

## Collection capacity in Municipalities

Source: REP administrative capacity index on BDAP data (2023 over 2022)

The indicator highlights the Municipality's ability to collect the current and capital income assessed during the year.

For a Municipality, being able to collect the highest possible share – ideally, close to 100% – of the assessed revenues is **crucial for the implementation of its political and economic planning**. Therefore, collection capacity is among **the most relevant indicators** within the administrative-accounting efficiency parameters of Local Authorities.

Not surprisingly, the European Commission recommends strengthening the administrative capacity of Local Authorities to improve the use of European structural funds, as well as those from the NRPP, which inevitably involves improving their collection capacity. The first risk to avoid, which is not uncommon, is the Municipality falling into financial distress simply because it has not been able to collect the fines assessed in its territory.

### What do the collected and processed data show?

The Municipalities in Italy appear to be generally virtuous, **with an average collection capacity of 70%**.

From a **demographic perspective**, except for Municipalities with fewer than 2.000 citizens, which register a value of 68%, the other Municipalities of different demographic sizes are above the average.

**Territorial differences**, however, **are more distinct**: moving from North to South, the

indicator levels decrease, with Northern Municipalities averaging a 75% collection capacity, Central Municipalities at 68%, and Southern Municipalities at 63%.

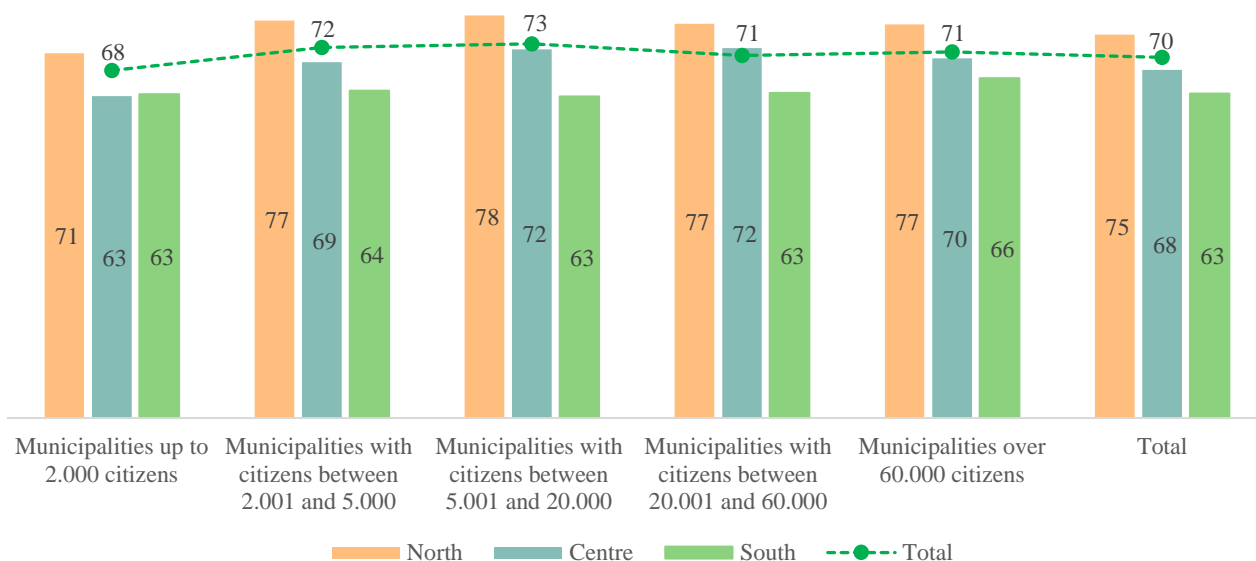
This general trend is confirmed when **combining geographic and demographic variables**, except for Municipalities with up to 2.000 citizens. Northern Municipalities are the most solid, with a decent collection level (71%), while those in the Centre and the South, though with lower collected income, are aligned with each other.

Comparing **Municipalities of the same demographic size** reveals additional interesting aspects. **Among municipalities with a population between 2.001 and 5.000 citizens**, Southern Municipalities show average collection levels for current and capital income around **64%**, **indicating many Municipalities' difficulties in converting assessed income into liquidity**. The average data in Central Municipalities is higher (69%), but still far from the Northern value, which boasts a 77% collection capacity.

The widespread issue of Southern Municipalities also recur in places with larger populations, between 5.001 and 20.000 citizens: these, with an average value of 63%, are 9 points behind Central Municipalities (72%) and more than 15 points behind those in the North, which average close to 80% in collected assessed income.

**The North-South gap is also marked in the most populous Municipalities**, with differences exceeding 10 points between municipalities in the two territorial aggregates.

## Collection Capacity Indicator (average percentage) - Municipalities



*Value not available on the OpenBDAP database for 145 Municipalities*

Source: Administrative Capacity Index - Data reprocessing on OpenBDAP (2022) data

The above-average data highlights common trends and peculiarities which are worth noting.

**Geographically**, contrary to some stereotypes, **Municipalities with collection capacities close to 100% are in the South**: Baratili San Pietro, in Oristano, with just over 1.200 citizens, and Collepietro, in L'Aquila, with 200 residents, are the most virtuous among the nearly 400 that exceed the 90% threshold.

However, **the South also has the entities with the most significant issues**: Pizzone, a small Municipality in Isernia, Molise, with just over 300 residents, and Celle di San Vito, in Foggia, Puglia, with only 148 residents, **stands at levels just over 10%**, the lowest among the 876 municipalities below the 50% collection capacity threshold.

**From a demographic perspective, it is noted that while the smallest Municipalities – those with up to 2.000 citizens – are the least performing, they still register percentages not too far from those of the more populous municipalities.**

**The lower performance of small Municipalities is not surprising, considering their chronic staff shortages.** Thus, it becomes essential to strengthen their collection capacity by reasonably resorting to what the regulations have long allowed and suggested (such as Law 56 of 2014), namely, **through forms of conventions or unions between Municipalities** that, while preserving the political representation of the small contracted/associated Municipality, allow it to benefit from a shared function.