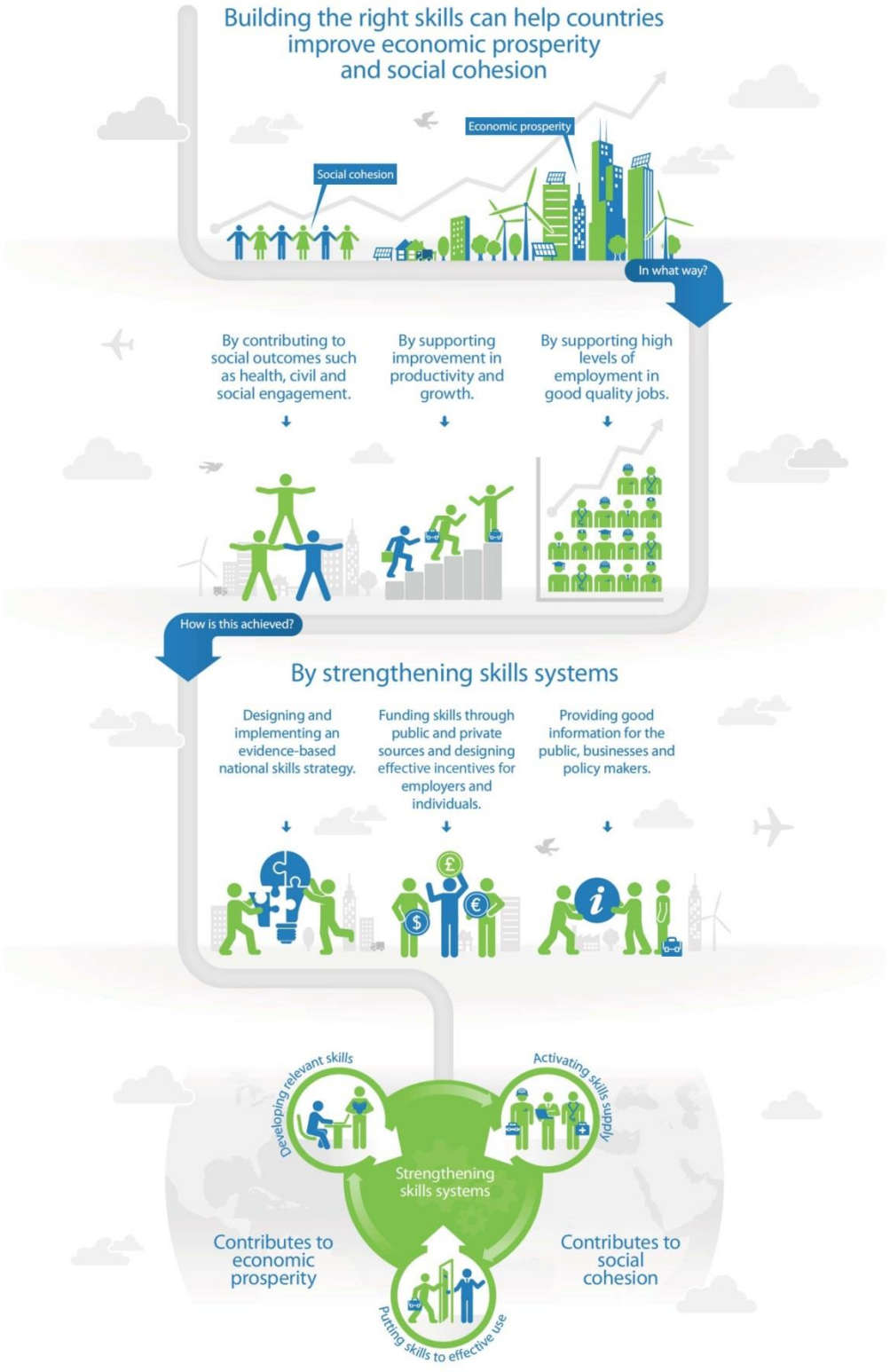
# OECD Skills Strategy

# Building an effective skills strategy for Italy

## Scoping Workshop Briefing Pack

# OECD Skills Strategy



*Dear Workshop Participant,*

*You are receiving this briefing pack as you have been identified as a **key stakeholder** by the inter-ministerial team who is leading a project on "Building an Effective Skills Strategy for Italy" in collaboration with the OECD. This briefing pack is designed to facilitate your participation in a series of three workshops the OECD and national authorities will hold in 2016 which will contribute to identifying Italy's main skills challenges. Please note that the three workshops will require your active and full participation: their success depends on the involvement of a wide range of stakeholders who will contribute their voice, information, and insights to the process of forging Italy's future skills strategy.*

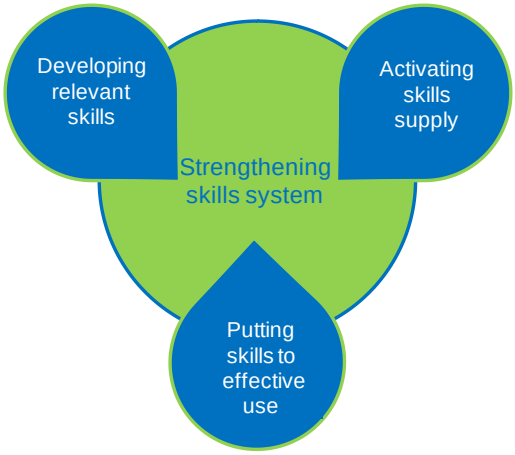
- *The first workshop – the **Scoping Workshop** – will be held on 21 July 2016 and involves stakeholders in roundtable discussions in small groups to develop a common understanding of the main strengths and challenges facing Italy's skills system. This first event aims to identify the areas on which the OECD project should focus, based on participants' feedback on issues and desired outcomes. The OECD's interactive exercises are designed to gather key insights about Italy's education system, labour market, entrepreneurship and innovation system.*
- *The second workshop – the **National Diagnostic Workshop** – will be held in September 2016 and will go into greater depth based on the initial list of skills challenges identified in the previous event and OECD comparative data. Stakeholders will participate in roundtable discussions in small groups and will work through a series of exercises focused to generate insights into why certain skills challenges persist and how they impact on different target groups.*
- *The third, and last, workshop – the **Skills Challenges Workshop** – to be held in November 2016 aims to validate a short list of key skills challenges facing Italy prepared by the OECD Secretariat. Particular attention will be given to those skills challenges requiring an integrated and strategic approach cutting across policy sectors and involving a wide range of ministries and stakeholders. Expert practitioners from other OECD member countries will be invited to share their own good practices based on their concrete experience.*

*Thank you for taking the time to read this Briefing Pack and for your active participation in this series of three workshops. Your expertise, experience and perspectives will be important to our joint efforts to ensure that Italy develops, activates and makes better use of the skills of its people to deliver inclusive growth.*

*The OECD Skills Strategy team*

*Skills matter, they transform lives and drive economies.*

Skills are the key drivers of individual well-being and economic success, in the 21st century. Without proper investment in skills, people languish on the margins of society, technological progress does not translate into growth, and countries can no longer compete on the global arena. A strategic approach to designing and implementing effective skills policies requires whole-of-government collaboration as well as co-operation and dialogue among key stakeholders from education institutions and researchers to employers and trade unions.




