

Instruments and Programmes for Local Development in Italy

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1. The Recent Changes in Italy on Policy Measures for Developing the Local Economy

1.1. An Outline of Policies of Decentralisation in Italy

In recent years, there has been an increasing interest in Europe for forms of programming and management of development-oriented policies linked to regional requirements, with a bottom-up approach, or better starting from local needs.

Since the start-up of the European Employment Strategy (EES), the guidelines for employment have included the local dimension, with Member States being invited to involve the local and regional levels and to support the creation of jobs on the local level. Every year, these guidelines are converted by the Member States into National Action Plans (NAP) for Employment. The European Union Structural Funds, the European Investment Bank and the other financial instruments available for the support and promotion of employment and local development accompany and integrate the NAPs (National Action Plans) in achieving the three priority objectives of the Community Support Framework for 2000-2006. These priority objectives are: promoting the development and structural adjustment of regions whose development is lagging behind (Objective 1); supporting the economic and social conversion of geographical areas facing structural difficulties (Objective 2); supporting the adjustment and modernisation of policies and systems of education, training and employment (Objective 3).

The focus on the local dimension has been increased over the years, promoting the role of the Local and

Regional Authorities in developing employment strategies to fully exploit the opportunities for job creation at the local level.

The Community Framework and the programming of Structural Funds (ESF in particular), which in Italy have coincided from the time point of view with the process of decentralisation of employment policies to the Regional and Autonomous Provincial Authorities, have accelerated the change of the approaches, processes and employment-policy instruments available to the Regional Authorities.

In Italy, the Regional Authorities now have (both special and ordinary statute) all the programming and governance instruments required to provide a concrete and single response to the various problems posed by the imbalances of the labour market. The policies and instruments for employment are formulated and programmed annually according to the indications of the EES guidelines and the national plans for employment, and are related to the choices of economic policy and attribution of the resources contained in the Economic and Financial Planning Document (*DPEF*), which anticipates the contents of the annual budget.

In order to describe all the instruments and policies for employment, managed at local level, and considering both the decentralisation and the local development, we group them into two types:

- A. A set of planning instruments for the regional actions on employment (Regional Operational Plans, Regional and Local Action Plans, negotiated programming, etc.);*
- B. The new system of employment services, defined in the context of administrative decentralisation to foster the labour supply and demand matching*

at the local level.

The employment policy measures are essential in particular to promote the local development in Southern Italy.

The general policy and operational programmes for the development of the Southern Regions come from the Community Support Framework Objective 1 and are contained in the Employment Development Programme, falling under the Community Structural Funds for the period 2000-2006, specifically conceived for Southern Italy (*PSM*), and in the corresponding operational programmes. The Plan for the Development of Southern Italy (*PSM*) has the objective of the creation of living conditions and an economic, social and environmental context, in order to foster and promote the continuation, flow and investment of resources. In order to attain this objective, the *PSM* determines the programming of the actions designed to promote the local development through an integrated approach in which the specific contribution of the individual policy fields aims at the enhancement and development of Southern Italy.

2. The instruments for planning and implementing local development

A. In Italy, the instruments for planning and implementing the regional economic development derive from the various institutional levels:

- *Community (European Union) instruments provided* in the context of the programming of the Community Support Frameworks for the Single Programming Document (with the corresponding structured into National and Regional Operational Programmes), distinguished by type and amount of resources according to the geographical areas (Objective 1, 2 and 3);
- *Instruments provided under national legislation*, such as laws for specific subsidies and exemptions (e.g., Law 488/92, Law 341/95, Law 266/97), budget laws, also through the direct institutional intervention (Departments of the Presidency of the Council, Ministry of the Economy and its branches, Sviluppo Italia), aimed at the implementation and management of specific local-development policies;
- *Instruments activated through local program-*

ming, regional laws and local initiatives [promoted by associations of local bodies, such as Regional Authorities Coordination, *UPI* (Union of the Italian Provinces), *ANCI* (National Association of Italian Municipalities), and *UNCEM* (National Union of Mountain Municipalities, Communities and Authorities) etc.].

