



EUROPEAN COMMITTEE OF SOCIAL RIGHTS COMITE EUROPEEN DES DROITS SOCIAUX

19 August 2025

Case Document No. 7

Confederazione Unitaria di Base (CUB) v. Italy Complaint No. 234/2024

REPLY FROM THE GOVERNMENT TO THE CUB'S RESPONSE ON THE MERITS



European Committee of Social Rights (ECSR)

Collective complaints nos. 234/2024

Confederazione Unitaria di Base (C.U.B.) vs. Italy

FURTHER OBSERVATIONS OF THE ITALIAN GOVERNMENT ON THE MERITS

Ct 2438/2024

Avv. Monica De Vergori

Avv. Eva Ferretti



I. Preliminary remarks

- 1. With the letter dated 17 June 2025, the Secretariat of the General Directorate of the European Social Charter requested the Italian Government to present its replies on the collective complaint no. 234/2024 ('the complaint'), submitted by Confederazione Unitaria di Base (also 'C.U.B.') ('the complainant').
- 2. In compliance with the request of the Secretariat of the European Social Charter, the present observations are limited to the reply to the union's counterclaims.
- 3. Firstly, the respondent recalls that it lodged the complaint alleging the violation of certain provisions of the European Social Charter, and specifically: 'a) a) Infringement of Articles 1 and 12 of the European Social Charter because the Italian Republic does not provide a form of universal minimum income and has instead adopted restrictive policies on previously adopted social security measures; b) violation of Article 30 of the European Social Charter because the Italian Republic does not provide for a form of universal minimum income to ensure the effective exercise of the right to protection against poverty and social exclusion; c) infringement of Article 4 of the European Social Charter because it does not provide for a legal minimum wage or any form of income support from work, even though there are high levels of poverty-stricken workers also in breach of Directive (EU) 2022/2041 for the implementation of which the deadline of 15.11.2024 has now expired.'
- 4. That said, the Italian Government, with specific reference to the repeated criticism of the violation of Articles 1, 4, 12 and 30 of the European Social Charter, reiterate that these provisions do not require the States to guarantee every citizen a basic income (which would be the meaning of universal basic income), but require them to adopt measures of assistance, inclusion, facilitation of access to employment and vocational training such as to combat poverty in concrete terms.
- 5. The Committee's case law is therefore clear in not obliging States to introduce a universal minimum income into their legal systems; the provisions of the Charter require only the



adoption of measures to combat poverty which cannot be derogated *in peius* for economic and/or financial reasons (with the strengthening of restrictive measures).

- 6. The complaint is therefore unfounded insofar as it insists that the replacement of the citizenship income (*Reddito di Cittadinanza* or RdC) with the inclusion allowance (*Assegno di inclusione*, or AdI) has violated the provisions of the European Social Charter, as this would not provide for forms of universal basic income.
- 7. On the contrary, it has been demonstrated (see paragraphs 24 et seq. of the Observations of the Italian Government) that: a) the provisions invoked by the complainant do not require the adoption of a universal minimum income, but only the provision of assistance and facilitation of access to work (as was the case with the *Reddito di Cittadinanza* and, today, with the *Assegno di inclusione*); b) that the new measures adopted by the Italian Government have in any case had a beneficial effect in terms of increasing the income of those included, as well as increasing employment, even among recipients of the previous measure (RdI).
- 8. Furthermore, although the complainant bases its complaint on the alleged violation of the Charter resulting from the failure to adopt a guaranteed minimum income, it then focuses its criticism on the legislative amendment that led to the transition from the *Reddito di Cittadinanza* to other forms of assistance such as the *Assegno di inclusione*.
- 9. The obligation arising from the European Social Charter is not to establish a *universal income*, but to guarantee a *social safety* net for those most in need. The discussion, therefore, is not about 'abolishing universal income', but about **reforming a specific welfare instrument** (the RdC) and replacing it with others (AdI and SFL), which are considered more targeted. The use of the term 'universal' by the CUB is a rhetorical exaggeration to make the criticism more dramatic.
- 10. This approach shows clear confusion between the instruments in question.
- 11. Although these measures share the aim of combating poverty, the guaranteed minimum income, the *Reddito di cittadinanza* and the *Assegno di inclusione* are clearly distinct in nature, purpose and eligibility criteria. The guaranteed minimum income is a universal and



unconditional measure aimed at ensuring a minimum income threshold regardless of the beneficiary's employment status, and is purely of a welfare nature (natura prettamente assistenziale). It is a sum paid to all citizens, unconditionally, regardless of income or employment status. In contrast, the other two measures respond to social and employment activation needs (esigenze di attivazione sociale e lavorativa). RdC has never been a universal measure. It was a conditional and selective income support measure (a conditional cash transfer), based on very strict requirements in terms of income (ISEE), assets, residence and the signing of a 'Work Agreement' (Patto per il Lavoro) (behavioural conditionality). It introduced a conditional approach, which was selective and not universal, linking financial support to the obligation to seek work and participate in inclusion programmes. Finally, the AdI (to which is added the Support for Training and Work, Suppoprto per la Formazione e il Lavoro or SFL) is a more selective and targeted instrument, intended for vulnerable households, with a focus on social inclusion rather than employment. These are therefore three institutions that respond to two substantially different needs: on the one hand, a welfare measure aimed at guaranteeing a minimum threshold of economic dignity and remuneration, and on the other hand, two measures based on the need for social inclusion,

12. It follows that the complaint is inadmissible, given that it focuses on the alleged violation of the European Social Charter due to the absence of a measure guaranteeing a minimum social income; however, the real complaint of the other party concerns the Italian government's legislative policy choice to replace the citizens' income with the inclusion allowance.

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II. Brief overview of the legislation

on a selective and conditional basis.

13. In order to demonstrate the unfounded nature of the complaint, it is first useful to briefly reconstruct the relevant institutions, their functioning and the statistical data resulting from their initial application.



14. It is therefore necessary to clarify the functioning of the new AdI (and SFL) and the adjustments made to it in terms of the target audience.

15. As already clarified in the Italian Government's observations, Law No. 197 of 2022 provided for the abolition of the RdC by 31 December 2023. In particular, a limit of seven months' benefit was set for recipients of the Citizenship Income during 2023, with the exception of households with minors, people with disabilities or people aged 60 or over, or households for which social services have been notified, as provided for in Article 1(313/314) of Law 197/2022 and Article 13(5) of Decree-Law No. 48/2023.