### *What is the OECD Skills Strategy?*

The OECD National Skills Strategy provides a framework for countries to analyse their skills system and policies and to find better ways to **develop** more skills, **activate** them on labour markets and within communities, and promote a better **use** of skills to make the economy more productive and also more inclusive. The OECD National Skills Strategy is designed to be cross-sectoral and involve a wide range of stakeholders.

### *What is the goal of this project?*

The main goal for this project is to provide a strategic assessment of the skills system, in Italy. The project will reach beyond the identification of bottlenecks and challenges and focus on ways in which solutions can be put in action and successfully implemented, with the support of relevant stakeholders and with a clear understanding of responsibilities.

### *The Workshops*

The**Scoping Workshop will be held on July 21st** to consult with stakeholders about the issues that the OECD National Skills Strategy of Italy should take into account. The second, **Diagnostic Workshop will be held in September 2016** (TBD) and will go into depth on the challenges identified by participants in the previous iteration. Finally, the third and last **Skills Challenges Workshop, in November 2016** (TBD), will validate a concise list of challenges produced by the OECD, on the basis of the input gathered in the two previous workshops, and identify those requiring coordinated responses across different policy portfolios and involving a range of actors in the country.

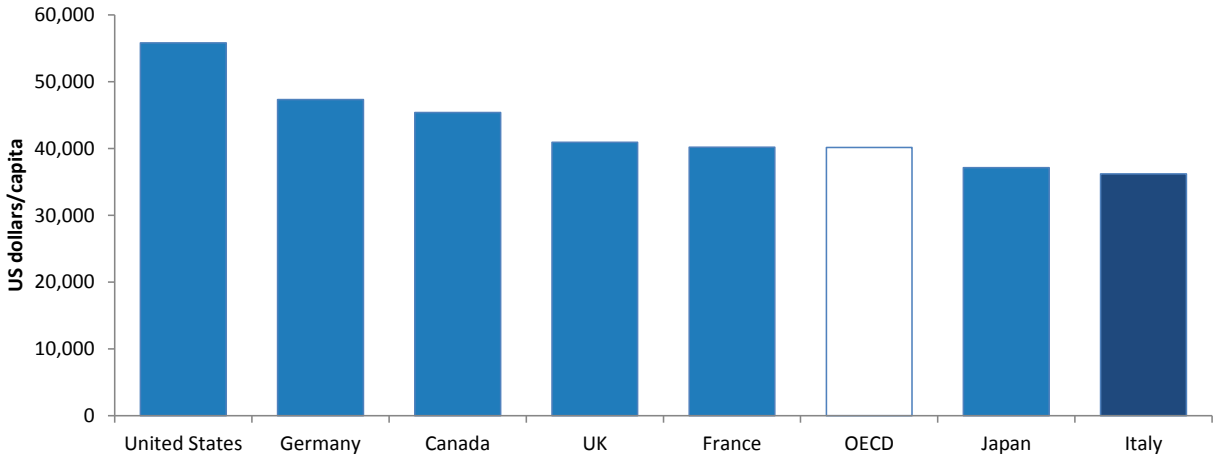
## Project timeline

| | |
|---|---|
| 21 July 2016 | Scoping Workshop |
| September 2016 | National Diagnostic Workshop |
| November 2016 | Skills Challenges Workshop |
| Second Quarter 2017 | Launch of the OECD Skills Strategy Diagnostic Report for Italy |

## 1. The future of Italy is at stake

Italy is a great country. It belongs to the Group of 7 (G7) and enjoys one of the largest GDPs in the world (Figure 1). Italians with their knowledge, competence and entrepreneurial spirit have contributed a great deal to global progress and well-being. Italy participates in several Global Value Chains, and many Italian firms, or networks of small- and medium-sized firms, are leaders in the industries they operate in.

**Figure 1. Gross domestic product (GDP) per capita, 2015, US dollars/population, G7 countries**

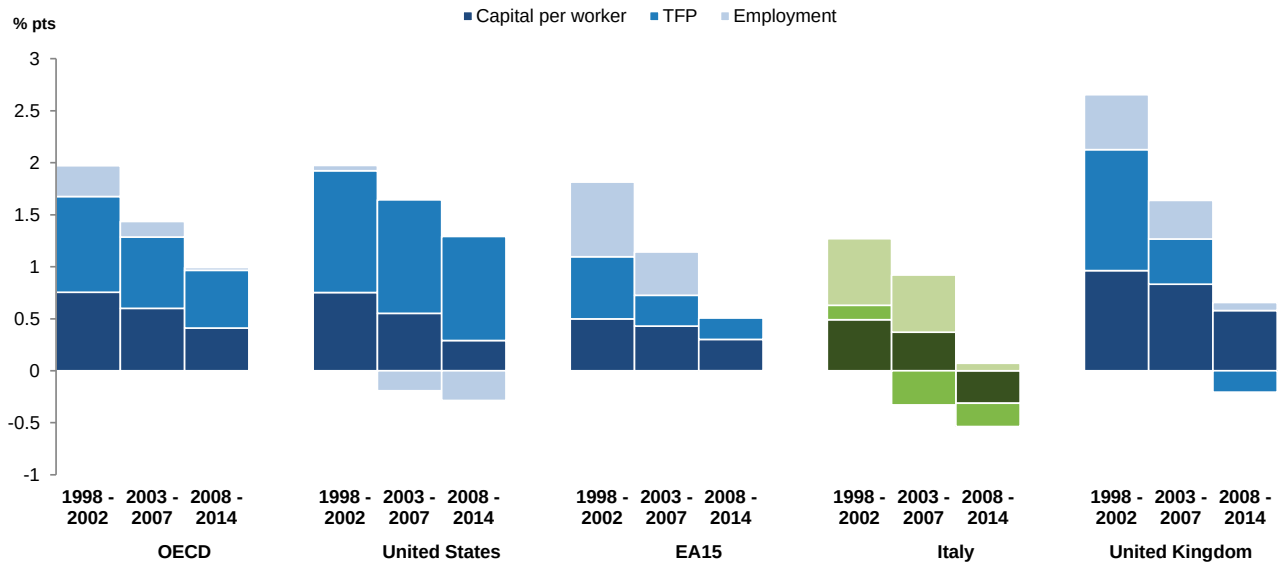



*Source*: OECD (2016) Gross domestic product (GDP) (indicator). doi: 10.1787/dc2f7aec-en.

