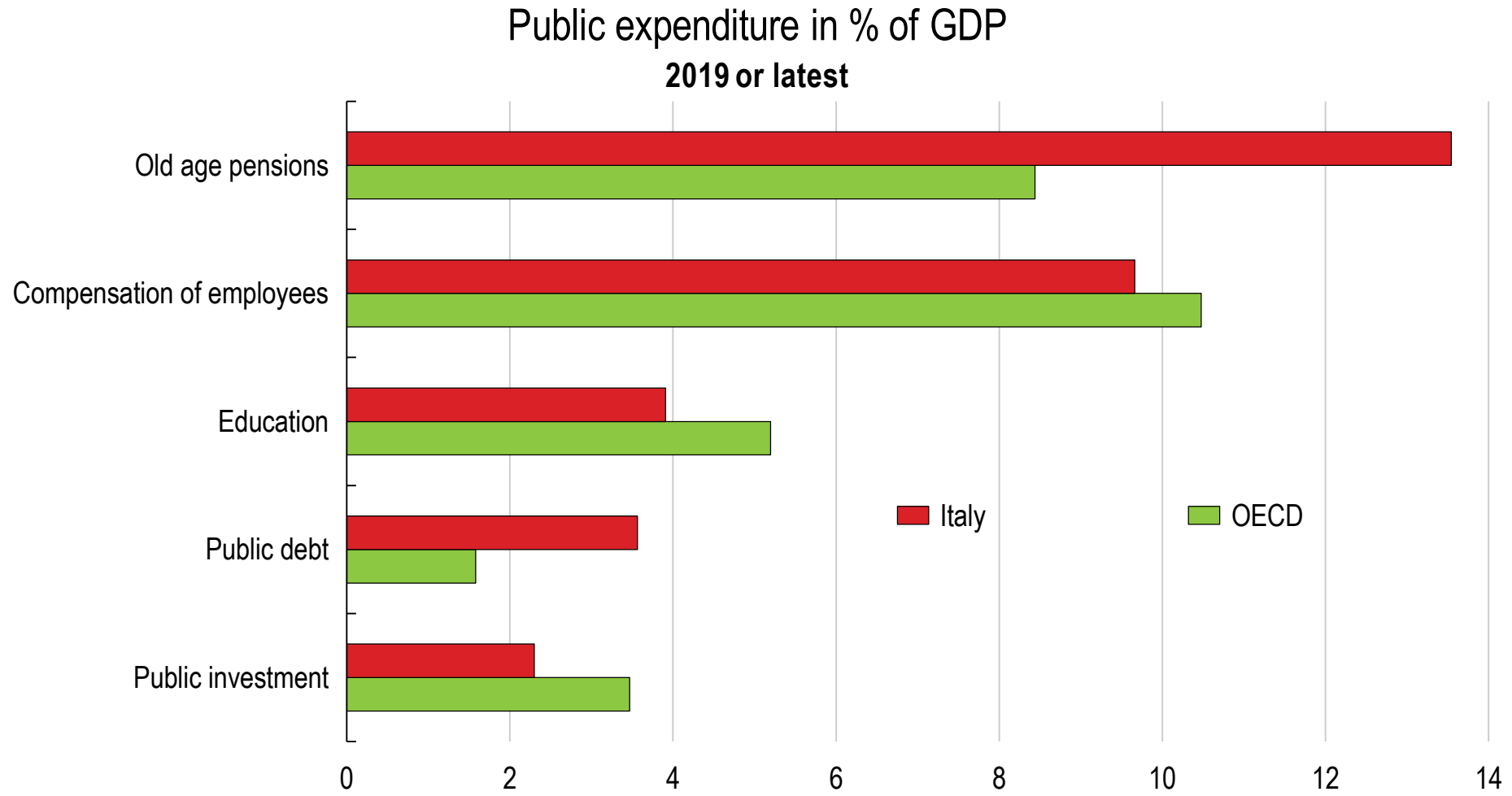




PUBLIC FINANCE REFORMS TO SUPPORT FASTER GROWTH AND JOB CREATION



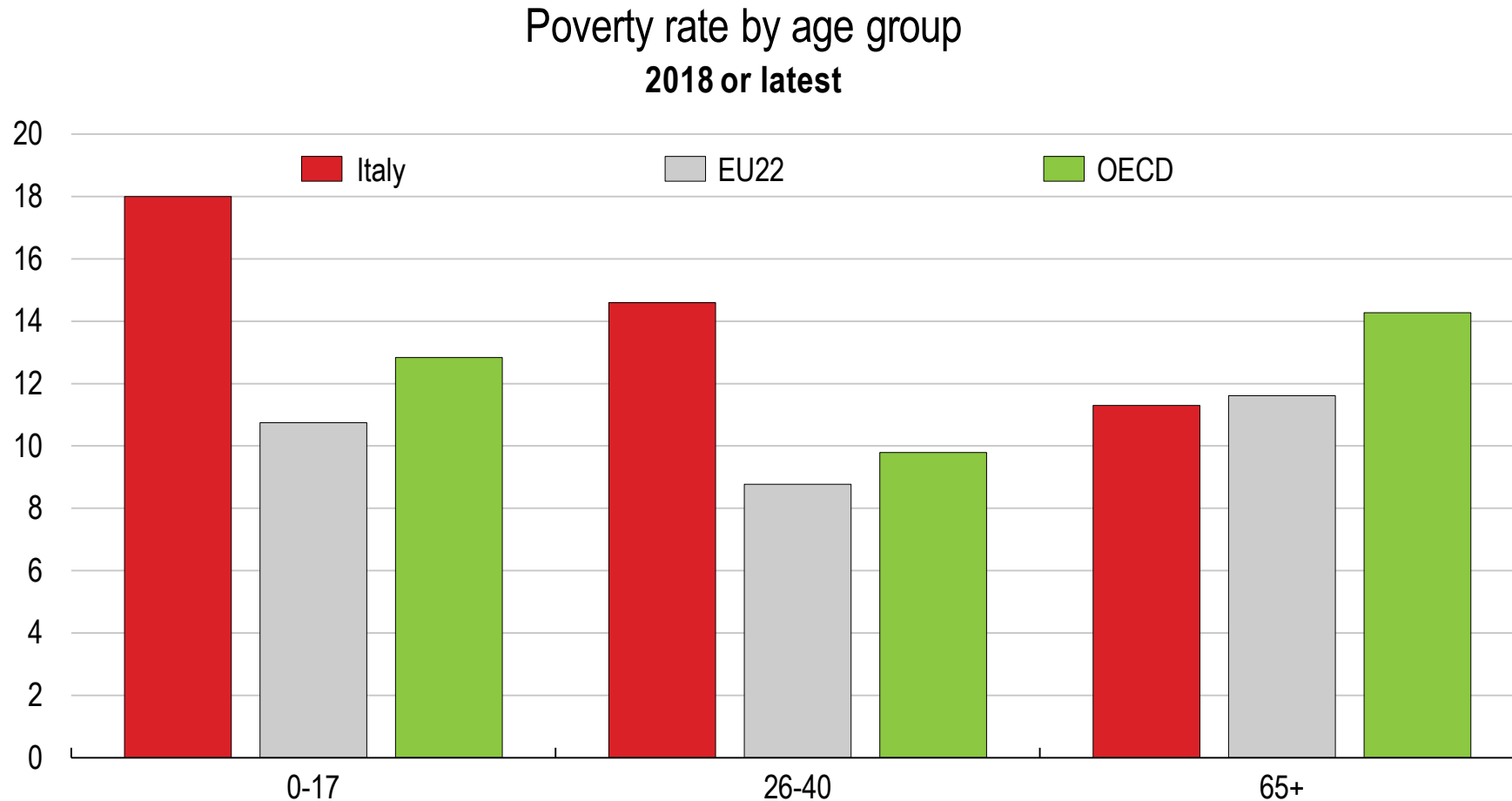
Not much room left for investment and education