16. Subsequently, Decree-Law No. 48 of 4 May 2023 (converted by Law No. 85 of 3 July 2023 No. 85) introduced, for the first type of households, Support for Training and Employment (SFL) with effect from 1 September 2023, subject to the aforementioned limit of seven months' income, and, for the second type, the Inclusion Allowance (ADI) with effect from 1 January 2024.

17. The Inclusion Allowance (ADI) is a national measure to combat poverty, vulnerability and social exclusion of vulnerable groups through social integration, training, employment and active labour market policies. It is conditional on meeting certain requirements regarding residence, citizenship and residence status, means testing based on the ISEE (Equivalent Economic Situation Indicator), the income situation of the beneficiary and their household, and participation in a personalised activation and social and labour market inclusion programme. The measure is available to households with at least one member in one of the following conditions: disabled (as defined for ISEE purposes); under 18; aged 60 or over; disadvantaged and enrolled in a care and assistance programme provided by local social and health services and certified by the public administration.

18. The amount of the benefit is determined using an *equivalence scale* (*scala di equivalenza*) that takes into account the members of the household in one of the above conditions, as well as any member who performs care functions with regard to the presence of children up to 3



years of age, or three or more children of any age under 18, or members (both minors and adults) with disabilities or who are not self-sufficient.

19. Access to the measure is subject to certain requirements: income, assets, residence and ownership of durable goods. Once entitlement to the benefit has been recognised, the annual amount of the benefit is composed of:

Annual amount of the benefit = portion A (threshold x equivalence scale – family income) + portion B (rent (if applicable))

where <u>portion A</u>: is a supplement to family income up to a threshold of \in 6.000 per year, or \in 7.560 per year if the household is composed of persons all aged 67 or over, or of persons aged 67 or over and other family members all with severe disabilities or who are not self-sufficient, multiplied by the equivalence scale (threshold x *equivalence* scale – *family income*)

portion B: is a supplement to the income of households residing in rented accommodation with a duly registered contract, for an amount, where applicable, equal to the annual rent provided for in the rental contract, as declared for ISEE purposes, currently valid, up to a maximum of \in 3.360 per year, or \in 1.800 per year if the household is composed of persons all over the age of 67 or persons aged 67 or over and other family members who are all severely disabled or non-self-sufficient. Unlike RDC, for ADI, the presence of rent still gives rise to financial support but no longer has the effect of raising the income threshold for entitlement purposes.

- 20. The annual amount of the benefit cannot be less than \in 480.
- 21. The ADI equivalence scale¹ may also be lower, higher or equal to the RDC equivalence scale, as shown in the following table:

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¹ The equivalence scale is equal to 1 for the first member of the household, increasing to a maximum total of 2.2 (further increased to 2.3 in the presence of members with severe disabilities or who are not self-sufficient), 0.5 for each additional member with disabilities, 0.4 for each other member aged 60 or over, 0.30 for each other adult member in a disadvantaged situation, 0.15 for each minor (up to two) and 0.10 for each additional minor from the third onwards. An additional coefficient of 0.40 is also provided for any adult member with care responsibilities. This parameter is recognised for only one member of the household and the request must be explicitly indicated when completing the application. Consequently: -not all members of the household are necessarily taken into account for the purposes of the equivalence scale (in the statistics, when the average number of members of the household is indicated, it is possible that some of them did not contribute to the determination of the benefit through the equivalence scale);



Examples of households	RDC	equivalence	ADI	equivalence
	scale		scale	
Household with two adults aged 48 and	1.6		1.15	
52 and a 12-year-old child				
Household with two adults aged 53 and	2.0		2.3	
61 and three children aged 7, 12 and 17,				
one of whom is severely disabled				
Household with one adult aged 61	1.0		1.0	

- 22. Support for training and employment (SFL) is a measure to help people at risk of social and employment exclusion enter the labour market. It is granted subject to participation in training, professional qualification and retraining projects, guidance, job support and active labour market policies, however named. The measure is intended for individual members of households aged between 18 and 59, with a valid family ISEE value not exceeding €6,000 per year, who are not eligible for the Inclusion Allowance. In addition, members of households aged between 18 and 59 who receive the Inclusion Allowance, who do not exercise parental responsibility and are not considered in the equivalence scale, are also eligible for the measure.
- 23. It should also be noted that significant changes have been introduced to the above institutions by the 2025 Budget Law (Law No. 207 of 30 December 2024, published in the Official Gazette No. 305 of 31 December 2024 Ordinary Supplement No. 43), in force since 1 January 2025.
- 24. In particular, with regard to the ADI, the maximum family income threshold for access has been raised from \in 6.000 to \in 6.500 per year, multiplied by the ADI equivalence scale.

⁻if a single person can theoretically be assigned more than one coefficient in the calculation of the equivalence scale (e.g. an adult who is both disabled and disadvantaged), only one coefficient is used, namely the highest one;

⁻for single-member households, the equivalence scale is always equal to 1.



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For households composed entirely of persons aged 67 or over (or of such persons and other family members who are all severely disabled or not self-sufficient), the family income threshold has been raised from \in 7.560 to \in 8.190 per year, again multiplied by the equivalence scale parameter. In any case, the threshold has been increased to \in 10.140 if the household resides in rented accommodation. The rent must be stated in the single substitute declaration (DSU) submitted for ISEE purposes.

25. The 2025 budget law has therefore adjusted the ADI economic benefit, which consists of two items, to the new thresholds:

i.family income support, which has been increased to a maximum of € 6.500 per year, multiplied by the ADI equivalence scale (previously the threshold was € 6.000); if the household is composed of persons all aged 67 or over (or other family members who are all severely disabled or not self-sufficient), the supplement has increased from € 7.560 to € 8.190; ii.income support for families living in rented accommodation has bee increased from € 3.360 to € 3.640. For households composed of persons aged 67 or over or persons aged 67 or over and other family members who are severely disabled or not self-sufficient, the amount has increased from €1.800 to €1.950.

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III. Statistical evidence and data applied

26. In the first six months of 2024, approximately 698.000 households had their ADI applications accepted, for a total of 1.68 million people involved, heavily concentrated in the South. As of 31 December 2024, the number of households with approved applications was just under 760.000, involving a total of 1.82 million people, heavily concentrated in the South, with an average monthly payment of ϵ 620.002.