- Yet, Italy has been losing grip; its position in the global arena, as well as its overall level of well-being are all at stake. The country has been hit by the global financial crisis and ensuing recession. Since 2008, potential output growth has been slowing, and is now turning negative due to falling investment and declining total factor productivity (Figure 2). There are signals that the negative trends may go beyond the crisis and actually indicate a structural decline of the country. For instance, between 2000 and 2013, Italy's annualised growth of real GDP was the weakest among OECD countries and Italians' living standards (measured in GDP per capita) have been markedly deteriorating in comparison to the Eurozone and OECD, since the mid-1990s.
- The structural weaknesses of the Italian economy causing low growth include: rigidities in product and labour market; insufficiently developed capital markets; a structure of taxation weighing excessively on productive factors, especially labour; as well as weaknesses in corporate governance and management, public administration, and civil justice inefficiencies (European Commission 1999, Buti 2009, Costa, Criscuolo and Menon 2014, Hassan and Ottaviano 2013, Mody and Riley 2014, Pellegrino and Zingales 2014, Toniolo 2014).
- Above all, Italy's public debt – EUR 2.2 trillion; or 132.3% of GDP, as of December 2015 – coupled with the sluggish growth, puts a burden on any national policy, and drags down national competitiveness.
- Finally, Italians are ageing faster than the OECD average and the net migration of skilled workers has been negative since 2005 (Istat, 2011).

**Figure 2. Contribution to average annual percentage change of potential GDP per capita, 1998-2014**

Italy, selected countries, and OECD average




*Source*: OECD Economic Outlook database (2015).

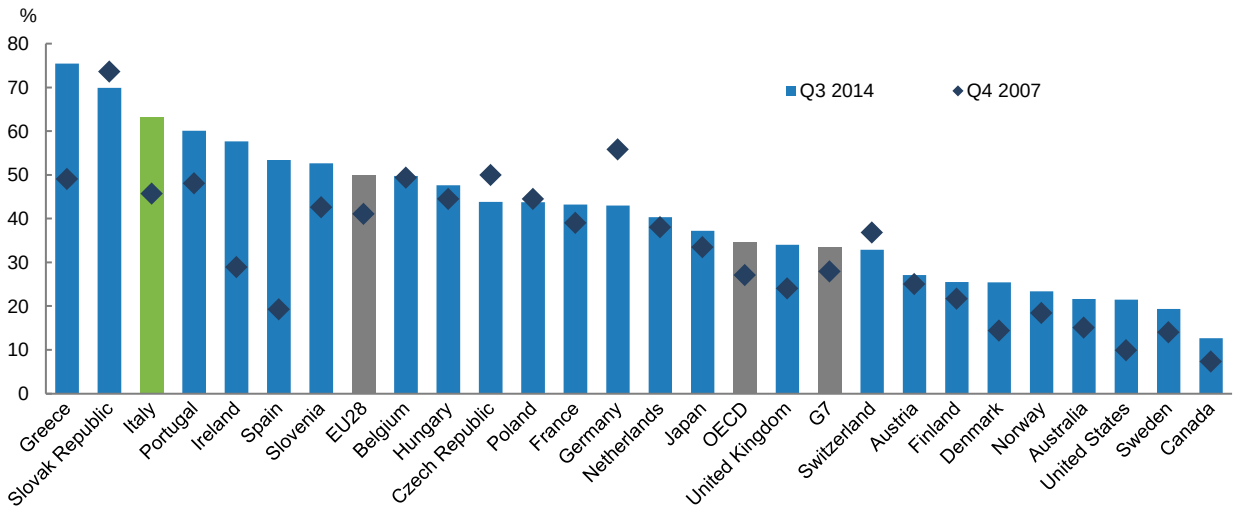
## 2. Improving labour utilisation and productivity

Italy's competitiveness challenges can be assessed from many different perspectives and there is no single policy that will solve these problems. Nonetheless, improving the development, use, and activation of skills is certainly a crucial part of the answer to the national challenges. Put in other words, to bounce forward there is a need for a higher rate of utilisation of the labour force and increased labour productivity (OECD, 2015a).

- Concerning labour utilisation, Italy displays very low participation rates, despite the increased flexibility of labour market regulation. The structure of the labour market penalises some specific groups of the population. Italy has among the lowest female participation rates, in the OECD. A large number of young people are not in employment, education or training (NEET). Long-term unemployed constitute a higher share of total unemployed workers than the OECD average (Figure 3).
- In Italy, labour productivity has been stagnating since the 1990s (Pellegrino and Zingales 2014, Hassan and Ottaviano 2013). The allocative malfunctioning in the labour market has contributed to this trend: wages do not reflect sector productivity and tend to rise in sectors in which productivity falls in relative terms, generating an "allocative failure" (Manasse and Manfredi, 2014).
- Investment in intangible assets, or knowledge based capital (KBC), has been lacking. OECD calculates that as a share of GDP, the United States and Sweden invest about twice as much in KBC as Italy. Patenting firms in the United States and Sweden attract four times as much capital as similar firms in Italy (OECD, 2015b).

**Figure 3. Long-term unemployment rate**

Percentage of the unemployed




*Note*: countries are shown in descending order of the incidence of long-term unemployment in Q3 2014. Data are not seasonally adjusted but smoothed using three-quarter moving averages. OECD is the weighted average of 33 OECD countries excluding Chile.

*Source*: OECD calculations based on quarterly national labour force surveys.

**Box 1. Defining productivity and knowledge based capital**

Productivity represents the efficiency of a production function in transforming inputs into outputs. In economics, two measures of productivity are usually considered: total factor productivity (TFP) and labour productivity. Total factor productivity represents the portion of output not explained by the amount of inputs used in production, with its level being determined by how efficiently and intensely inputs are utilised in production. As it is not possible to measure it directly, it is calculated as a residual once the other factors of production are taken into consideration. Labour productivity, instead, is measured as GDP per number of employed workers.