Focusing in particular on the regional level, it is worthy to mention two types of instruments utilised by the administrations for the promotion of employment and local-development policies:

- A.1 Programming of regional policies regarding employment;*
- A.2 Negotiated programming.*

A.1 With regard to the first type, *Programming of regional policies regarding employment*, the variety of programme-related documents and instruments for employment include:

- *Local Action Plans (PAL)*, promoted by local institutions with local actors and social partners. The PAL represent a programming instrument promoted by different local institutions to pursuing employment objectives;
- *Pacts for development and employment* signed by the Regional Authorities/Autonomous Provincial Authorities, Local Authorities and Social Partners;
- *Regional Employment Plans*, also in the long term;
- *Specific Regional Employment Plans*, deriving from either regional laws to support policies for the creation of businesses or jobs, or special strategies arising from significant crisis situations (especially in the Southern Regions), regional budget plans or Community programme instruments;
- *Programme-related agreement documents* with the Provincial Authorities and Local Authorities to support the local-development policies;
- *Programming documents for employment-oriented actions* based on the regional programme-related options of the *PORs* (Regional Operational Plans) (regarding Employment

Services, apprenticeship, practical training periods, guidance, etc., which can be defined Active Labour Policies).

In any case, the definition of local programming is influenced by specific characteristics typical of the various geographical areas of Italy, which determine choices and preferences which can best contribute to counter the critical problems and to overcome delays and difficulties.

In North-Central Italy, where the unemployment rate is closer to the North-European average, the regional action plans are aimed at overcoming a series of difficulties: the lack of manpower for an increasing number of tasks, the difficult insertion of immigrant workers, the need to raise training levels for young people, the updating and continuing training for workers, the need to increase female employment, and the occupational safety.

In the Regional Authorities of Southern Italy, on the other hand, all the measures have been arranged to face the employment crisis.

Measures of local employment policies have had as objective that of creating the conditions to increase the business productivity and competitiveness, fostering the penetration of local systems in international markets, attracting business initiatives and financial resources from abroad, and enhancing internal resources. The approach is thus to support employment through local

development, promoted on a transversal, integrated and bottom-up approach.

4.2 With regard to the second type of instruments, over recent years there have been an increasing number of integrated actions within the context of negotiated programming, which in Italy in particular, is more and more important with regard to investments — also structural ones — in areas which are lagging behind in economic and productive development.

Negotiated programming (see Table 1) is a method allowing for the regulation of actions, conducted by a wide range of public and private actors, aimed at the single management of financial resources. This was introduced in Italy by Law 341/95, and is conceived for the promotion and enhancement of the local-development processes achieved with Public Authority through the co-operation of enterprises, Local Authorities, industrial associations, trade unions, banks and foundations. It encloses two objectives: to allow for the co-ordinated management of the programming instruments typical of the institutional actors, and to foster as well as to encourage a ‘bottom-up’ decision-making process by all the public and private actors involved in the topics of local development, using the “concertazione” instrument (agreement between Institutions and Social Parties).

The aim of negotiated programming is to foster the

Table 1. Layout of the Local Development Programmes

Local development programme type	Territorial Integration ¹	Financier entity ²	Local Partnership ³
Territorial Pacts	Yes	State	Yes
Territorial Employment Pacts	Yes	EC ⁴	Yes
Programme Contracts	No	State	No
Area Contracts	Yes	State	Yes
Integrated Projects	Yes	EC	Yes
Leader	Yes	EC	Yes
Urban	No	EC	No

Source: Data processing ISFOL.

Note: ¹ It turns out only in the case that the programme has to compulsorily involve an overmunicipal area that is territorially confined of one or more neighbouring Regions, considered homogeneous in order to implement the programme objective.

² It points the subject who totally or partially finances the implementation of the programme.

³ It points the existence of agreements among local entities necessary to promote and complete the programme in relation to adopted instrument.

⁴ EC: European Community.

effectiveness of local-development policies, and to increase competitiveness and employment in a specific geographical area, also through the simplification of operational procedures and the rationalisation of public and private expenditure.

The negotiated programming instruments (see Table 2) can be grouped within the following types¹:

- *Institutional Programme Agreements*. These are joint agreements between central government and the regional administrations or Autonomous Provincial Authorities.

They are programming instruments in order to agree objectives, sectors and areas for the territorial development.

Framework Programme Agreements (APQ).

These are the subsequent phase of the joint agreement. They are agreements promoted by the signatories of the original agreement and stipulated with local bodies and other public and private actors, in order to define the executive plan.

- *Territorial Pacts*. These are agreements promoted by the Local Authorities, Social Partners, or other public or private actors with regard to the implementation of a programme with actions characterised by specific objectives for the promotion of local development. This agreement is the result of concertation activities, and has a transversal impact on various socio-economic sectors, with continuous attention on the needs of the stakeholders.