27. Moreover, 752.000 households received at least one payment in the period January-December. In particular, in December 2024, the number of households receiving ADI

² Data extrapolated from the INPS Report – Statistical Observatory – Inclusion Allowance and Training and Employment Support of July 2024 (Annex 1) and January 2025 (Annex 2). The January 2025 Report also shows the distribution of measures by type of household.



payments was almost 608.000, with an average amount paid out of \in 627 per month. About these 608.000 households:

i.235.000 households have minors;

ii.229.000 households include disabled persons;

iii.302.000 households include people aged 60 or over;

iv.12.000 households include people in 'disadvantaged' circumstances.

Table - Inclusion Allowance. Households receiving at least one month's ADI during the reference period (January 2024 - March 2025) by geographical area

Period/geographical area	Number of mothers	Beneficiaries	Average monthly amount (€)	Total amount (billion€)
January 2024 - March 2025	808,166	1,942,231	63	5
North	149,986	296,590	594	0
Centre	106,904	222,852	610	0
South and Islands	551,276	1,422,789	654	4

28. From the entry into force of the measure (January 2024) until March 2025, the number of households that received at least one month of ADI was 808.000 (1.94 million people involved) and the average monthly amount was \in 638 (Table *above*); the total expenditure for the period amounted to \in 5.8 billion³. With reference to the entire period considered, the beneficiary households were mainly concentrated in the southern regions and the islands, accounting for 68% of the total, followed by the northern regions with over 19% and finally the central regions.

29. Focusing on the data for March 2025, the last month available, there were approximately 597.000 beneficiary households (1.38 million people involved) and the average monthly

³ Data extrapolated from the INPS Annual Report of July 2025 (Annex 3). The average number of family members per household is 2.4, with a peak in the south, where the figure is 2.6; in contrast, the average number of people in households is much lower in the northern regions, where it is 2. Consequently, while 68% of households are concentrated in the southern regions and islands, the incidence rises to 73% in terms of people involved.



amount paid was € 716, a significant increase compared to the average monthly amount recorded in the previous year⁴.

30. Considering the monthly trend of beneficiary households over the entire period from January 2024 to March 2025, it emerges that the number of households was 524.000 in the first month of payment of the measure, reached almost 650.000 in June 2024, while in the last month available, it was just under 600.000. It should be noted that the decline observed in February 2024 and 2025 is due to issues related to the timing of the submission of the new Single Substitute Declaration (*Dichiarazione unica sostitutiva* or DSU), as was also the case for the RdC.

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31. Between September and December 2023, the number of individuals with approved SFL applications was 33.000, while between January and June 2024, there were 93.000 approved applicants. Overall, the number of individuals with approved SFL applications from the first day of payment of the measure until 30 June 2024 was 96.000. As of 31 December 2024, 133.000 individuals had received at least one SFL payment over the entire period. For this measure too, beneficiaries are concentrated in the southern regions and the islands, where they account for 78% of the total; followed by the northern regions with 13% and finally the central regions with 9%. The region with the highest number of beneficiaries is Campania (27%), followed by Sicily (18%), Puglia (13%) and Calabria (11%); just under 70% of beneficiaries reside in these four regions.

32. In particular, in December 2024, the number of beneficiaries of SFL payments was 67.979, of whom 39.349 were women and 28,630 were men; 48% of beneficiaries were aged between 50 and 59.

 $^4 See\ https://www.inps.it/it/it/dati-e-bilanci/osservatori-statistici-e-altre-statistiche/dati-cartacei---adi-e-sfl.html$

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33. An analysis of the monthly historical series of the number of beneficiaries shows that the number increased from the month of the first payment (September 2023) to March 2025 (latest available data), highlighting an upward trend⁵.

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- 34. An initial analysis of data on beneficiaries of the Inclusion Allowance and Support for Training and Employment shows that the measures replacing the Citizenship Income and Pension (RdC/PdC) represent a new approach to combating poverty and promoting job placement.
- 35. An analysis of households receiving Citizenship Income (RdC) and households receiving Inclusion Allowance (ADI) based on administrative data for June 2024 shows that, of the households that had received at least one month of RdC in 2023 (1.243.159),
- 1. 548.701 households applied for and received ADI in June 2024;
- 2. 694.458 did not receive ADI, of which:
- 2.1.277.909 households were employed in June 2024;
- 2.2.416.549 households were not employed:
- 2.2.1. 95.527 households were eligible for ADI but were not receiving the measure;
- 2.2.2. 320.022 households did not meet the criteria for access to ADI. Finally, of the latter:
- 2.2.2.1. 255.391 households had a member who met the criteria for access to the SFL;
- 2.2.2.2. 64.631 households did not meet the requirements for access to ADI or the SFL measure, nor were they occupied.
- 36. In view of these factors, the Ministry of Labour and Social Policies, in agreement with INPS, proceeded to identify possible solutions to allow access to ADI for those households, among the 95.527, that met the requirements but, despite having applied, had not yet had access to the measure due to procedural problems.
- 37. With regard to the observations reported by ISTAT, referred to by the complainant and included in the report '*Income redistribution in Italy Year* 2024', which estimates 'that the

⁵ Data extrapolated from the reports referred to in Annexes 1 and 2.

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transition from the Citizenship Income to the Inclusion Allowance has led to a deterioration in disposable income for approximately 850,000 households (3.2% of resident households), with an average annual loss of approximately €2,600. This loss affected almost exclusively the poorest households', it is noted that the ISTAT data is based on micro-simulations which, using a static model, do not take into account, among other things, the behavioural effects that could influence the labour market outcomes of former beneficiaries of the Citizenship Income. This is a significant limitation in this case, if one also wishes to consider the possible reduction in the disincentive to actively participate in the labour market.

- 38. Furthermore, analysis of administrative data shows an average increase in the benefit, which has grown further with the changes introduced by the 2025 budget law, which, on the one hand, raised the family income threshold for access to the measure, with an effect of expanding the pool of beneficiaries, and, on the other hand, increased the economic benefit for both components (income support and rent subsidy).
- 39. It should be noted that the Scientific Committee appointed by the Ministry of Labour and Social Policies, which is responsible for evaluating measures to combat poverty, is working on the evaluation of the new measures and will publish its report, which may provide further analysis on the effectiveness of the measures.
- 40. Furthermore, it should be noted that, according to data published by the INPS Observatory, the average monthly benefit in force for 2024 was € 621, while for the Citizenship Income, in 2023, the average monthly amount was € 561.
- 41. Finally, it is useful to note that, with regard to the component relating to the provision of personalised social inclusion projects and, for those components that can be activated, work inclusion, the data available on the information platforms used by the Ministry show that in May 2025, the beneficiary households subject to social activation obligations that had signed a *Social Inclusion Pact* (PaIS) with social services will be around 92% (the percentage is 41% for households that, although not subject to obligations, have nevertheless signed a PaIS on a voluntary basis).