Productivity is expected to be the main driver of economic growth and well-being over the next 50 years, via investment in innovation and in intangible assets, also called knowledge based capital, or KBC (OECD, 2015b). KBC encompasses non-physical assets, including computerised information, innovative intellectual property and economic competencies. Since people are the main source and means to embody such knowledge, human capital plays a key role in generating and accumulating KBC. Occupations that contribute to the formation of KBC include those that support the creation of organisational capital and computerised information, as well as those related to design and R&D. Workers contributing to KBC accumulation are estimated to account for between 13% and 28% of total employment in OECD economies - 16% in Italy in 2012 (OECD, 2013). The OECD finds that countries that invest more in KBC are also more likely to effectively reallocate resources to innovative firms. Moreover, some intangible assets, such as workers' training and organisational capacity may have a direct impact on labour productivity, which is of particular note in OECD countries, given the high cost of labour in the productive process (OECD, 2015b).

- Italy may not be prepared to meet the future skills requirements of the labour market. Between 2015 and 2025, it is expected that job opportunities in Italy due to both expansion and replacement demand will be almost entirely concentrated in jobs requiring tertiary-level education (European Centre for the Development of Vocational Training, CEDEFOP, 2015). However, the future is uncertain as the disconnect between wages and skills levels could generate a vicious cycle in which citizens do not seek more education and training. The result would be a skills shortage, causing the country to move to a lower equilibrium in terms of economic and social outcomes.

- Productivity is about "working smarter", rather than "working harder". Important reforms are ongoing in Italy, but restoring healthy growth will require an extraordinary reform effort and, in particular, the capacity to implement these reforms. There is a need for a shared vision and an integrated strategy able to connect different policy portfolios (education, labour, transportation, economic development) in a multilevel governance ethos that also includes subnational governments and other key stakeholders.

**Box 2. The OECD Skills Strategy: defining "Developing", "Activating" and "Using" skills**

**Developing skills** concerns the generation of competences throughout the life of individuals, including foundation skills such as literacy, numeracy and problem solving. It is related to education policy along primary, secondary and tertiary education, training, but also beyond formal education to encompass life-long learning. In general, developing skills is a good policy option *per se*. It contributes to people's capacity to thrive economically as well as contribute fully as citizens, so it has a positive impact on productivity but also on social inclusion.

- To develop relevant skills, countries must ask: What skills are relevant to the economy and society? And are these skills currently being developed? And, if these skills are not being developed, how can they be developed effectively and efficiently?

**Activating skills** relates to the capacity to direct the skills that have been developed towards the labour market. Once generated, the human capital has to reach the market and the productive fabric of a given country in order to benefit the individual and the economy as a whole. Active labour market policies belong to this dimension.

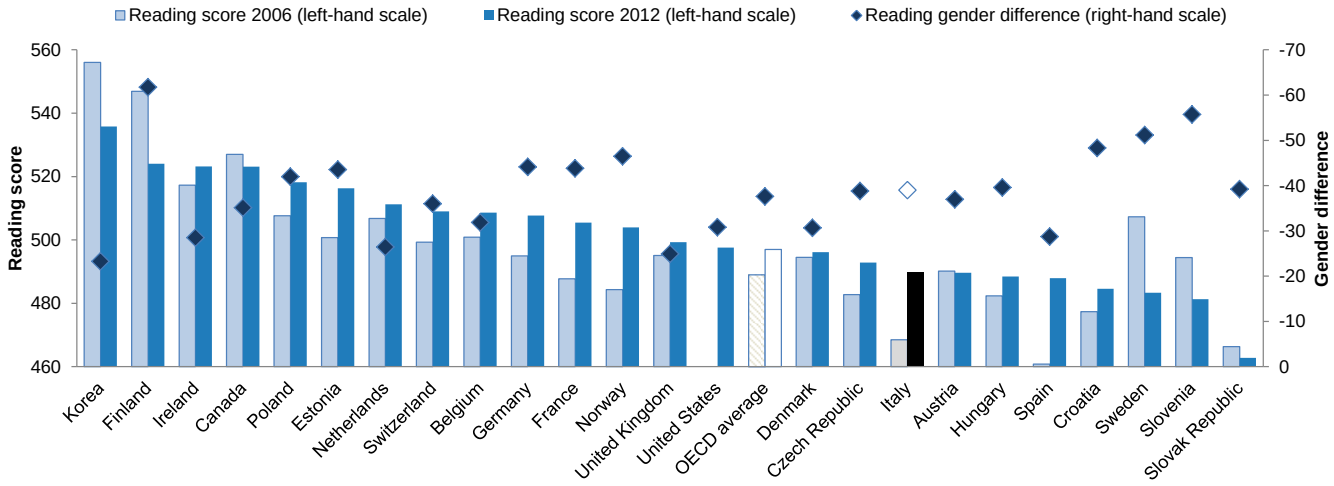
- A country can do a good job of developing the right skills, but still not realise the full benefits of these investments if these skills are not being supplied to the labour market i.e. if individuals are not working or not working as fully as they could be. Activating skills supply means promoting full participation of all people in the labour market, and, when individuals lose their jobs, ensuring that policies support their return to work.

**Using skills**, finally, is about the capacity to match skills and jobs. This dimension has become of paramount importance in OECD countries. In the past, labour productivity gains have depended on increased labour supply but today most gains can be attributed to improvements in workers' skills.

- A country can have success in both developing and activating skills, but still fail to realise the full benefits of investments in skills if individuals are not employed effectively in workplaces. Assessing how well a country is putting skills to effective use means giving consideration to whether: i) there is a good match between the skills of workers with the skill requirements of jobs; ii) firms are using effectively the skills they have available to them (e.g. adopting high performance workplace practices); iii) investments in R&D and other types of knowledge-based capital adequately support innovation and growth; iv) there are good linkages between research institutions and the private sector; v) there is sufficient encouragement and support for entrepreneurial activity; vi) countries are leveraging skills to reshape their economies and move up the value chain.

Based on international comparisons, Italians have a sub-optimal level of skills. The country has made remarkable progress over the past decade and the recent reforms such as the "Buona Scuola" (2015) and the "Jobs Act" (2014) seek to address Italy's key challenges. However, there are a number of areas where Italy can improve its performance in the development of skills, starting from pre-school all the way through to vocational education and training, university and adult learning.