Source: OECD (2021), National Accounts Statistics (database).



Poverty is high – particularly among younger Italians



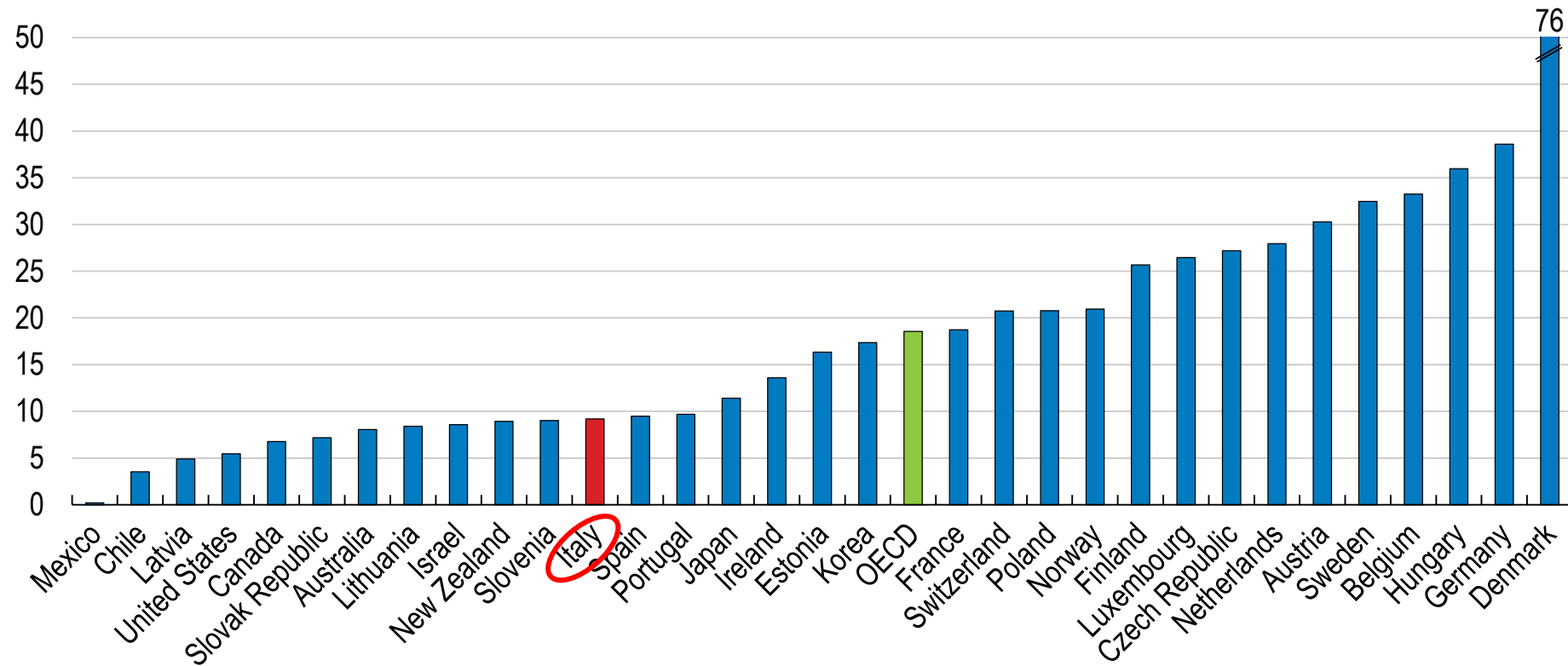
Note: Poverty rate at 50 % of median equivalised income after taxes and transfers. Whiskers indicate range of OECD countries between the first and the last decile.

Source: OECD (2021), Income Distribution Database (IDD).



Support to help jobseekers find work is low

Total spending per unemployed on active labour market policies
% of GDP per capita, 2018 or latest