- 42. With regard to activation with employment centres, again in May 2025, 74% of those subject to work activation obligations had signed a personalised service agreement with the CPI. It should be noted that in May 2023, only 17% of households receiving the Citizenship Income who were referred to social services had signed a Social Inclusion Agreement.
- 43. That said, the groundlessness of the complaint is evident from the same data that the complainant itself highlighted in its reply.
- 44. The complainant intends to highlight the growing level of poverty and the inadequacy of the change in the inclusion measure chosen by the Italian government (ADI instead of RDC). However, the tables on page 4 of the complainant's observations clearly show that there has been no decline in the data and that there has been no evident deterioration in the data following the change in the welfare measure chosen by the Government.
- 45. Given that there is no information that allows us to understand the source of the data provided by the other party, it should nevertheless be noted that:
- the table referred to in point (a) 'incidence of absolute poverty' shows, in fact, that the data is stable, with no increase corresponding to the end of the citizen's income in 2023-2024;
- the table referred to in letter 'b) Population at risk of poverty or social exclusion' shows an improvement characterised by a decrease from 2021 onwards, with a substantial stabilisation in the reference years 2023-2024;
- the table under 'c) Family income' shows a slight increase in average and median income estimates;
- the only slight contraction is found in the data in table 'd) Working poor and low work intensity', which shows an increase of only 0.1 percentage points.
- 46. The complainant fails to take into account that poverty in Italy began to rise again in 2022 (from 9.1% to 9.7% for individuals), when the RdC was fully in force. The main cause of this increase was **the surge in inflation**, which eroded the purchasing power of low incomes and of the RdC itself, which was not indexed.

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47. It should also be noted that in point 4 of its observation (see pages 7-8), the complainant first states that 'Italy has not yet adopted legislation establishing a statutory minimum wage [...]. Directive (EU) 2022/2041 of the European Parliament and of the Council on adequate minimum wages in the European Union emphasises the importance of ensuring adequate minimum wages for all workers. [...] Although Italy has a high level of collective bargaining coverage, it has not yet transposed the Directive, despite the fact that the deadline of 15 November 2024 has long since passed. This failure to act could expose the country to infringement proceedings by the European Commission.'

48. In this regard, it should be reiterated that Italy is not under any obligation to transpose Directive (EU) 2022/2041, primarily because (as acknowledged by the applicant itself) it does not require the introduction of a statutory minimum wage in Member States that do not already have one. In fact, Article 1(4) of Directive (EU) 2022/2041, in line with recital (19) thereof, provides that 'The application of this Directive shall be in full compliance with the right to collective bargaining. Nothing in this Directive shall be construed as imposing an obligation on any Member State: (a) where wage formation is ensured exclusively via collective agreements, to introduce a statutory minimum wage; or (b) to declare any collective agreement universally applicable'. Secondly, with regard to countries where the definition of a minimum wage is left to collective bargaining, including Italy, the Directive contains a number of provisions aimed at promoting it and increasing its coverage.

49. In practice, these provisions are not substantially applied in Italy, because our country already enjoys contractual coverage rates well above the '80% threshold' identified in Article 4(2) of the Directive for the purpose of establishing 'a framework of conditions favourable to collective bargaining' and adopting an 'action plan to promote collective bargaining'. This is clear from the content of the document 'Elements for reflection on the minimum wage in Italy' (*Elementi di riflessione sul salario minimo in Italia*), presented by the National Council for Economics and Labour (CNEL) on 4 October 2023 (already filed by the CUB as Annex 4). The document in question specifies, among other things, that '*The available data indicate*,



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in this regard, a collective bargaining coverage rate of close to 100 per cent: a percentage well above 80 per cent (the benchmark set by the Directive). Hence, Italy is fully compliant with the two main requirements of the European directive, namely the absence of any obligation to introduce an action plan to support collective bargaining or a statutory tariff' (unofficial translation⁶). Italy's exceeding of this threshold was also recognised by the CUB in its own appeal, where it stated that 'it has a percentage of workers covered by collective bargaining equal to 94.3% according to CNEL-UNIEMENS'. Finally, with regard to Chapter II of the Directive, it refers exclusively to Member States where statutory minimum wages are provided for, and therefore does not apply in the Italian legal system.

50. Without prejudice to the above, in reiterating that no obligation to introduce a minimum wage for the Italian Government arises from the aforementioned directive in the terms indicated by the other party in the complaint, for the sake of completeness, it should be noted that Case C-19/23, brought by Denmark and supported by Sweden, for the annulment of Directive (EU) 2022/2041.

51. Also in point 4 of its observations (see page 8), the complainant says that 'the 90% coverage of national collective agreements [already mentioned by the Administration in its submissions] is misleading. [...] Although the contracts signed by CGIL, CISL and UIL cover approximately 97% of workers, critical issues remain: of the thousand contracts registered with the CNEL, only a part is actually representative'. Without prejudice to the fact that the complainant's above statement would seem to confirm the small number of workers whose employment relationship is governed by 'non-representative' contracts, it should be reiterated that Italian legal system has enacted various provisions designed to combat the proliferation of so-called 'pirate' contracts, by referring, in various provisions, to compliance with

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⁶ 'I dati a disposizione indicano, al riguardo, un tasso di copertura della contrattazione collettiva che si avvicina al 100 per cento: una percentuale di gran lunga superiore all'80 per cento (parametro della direttiva). Da qui la piena conformità dell'Italia ai due principali vincoli stabiliti dalla direttiva europea e cioè l'assenza di obblighi di introdurre un piano di azione a sostegno della contrattazione collettiva ovvero una tariffa di legge'.



collective labour agreements signed by the 'comparatively most representative employers and workers' organisations.