Table 2. Summary of the Negotiated Programming Instruments

	N. of initiatives	Investments (thousands of EUR)	Public Burden (thousands of EUR)	Planned Additional Employment
National Local Pacts (activated) (31-12-2003)				
Central-North	67	4,899,047	—	—
Mezzogiorno (South)	141	5,666,142	—	—
Total	208	10,565,189	5,095,481	75,629
Territorial Employment Pacts (30-6-2003)				
Central-North	1	205,833	51,646	1,871
Mezzogiorno (South)	9	744,057	461,715	6,563
Total	10	949,890	513,361	8,434
Area Contracts (31-12-2003)				
Central-North	69	223,027	46,474	2,002
Mezzogiorno (South)	574	3,014,847	2,120,252	18,081
Total	643	3,237,874	2,166,726	20,083
Programme Contracts (Ley 488/92) (31-12-2003)				
Central-North	3	655,500	92,900	292
Mezzogiorno (South)	41	3,505,200	1,783,100	13,648
Multiregional	3	176,800	83,400	932
Total	47	4,337,500	1,959,400	14,872

Source: Economic and Financial Department and ISFOL.

¹ The types are defined in Law 662/96, Art. 2, Para. 203. The *CIPE* (Interministerial Committee for Economic Planning), by the resolution dated 21/03/97, provided regulations for the various programming instruments, defining their aims and purposes, the stakeholders (promoters) as well as the implementation and funding procedures.

There exist Pacts of I and II Generation which represent the instruments that have obtained more financings within the negotiated programming instruments (see Table 3).

- *Area Contracts*. These are operational instruments agreed between government administrations, including local authorities, workers' and employers' representatives, and eventually other stakeholders. The priority aims of the Area Contract are thus the creation of a favourable economic environment in order to attract business initiatives, and the creation of new jobs by encouraging investments. The Area Contract is actually the evolution of the Territorial Pact, from which it mainly differs in the opportunity of concentrating investments in more limited geographical areas and on smaller business activities, for the exclusive use in zones hit by serious occupational crisis, and for the increased funds that can be provided by the *CIPE* (Interministerial Committee for Economic Planning).
- *Programme Contracts*. These are contracts stip-

ulated between the central government, large enterprises, consortia of Small- and Medium-sized Enterprises, and the representatives of the industrial districts, in order to implement initiatives designed to produce significant occupational results.

A.3 We can also make reference to the *Integrated Territorial Projects (PIT)*, promoted in the context of the Programming of the Structural Funds 2000-2006. *PIT* is not only a new instrument in addition to the strands and measures, but rather a particular procedure of implementation, to be applied, although not necessarily, through the instruments of negotiated programming.

The Integrated Territorial Projects are a particular procedure to identify and finance local-development projects understood as the implementation of the CSF objectives for the Italian 'Obj. 1' Regions. The Integrated Projects allow for the concentration of financing on the development of certain areas or specialised sectors, involving — in the project and management — all the actors of the institutions and the economic and social world concerned in the local development. In this per-

Table 3. National Territorial Pacts: Activated and not Activated (31/12/2003)

Pacts type	N.	Total investment ² (thousands of EUR)	Absorption costing (thousands of EUR)	Total disbursed (thousands of EUR)
I generation				
Activated ¹	12	513,507.2	371,178.3	262,408
Total of the I generation	12	513,507.2	371,178.3	262,408
II generation				
Activated	106	7,839,755	3,347,378	1,381,019
Not activated	11	743,826	439,645	—
Total of the II generation	117	8,583,581	3,787,023	1,381,019
Specialised in the agriculture and fisheries sectors				
Activated	90	2,211,927	1,376,925	494,375
Not activated	1	9,893	8,841	—
Total of the specialised in the agriculture and fisheries sectors	91	2,221,820	1,385,765	494,375
Total of the activated	208	10,565,189	5,095,481	2,137,801
Total of the not activated	12	753,719	448,486	—
Total of the Pacts	220	11,318,908	5,543,967	2,137,801

Source: Economics and Finance Department.

Note: ¹ Pacts can be defined "activated" only if they have obtained at least a disbursement of the Public contribution.

² Total investments include both business and infrastructure investments.

