

FOREWORD

Across the OECD, the globalisation of trade and economic activity is increasingly testing the ability of regional economies to adapt and exploit or maintain their competitive edge. Disparities in economic performance tend to be persistent. On the other hand, rapid technological change, extended markets and greater use of knowledge are offering new opportunities for local and regional development but demand further investment from enterprises, reorganisation of labour and production, skills upgrading and improvements in the local environment.

All these trends are leading public authorities to rethink their strategies. The role of policies is increasingly aimed at improving the competitiveness of regions by promoting endogenous resources and capturing trade and additional economic activities. At the same time, central governments are no longer the sole provider of development policies. The vertical distribution of power between the different tiers of government needs to be reassessed as well as the decentralisation of fiscal resources in order to better respond to the expectations of the public and improve policy efficiency. Effective and efficient relations between different levels of government are required in order to improve public service delivery.

The objective of pursuing regional competitiveness and governance is particularly relevant in metropolitan regions. Despite producing the bulk of national wealth, metropolitan areas are often characterised by unexploited opportunities for growth as well as unemployment and distressed areas. Effective policies to enhance their competitiveness need to address their functional region as a whole and thus call for metropolitan governance.

Responding to a need to study and spread innovative territorial development strategies and governance in a more systematic way, the OECD created in 1999 the Territorial Development Policy Committee (TDPC) as a unique forum for international exchange and debate. The TDPC has developed a number of activities, among which a series of specific case studies on metropolitan regions following a standard methodology and a common conceptual framework, allowing countries to share their experiences.

Milan is aware of the importance of sharing its own experience and participating to the international debate about problems connected to development and regional governance policies.

At the very beginning of 2005, the Province of Milan has formally asked to the OECD to carry out a Territorial Review about the Milanese metropolitan area in order to benefit of the great experience and knowledge of TDPC about governance and competitiveness as well as of its network of officers. Such a proposal has been accepted and the initiative has been presented in February at Palazzo Isimbardi, the headquarters of the Province of Milan.

According to the OECD way of working, a local team of experts was formed, aimed both at preparing the following document and at collaborating with OECD representatives.

The main purpose of this analysis is to provide OECD team of international experts with a series of indications and information about the metropolitan area of Milan.

Socio-economic information, analysis and statistics were collected, reprocessed and provided through a background report prepared by the team and organised by splitting information in three sections. The first one has been focused on socio-economic trends, local competitive advantages and unused potentials paying attention to aspect such demography, economic performance indicators innovative capacity and R&D, firms' agglomeration. The second part has been dedicated to strategies and policies for regional competitiveness and finally the third one is related to the metropolitan Governance.

Such analysis is directed to:

- Identify the nature and sizes of territorial challenges through the OECD common analytic structure
- Help Milan's Government in the evaluation and improvement of the territorial policy through comparative policy analysis
- Value the competences and resources distribution among the different levels of government
- Identify and spread the information on best practices about politics and territorial control.

ACKNOWLEDGMENTS

This background report was elaborated by experts belonging to the main organisations working within the metropolitan area of Milan. Special thanks are given to the Economics and Innovation Departments of the Province of Milan, the Chamber of Commerce of Milan and several departments and research centres of Politecnico di Milano for the important role they played in this project.

Basically two research groups have been created to manage and write the report. The first one was formed by experts of Politecnico Innovazione, a consortium of Fondazione Politecnico aimed at fostering and developing innovation and technology transfer. The second one was formed by researchers of DIAP, the Architecture and Planning Department of Politecnico di Milano university.

Although there has been a strong and continuous collaboration between all the actors involved, each paragraph has been drafted by people of a specific research group. Topics have been assigned in order to match skilled people with competences and to ensure a final report as more complete and accurate as possible.

Two research groups have been formed as follows:

Politecnico Innovazione

- Prof. Sergio Campodall'Orto, CEO of Politecnico Innovazione and Full Professor in Economics and Industrial Organisation as coordinator,
- Prof. Marco Giorgino, Full Professor of Financial System Analysis and Risk Management
- Prof. Marco Mutinelli, Full Professor of Economics and industrial Management
- Dott.ssa Francesca Leone, Researcher Financial intermediaries management and administration
- Ing. Eugenio Gatti
- Ing. Francesca Marini
- Ing. Matteo Carminati
- Ing. Chiara Tini Brunozzi

This research group has been responsible for carrying out the following chapters:

- Part 1. Socio-economic trends, local competitive advantages and unused potentials
 - 1.2 Demography
 - 1.3 Indicators of economic performance
 - 1.4 Structure of metropolitan economy
 - 1.5 Innovative capacity and R&D
 - 1.6 Firms' agglomeration: clusters and networks
 - 1.7 Wages in public and private sectors
 - 1.8 Human capital

1.12 Social issues and distressed areas

- Part 2. Strategies and policies for regional competitiveness
 - 2.1 Vision of the area under review
 - 2.2 Governance for economic development
 - 2.3 Policies to enhance innovation
- Part 3. Metropolitan Governance
 - 3.3 Metropolitan and local finance

DIAP

- Carolina Pacchi, researcher in Urban Planning, DiAP
- Davide Zanoni, researcher, Avanzi srl and DiAP
- Paola Pucci, researcher in Urban Planning, DiAP
- Fabio Manfredini, GIS expert, DiAP

This research group has been responsible for carrying out the following chapters:

- Part 1. Socio-economic trends, local competitive advantages and unused potentials
 - 1.1 Definition of the area of analysis
 - 1.9 Social capital and community life
 - 1.10 Accessibility and infrastructure
 - 1.11 Cultural and natural amenities
 - 1.13 Conclusion
- Part 2. Strategies and policies for regional competitiveness
 - 2.4 Urban revitalisation policies
 - 2.5 Area under review and national regional development
- Part 3. Metropolitan Governance
 - 3.1 Institutional framework
 - 3.2 Distribution of responsibilities among different levels of government
 - 3.4 Intergovernmental cooperation
 - 3.5 Capacity building and training
 - 3.6 Local democracy

Finally the organisation wishes to thank all research centres, practitioners and institutions that contributed with information, analysis and advice to this report. Especially the organisation would like to express gratitude for the helpful comments and suggestions regarding the critical aspects provided by the OECD delegation.