**Figure 4. Mean score, variation and gender differences in student performance in reading**

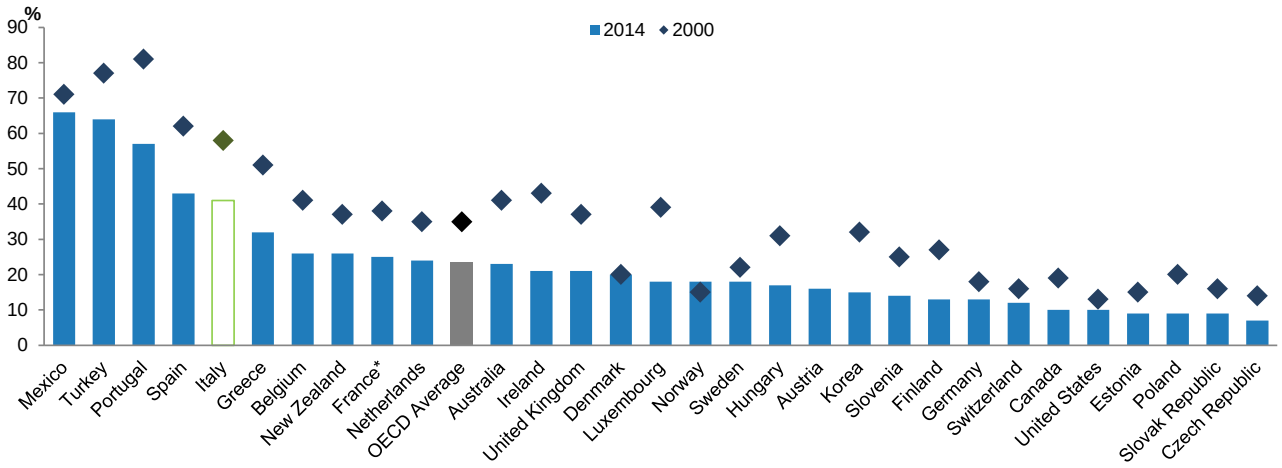



*Source*: PISA 2012 Results: What Students Know and Can Do (Volume I, Revised edition February 2014), OECD 2014.

- OECD PISA (2012) shows that 15-year-old Italian students have improved their skills, but consistently rank below the OECD average in reading, mathematics and science. There are significant regional variations in school performance, with students in Trento, Friuli Venetia Giulia, and Veneto performing in line with their peers in the best performing OECD countries, such as Finland or Korea. In past decades, skills and human capital developed in the south of the country have been feeding into labour market systems in the north. Accordingly, the underperformance of southern regions should not be considered an isolated problem and may affect productivity in the north as well, in the near future.
- Despite improvements, Italians have lower levels of educational attainment than their peers in many other countries.
  - At 17% in 2013, Italy's early school leaving rate is one of the highest in OECD countries (Eurostat, OECD 2014b). But here too, regional rates vary considerably – from 10% in the Veneto region (which is below the EU average) to up to 20% or more in Campania and Sicily. Youth who leave school early are at greater risk of becoming unemployed.

– The share of Italian adults with tertiary education was only 22%, in 2013 (Istat). This value is well below the OECD average of 39%. The crisis, in particular, may have affected the progress made over the past decade, by reducing the number of high-skilled workers absorbed by the labour market. This, in turn, may have decreased incentives to acquire higher education. Between the academic year 2007-2008 and 2013-2014, enrolment rates in higher education have decreased by 13% (OECD, 2014b). Identifying the mechanisms behind these data – whether they mask a problem of financial constraints or one of low returns to education, or both – is fundamental if Italy wants to raise its educational attainment.

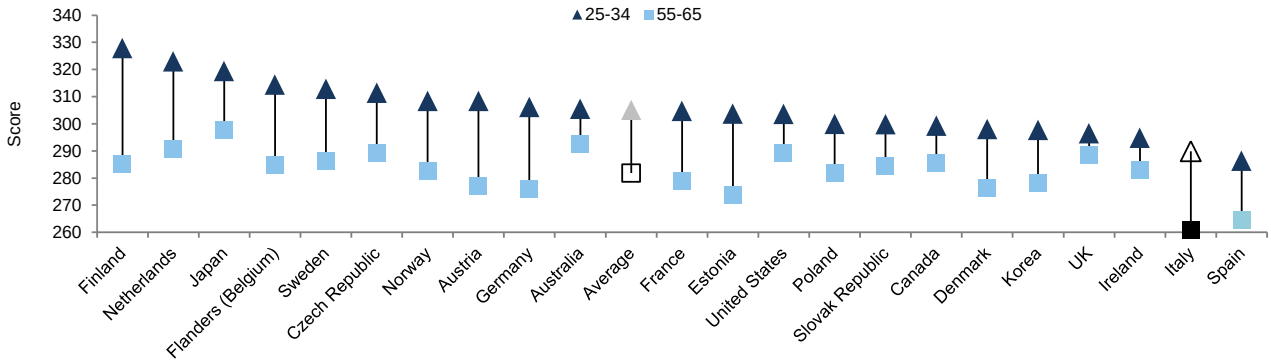
**Figure 5. Proportion of 25-62 years-old that have not completed upper secondary education, 2000, 2014**




*Source*: OECD *Education at Glance 2014*, OECD Publishing, Paris. http://dx.doi.org/10.1787/eag-2014-en

- OECD PIAAC (2012) has revealed the very high share of low-skilled adults in Italy, compared to other leading OECD economies. In particular:
  - Over 12 million Italian adults have low levels of literacy, numeracy or both. They will be in the workforce for many years to come: roughly two-thirds of them will still be working 10 years from now, and over one-third of them will still be working in 20 years. As the skill requirements of jobs continue to rise, these low-skilled adults may find it increasingly difficult to: i) maintain their current jobs; ii) find new jobs if they lose their current ones, and iii) earn higher wages.
  - The performance of recent Italian tertiary graduates (aged 25-34) is no higher than upper secondary graduates from the best performing European countries, such as Finland and the Netherlands. This raises concerns about the quality of tertiary education in Italy.
  - Adults in Italy are less likely to participate in adult education and training than their peers in other OECD countries. According to PIAAC, only 24% of adult Italians participate in education or training, compared with 52% on average in OECD countries. In this context, not only are many Italian adults low-skilled, they also do not have the opportunity to improve their foundation skills later in life, and this is especially so for unemployed and inactive adults. Moreover, these statistics mask important inequalities in access to training, as people with higher levels of education and skills are more likely to participate in adult education and training than their less skilled counterparts.