Table 4. Resources and Types of Intervention on PITs

Percentage composition of the resources ¹	(%)
ESF (European Social Fund)	10.8
EAGGF (European Agricultural Guidance and Guarantee Fund)	8.1
FIFG (Financial Instrument for Fisheries Guidance)	0.4
ERDF (European regional Development Fund)	80.7
Total	100

Source: Economics and Finance Department.

Note: ¹ 138 PITs: 7 Molise; 8 Basilicata; 23 Calabria; 13 Sardinia; 10 Apulia; 27 Sicily; 50 Campania.

Allocation of the Resources per Big Types of Intervention on 107 (Approved and Financed) PITs

Types of intervention	(%)
Aids	37.0
Infrastructure	50.0
Immaterial interventions	13.0
Total	100

Source: Economics and Finance Department.

Table 5. State of Execution of the Pits, Their Territorial and Financial Weight in the Regions

	Approved PITs (12/2004)	Incidence rate of PITs population on Region population (12/2004)	Public resources quota of PORs destined to the PITs
Molise	7	113.44	13.5
Campania	50	102.09	21.6
Apulia	8	91.89	10.3
Basilicata	8	100.00	19.7
Calabria	23	58.66	10.5
Sicily	28	79.75	12.2
Sardinia	13	52.38	12.9
Total	137	85.62	14.45

Source: Economics and Finance Department and ISFOL.

	Public resources quota of PORs destined to the PITs	Public resources assigned to POR Sardinia (millions of EUR)	Resources destined to PITs (millions of EUR)
Sardinia	12.9	4,200	54,180

Source: Economics and Finance Department.

spective, for the 'Obj. 1' Regions, the *PITs* are the most important instrument for the implementation of local-development measures distinguished by geographical areas (see Table 4).

Any Regional Authority of the Objective 1 (Molise, Campania, Puglia, Basilicata, Calabria, Sardegna,

Sicilia) schedules PIT in its own territory on the basis of its development strategy, supporting the integration of the local employment instruments (see Table 5).

4.4 In order to complete the framework, we can remind the experiments conducted by the Regional

Authorities and Autonomous Provincial Authorities through territorial Employment Pacts and Community Initiatives.

The Territorial Employment Pacts are an instrument promoted by the European Union to create projects for local development and new employment. The Pacts are characterised by the new working method of concertation among the local stakeholders (local bodies, employers' associations, trade unions, cultural and environmental associations, professional organisations, financial organisations, etc.); the result is the formulation of innovative projects for local development with significant entrepreneurial and occupational impact.

The concertation method has also to be used systematically by the Regional Authorities with Community Initiatives² (such as, 'Equal' but also 'Leader II and 'Urban') for which social, institutional and local partnership is considered to be the key of the integrated strategy for programming resources for development and employment.

The instruments for planning and implementing of Local Development above described are regulated by a specific (national and regional) law which specifies the procedures, the content, the actors, the competences and the engagements that each signer of the programme undertakes. Therefore, it is not a generic consensus among partners to develop policies, but it is a subscription of a form of contract in which all the participants engage to realize specific activities for the implementation of the programme. For example, State, Regions and Provinces engage to make available financial resources or to arrange territorial infrastructures, businesspersons (both individually and through their associations) to realize business initiatives, local banking companies to facilitate the access to the credit, workers representatives to stipulate labour contracts with special conditions, legal authorities to guarantee legal and competitive conditions, and so on.

Other actors and institutions of the territory can share the objectives of the programme without playing an active role in order to enlarge the consensus towards the proposed programme. Each instrument is addressed to the achievement of specific objectives and to face particular economic and occupational-local situations.

2.1. Considerations and Good Practices

Some studies and analysis, carried out also by ISFOL, about specific programmes realized with the instruments of local development have permitted to pinpoint some elements that can improve the performances in terms of achievements of the programmes themselves. There follow some examples.

- a) **The scale of intervention is not high.** The "little scale" has to be considered both as entity of total budgets managed per single project, and as target territory. The little scale permits to have an effective check of the plan and to actuate efficacious actions, specially in presence of a cooperative mood and a moving motivated subject. Enlargements of the territory make also most difficult the "concertation" and the establishment of nets of cooperation and confidence, aggravating the elements of criticality in the creation and functioning of the partnerships.
- b) **The local partnership takes into account a significant contribution of each partner to the concerted action and management** (even if with different roles and weights in the various phases). It is fundamental that the totality of the social actors is engaged in the territorial governance, in the phases of analysis of the territory, identification of the strategic objectives, planning and managing of the development actions.
- c) **The target territory of the intervention is itself the result of a process of sharing and concerted actions.** In many cases, if we tend to make converge the target territory with the territory confined in the administrative borders, for example the Provinces, the rate of sharing, participation and identification of the local companies in the development project hardly drops. On the contrary, when social actors, Municipalities, associations and pressure groups agree simultaneously on lines of intervention and territorial areas, there occurs an effect of net creation, of positive capital stock, of sharing and attention, which can make effective and efficacious the planned actions.