- 52. In particular, Article 2, paragraph 25, of Law No. 549 of 28 December 1995 an authentic interpretation of Article 1 of Law No. 389 of 7 December 1989 introduced into Italian law the concept of 'comparatively more representative' organisations, with the specific aim of identifying the national collective labour agreements applicable in relation to minimum social security contributions.
- 53. Underlying this concept was the need to identify the trade union actors deemed suitable for identifying the contractual system linked to the use of public economic benefits and subsidies, on the one hand, and the possibility of making labour standards (working hours, types of contracts, etc.) more flexible, on the other, where there are a number of competing collective agreements in the same product sector. Furthermore, there was (and still is) a need to combat the practice of so-called contractual dumping, implemented through the application of collective labour agreements signed by employer and trade union organisations that are not representative or h us of the sector, which provide for a reduction in costs and a deterioration in working conditions compared to those established in agreements concluded by traditional trade unions.
- 54. The adoption of this criterion makes it possible to measure the 'strength' of contracts and organisations by comparing them with each other, on the basis of which the parties that demonstrate greater representativeness than the others are selected. From the above, it is clear that, contrary to the appellant's claim, the Italian legislature has consistently sought instruments capable of effectively combating the phenomenon of so-called 'pirate contracts'. 55. Finally, also in point 4 of its observations (see page 8), the complainant states that 'as is well known, the European Committee of Social Rights (ECSR) has repeatedly recommended that Member States ensure that minimum wages are sufficient to provide workers and their families with a decent standard of living. The absence of a legal minimum wage in Italy could therefore constitute a violation of the obligations arising from the European Social Charter'.



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56. In this regard, it should be reiterated that Italian case law has unanimously adopted the concept of 'constitutionally adequate' remuneration and has identified the wage regulations of collective agreements signed by the most representative trade unions as the appropriate parameter for giving substance to the formula of Article 36 of the Constitution. In doing so, case law has moved in line with the legislative process, which has assigned collective agreements with the above characteristics the function of supplementing and derogating from the law. It is, in fact, the established practice of labour courts to use the criterion, followed by case law in the application of Article 36 of the Constitution, according to which the court assesses the conformity of remuneration with the parameters of that article, referring to the national collective labour agreements applicable to the category to which the worker belongs or to a similar category, and then determines the remuneration according to equity, within the meaning of Article 2099 of the Civil Code (among many others, Court of Cassation, labour section, judgment no. 2245 of 1 February 2006), as expressly clarified in the circular of the Ministry of Labour no. 34 of 17 June 2002 (Constitutional Court judgment no. 51 of 2015). 57. Essentially, based on the content of Article 36, first paragraph, of the Constitution, according to which 'Workers have the right to a wage that is proportionate to the quantity and quality of their work and in any case sufficient to ensure a free and dignified existence for themselves and their families' (unofficial translation⁷), case law recognises a right to a constitutional minimum wage (see, in this regard, Constitutional Court ruling no. 30 of 1960). In particular, it is unanimously recognised in case law that 'the constitutional provision does not merely establish the right to a wage, but also grants workers the right to a wage with qualifying characteristics, which refer to the amount of the consideration that is the subject of the contractual obligation' (unofficl translation⁸) (see Civil Court, Labour Section, Judgment 10/10/2023, No. 28321 and No. 28323). This leads to the recognition that 'In

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⁷ 'Il lavoratore ha diritto ad una retribuzione proporzionata alla quantità e qualità del suo lavoro e in ogni caso sufficiente ad assicurare a sé e alla famiglia un'esistenza libera e dignitosa'.

⁸ 'la norma costituzionale non si limita a stabilire l'an del diritto al salario, ma attribuisce a chi lavora il diritto ad un salario con contenuti qualificanti, che si riferiscono al quantum del corrispettivo oggetto dell'obbligazione contrattuale'.



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accordance with Article 36, first paragraph, of the Constitution, workers have the right to remuneration proportionate to the quantity and quality of their work and in any case sufficient to ensure a free and dignified existence for themselves and their families. Consequently, where the remuneration provided for in the individual or collective employment contract is lower than this minimum threshold, the contractual clause is null and void and, in application of the principle of preservation, expressed in Article 1419, second paragraph, of the Civil Code, the judge shall adjust the remuneration in accordance with the criteria of Article 36, at his or her discretion. However, where remuneration is provided for in a collective agreement, the court is required to exercise this discretion with the utmost caution and, in any event, with adequate reasoning, since it is unlikely to be able to assess the economic and political needs underlying the balance of interests agreed by the social partners' (unofficial translation⁹) (See Court of Cassation, No. 2245/2006: See also Court of Cassation, No. 2672/2005).

58. In this sense, case law unanimously recognises that the judge:

iii.may identify, on its own initiative (Cass. Civ. no. 7528/2010 and Cass. Civ. no. 1393/1985), a collective contractual treatment corresponding to the work performed (even if different from the claim), by inferring parametric criteria that can be used to determine, including through technical advice, the remuneration that meets the criteria imperatively established by the constitutional provision, requested in the alternative, since in this case there is no violation of either Article 112 of the Italian Code of Civil Procedure (correspondence between the claim and the ruling) nor of the last part of Article 420 of the Italian Code of Civil Procedure, paragraph 1 (on the possibility of amending claims, objections or conclusions) and of the

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⁹ 'Alla stregua dell'art.36, primo comma, Cost. il lavoratore ha diritto ad una retribuzione proporzionata alla quantità e qualità del lavoro e in ogni caso sufficiente ad assicurare a sé e alla famiglia un'esistenza libera e dignitosa. Di conseguenza, ove la retribuzione prevista nel contratto di lavoro, individuale o collettivo, risulti inferiore a questa soglia minima, la clausola contrattuale è nulla e, in applicazione del principio di conservazione, espresso nell'art. 1419, secondo comma, cod. civ., il giudice adegua la retribuzione secondo i criteri dell'art. 36, con valutazione discrezionale. Ove, però, la retribuzione sia prevista da un contratto collettivo, il giudice è tenuto ad usare tale discrezionalità con la massima prudenza, e comunque con adeguata motivazione, giacché difficilmente è in grado di apprezzare le esigenze economiche e politiche sottese all'assetto degli interessi concordato dalle parti sociali'.



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subsequent Article 421 of the Italian Code of Civil Procedure (investigative powers of the judge);

iv.when it excludes the applicability to the case in question of the collective agreement invoked (the applicability of which has been contested by the other party), it may nevertheless infer of its own motion (Civil Court No. 12271/2005) from the contract itself the criteria that can be used to determine - including through court-appointed expert advice - the remuneration that complies with the constitutional requirement, requested in the alternative, without this constituting a violation of the civil procedural principles referred to above;

v.it may judge a collective agreement, even if it corresponds to the activity carried out by the employer, to be inapplicable in the regulation of the relationship pursuant to Article 2070 of the Italian Civil Code, and nevertheless use it for the purposes of determining the correct salary, inferring the non-compliance with the constitutional requirement of the economic treatment provided for in the collective agreement applied (Civil Court No. 7157/2003, Civil Court, Joint Divisions, 2665/1997);

vi.unless otherwise provided by law (for example, for the purposes of the so-called minimum contribution), the judge is free to select the collective agreement as a benchmark regardless of the requirement of representativeness of the signatory trade unions (Civil Court No. 19284/2017, Civil Court no. 2758/2006, Civil Court no. 18761/2005, Civil Court no. 14129/2004).