**Figure 6. Mean literacy score for tertiary graduates, population aged 25-34 and 55-65, selected countries, PIAAC 2012**

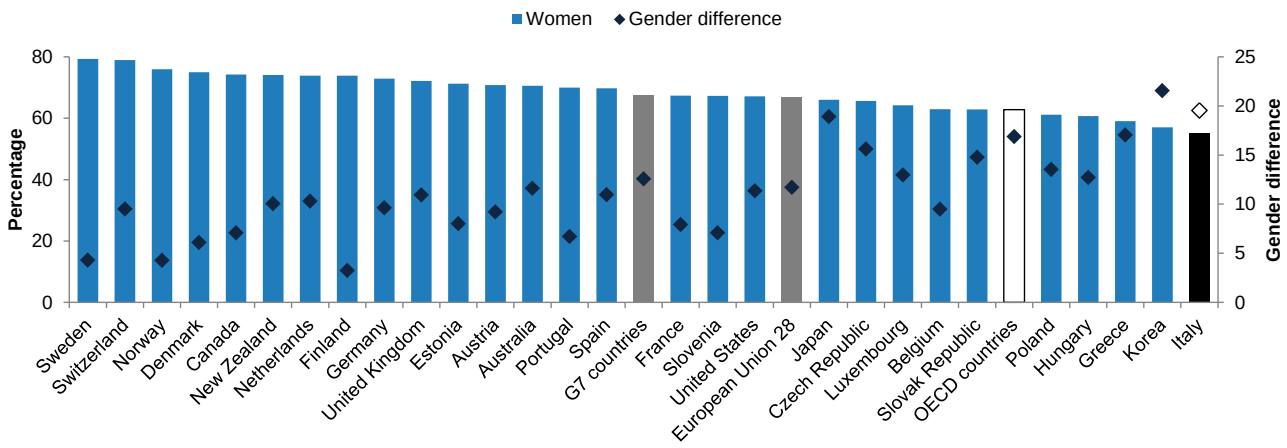



*Source*: OECD calculation based on the 2012 Survey of Adult Skills (PIAAC).

Compared with the OECD average, a large number of skilled Italians do not participate in the labour market. Besides fostering educational attainments, a country should promote the activation of its workers' skills in the labour market. In Italy, efforts should be focused, in particular, on women and young people, given that:

- A significant share of women, including highly-educated ones, does not bring their skills to the formal labour market. This is despite the fact that there were more than three women for every two men graduating from university in 2012 (OECD, 2014b). In addition, PIAAC data for Italy show that, unlike in most other OECD countries, men and women present the same level of literacy skills, and the gap in numeracy skills in favour of men is small, compared with other OECD countries. However, a lack of family-friendly policies and an unfavourable tax treatment of second earners may hinder women's full participation in the labour market (Del Boca and Pasqua 2010, OECD 2016a).

**Figure 7. Labour force participation rate by gender, 2014**

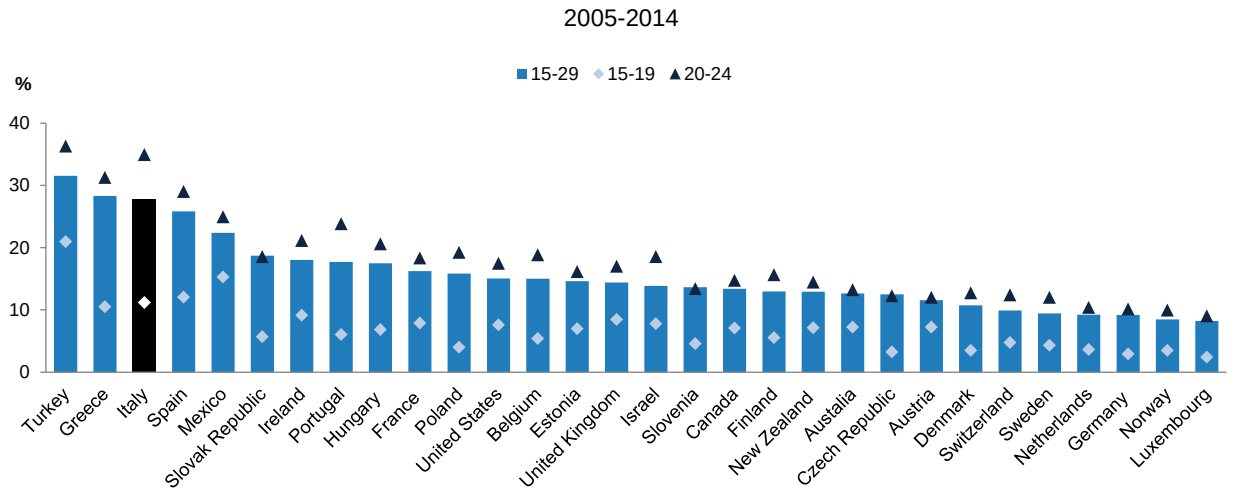



*Source*: OECD Stat, Dataset: LFS by sex and age indicators.

- Unemployment is comparatively high and employment low, in Italy. Italy's unemployment rate has started to decline from its peak of 13% in November 2014, falling to 11.4% in March 2016. Nevertheless, it remains 1.2 percentage points higher than the average for the Euro Area and roughly 5 percentage points higher than the average for all OECD countries. Italy's long-term unemployment share (61% in 2014) is among the highest in the OECD. Of greater concern is Italy's employment rate, which in 2014 ranks third lowest among OECD countries, as is the large share of workers employed in the informal economy, estimated to be equivalent to 11.8% of total employment.

- The share of workers who involuntary hold a temporary contract reached 10% in 2015, and is above the average of the European Union, at 8.9% (Eurostat). Subsequent reforms enacted over the past two decades have introduced new types of fixed-term contracts and expanded the scope of existing ones. This has resulted in a segmented labour market in which highly protected workers, benefitting from open-ended contracts, co-exist with unprotected ones, mostly young and women, who are hired with fixed-term contracts. This system might prevent many workers from activating their full potential. To reduce such a duality, the Italian government reformed the labour market by implementing the so-called "Jobs Act", in 2014. The new policy framework, backed by a generous temporary hiring subsidy for open-end contracts, has favoured a large scale conversion of fixed-term jobs into permanent positions and may go in the right direction to reduce labour market duality (Sestito and Viviano, 2016). Yet, it is still too early to have a full understanding of its implications.
- Italy has one of the highest shares (26%) of young people that are not in education, employment or training (NEET) in the OECD, after Greece and Turkey (Figure 8). The number of NEETs is also increasing, mirroring the trend of the youth unemployment rate; there were more than 2.5 million young unemployed in 2014, a 32% increase compared with 2005. The phenomenon of NEET becomes particularly worrisome in light of the increasing evidence that youth unemployment has long-lasting effects both on adult unemployment and future earnings (Gregg 2001, Mroz and Savage, 2006). In addition, while NEETs represent a challenge for the entire country, their concentration in the impoverished regions of the south may reduce internal mobility of human capital (from south to north) in the future.