² Community Initiatives are actions which the Commission proposes to the Member States in order to solve specific problems highlighted throughout the EU.

In general we can state that, until now, of all the promoted negotiated programming projects, those which have had greater success and which have met the characteristics above-mentioned have been the Leader II and the Territorial Employment Pacts, because they are programmes with predetermined procedures and forms of Governance.

On the other hand, the check of the employment, created or supported by any single instrument, appears difficult. In fact, in a same territory, in relatively brief times, approximately four years, programmes and realized interventions have been overlapped with different types of instruments, which make difficult to assign to a specific instrument the worth of the results occurred in the area. The evaluation appears even more difficult because the major part of the products are still realizing the activities, so it is not possible having definitive data on the occupational results and on the total expenditure.

Finally, we have to add that, beyond the additional employment scheduled by a Local Development Programme, it is necessary to take into account the “preserved” employment in the zones in crisis, and the so-called “employment in construction” (for the construction of settled infrastructures).

3. The Employment Services

B. The start-up of the reform of the *Employment Services* has been one of the major innovations of the process of decentralisation and greater adaptability of the local programming policies.

There are two major innovations:

- On the one hand, there is the transfer of responsibilities, concerning job placement and employment policies, to the Regional Authorities, thereby empowering the Provincial Authorities with the management of the Employment Services;
- there is likewise the profound revision of the principles underlying the ‘old job-placement system’, introducing new forms of labour supply and demand matching, thereby changing the forms of classification of the unemployment lists, and finally the start-up of the Employment Information System (SIL), i.e. the employment IT system and database promoted on the central level. The national IT network, not yet fully

operational, must be co-ordinated with the local IT network and promoted by the public and private actors.

The new Employment Service system, drawn by Legislative Decree 469/97 and by the new Ley 30/2003, plays an important role as a measure for employability and for the prevention of unemployment. The new framework of decentralised functions and responsibilities for employment policies has been completed with a series of implementation decrees, including the measures for authorising the private sector to mediate between labour supply and demand, and with various implementation measures for the transfer of personnel.

All the Regional Authorities and Autonomous Provincial Authorities have started up the job-placement reform, assigning the functions to the Provincial

Table 6. Employment Centres Distributed among the Regions (12/2003)

Region	Provinces	The Activated Employment Centres
Piedmont	8	30
Valle d’Aosta	1	3
Lombardy	11	67
Veneto	7	42
Friuli Venezia Giulia	4	18
Emilia Romagna	9	37
Liguria	4	12
Tuscany	9	37
Umbria	2	5
The Marches	4	13
Latium	5	28
Abruzzo	4	15
Molise	2	3
Campania	5	47
Apulia	5	41
Basilicata	2	8
Calabria	5	15
Sicily	9	65
Sardinia	4	28
Bolzano-Bozen	1	7
Trento-Trent	1	11
Italy	103	536

Source: ISFOL.

Authorities and reorganising the Employment Service system through regional laws also involving the bodies dealing with co-ordination and technical management. This process has enabled the setting-up of regional employment agencies, so that there can be a single, integrated instrument for the governance and co-ordination of local employment policies.

Within this new framework, the Employment Centres organised by the Provincial Authorities for the labour supply and demand matching play a decisive role. The various regional laws establish an organised set of functions and tasks with specific features in the various Regions (see Table 6).

Within the process of the reform, there has been a significant contribution by the ESF-guaranteed funding, which through specific *POR* (Regional Operational Plan) measures has implemented the restructuring of local employment services, also in terms of quality. In particular, the European resources have contributed to:

- Updating structurally the employment centres;
- Requalifying human resources;
- Starting up services for the prevention of unemployment and the labour supply and demand matching;
- Implementing computerized employment systems, created in all the Regions and Autonomous Provinces following the difficulties in the functioning of the Employment Information System (*SIL*).

The functions and objectives of the employment services likewise take into account the indications formulated every year in the strategy of the National Employment Plan, drawn up on the basis of the indications of European Employment Strategy.