59. It has also been held that the judge may, with reasons, use parameters other than those set out in the contract and 'base the ruling, rather than on those parameters, on the nature and characteristics of the specific activity carried out, on common experience and, in the absence of useful elements, also on equitable criteria' (Civil Court no. 19467/2007, Civil Court no. 2791/1987, Civil Court no. 2193/1985; more recently Civil Court no. 24449/2016)'



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(unofficial translation¹⁰) (Civil Court, Labour Section, Judgments 10/10/2023, no. 28321 and no. 28323).

60. In light of the above, it can be safely stated that, under Italian law, all employees are guaranteed a 'constitutional' minimum wage.

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61. Finally, it is considered that the overall analysis of the Italian social situation must take due account of the general level of employment with reference to the new measures introduced.

62. In this regard, it should be noted that in May 2025, the number of people in employment, at 24.301.000, was up on the previous month: there was an increase in permanent employees (16.420.000) and self-employed workers (5.223.000), while the number of fixed-term employees fell (2.659.000)¹¹.

- 63. On a monthly basis, the employment and unemployment rates rose to 62.9% and 6.5% respectively, while the inactivity rate fell to 32.6%.
- 64. According to the Istat survey, the 24.3 million workers employed in May represent a record number since the beginning of the historical series (2004) and almost 1.3 million more than in the period before the pandemic (January 2020).
- 65. Furthermore, compared to May 2024, the number of people looking for work increased (+0.9%, equal to +15,000) and the number of inactive people aged between 15 and 64 decreased (-2.6%, equal to -320,000). The decrease in the number of inactive people aged between 15 and 64 (-1.4%, equal to -172,000) involves men, women and all age groups. The inactivity rate fell to 32.6% (-0.5 points).
- 66. The positive impact of the new measure in relation to employment figures also emerges from the analysis of the INPS Annual Report of July 2025 (Annex 3).

¹⁰ 'fondare la pronuncia, anzichè su tali parametri, sulla natura e sulle caratteristiche della concreta attività svolta, su nozioni di comune esperienza e, in difetto di utili elementi, anche su criteri equitativi'.

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¹¹ Istat survey in the preliminary estimate of employed and unemployed persons for May 2025.



67. Below are the data relating to changes in the employment outcomes of individuals who benefited from the Citizenship Income following the introduction of the two new measures (as reported in the INPS Annual Report of July 2025 – p. 191 et seq.)¹².

68. The analysis of employment outcomes, shown in the following table, highlights a significant improvement in the employment rate among recipients of the Citizenship Income after the programme ended. The employment rate rose from 14% in December 2022 to 18% in 2023, reaching 23% in December 2024¹³.

69. The employment rate among RdC recipients without children was 15%, corresponding to approximately 89,021 employed persons out of a total of 604,251 recipients. During 2023, there was an increase in the share of employed persons, reaching 18% in December 2023, for a total of approximately 109.930 employed persons. This positive trend continued in 2024, when the share of employed persons among recipients without children rose to 23%, with approximately 138.091 individuals in employment.

70. A similar trend was observed among recipients of the Citizenship Income with dependents. The employment rate rose from 14% in December 2022 to 19% in December 2023, reaching 23% in December 2024.

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¹² The analysis is based on data relating to recipients of the Citizenship Income (RdC), aged between 15 and 59, in December 2022, the month in which the budget law was passed, which proposed the restructuring of the programme and its suspension for certain categories of recipients (the so-called 'employable', those without minors, elderly or disabled persons in the household, see XXIII INPS Annual Report). Households with disabled and elderly members were excluded from the analysis, as employment status is an outcome of greater interest for households with members of working age and active in the labour market, as they are more directly influenced by labour market dynamics and employment support policies. Furthermore, households with disabled and elderly members may have specific characteristics.

Overall, the number of RdC recipients considered in the analysis amounts to over 1.1 million individuals. In order to identify the employment status of RdC recipients, their identifiers were cross-referenced with information from the compulsory communications of the Unified Labour Model (UniLav). These are communications that employers in the private, public, domestic, quasi-subordinate and agricultural sectors are required to submit to the Ministry of Labour and Social Policies using the UniLav form since 2005. Each communication records the start, termination, extension or transformation of an employment contract. Thanks to this information, it has been possible to reconstruct, on a continuous and longitudinal basis, the employment status and type of contract of each individual included in the Mandatory Communications for each month from January 2018 to December 2024.

¹³ In order to understand whether this increase in employment affected specific types of households, recipients were divided according to the presence of minors in the household, one of the conditions for the suspension of the RdC within 7 months (i.e. from 1 August 2023 for those who were still recipients in January 2023 and potentially recipients of the benefit for the whole year).



71. This implies an overall increase of approximately 9 percentage points compared to 2022 for both types of households (+8.1% for households without children and +9.5% for households with children), reflecting greater participation in the labour market by both categories.

Table - RdC recipients as of 12/2022 aged 15-59 and employment status				
by presence of minors in the household				
	Reference period			
	2022	2023m12	2024m12	
	Without minors			
Employed share	0.15	0.18	0	
Number of	89,021	109,930	138,091	
employees				
TOTAL	604,251	604,251	604,251	
	With minors			
Employed share	0.14	0.19	0.23	
Number of	78,754	105,566	132,715	
employees				
TOTAL	568,790	568,790	568,790	
	TOTAL			
Employed share	0.14	0.18	0.23	
Number of	167,775	215,496	270,806	
employees				
TOTAL	1,173,041	1,173,041	1,173,041	

72. The following table provides a more detailed analysis of employment trends based on the use of ADI or SFL by the individuals considered during 2024.