**Figure 8. Share of NEET among 15-19 year-olds / 20-24 year-olds / and 15-29 year-olds**



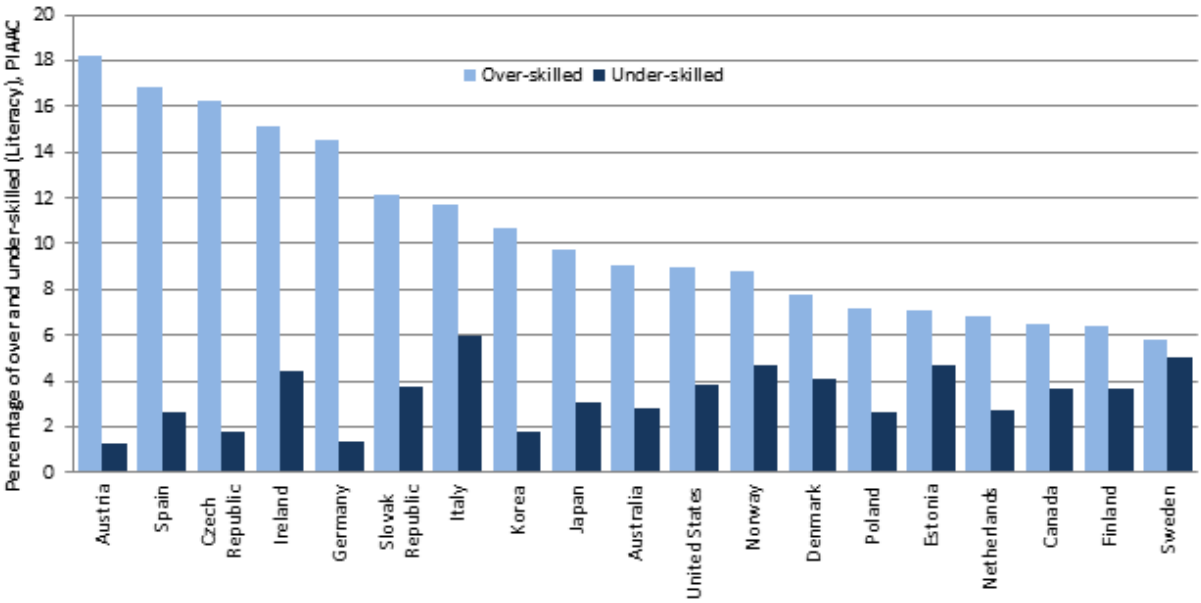

*Source*: OECD (2016), Youth not in employment, education or training (NEET) (indicator). doi: 10.1787/72d1033a-en (Accessed on 29 April 2016).

- Compared with the OECD average, Italy's public expenditure in active labour market policies (ALMP) is small (OECD, 2015a). ALMP include programmes designed to help people prepare for and find work, such as, job search assistance, employment subsidies, and training. Effective labour market programmes can help facilitate quick returns to work. The large number of NEETs suggests that these policies may be improved.

Skills mismatch in Italy is widespread. A country can succeed in developing and activating skills, but still fail to realise the full benefits of investments if workers skills are not adequately matched to the requirements of their jobs. Skills mismatch can emerge when workers are over-skilled for their current jobs – they are capable of handling more complex tasks and their skills are underused – or when they are under-skilled for their current jobs – they lack the skills needed for their job. When skills mismatch is not a temporary phenomenon but reflects a structural problem, it can lead to lower productivity, higher job-turnover and wage penalties for mismatched workers. Evidence from the Survey of Adult Skills (PIAAC) shows that the incidence of skills mismatch in Italy (17.7%) is above the average of countries participating in PIAAC (13.8%). The following issues are particularly important to take into account in this respect:

- Around 12% of Italian workers are over-skilled and 6% are, instead, under-skilled. Under-skilling appears to be especially worrisome in Italy as this is the highest share among all the countries participating in the Survey of Adult Skills. This result is likely to be linked to the below-average skills proficiency of the Italian workforce and calls for immediate policy action to strengthen the supply of skills and the mechanisms leading to skills matching in the labour market. Moreover, great disparities across regions emerge in the extent of both over and under-skilling and these should be addressed by a robust evidence-based policy intervention and initiatives at the sub-national level.

**Figure 9. Percentage of workers who are over- or under-skilled**

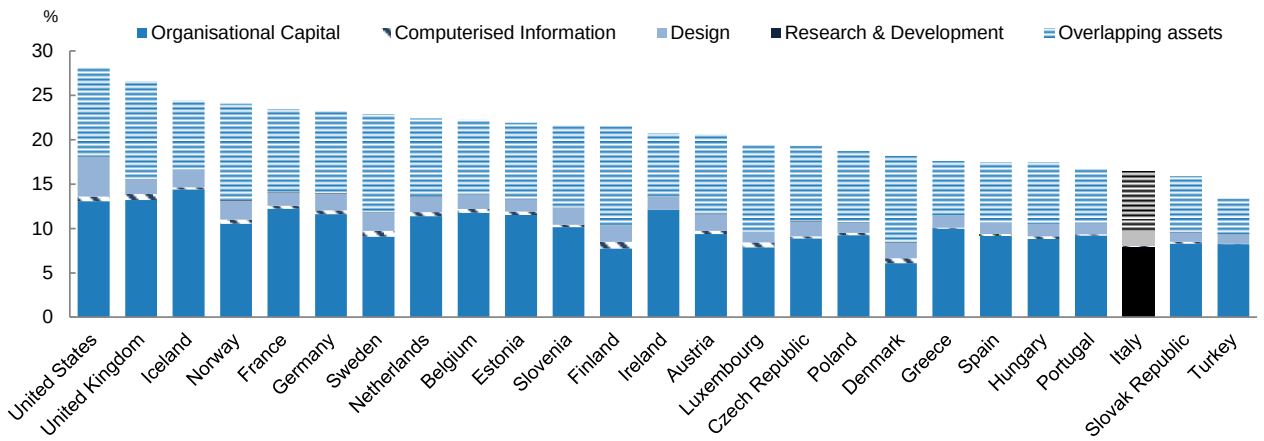



*Note*: Over-skilled workers are those whose proficiency score is higher than that corresponding to the 95th percentile of self-reported well-matched workers – i.e. workers who neither feel they have the skills to perform a more demanding job nor feel the need of further training in order to be able to perform their current jobs satisfactorily – in their country and occupation. Under-skilled workers are those whose proficiency score is lower than that corresponding to the 5th percentile of self-reported well-matched workers in their country and occupation.

*Source*: OECD Survey of Adult Skills, PIAAC (2012).