4. Some Considerations on the Way of Training and Human Resources Development

The increase of the competences of the subjects responsible for the promotion of the labour development at local level has occurred through different conditions for the two principal instruments and policies (see chapter 1.2).

In particular, the specific Measures of the *PORs* (Regional Operational Plans) have activated interventions of technical assistance, of counselling support, of

acquisition of specialised resources, and of human resources retraining in order to carry out the tasks entrusted by the reform.

A nationwide programme promoted by the Labour Ministry, concerted and carried out at decentralised territorially level, has come up to the specific interventions of each Regions for the adjustment of the human resources. Among the objectives of the programme, we can mention, for example, the transfer of knowledge, methodologies and organisational solutions and the optimisation of professional resources, in order to make homogeneous the national standards of services distribution.

With regard to the interventions aimed to the creation of satisfactory competences and skills of the subjects responsible for the promotion of the labour development at local level, they appear numerous. They are interventions aimed in particular to the Public Administrations which can be summarised into:

- a) Systematic activities in order to spread the evaluation practices of the results of the interventions within the development policies. In fact, the evaluation practice of the effects of the policies is still not very common in Italy, in particular at decentralised territorially level in the Regions and Provinces.
- b) Organisation, since the 2001, of Groups of Evaluation within the regional Administrations with adequate competences and skills, in order to support the programming and the evaluation of the development policies.
- c) Interventions carried out both through the *PORs* (Regional Operational Plans) and the central Administrations, aimed to the representatives of the local Institutions and to the Social Parties, in order to divulgate the culture and the use of the negotiated programming instruments.

In general, the experiences of promotion of negotiated programming interventions, carried out at local level, are bringing to the capital stock formation, which has to be interpreted as acquisition of sensibility towards economic and social problems of the territory and of competences in order to find a concerted solution to these problems.

5. Trends in Decentralisation on Policies for the Development of Local Employment in Italy

In recent years, we had a significant acceleration in the process of decentralisation of central government jurisdiction to the Regional Authorities, which has required more political than simply technical commitment.

The Constitutional Law 3/2001 enacted the reform of Title V of the second part of the Italian Constitution regulating the *Regions, Provinces and Municipalities*. The reform has an essential feature, being the conclusion of a long pathway towards the administrative and legislative decentralisation started up with the Law 59/97 ('Bassanini' Law), with Legislative Decrees 469/97 and 112/98. The reform text provides for a new and different division of legal responsibilities between the State, Regional Authorities and Local Authorities, in accordance with the principles of subsidiarity and federalism as well as of partnership indicated on the European level in the White Paper on Governance.

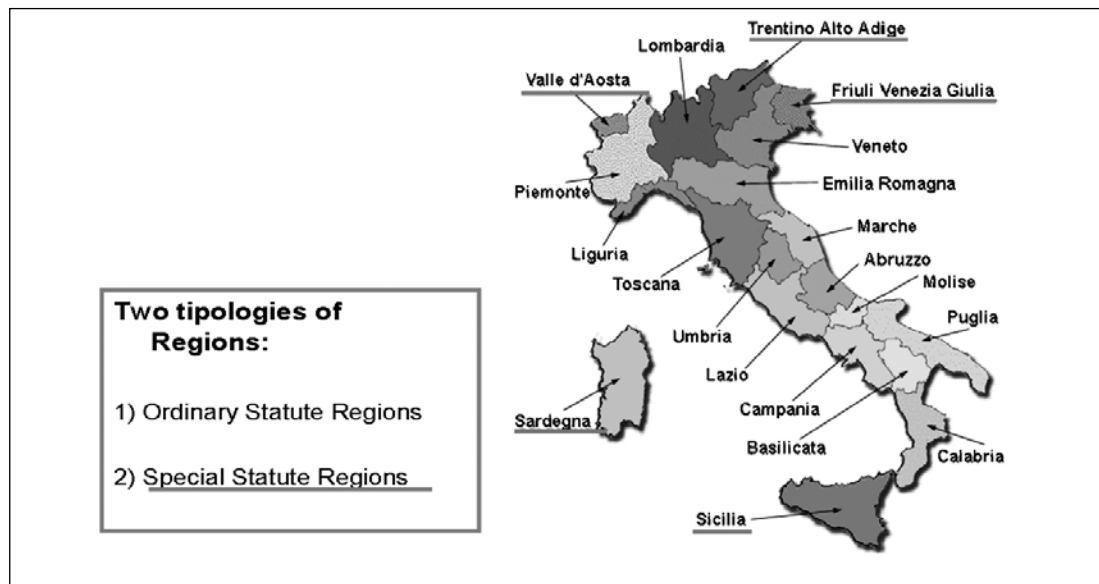
The reform has significantly reduced the scope for Parliamentary legislative power with regard to both matters under its jurisdiction and the methods of legislation (according to the principles and not the details). With the