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- 73. It can be seen that employment increases were widespread across all categories, regardless of access to the two measures under consideration.
- 74. Among RdC recipients who did not apply for ADI or SFL, the share of those in employment rose from 18% in December 2022 to 25% in December 2023, reaching 30% in December 2024.
- 75. In absolute terms, the number of employed persons rose from around 100.000 to 161.000 over the two-year period. For those who applied but did not receive any financial support, approximately one-third of RdC recipients who remained without support in 2024, the employment rate rose from 18% in December 2022 to 21% in December 2023, reaching 27% in December 2024. The number of people in employment rose from 30.223 to 46.420.
- 76. Among ADI beneficiaries, growth was more modest: the share of employed persons rose from 8% in December 2022 to 10% in December 2023, reaching 14% in 2024. The number of employed persons rose from 32.379 to 52.014. Finally, among SFL recipients, the share of employed persons increased from 7% in December 2022 to 8% in December 2023, reaching 15% in December 2024.
- 77. The number of employed persons rose from 5.153 to 11.307. Overall, the percentage increase in employment since 2022 was higher for those who did not apply for ADI or SFL in 2024 (+11%), probably due to their relative advantage in economic terms and attachment to the labour market (which would not have allowed them to access the measure due to exceeding the threshold requirements) and slightly lower for those who, despite having submitted an application, did not have access to the measures (+9%). By contrast, the increases in employment were more modest for those who were recipients of ADI (+5%) and SFL (+8%) in 2024.

Table 2.21 - RdC recipients as of 12/2022 aged 15-59 and employment status by type of income support received in 2024

Reference period			
2022	2023	2024	



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	Neither ADI nor SFL (no application)			
Percentage of	0	0	0	
employees				
Number of	10	134,992	161,065	
employees				
TOTAL	543,748	543,748	543,748	
	Neither ADI nor SFL (application rejected)			
Percentage of	0.18	0.21	0	
employees				
Number of	30,223	36,576	46,420	
employees				
TOTAL	171,351	171,351	171,351	
	ADI			
Percentage of	0.08	0.10	0.14	
employees				
Number of	32,379	37,842	52,014	
employees				
TOTAL	383,073	383,073	383,073	
	SFL			
Employed	0.07	0.08	0.15	
Number of	5,153	6,086	11,307	
employees				
TOTAL	74,869	74,869	74,869	
	TOTAL			
Employed	0.14	0.18	0.23	



Number	of 167,775	215,496	270,806
employees			
TOTAL	1,173,041	1,173,041	1,173,041

78. Furthermore, the following chart shows the employment trend of Citizenship Income recipients as of December 2022 over a longer period than previously considered, starting from 2018. Analysis of this period shows that in 2018 and early 2019, before the introduction of the Citizenship Income, the share of employed persons in the sample remained relatively stable.

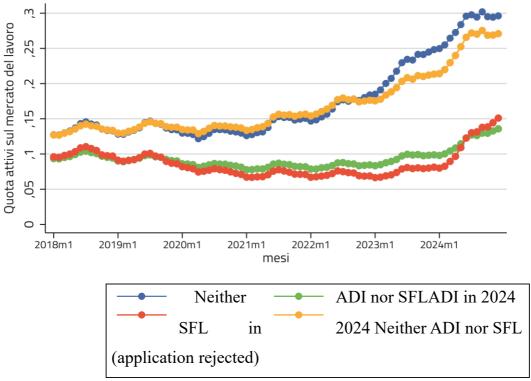
- 79. Starting in the second half of 2019, there was a downward trend in employment, accentuated by the pandemic crisis, which was particularly marked among those who, in 2024, returned to receiving ADI or SFL benefits.
- 80. However, the graph shows a gradual increase in the share of employed persons. For those who did not benefit from ADI or SFL, this growth is already visible in the two-year period 2021-2022, with a more marked acceleration between 2023 and 2024.
- 81. Employment growth among those who had access to the new support measures was more moderate, and in any case very similar between ADI and SFL recipients in 2024.

Chart - Share of employed persons among RdC recipients in December 2022 from 01/2018 to 12/2024 by type of income support received in 2024



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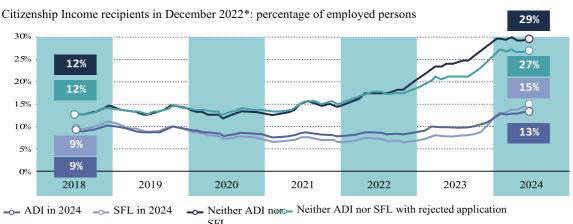
RdC recipients as of 12/2022 and the labour market



Note: households with disabled and elderly members excluded; population: individuals aged 15-59

82. The following chart also analyses the same employment dynamics.

INCLUSION MEASURES AND EMPLOYMENT TRENDS



83. The analysis shows a clear increase in the proportion of people in employment.



84. However, at this stage, it is not possible to say with certainty whether this situation is solely the result of the introduction of the new poverty support measure (Inclusion Allowance) or whether it is due to the introduction of this measure in conjunction with other factors such as the country's economic recovery following the pandemic crisis.

85. In any case, the statistical data show a clear increase in employment, as already highlighted by the Italian Government in its previous observations.

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IV. Conclusions from the data

86. In order to draw some brief conclusions, and in response to the complainant's statements, it should be noted that the complainant, in arguing his case, has focused on the analysis of a single piece of data, namely the absolute poverty index.

87. It is clear, however, that the effectiveness of an inclusion measure cannot be assessed solely from this perspective, but must also take into account: a) the amount of the sums paid under the inclusion measure (which have clearly increased); b) the number of people involved in the in on, also in relation to employment data, which is a necessary statistical figure for assessing the number of people who need inclusion and poverty support measures.

88. As already pointed out by the Italian Government, the decision on the effectiveness of a measure can only be taken by the political body and involves, among other things, an analysis of the employment and welfare policy of the Government programme.

89. Contrary to the claims made by the complainant, official documents¹⁴ unequivocally confirm that the Citizenship Income has produced employment results significantly below the targets set. Analysis of INPS and ANPAL data reveals that the maximum employment rate achieved was 23.2% in 2021, subsequently stabilising at around 17.8-18.8% in 2022. These figures are consistently below the initial expectations of the measure, which was designed as

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¹⁴ Monitoring Report on the Management and Outcomes of the Citizenship Income Scheme for the years 2020-2023, prepared by the Directorate-General for the Fight against Poverty of the Ministry of Labour and Social Policies in collaboration with ANPAL, INPS and ISTAT, and the Second Report of the Scientific Committee for the Evaluation of the Citizenship Income Scheme (https://www.lavoro.gov.it/notizie/pagine/pubblicata-relazione-valutazione-reddito-dicittadinanza) published in May 2024.



a tool for 'massive reintegration into the labour market' through integration with active policies.

