The already large regional economic disparities in Italy have slightly increased over the last sixteen years. In the province of Bolzano-Bozen the level of GDP per capita was two and a half times higher than in Calabria in 2016. With a productivity growth of 0.2% per year over the period 2000-16, Bolzano-Bozen experienced the highest productivity growth among Italian regions, much below the OECD average of 1.1% in the same period. With a negative productivity growth of -1% per year in Molise, the gap with Bolzano-Bozen has widened further, especially since 2010. Notwithstanding a small improvement in recent years, youth unemployment rate in Calabria is still among the highest in the OECD area, with over 55% of youths unemployed. Youth unemployment rates above 50% are also observed in Apulia, Campania and Sicilia, while the province of Bolzano-Bozen shows the lowest rate in the country (10% in 2017).

**Productivity trends, most and least dynamic regions, 2000-16**

- Bolzano-Bozen: highest productivity in 2016 and highest productivity growth (+0.2% average annual growth over 2000-16)
- Molise: lowest productivity growth (-1% annually)

**Youth unemployment rate, 15-24 years old, 2007-17**

- Highest rate Calabria 55.7%
- Highest rate Italy 34.7%
- Lowest rate Province of Bolzano-Bozen 10%

Source: OECD Regional Database.

Notes: (1) Figure on regional gap in GDP per capita: OECD regions refer to the administrative tier of subnational government (large regions, Territorial Level 2); Italy is composed of 21 large regions. (2) Figure on index of regional disparity: top (bottom) 20% regions are defined as those with the highest (lowest) GDP per capita until the equivalent of 20% of national population is reached, this indicator provides a harmonised measure to rank OECD countries, using data for small regions (Territorial Level 3) when available. (3) Productivity is measured as GDP per employee at place of work in constant prices, constant Purchasing Power Parities (reference year 2010).
Italy has the largest regional disparities among OECD countries in terms of unemployment rate and the second largest disparities in terms of safety (homicide rates). While Aosta Valley ranks among the safest 1% of OECD regions, Sicily ranks among the bottom 10%. With respect to other OECD regions, all Italian regions have improved their relative ranking in health (life expectancy) since 2000 and are now in the top 20% healthiest OECD regions, with the exception of Campania and Sicily.

The top performing Italian regions fare better than the OECD median region in most well-being indicators, except for unemployment rate, air pollution, self-evaluation of life satisfaction and the share of labour force with at least a secondary degree.
In Italy, 55% of the population lives in cities of more than 50,000 inhabitants. The share of population in cities with more than 500,000 people is 35% compared to 55% in the OECD area.

Metropolitan areas in Italy account for 40% of national GDP. Between 2001 and 2016, the GDP was growing in metropolitan areas whereas it was shrinking in the rest of the country.

Milan, the richest metropolitan area of Italy in terms of GDP per capita, is close to the top 20% of the 327 OECD metropolitan areas. Four Italian metropolitan areas are among the poorest 20% metropolitan areas.

In terms of PM 2.5 levels, Padua, Milan and Venice are among the 10% most polluted OECD metropolitan areas.

Source: OECD Metropolitan Database. Number of cities: 84 in Italy and 1138 in the OECD.

*Note: Cities are defined here as functional urban areas, which are composed by high-density urban centres of at least 50,000 people and their areas of influence (commuting zone). For more information, see: http://www.oecd.org/cfe/regional-policy/functionalurbanareasbycountry.htm.

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Subnational government expenditure by function
As a share of total subnational government expenditure, 2016

Subnational government expenditure amounts to USD 5 473 per capita in Italy compared to an OECD average of USD 6 817. In Italy, this is equivalent to 28.9% of total public expenditure and to 14.3% of GDP. In comparison, across the OECD, subnational government expenditure accounts for 40.4% of total public expenditure and for 16.2% of GDP. Health and general public services are the two largest spending items for subnational governments in Italy: together they represent 62% of subnational expenditure compared to 32% in the OECD area.

In Italy, 52.6% of total public investment was carried out by subnational governments compared to an OECD average of 56.9%.

Role of subnational governments in public investment
Subnational government public investment per capita, 2016

Source: OECD Subnational Government Structure and Finance Database.
Note: The function ‘Other’ includes housing and community amenities, recreation, culture and religion; environment; public order and safety.

OECD Regions and Cities at a Glance 2018
The 2018 edition of OECD Regions and Cities at a Glance shows how regions and cities contribute to national growth and the well-being of societies. It updates its regular set of region-by-region indicators, examining a wide range of policies and trends and identifying those regions that are outperforming or lagging behind in their country.

Consult this publication on line: https://oe.cd/pub/2n9