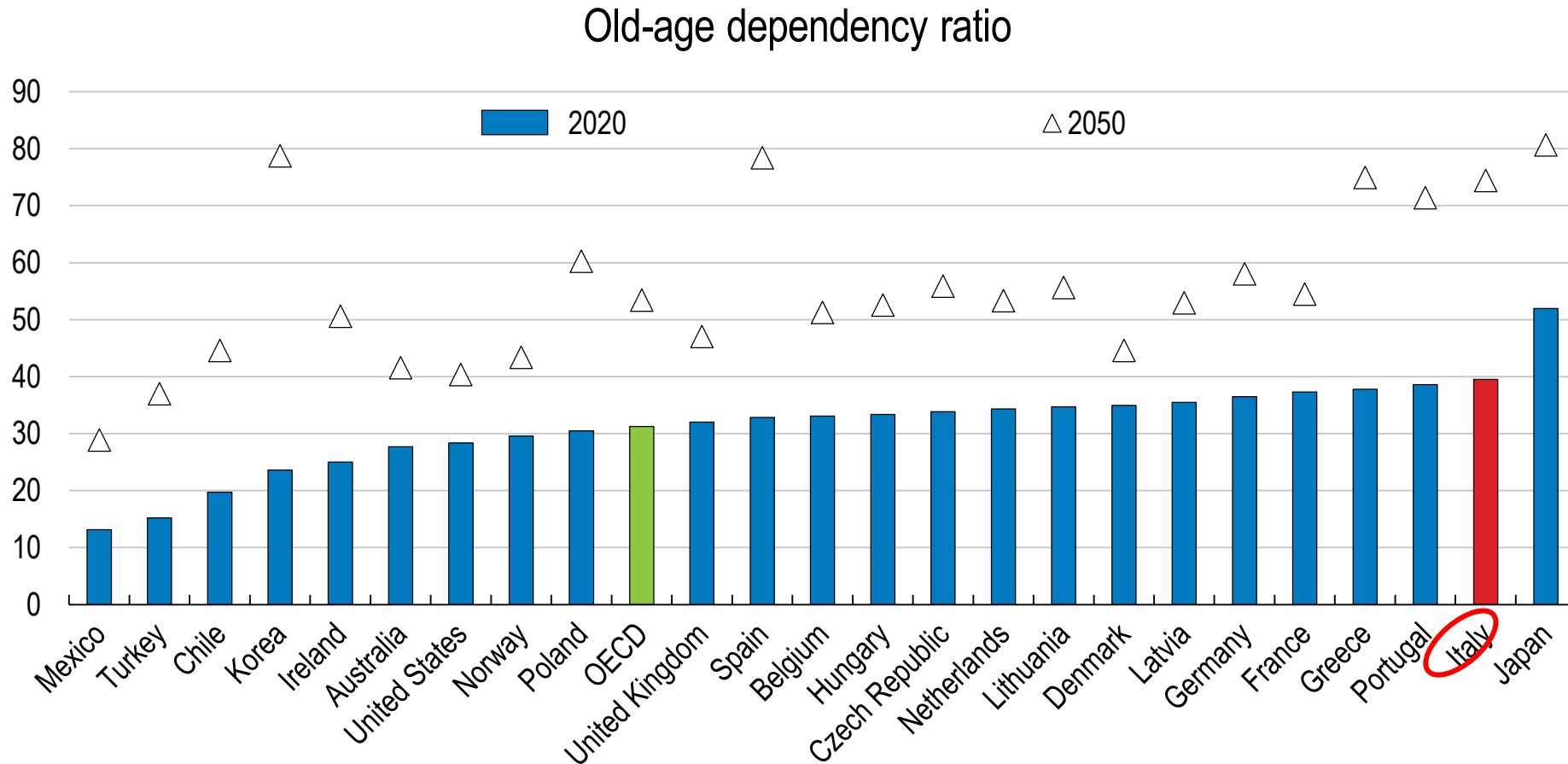


Note: OECD average covers the countries shown in the graph.

Source: OECD (2021), Statistics on Labour Market Programmes (database); OECD (2021), Labour Force Statistics (database).



Spending on pensions is set to rise further

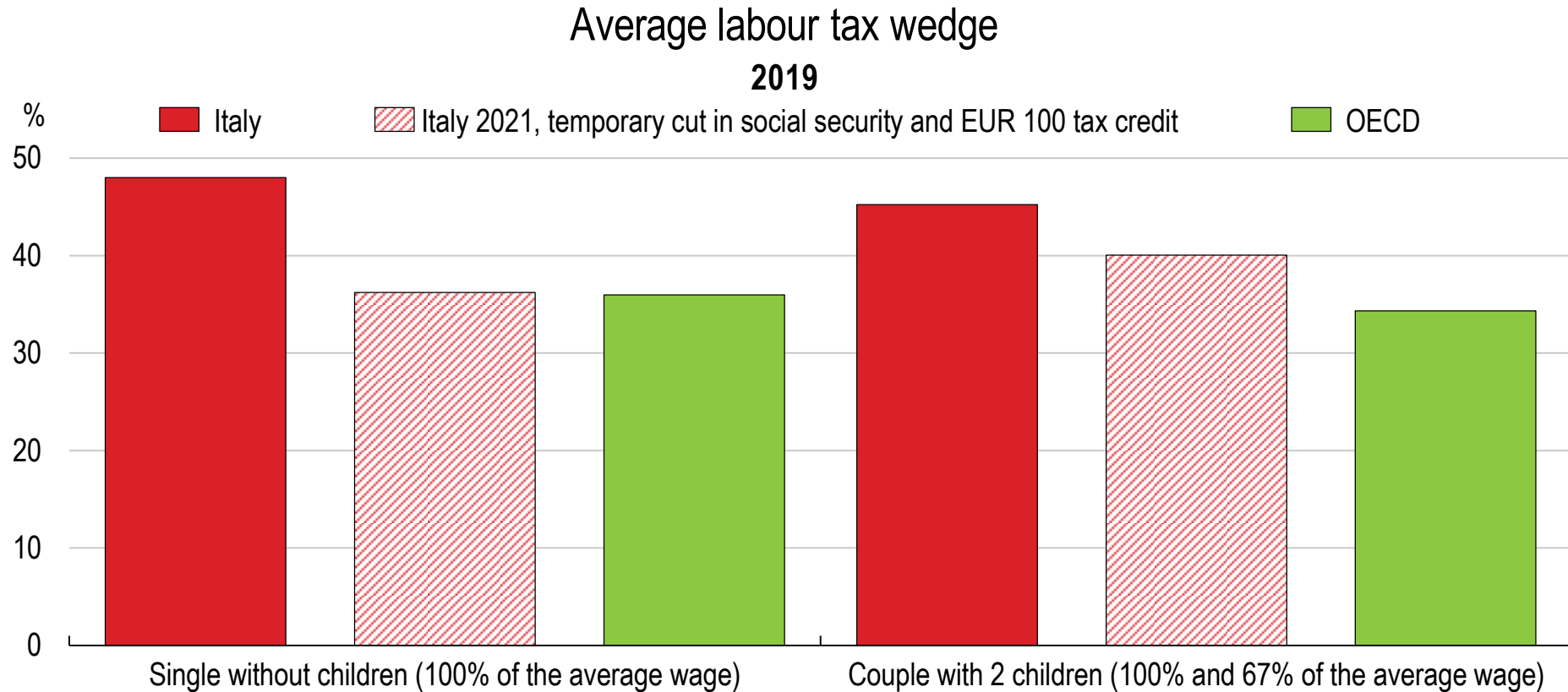


Note: Number of individuals aged 65 and over per 100 people of working age defined as those aged between 20 and 64. Due to data unavailability the OECD average excludes Colombia and Costa Rica.

Source: OECD (2019), Pensions at a Glance (database).



Permanently reducing the tax wedge for more people could boost employment



Household composition and earnings as % of average wage

Note: The “Italy incl. 2021 tax credit and social contribution rebate” relates only to the employees eligible for these measures, and is not a workforce-wide value. OECD average is an unweighted average.