- 90. The quality of the employment found by beneficiaries presents further critical issues. The data show that only 10.8% of beneficiaries remained in employment for more than 18 months in the three years considered, while 34.3% had work experience lasting no longer than three months. This evidence highlights that, even in cases of reintegration, the jobs were mainly precarious and of very short duration, inadequate to ensure a stable exit from poverty.
- 91. The cost-benefit ratio of the measure emerges as particularly critical from institutional assessments. The estimated cost for each effective reintegration into work ranges from €136.000 to €170.000 a figure that the Scientific Committee of the Ministry of Labour has deemed excessive in relation to the results obtained. The total investment of over €34 billion involved 2.4 million households but produced employment results that the institutions themselves describe as 'unsatisfactory'.
- 92. The analysis of the checks carried out by the Guardia di Finanza between 2019 and 2024 clearly documents the existence of significant cases of undue payments. Out of 75,910 targeted checks, approximately 60.000 irregularities were found, corresponding to 79.5% of the checks carried out. The fraud detected amounts to € 665 million, equal to approximately 2% of the total resources disbursed, with over 62.000 people reported for undue payments.
- 93. The most frequent types of irregularities concern undeclared work and false declarations of assets, confirming the propensity of a significant proportion of beneficiaries to engage in opportunistic behaviour aimed at maintaining their benefits. The geographical distribution of irregularities shows significant differences, with some regions in the south recording irregularity rates of over 90% of checks carried out.
- 94. The definition of two different measures (SFL and ADI) demonstrates a change in approach characterised by the objective of guaranteeing vulnerable families not only adequate income support but also access to enabling social services for the most vulnerable and support for reintegration into the labour market for those who are employable.



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95. In fact, both the ADI and the SFL were created with a view to ensuring adequate income support for vulnerable households and, at the same time, the integration into the labour market of those who are 'employable', in line with the Council Recommendation of 30 January 2023 on adequate minimum income to ensure active inclusion (2023/C 41/01) and with target 1.3 of the 2030 Agenda for Sustainable Development.

96. In particular, Recommendation 2023/C 41/01, with a view to ensuring a decent life at all stages of life, 'aims to combat poverty and social exclusion and pursue high levels of employment by promoting adequate income support, in particular through a minimum income, and effective access to enabling and essential services for people who do not have sufficient resources, and by promoting the integration into the labour market of those who can work, in line with the active inclusion approach'. Recommendation 2023/C 41/01 also refers to the Commission's Recommendation 2008/867/EC on the active inclusion of people excluded from the labour market, which defines 'a comprehensive strategy aimed at facilitating the integration into sustainable and quality jobs of those who are able to work and providing those who are un ble of doing so with sufficient resources to live in dignity, while supporting their social participation. This integrated approach, based on a combination of three strategic strands (adequate income support, inclusive labour markets and access to quality services), is particularly important for people furthest from the labour market or excluded from society.

97. By referring to this integrated approach, Recommendation 2023/C 41/01 therefore leaves open the possibility of taking differentiated action depending on the individuals who can be activated for work, while also highlighting that 'for people who are able to work, strong social safety nets should facilitate (re)integration into the labour market through specific support measures combining active labour market measures, job search assistance, education and training. (...) Therefore, social safety nets are not a passive tool but, as far as possible, serve as a springboard for socio-economic integration and upward social mobility, improving inclusion and employment prospects'.



98. In line with the above, therefore, the two measures (AdI and SFL) aim to strengthen social safety nets to reduce poverty and social exclusion, increase employment levels and ensure effective access to enabling and essential services for people who lack resources.

99. Like the RdC, the new measures also have the dual objective of combating poverty and encouraging the reintegration into the labour market of both AdI recipients who do not receive the SFL but are considered employable by social services and SFL beneficiaries.

100.Based on preliminary estimates, it has emerged that a proportion of households (large families with more than three children, or with children under the age of three, or with only one parent) will benefit. In addition to benefiting from the full cumulation of the AdI with the AUU, in these households, adult members other than the first are counted in the equivalence scale because they have care responsibilities. In a family with the same income conditions as above, but consisting of two parents and a child under the age of three, the 'second' adult is assigned a weight of 0.4 on the equivalence scale, which is higher (1.55) than that of the RdC reduced by the AUU (1.4). This type of family receives at least €450 per year more than under the previous legislation. The mechanism is similar, for example, for single-parent households with at least one minor and for families with at least three minor children.

101.It follows that the impact of the measure must also be assessed in conjunction with other economic support measures provided by the State to combat economic disadvantage and poverty.

102. The AdI reduces both the incidence of absolute poverty and the Gini index compared to the hypothetical situation in which no measures were in place (by 0.6 and 0.4 percentage points, respectively).

103.It is also necessary to take into account any changes in individual behaviour, such as in labour supply, following the reform. A less extensive guaranteed minimum income scheme, limiting recourse to the benefit, should encourage the search for and retention of employment, especially among low-wage earners and potentially sole earners in the household. Compared



to the RdC, the more stringent eligibility requirements for the AdI remove monetary disincentives to participate in the labour market for many individuals.

104.In this regard, it should be noted that, as also pointed out in the recitals of the Council's political agreement, sustainable and quality employment is the best way out of poverty and social exclusion. The more people are in the labour market, the more sustainable funding will be available for social protection systems, as these are largely financed through labour taxes. 105.On this point, it should be noted that the previous RDC measure, in addition to having a distorting effect on the actual beneficiaries, giving rise to opportunistic behaviour that resulted in undue payments subsequently recovered by the Italian State, had not produced significant results in terms of employment, but had, on the contrary, discouraged people from seeking work.

106.At present, Italy has not only increased the number of ADI recipients but has also seen a greater increase in employment among those at risk of poverty.

107.Moreover, the Council itself, in its opinion on minimum income issued in 2023, agrees with the Commission's conclusion that vocational guidance, individual action plans and the integration of activation measures into minimum income have a positive effect on the likelihood of finding employment successfully.

108. These measures are all guaranteed by the Italian Government.

109. Moreover, the fact that the measure in question has had positive effects (at least in its initial application) is also evident from the documentation referred to by the complainant, which states that 'The risk of poverty or social exclusion reaches 33.1% (it was 31.6% in 2023) among those who rely mainly on income from pensions and/or public transfers, while it decreases for those living in households where the main source of income is employment (14.8% from 15.8% in 2023) and remains stable for those whose main source of income is self-employment (22.7% and 22.3% in 2023)'.



V. Conclusions

110.In light of the present observations, the Italian Government request the Committee to dismiss the appeal as unfounded.

Annexes:

- 1) INPS Report Statistical Observatory Inclusion Allowance and Training and Employment Support of July 2024;
- 2) INPS Report Statistical Observatory Inclusion Allowance and Training and Employment Support of January 2025;
- 3) INPS Annual Report of July 2025.

Roma, 8th August 2025

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