 234/2021.

113 The digital card designed for buying goods and services on special discount was introduced by Law 208/2015 in order to relieve large families.

114 The extension of coverage was not refinanced in 2021.

child benefits and extending coverage as compared to the previous family benefit scheme.¹¹⁵ Although not yet fully implemented, the new scheme will help stabilise household income for families with dependent children, during the pandemic and beyond.

c) *The Emergency Income Support (REM)*

Decree Law 34/2020 introduced the Emergency Income Support (*REM*) as a new anti-poverty cash benefit for households in financial difficulties due to the pandemic. It is aimed at poor households not covered by the general *RdC* scheme or any other extraordinary COVID-19 income support benefit.¹¹⁶ The *REM* benefit required only a legal residence of the claimant (instead of ten years as for the *RdC*) and was not conditional on job searching activities. Initially, the benefit covered two monthly instalments between May to July 2020, later extended by additional payments for up to five months in 2020 and seven more months in 2021.¹¹⁷ The benefit amount is determined by multiplying the basic amount of EUR 400 with the scale of equivalence corresponding to the household composition, using the same parameters as for the *RdC* benefit¹¹⁸, but the upper benefit cap was set at a slightly lower level¹¹⁹. The benefit amounts ranged from EUR 400 to 800 (up to EUR 840 in special circumstances). The criteria for the means test were more lenient than for the *RdC* benefit, which emphasised the more inclusive approach of this measure.¹²⁰

115 Decree-Law No. 79 of 8 June 2021 – Urgent measures in matters of temporary allowance for minor children (Misure urgenti in materia di assegno temporaneo per figli minori, in GU n. 135 del 8-6-2021); Legislative Decree No. 230 of 29 December 2021, establishing the single and universal allowance for dependent children, implementing the delegation conferred on the government pursuant to [Law No. 46](#) of 1 April 2021.

116 Art. 82 D.L. 34/2020.

117 Art. 23 D.L. 104/2020 (August 2020); Art. 14 D.L. 137/2020 (November and December 2020); Art. 12 D.L. 41/2021 (March to May 2021); Art. 36 D.L. 73/2021 (4 instalments for June, July, August, September 2021). No refinancing was provided for 2022 (Budget Law for 2022).

118 The equivalence scale value attributed is 1 for the first adult member, 0.4 for any additional adult and 0.2 for any member younger than 18 years of age.

119 The maximum level for the *REM* scale is 2 (or 2.1 if there are household members with severe disability or long-term care needs), but 2.1 (2.2 in special cases) for the *RdC* benefit.

120 Movable assets should not exceed EUR 10,000, increased by EUR 5,000 for any additional family member, up to a maximum of EUR 20,000, the ISEE indicator

The benefit was extended in 2021 to unemployed persons whose insurance benefits had expired between July 2020 and February 2021, with even more lenient income conditions.¹²¹

In 2020, 425,000 households benefitted from the *REM* scheme, with an average monthly amount of EUR 550. Coverage increased consistently in 2021, with about 595,000 households under D.L. 41/2021 (involving about 1.352 million persons), and about 556,000 households under D.L. 73/2021 (involving about 1.232 million persons).¹²²

d) *Flat-Rate Support for Self-Employed Persons and Other Non-Standard Workers*

Italy has adopted unprecedented measures, not linked to any means test, to support a wide variety of heterogeneous professional groups severely affected by the initial lockdown and subsequent suspensions of commercial, cultural or sporting activities that are associated with a high risk of contagion.

Initially in March 2020, various groups of non-standard workers not covered by any wage guarantee scheme were granted a uniform one-off allowance (*indennità*) of EUR 600. The occupational categories entitled to this allowance comprised three main groups: certain groups of self-employed professionals and autonomous workers, dependent workers with atypical, mostly discontinuous, employment relationships, in particular intermittent and seasonal workers in the tourism and the spa sector, certain agricultural workers, and workers in the cultural and the sport sectors, and finally domestic workers (*lavoratori domestici*) and formal caregivers (*badanti*).¹²³ The flat-rate allowances were incompatible with statutory old-age pensions, but could be used to supplement a lower means-tested benefit of the general minimum income scheme (*RdC*).¹²⁴ With respect to dependent workers, entitlement required involuntary termination of an em-

should not exceed EUR 15,000 (against EUR 9,360 for the *RdC* benefit), while real estate assets and durable goods were not considered at all.

121 The ISEE for these privileged beneficiaries was set at EUR 30,000 per year, double the “normal” value.

122 With an average amount of EUR 545 and EUR 539, respectively. INPS, *Reddito/Pensione di Cittadinanza. Reddito di Emergenza*, Report January 2022, p. 10.

123 Arts. 27-30; Art. 38; Art. 96 D.L. 18/2020.

124 This combination was introduced only in May 2020, Art. 84 Para. 13 D.L. 34/2020 (Relaunch Decree).

ployment contract and being without such a contract at a given key date. With few exceptions, the initial conditions of access to this benefit did not depend on a previous period of contributions¹²⁵ or a means test and were therefore more flexible than unemployment benefits or minimum income benefits. However, the procedures of paying out the ad hoc allowances often proved to be complicated and lengthy.