Source: OECD Tax database; Ministry of Finance and Economy, and OECD estimates for 2021.



Main recommendations to raise employment

- Improve the composition of public spending with strengthened expenditure reviews and a succinct set of policy performance indicators.
- Reform taxes to support higher employment, with a lower tax wedge and reduce income tax disincentives for second earners - particularly women
- Increase access to adult skills attainment, with improved Training Fund application processes and better coordinated public employment services
- Improve access to quality childcare across all regions
- Contain pension spending by allowing the early retirement schemes to expire, and link life expectancy and retirement age.

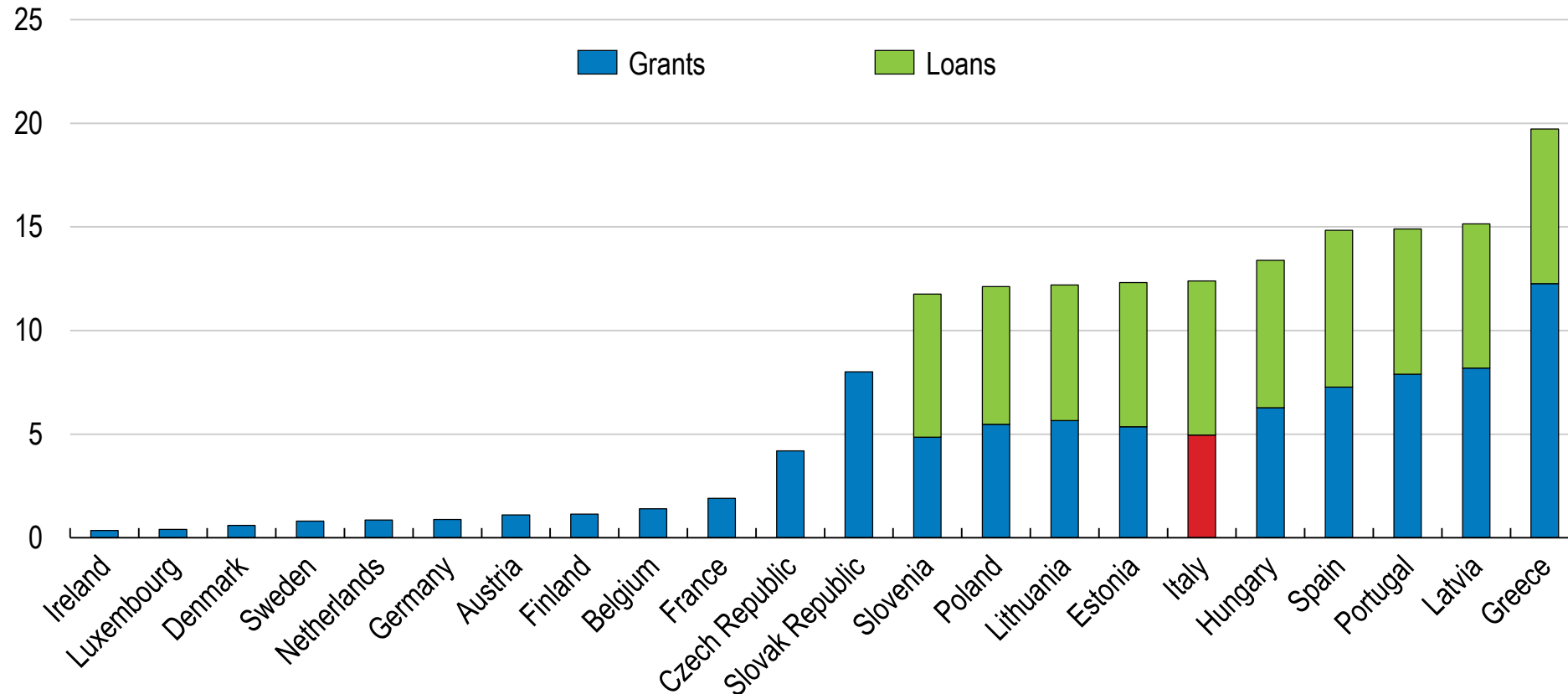


THE NATIONAL RESILIENCE AND
RECOVERY PLAN CAN HELP SUSTAIN
INVESTMENTS AND GROWTH-
SUPPORTING REFORMS



The National Recovery and Resilience Plan will support investment and structural reforms

Next Generation EU grants and loans, % of GDP



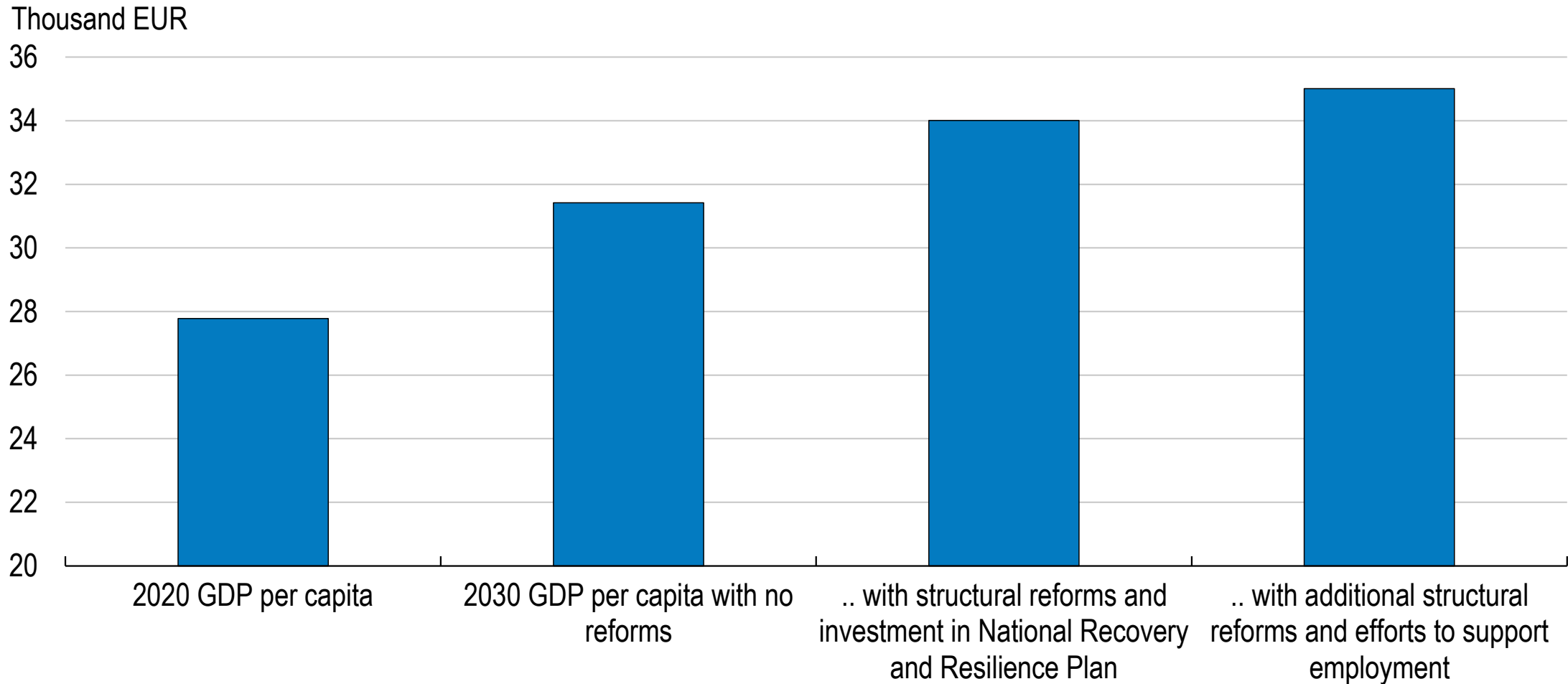
Note: 2020 GDP at current prices are used. Loans are assumed at 6.8% of 2019 gross national income for some countries. Actual amounts may differ. Figure does not include the additional own resources included in the Italian National Recovery and Resilience Plan. This is equivalent to 1.2% of 2020 GDP.