- PIAAC shows that around 49% of workers in Italy are employed in a different field from that in which they have specialised. This is the highest value across the countries participating PIAAC, after Korea and England/Northern Ireland (U.K.). This phenomenon can be defined as field-of-study mismatch. When coupled with over-qualification or over skilling, field-of-study mismatch can generate wage penalties (Montt, 2015).
- In Italy around 28% of firms report facing difficulties in finding employees with the required skills (Manpower Talent Shortage Survey, 2015). Skills shortages can lead to lower productivity as vacancies remain unfilled for a long period of time and human capital is not put to use productively. Similarly, skills shortages can induce wage inflation or lead to additional increases in skills mismatch as employers may be forced to hire workers whose skills do not match those required by the jobs (Bennett and McGuinness, 2009). This phenomenon calls for a higher involvement of businesses in the definition and updating of school curricula, together with an increase in workplace learning opportunities.
- In 2011, in Italy, workers contributing to knowledge-based capital account for roughly 16% of all employment, which is among the lowest proportions in OECD countries (Figure 10). Moreover, higher education spending on research and development (R&D) in Italy ranked in the lowest quarter of OECD countries in 2013. On top of this, Italian firms collaborate less on innovation with higher education or public research institutions than do their counterparts internationally (OECD, 2015b). All these factors might explain why Italy ranks low on the adoption of organisational changes and new technologies that are found to be associated with increased firm-level innovation and productivity.

**Figure 10 Knowledge-based capital related workers, selected countries, 2012**




*Note*: Workers contributing to R&D, design, software and database activities and to firms' organisational knowhow account for between 13% and 28% of total employment in many OECD economies (total length of the bar). Of these workers, between 30% and 54% contribute to more than one type of KBC asset (bar "overlapping assets").

*Source*: OECD, Science, Technology and Industry Scoreboard (2015). http://dx.doi.org/10.1787/888932890618

## The governance system underpinning skills development, activation and use in Italy

### *A whole-of government (whole-of-society) approach to skills*

In Italy, skills policies depend on a complex governance system that cuts across different policy portfolios and involves different levels of governments, including national, regional and local authorities, as well as the civil society and the business community - governance is used here to indicate the exercise of political, economic and administrative authority necessary to manage a nation's affairs; it encompasses the decision making process as well as implementation mechanisms. Complex governance systems are common across OECD countries and coordinating all government entities and involving key stakeholders in skills policies represents a major challenge for all governments (OECD, 2016b).

Although it is difficult to make a rigid classification of roles and responsibilities related to skills policies within Italy's governance system, it is possible to make the following sketch:

- *Skills development*. Education policies are jointly determined by three entities. The Ministry of Education defines the general structure of the educational system; the regional governments put into effect the measures established by the central government (they are responsible for some 25% of public investment in education); and schools and universities manage their own organization, within a context of increasing autonomy and decentralization of responsibilities. Municipalities also play a role as they are in charge of managing pre-school services.
- *Skills activation*. Both the Ministry of Economy and Finance and the Ministry of Labour and Social Affairs define the main policies concerning the activation of skills. The former influences this process mainly through the definition of the tax and benefits system. The latter designs the labour market legislation and develops social policies, such as the parental leave scheme. Importantly, in the framework of the "Jobs Act" reform, the Ministry of Labour and Social Affairs is currently pursuing a process of reorganization of public employment services (PES) that constitute the main tool for the provision of Active Labour Market Policies. This process includes the creation of a National Agency to coordinate ALMP in Italy, shifting to the central level some of the competences that were allocated to regions and local governments.
- *Skills use*. The Ministry of Economic Development, together with actors such as trade unions and the chambers of commerce, plays the main role in the governance of mechanisms aimed at promoting the use of skills. Examples of such mechanisms are policies defined to help managers, particularly in small and medium-sized enterprises (SMEs), promote innovation and adopt technologies and practices that make the best use of the existing skills base.
- *Skills system*. In general, besides this "first ring" of governmental actors, a broad range of stakeholders also play a role. These include: citizen associations; industrialist associations; trade unions; teachers; and national and international experts in the field of skills, education and development policies. In addition, due to the need for a place-based approach to skills, there are institutions such as the State-Regions Conference (*Conferenza Stato-Regioni*) and the National Agency for Cohesion Policy that connect policies between different domains and tiers of governments.

### *Evidence-based policy making for Italy's skills system*

Effective governance also depends on data availability and use. To improve Italy's skills system there is need for good data, evaluation and information, directed both at policy makers and citizens. The availability of relevant data and rigorous evaluation systems is a prerequisite for both the effectiveness and efficiency of policy design, and a requirement for financial control and thus for efficient spending.

- Italy has made significant progress in creating data sources to inform skills policy and individual skills development. Noteworthy initiatives include the surveys run by *Almadiploma* and *Almalaurea*, that provide annual data on the employability of high-school and university graduates and help assess the coherence of school and university curricula with labour market needs; the *Excelsior Project* run by *Unioncamere* that provides one-year forecasts of expected hiring and firing by firms across different sectors based on employer surveys; the Occupations, Employment and Skill Needs survey (*Professioni, Occupazione e Fabbisogni*) conducted every 5 years by ISFOL, that identifies the skills, knowledge types, values and attitudes as well as the work-style, general tasks and work-conditions required across a large set of occupations in Italy. Italy also produces data on school and university performance. The Italian National Evaluation Committee for Education (INVALSI) regularly administers a standardized test to primary school students to evaluate their abilities and the quality of the educational system. *Censis* produces an annual ranking of Italian universities which it publishes in the newspaper *La Repubblica* every September.
- Without effective coordination of all the actors involved in the production and management of all this information, it can become hard to identify common skills goals and to develop a coherent policy response to skills needs.
- In addition, Italy still faces challenges in generating and making available the relevant data and information necessary to evaluate policy and programme performance. Data sets such as the *"Anagrafe Studenti*" or the *"Comunicazioni obbligatorie"* should be constantly updated and researchers should be allowed to have easy access to them. A close collaboration with universities and research centres in the design and evaluation of policies should be encouraged and strengthened.
- Besides its use in the development of public policy, relevant information on skills is also useful to citizens and should be made easily accessible. It is important to provide the public with high quality and timely information on topics such as school performance, the employment outcomes of secondary school and university graduates, and the current and expected skills needs of the labour market.

## List of questions/Issues for discussion

- What are the key strengths and challenges of Italy's skills system today?
- What skills will Italy need in the future?
- Which groups are particularly vulnerable? What obstacles do they face when developing, activating and using their skills?
- Who are the key players in Italy's skills system?
  - At the national level?
  - At the regional level?
  - At the local level?
- Where does co-operation among employers, government, trade unions and civil society work well?
- What are the bottlenecks in the skills system?
- Do all players have the information they need to effectively play their part in the skills system?

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