

Another relevant indicator regarding the economic and financial management capacity of Municipalities concerns their debt situation. Debt is not necessarily a negative factor for the Entity; however, a **high level of indebtedness can be a warning sign for its future management**, effectively limiting its potential scope of action.

According to BDAP data, **the average per capita debt** recorded by Italian Municipalities for financial debt **amounted to 605 euro in 2022**. However, it should be noted that the recorded data are significantly **heterogeneous**, both in relation to the **size of the population of the Municipalities studied** and their **geographical location**.

Indeed, looking at the first aspect (demographic), **the highest levels of indebtedness from loans and borrowings** are found in **smaller Municipalities** (those belonging to cluster 1) and **larger Municipalities** (those belonging to cluster 5), with an average per capita debt of 720 euro and

743 euro, respectively. Entities in the remaining population clusters report lower values: 545 euro per inhabitant for Municipalities with a population between 2.001 and 5.000 residents, and just under 500 euro for those with populations between 5.001 and 60.000 residents¹.

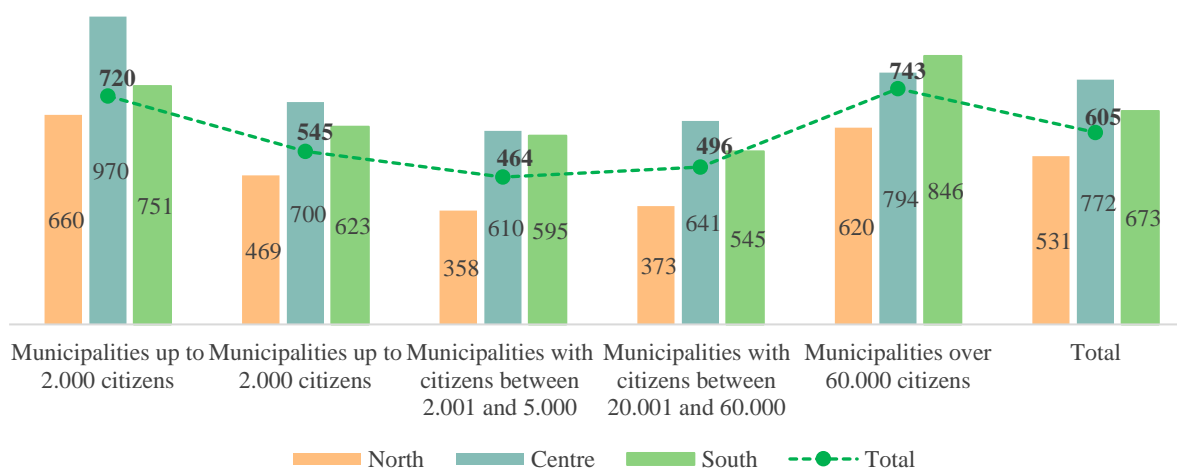
Using geographic location as a distinguishing factor, **the highest per capita debt** is found in the **Central region at 772 euro**, and **the lowest in the North at 531 euro**, with the South and Islands falling in between at 673 euro per citizen.

This order of prevalence holds true across local Entities of various demographic sizes, with the exception of those with more than 60.000 inhabitants. In line with the general trend, **large municipalities in Northern Italy confirm their greater fiscal prudence** with an average per capita debt of 620 euro, while **the highest level is recorded in Southern municipalities**, with a financial debt close to 850 euro per capita.

¹ Although the average value for smaller Municipalities is low, it should be noted that the variance among Municipalities within the same cluster is quite high. For example, among the smallest Municipalities, 18 have a debt exceeding 5.000 euro per inhabitant. Among the

most in debt are highlighted the Municipality of Ussita, with 30.566 euro per capita, and Campione d'Italia, with 26.285 euro per capita.

Indebtedness from financing in Municipalities (euro per capita - average values)



Value not available in the OpenBDAP database for 270 Municipalities

Source: Administrative Capacity Index – Data reprocessing on OpenBDAP data (2022) and ISTAT (31.12.2022)

The detailed analysis reveals further peculiarities.

First of all, among the nearly 3.000 Municipalities that exceed the national average debt level from loans, **five Municipalities**, with populations of up to **2.000 inhabitants**, stand out for having an **extremely high per capita debt, exceeding 10.000 euro**: Ussita, in Central Italy, with over 30.000 euro, and Campione d'Italia, Ingria, Valleve, and Valprato Soana, all in the North, with debts ranging between approximately 13.000 euro and 26.000 euro.

It is necessary to distinguish between these cases. For Campione d'Italia - the largest of the mentioned Municipalities (with around 1.800 inhabitants) - the result seems to stem from problems that emerged over the last decade, with **the collapse of revenues from casino activities and the need to activate financial imbalance procedures** (first the approval of the rebalancing and then the activation of insolvency). For the other cases, **the high debt is largely related to**

the very small size of these Entities, with populations ranging from 45 inhabitants in Ingria to just over 300 in Ussita. In such cases, even limited new debt, in absolute terms, has a significant per capita impact.

Almost 500 Entities, instead, have reported **public debt expenditures equal to 0**.

Among the more populous Municipalities, it is noted that:

- on the one hand, **Turin, Naples, and Milan have the highest per capita expenses** absorbed by financial debt, ranging from 3.575 euro to 3.182 euro per citizen, respectively;
- on the other hand, **Cinisello Balsamo, Torre del Greco, Casoria, Pavia, and Barletta** show the lowest values, below 50 euro per citizen.

As we can see, in both cases, **the North and South overlap**.

Looking more closely, **Turin**, with a per capita debt of 3.572 euro, seems to still be affected by the 2006 Olympics.

Rome shows a relatively low level of debt at 564 euro per capita. However, it is important to note that its debt is much higher than what is reflected in the Municipal budget. Indeed, since 2010, Rome's debt has been subject to government intervention, which transferred over €10 billion of the capital's accumulated debt to the national level, accumulated over the years. At the same time, the Municipality of Rome was asked to contribute to servicing this debt. Therefore, it is legitimate for *stakeholders* to wonder why such government intervention was made for Rome and not for other major cities with similarly high debts, such as Naples and Turin.

There is a high level of debt in Milan as well, with nearly 3.200 euro per capita, partly due to investments made for the 2015 Expo, and Naples, which has just over 3.250 euro per capita².

Lastly, it is worth noting that, as of February 2024, when this data collection was conducted, **the 2022 budgets of 145 municipalities had not yet been published in the OpenBDAP database** (88% of which are municipalities with populations of 20.000 or fewer). This means that those Entities do not allow citizens to know how public money was spent, even two years later, in clear violation of legal obligations.

² Naples appears to be suffering from the mismanagement of its publicly owned companies,

which have accumulated debts over the years that were then consolidated into the Municipality's budget.