Source: European Commission, https://ec.europa.eu/info/strategy/recovery-plan-europe_en; and EUROSTAT.



Sustaining the National Recovery Plan reforms can boost living standards

The impact of reforms on real GDP per capita

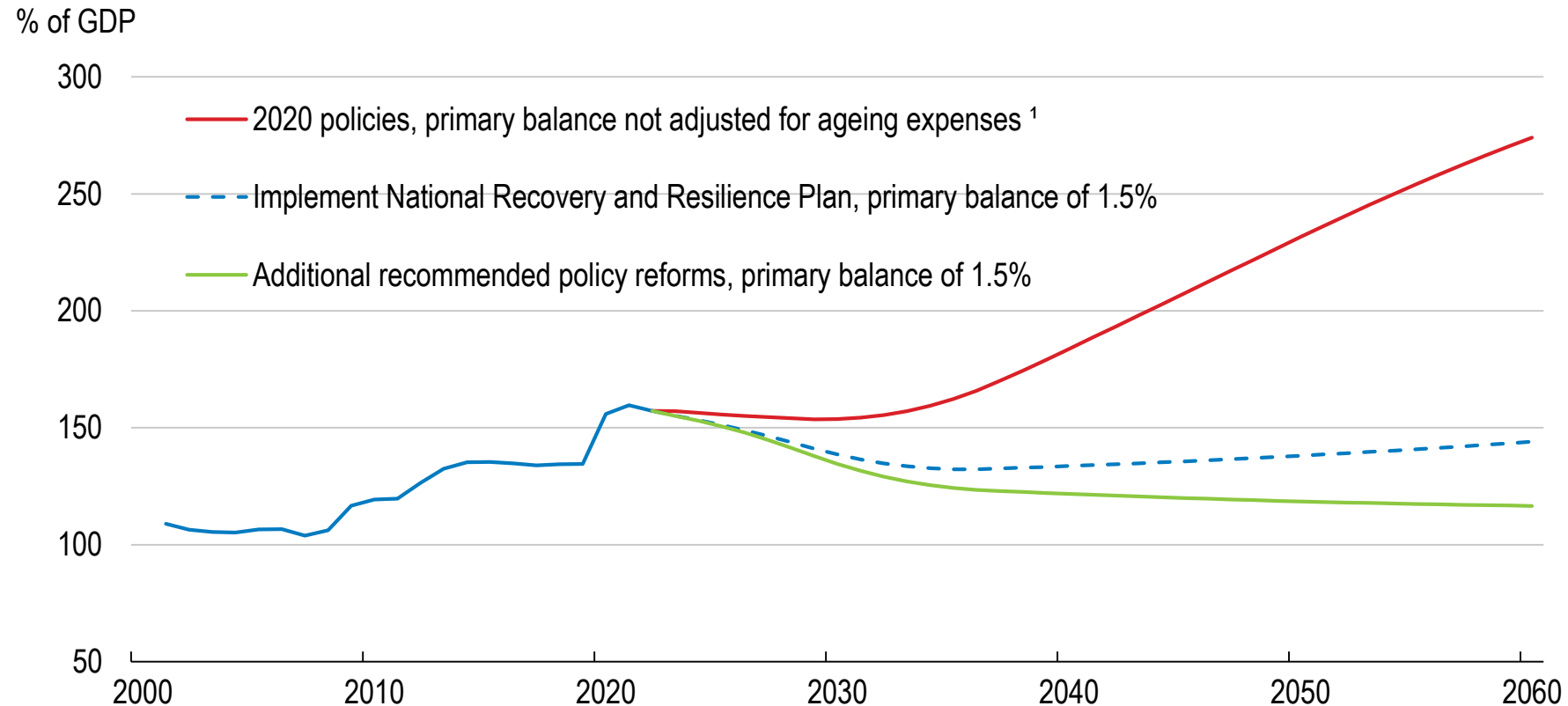


Source: OECD projections, assumes no impact from inflation.