new text, the State cedes the general legislative jurisdiction, while retaining exclusive legislative power only in some fields. This reverses the traditional subdivision between the legislative jurisdiction of the State and the legislative jurisdiction of the Regional Authorities in fields involving joint legislation.

In particular, jurisdiction regarding employment, vocational training and education has been totally traced again on the basis of a model in which the Regional Authorities are endowed with joint legislative power for labour protection and occupational safety, and exclusive jurisdiction in education and vocational training. In this regard, the "special" nature — long characterising the Regions with special statutes and the Autonomous Provinces — now mainly involves a greater legislative and organisational independence with respect to the Regions with ordinary statutes (see Figure 1), which are now autonomous bodies with the same institutional rank as the State and whose recognition and legitimacy are embodied in the Constitution.

Today, the Regional Authorities are the centre of local programming policies and the governance of the labour market, in a framework of subsidiarity with central government.

Figure 1. Regions of Italy



5.1. The Development of the Legal Framework for Institutional Decentralisation in the Vocational Training, Education and Labour Matters

As explained, the administrative and legislative decentralisation started up with the Law 59/97 and while respecting the principle according to which, in the jointly controlled fields, the State has the task of making laws on the basic principles, the empowerment of the Regional Authorities with full responsibility for legis-

lation on these fields provides an enormous potential to further improve employment opportunities in Italy. In particular, measures for employment and vocational training established by the Legislative Decrees 469/97 and 112/98 are of primary importance from the viewpoint of planning an effective preventive-policy system (for example, the system for the regulation of the labour supply and demand matching through the new Employment Services or the 'guidance or practical training period' system).

There follows a summary of legislation on the transfer of tasks and functions from the State to the Regional Authorities and Local Authorities as for training, education and employment, with a particular focus on the labour-market regulations.

Law 59/97. This law launched the concrete process of decentralisation of administrative functions (also regarding employment, vocational training and education) to the Regional Authorities and Local Authorities, according to the principle of subsidiarity — above all institutional — and provided the basis for starting up the radical reform of job placement.

Legislative Decree 469/97. This law implements decentralisation, defining the roles and functions of institutions in job placement and employability measures.

Legislative Decree 112/98. This law implements decentralisation, governing the transfer of responsibilities, among other things, on education and vocational training.

Constitutional Law 3/2001. The innovations introduced with Constitutional Law 3/2001 have redefined the institutional jurisdiction rules in Italy. In particular, the revised Art. 117 of the Constitution provides for the introduction of joint jurisdiction between State and Regional Authorities, and the exclusive jurisdiction of the Regional Authorities over various fields.

With regards to the subjects concerned in ESF strategies, Art. 117 of the Constitution assigns exclusive jurisdiction to the Regional Authorities over education and vocational training and joint jurisdiction over labour protection and security as well as education.

With reference to the *labour market*, and in particular the job-placement system and the occupational-integration instruments, there follow some of the basic elements of the reform subsequent to the implementation Decree 469/97.

Legislative Decree 181/2000 (amended and integrated by Legislative Decree No. 297 dated 19 December 2002). This decree assigns responsibilities to public services so as to implement policies on "employability", in particular preventive actions to combat long-term unemployment. Legislative Decree 181/00 was issued after the transfer to the Regional and Provincial Authorities of administrative functions on job placement and employability measures, occurring just after the 'Bassanini' Law. The aim of this measure is above all to innovate the system and respond to the objectives of "employability", which the Treaty of Amsterdam and then the Council of Luxembourg had indicated as a priority objective to accompany the parameters of economic and financial compatibility provided for in the Stability Pact of Maastricht.