Subsequent legislation replicated and refinanced the allowances various times for single additional months and finally switched to a new and more consistent lump-sum subsidy for non-standard workers, always according to predefined budget limits supervised by INPS. While coverage was gradually extended to employment sectors initially excluded,¹²⁶ the amount of the ad hoc allowances and the comprehensive subsidy varied consistently across different professional sectors.¹²⁷ In May 2020, the Relaunch Decree renewed support measures for the benefit of specific groups of non-standard precarious workers particularly affected by COVID-related restrictions, such as seasonal workers of all branches, occasional workers, self-employed home sellers, domestic workers not living with their employer who work at least 10 hours per week, as well as certain maritime workers.¹²⁸ For professionals insured with the INPS Separate Fund, the eligibility criteria for accessing the allowance available for May 2020 (increased to EUR 1,000) have been tightened, requiring them to demonstrate a loss of income of at least 33% in the second half of 2020 compared to the second half of 2019. The new comprehensive subsidy was continued and extended into 2021, again with differentiated amounts.¹²⁹

To support employees and the self-employed, particularly freelancers who have suffered economic harm as a result of COVID-19 measures that have resulted in the reduction, suspension or termination of their professional activity, the government has established a new temporary fund to

125 As an exception, previous contributions to the pension fund and the respect of an income limit was required in case of stage artists, Art. 38 D.L. 18/2020.

126 Art. 84 Para. 8 and 10 D.L. 34/2020. For frontier workers cf. Art. 103-bis D.L. 34/2020, as amended by Law 77/2020.

127 In 2020 mainly between EUR 600 and EUR 1,000 per month, Art. 98 D.L. 34/2020 (Relaunch Decree); Art. 9 D.L. 104/2020; Art. 15 D.L. 137/2020 (for seasonal workers most affected); Art. 10 Para. 2 D.L. 41/2020 (comprehensive subsidy of EUR 2,400 for the spring period 2021).

128 Art. 84 Para. 8 D.L. 34/2020; Art. 85 D.L. 34/2020; Art. 10 D.L. 104/2020.

129 D.L. 41/2021; D.L. 72/2021. The comprehensive subsidy of EUR 2,400 for the spring period 2021 required in general a minimum period of previous employment, while entitlement to the statutory old-age pension or to the unemployment benefit (NASpI) excluded eligibility as well as any employment contract.

provide an income of last resort (*Reddito di Ultima Istanza*).¹³⁰ The novelty was to extend the one-off allowance (EUR 600 for the month of April 2020) to entrepreneurs and freelancers not registered with INPS, but covered by one of the autonomous mandatory pension funds for the liberal professions, established under private law. The allowance was increased to EUR 1,000 for May 2020,¹³¹ but refinancing was delayed until March 2021.¹³² The entitlement was limited to those freelancers and professionals whose income did not exceed certain income limits and whose professional activities suffered disruptions or termination due to corona-related restrictions.

The 2020 expenditure for the ad hoc INPS allowance was almost EUR 6 billion, with 8.8 million payments made. Beneficiaries (4.2 million) received an average of about EUR 1,400. The maximum amount for a seasonal worker in the tourism sector was EUR 5,200. The take-up rate of the 2.848 million self-employed workers insured in the Separate Fund was 85%.¹³³

e) Food Aid

Emergency aid was also provided by granting shopping vouchers for food and medicines to secure the livelihoods of the poorest population groups. The vouchers were distributed via the municipalities and civil defence services during the spring lockdown of 2020. For this purpose, the municipalities received an early allocation of EUR 4.3 billion, while another EUR 400 million were made available to the civil defence authorities.

f) Support for Particular Families in Need

During the pandemic, some special support needs emerged regarding families. In 2020, a new support scheme for women who have been victims of

130 Art. 44 D.L. 18/2020, based on the new special “Fund for Income of Last Resort” (Fondo per il Reddito di Ultima Istanza); Interministerial Decree of 28 March 2020. The subsidy cannot be cumulated with any payments serving the same purpose, namely any of the analogous emergency allowances under Arts. 27-30 D.L. 18/2020, pensions or the RdC minimum income under D.L. 4/2019.

131 Art. 13 D.L. 104/2020.

132 Art. 13 D.L. 41/2021.

133 Cf. INPS, XX Rapporto Annuale, 2021, pp. 205 ff.

violence and are in economic difficulties has been introduced to promote economic independence for these victims. A cash benefit of EUR 400 for one year was provided for women victims of violence, without children or with minor children, followed by anti-violence centres recognised by the regions and social services in their pathway out of violence, to promote life in autonomy. The “Income for Liberty” (*Reddito di Libertà*) should cover costs for housing autonomy, education and training for minor children, and for the re-acquisition of personal autonomy.¹³⁴ However, funding was very limited.¹³⁵

Another novelty linked to the pandemic has been the creation of a fund to ensure the continuous payment of maintenance allowance for working parents in need who are separated or divorced. The monthly benefit of up to EUR 800 is targeted at working parents who have ceased, reduced, or suspended employment due to the pandemic and therefore are unable to guarantee the payment of child support.¹³⁶ To be eligible, employment must have been interrupted or reduced for at least 90 days after 8 March 2020, or earned income must have decreased by at least 30% compared to 2019.