Reforms should boost growth which is key for lower debt

Public debt-to-GDP ratio, alternative reform scenarios

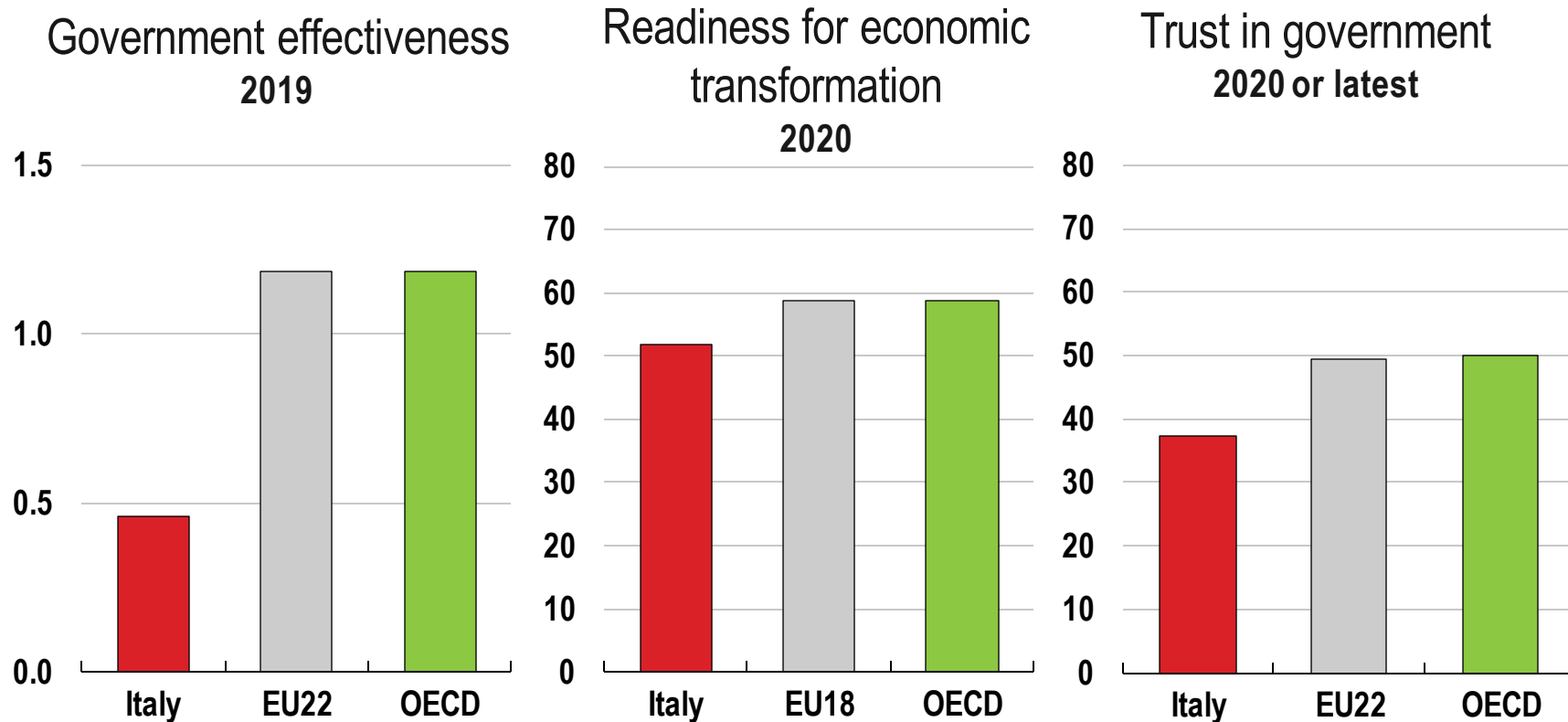


1. A primary balance of 1.5% is assumed, and then ageing expenses are added to the fiscal profile. This profile illustrates the impact of ageing policies on the budget. It does not reflect an expected fiscal strategy.

Source: Ministry of Finance and Economy; OECD (2021), OECD Economic Outlook (database); D. Turner and Y. Guillemette (2021) and OECD calculations.



Strengthening the public sector's effectiveness is key



Note: Whiskers show the range between the first to last decile of countries.

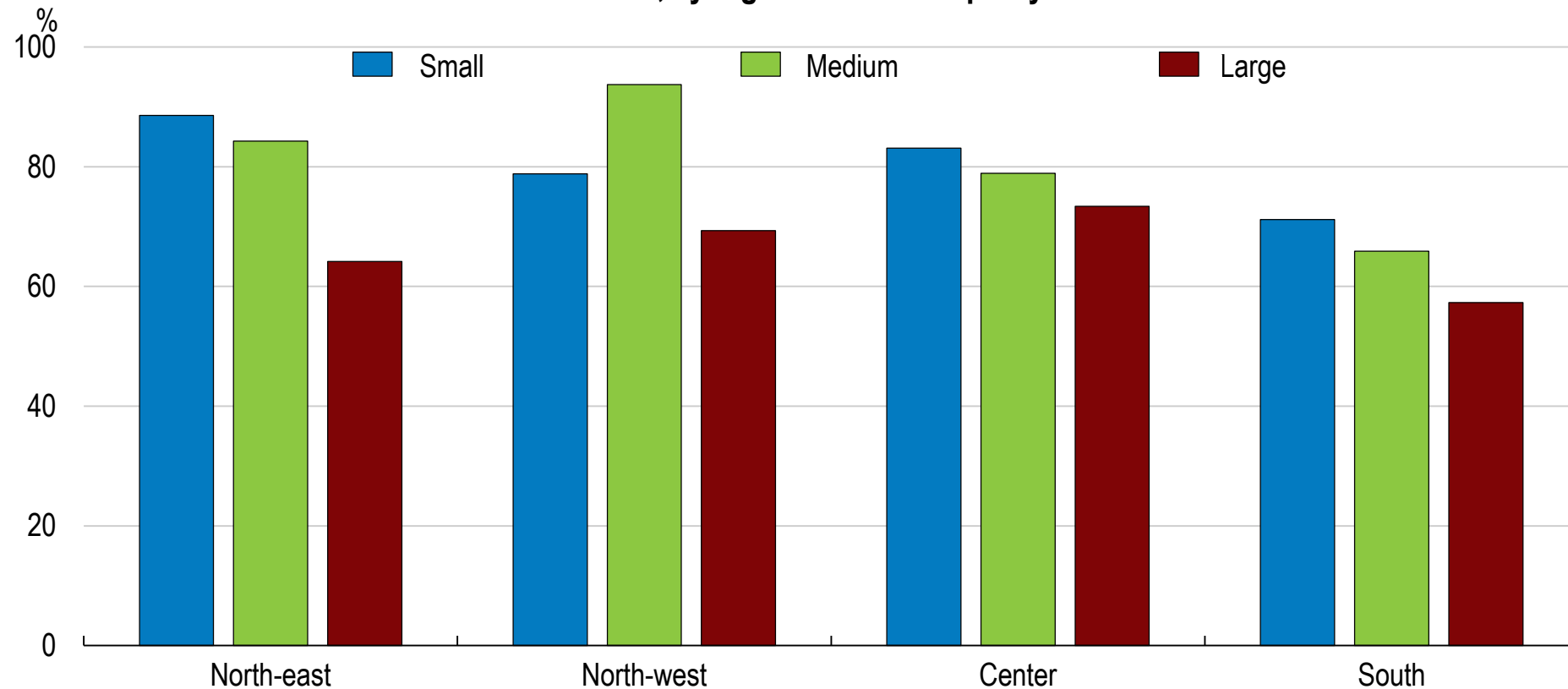
Sources: World Bank (2020), Worldwide Governance Indicators (database); World Economic Forum (2021), The Global Competitiveness Report 2020; OECD (2021), How's Life: Well-being (database).