With *Legislative Decree 297/2002*, Legislative Decree 181/2000 became a more organic and complete law than the previous one, due to the constitutional innovations (Reform of Title V), the new guidelines on the specific subject (White Paper on the Labour Market), and also to the results of the initial implementation experience of the previous Legislative Decree 181/2000. Article 1 of Legislative Decree 297/2002 is split into two sections: the first one regards the institutional functions already laid down by Legislative Decree 469/97 and thus the legislative power assigned to the Regional Authorities and Autonomous Provincial Authorities on the “revision and rationalisation of employment procedures” and finally defines the regulation among the guidelines assigned to the State. The second section indicates the principles for identifying the potential beneficiaries of measures aimed at promoting the labour-market insertion, with a list and classification of these beneficiaries (adolescents, young people, long-term unemployed, long-term non-employed people, women benefiting from occupational integration, services having jurisdiction) and also indicating the special conditions (unemployment status) of beneficiaries.

With reference to occupational integration, *Law 196/97* started up the reform and the re-launching of old methods (e.g., apprenticeship) and introduced new methods (temporary work) together with the innovative updating of other methods (fixed-term contracts). Subsequent rules, up to Law No. 30 dated 14 February 2003 and subsequent delegated and implementation decrees have further oriented Italian labour law towards the greater diversification of employment contracts, and consequently towards the greater flexibility in recruiting, completing the pathway towards a broader participation of the private sector in the process of mediation and intermediation between labour supply and demand and therefore towards the increasing number of “potentially” competing actors on the labour market.

Law 30/2003. With the delegation by Parliament to the Government, innovative measures have been significantly introduced in terms of the plurality of organisations entitled to undertake functions of labour mediation and employment flexibility.

Legislative Decree 276/2003. This law enacts the provisions of the delegated law, concretely promoting the reform of the services with the extension to the private sector of the functions concerning the labour supply and demand matching, and providing new regulations for undertaking these functions.

6. The Financial Support to the Regional Authorities in the Context of the Current Decentralisation.

In general, the implementation of the transfer of functions and tasks to the Regional Authorities has required the start-up of the abolition or reduction of the State civil service on the peripheral level, as well as the assignment of financial, human, instrumental and organisational resources and assets to the Regional Authorities and local authorities, according to the criteria laid down in the *legislative implementation decrees* of Law 59/97.

The detailed identification of the financial, human, instrumental and organisational resources and assets to be transferred, takes place through *decrees of the President of the Council of Ministers*, on the basis of the agreements between the Government, Regional

Authorities and local authorities promoted by the Unified Conference between the State, Regions, Municipalities and local authorities.

In particular, the amount of assets and resources assigned to the Regional Authorities and the local authorities corresponds to those utilised by the State to undertake the same functions and tasks before the empowerment.

With regard to the transfer of functions and tasks to the Regional Authorities for vocational training and education, Legislative Decree 112/97 states that the Regional Authorities and local authorities shall undertake the functions assigned at the time of the actual transfer of the financial, human, instrumental and organisational resources and assets. With regard to the topics being assigned, the State provides resources for the funds required for long-term financial laws as set forth

in those laws, or in 3-year financial programming.

With regard to employment, the financial resources required³ for the implementation of Legislative Decree 469/97 have been transferred to the Regional Authorities utilising the funds recorded in the corresponding budget items of the Ministry of Labour and Social Security.

The transfer of financial and human resources (especially in terms of workforce) from the Government Administrations has already been started in the past years, even if in some parts it is not completely realized because of the unsuccessful accomplishment of the legal and organisational framework of the decentralisation in some regional contexts.

With regard to what the Interior Department defined, the allocation and assignment procedure of the financial resources has been appeared really complex, because there has been to consider a series of elements, such as the undertaking of the functions assigned, the issuance of further emendation measures to the above-mentioned decrees of the President of the Council of Ministers and the issuance of legal measures which have directly influenced the quantification of the estimated resources (in the Table 7 there is an example of the financings relative to some measures of active labour policies settled to the development of local employment).

Table 7. Investments of Some Active Labour Policies

Interventions	Investments (thousands of EUR)			
	2000	2001	2002	2003
Labour and Training Contracts	2,449,664	2,419,821	2,491,028	2,521,734
Benefits to the employees	2,684,496	4,332,817	6,366,125	5,158,889
Integration of the disabled	38,667	79,253	79,152	92,302
Direct creation of work places	712,649	556,861	450,207	365,801
Benefits to the self-employment	400,300	669,700	17,100	467,410
Work experiences	40,165	44,082	27,620	9,080

Source: Economics and Finance Department and ISFOL.

³ This expenditure has been evaluated within the maximum limit of the expenditure actually incurred by the Ministry of Labour and Social Security in the 1997 fiscal year for the functions and tasks assigned.