Another special support measure introduced during the pandemic was a monthly income support to one of the unemployed or single-income parents belonging to a single-parent family with dependent children having a recognised disability of not less than 60 percent. The support, provided for each of the years 2021, 2022 and 2023, was set at EUR 150, 300 or 500 net, respectively, depending on the number of children with disability.¹³⁷

134 Funding was assigned to a special fund (“Fondo per il Reddito di Libertà”), connected to the Fund for Equal Opportunities. Cf. Art. 105-bis D.L. 34/2020, DPCM of 17 December 2020. The measure was refinanced by the 2021 and 2022 Budget Laws.

135 Funds allocated covered only 600 women in 2021, thus many applications were not accepted.

136 Art. 12-bis D.L. 41/2021, as modified by Art. 9-bis of Fiscal Decree D.L. 146/2021, converted by Law 215/2021. Due to the lack of implementation decrees the measure was postponed until 2022.

137 Initially, entitlement had been restricted to mothers: Art. 1 Para. 365 f. Law 178/2020 (2021 Budget Law), later extended to fathers by Art. 13-bis Para. 1, D.L. 41/2021. Implementation was delayed, as the required Interministerial Decree was adopted only on 12 October 2021. The authorised expenditure is up to EUR 5 million per year.

5. Conclusions

The pandemic pushed Italy towards a more inclusive approach in social protection, by strengthening the pre-existing social security systems, by adopting new interventions to cover the self-employed and atypical workers, with particular attention to discontinuous employment patterns and vulnerable groups. This resulted in a jungle of micro-measures across various economic sectors. Most of the emergency measures were of a temporary nature and fitted into the existing welfare architecture. Thus, standard workers received most of the funding provided during the pandemic, whereas non-standard workers, including above all the female workforce and the younger cohorts, remained more exposed to unemployment and to income losses.

Although the legislature has been particularly concerned with providing rapid assistance through short-time work schemes and flat-rate benefits for non-standard workers, implementation of the measures has encountered bureaucratic obstacles. At times, interventions have been implemented with significant delays as the adoption of administrative instructions by INPS or other actors has lagged behind. However, overall, state efforts generally increased social protection for non-standard workers during the pandemic, and helped to attenuate the effects of the emergency. The financial responsibility for the 2020 welfare costs equalled about 2.7% of the GDP of 2019. In 2020, the state increased job protection measures (+EUR 31.2 billion), minimum income schemes and other forms of social assistance (+EUR 7.35 billion), unemployment benefits (+EUR 1.9 billion) and emergency leave allowances (+EUR 680 million).¹³⁸

Despite this effort, the overall impact of the support measures raised some concern, not only for the lack of prioritisation and consistency of temporary benefits during the initial phase, but above all for the inefficiency of Italy's anti-crisis policies, especially in light of the increase in absolute poverty rates despite the increase in spending on minimum income protection.¹³⁹

While most interventions have remained ad hoc measures, some recent legislative responses indicate a new commitment to shift towards a more

¹³⁸ Jessoula et al. 2021, op.cit., p. 33 f.

¹³⁹ Rambilla and Forlani, *Redditi di cittadinanza ed emergenza: Aumentano i sussidi ma anche la povertà. Analisi sull'efficacia di reddito di cittadinanza, pensione di cittadinanza, reddito di emergenza e altre misure di contrasto alla povertà economica in Italia*, Centro Studi e Ricerche Itinerari Previdenziali, Rome, 05/04/2021.

inclusive welfare state. Examples of this commitment involving a structural change in the welfare architecture include the creation of new contributory income protection schemes for non-standard workers (the *ISCRO* and the *ALAS* scheme). In addition, the pandemic acted as a catalyst to accelerate long-overdue reform efforts, as in the case of the new universal child benefit scheme and the “social shock absorbers”: some of the changes to unemployment insurance and short-time working schemes introduced during the pandemic have been transformed into permanent features by the 2022 Budget Law, improving benefit levels, expanding coverage, and reducing differences in treatment. In contrast, the structural reforms of the general minimum income adopted by this Budget Law did not replicate the more inclusive residence requirement used in the Emergency Income Scheme (*REM*) with respect to third-country nationals. Thus, the general minimum income scheme continues to exclude a substantial portion of families exposed to extreme poverty.

In any case, the pandemic provided a clear picture of the multiple inadequacies plaguing Italian protection schemes and the urgent need for structural change. It highlighted protection gaps resulting from insecure and fragmented labour market conditions, as well as persistent gender gaps in unpaid care work, and the need to improve the equal opportunity framework. It remains to be seen whether the new impetus to reform Italy’s fragmented social protection landscape and to address long-standing systemic inequalities will be sustained.