Accelerating public investment can help lagging regions

Municipal governments' average disbursement rates of EU public investment funds

Over 2014-20, by region and municipality size



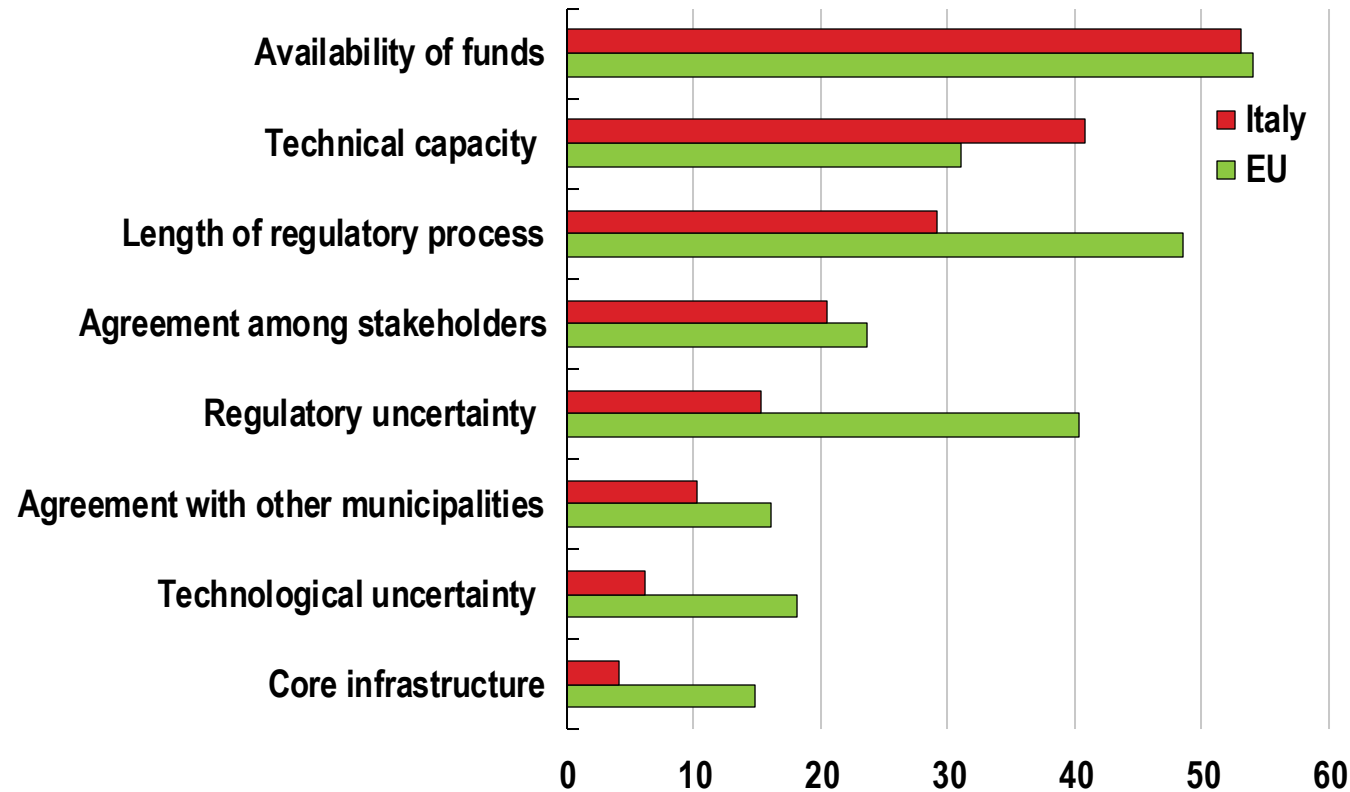
Note: "Small" municipalities' population is below 50 000, "medium" between 50 000 and 250 000, and large above 250 000.

Source: OpenCivitas database and OECD calculations.



Capacity constraints to public investment need addressing

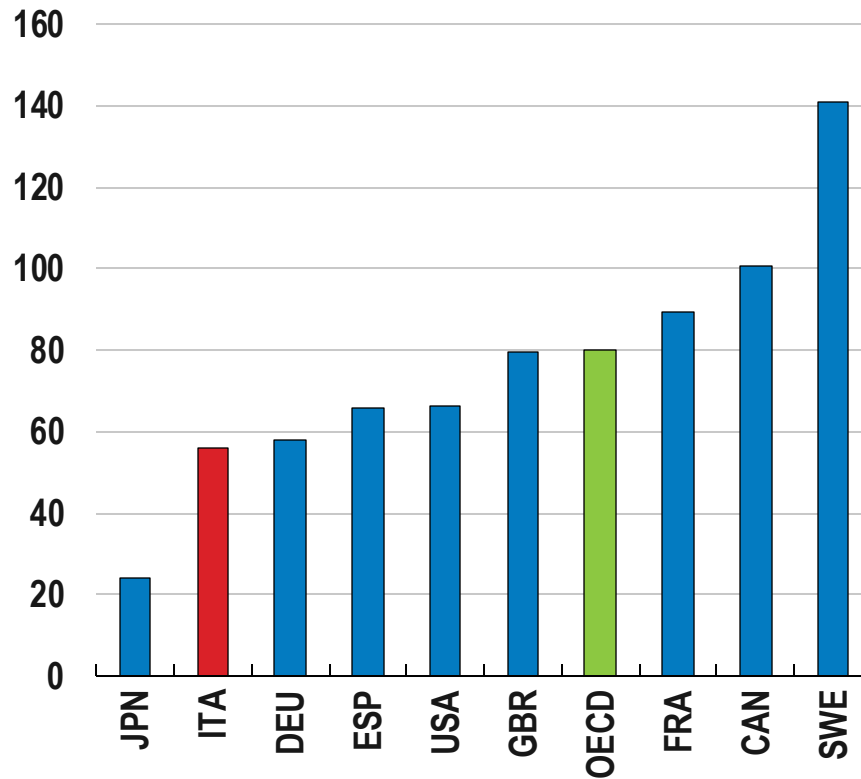
Major obstacles to municipal infrastructure investment
2019, % of all municipalities surveyed



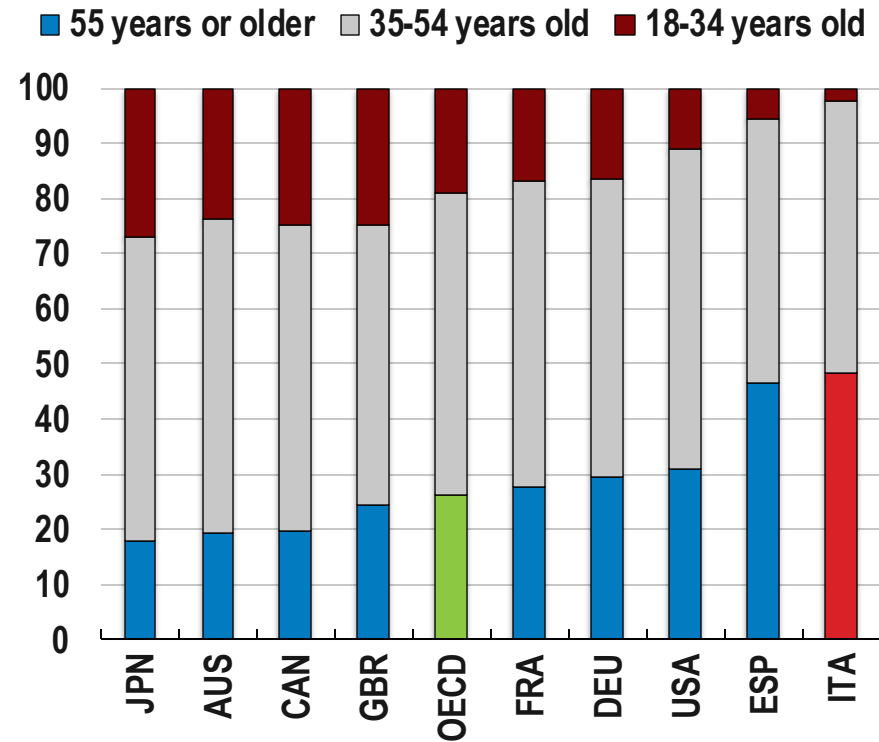


Many public employees are nearing retirement

Public employees
Total, per 1000 population, 2020



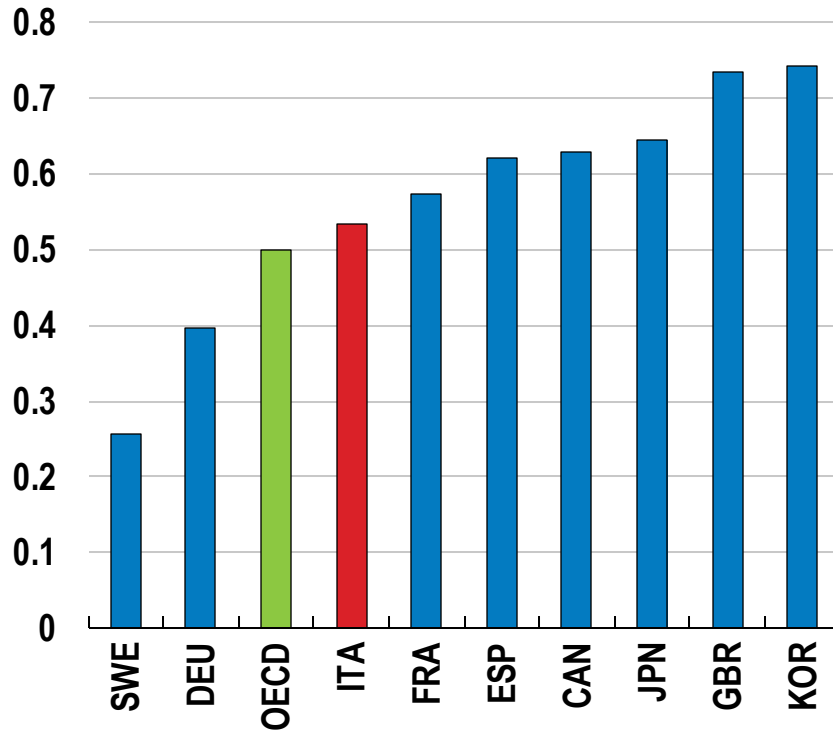
Public sector employees by age group
Central government, 2020



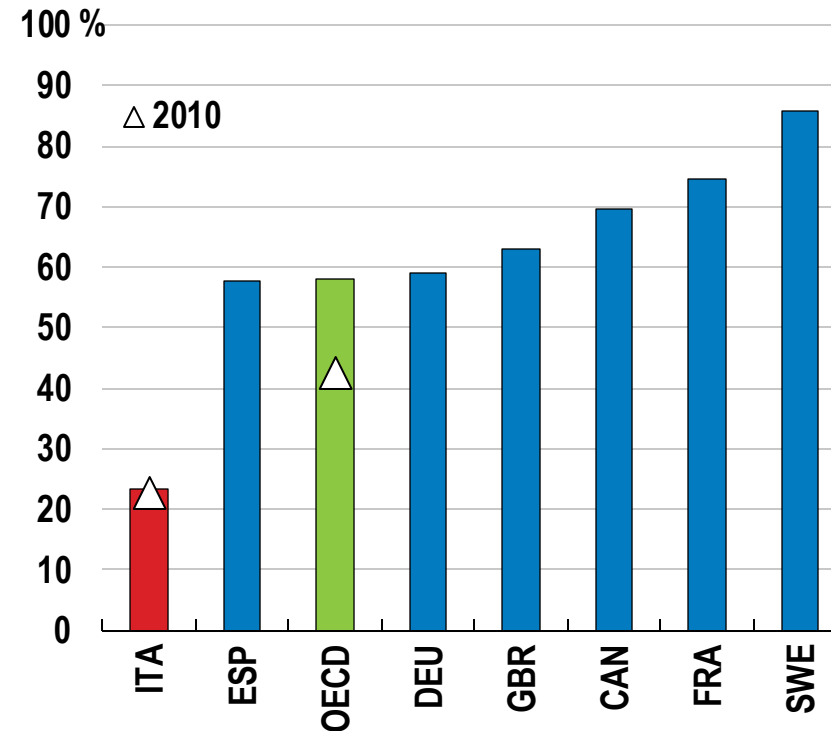


Progress with e-government will help but users' take-up has lagged

OECD Digital Government Index
2019



Share of individuals using the internet to
interact with public authorities
2019



Note: The OECD Digital Government Index aims to measure the digital transformation of the public sector, understood as the transition from e-government to digital government, measured across six dimensions.

Source: OECD Survey on Digital Government 1.0



Main recommendations to raise public sector effectiveness

- Rejuvenate the public sector workforce, through more agile recruiting, training and career management
- Consolidate smaller agencies' public procurement activities
- Clarify competencies of different levels of government, supported by bodies that encourage effective practices
- Continue providing an architecture and platforms that enable public agencies' digitalisation



For more information



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This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

<http://www.oecd.org/eco/surveys/economic-survey-italy.htm>

 [OECD Economics](#)

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