

Background Report to the OECD Territorial Review on the Milan Metropolitan Area

PART 2 Strategies and policies for regional competitiveness

INDEX

2.1. Vision of the area under review	118
2.2. Governance for economic development	125
2.3. Policies for generation and/or diffusion of innovation	132
2.4. Urban revitalisation policies.....	145
2.5. Area under review and national regional development	150

2.1. VISION OF THE AREA UNDER REVIEW

It is common opinion that Milan is increasingly losing its energy, its capacity of growth, and the economic - industrial role of reference that makes it one of the most important urban areas of Europe.

The reasons for this situation are the following:

- a) **the worldwide shifting of economic interests**, market globalization has changed the economic barycentre, where Europe is only one of the moving spirits;
- b) **the loss of the unique role as the capital of industry**, both because of the progressive delocalization of production on a national scale (due to the need to encourage industrialization in the depressed areas of Southern Italy), and the strategic choice of Italian entrepreneurs to abandon big industries, but most of all because multinational companies on Italian territory have chosen the strategy of delocalizing production plants. Only part of this loss has been replaced by a new entrepreneurial ability in the high-value added service industry, such as fashion and design;
- c) **the national development policy**, which has only partly started a serious process of modernization of the Country following Spain's and Ireland's examples.

On a national scale Milan holds its leadership, but proposals to relaunch Milan's role on a international scale have been reintroduced during new election campaigns by the medias or within debates in ad hoc conventions.

As a matter of fact the Central Government Ministries, Region Lombardia, Province of Milan and the municipality's administrations lack the vision of future dynamics of development and of policies for competitiveness growth.

The Central Government Ministries, seated in Rome, have to mediate between many political demands, which force to impractical choices, far from the development of the richest geographical area of the Country.

Also Region Lombardia carries out its policy task with a territorial scale vision that goes beyond the concept of metropolitan area such as that of Milan.

Province of Milan has an intrinsic weakness due to little freedom of movement permitted by laws in force, but most of all due to the lack of administrative structures for metropolitan areas.

Therefore big urban transformations are taking place without a common direction on the purposes and objectives. Milan's municipality is a meaningful example.

In order to give indications on the "vision" of the Milanese area, this document synthesizes some strategic lines, pointed out by Region Lombardia and Province of Milan, combined with the indications given in the election programmes of the winning candidates of the two administrative bodies in the recent local elections (Roberto Formigoni, President of Region Lombardia, and Filippo Penati, President of Province of Milan).¹

2.1.1. Milan as gateway for Italy and the Mediterranean

It's a long time now that Milan stands as an in and out gateway for the whole international economic structure that wants to cooperate with Italian enterprises and administrations. The acknowledgement of this leadership is not under discussion at the moment, but it certainly has to be constantly protected providing continuous incentives to stimulate cooperation between all European Countries. The strengthening of the

¹ The following instructions for the development of the Milan metropolitan Area came from the following documents:

- Strategic Programme Regione Lombardia;
- Strategic Programme for the development and support of innovation and the growth of production activities in the Province of Milan 2002/2004;
- Programma pluriennale Camera di Commercio di Milano 2003/2007 (multi-year programme, Chamber of Commerce of Milan);
- Formigoni's Electoral Programme (2005);
- Penati's Electoral Programme (2005);
- Penati's Presentation at the OECD International Conference on City Competitiveness 3-4 March 2005 Santa Cruz de Tenerife, Spain.

airport of Malpensa, of the east-west axis, through the development of the Corridor 5 (the Lisbona, Barcellona, Lione, Milano, Kiev connection axis), and the Genova-Renania axis, represent three examples of development aimed at achieving the introduction of Milan in the articulated European system. Real integration though is still far away. Recent statistics say that the participation of Italian enterprises in submitting proposals for calls of the Sixth Framework Programme for Research and Technological Development (FP6) is lower than in the previous programme. This means that Milanese enterprises are not able to seize all the opportunities offered by taking part in the EU programmes².

Milan is also supporting Mediterranean Countries. Italy is already regarded as a bridge between the European continent, the Countries of Northern Africa and Middle-East Asia that overlook the Mediterranean sea. The support to the development of these Countries is a big opportunity for Italy, and the Milanese system, together with other Italian cities, can become the promoter of an industrialization and modernization process in these Countries.

2.1.2. The development of the territory: new industries and new competencies

Milan has always been regarded as a privileged area for foreign investments, but it must not become exclusively the location for multinational commercial structures.

It is important to promote the territory in order to encourage investments of enterprises that work on the technological border. To this end foreign enterprises must realize that the Milanese area has a very high potential, with professional resources that can make research and innovation centres, and production plants work.

Provincia di Milano is working on this through the conversion of the existent ASNN (Agenzia di Sviluppo Nord Milano) - created for the development of the northern area of Milan after the shutdown of the big productive areas of Pirelli, Falk, Breda - in a territorial marketing agency for the entire province (AMM - Agenzia Milano Metropoli).

Also cooperation programmes started by the main administrations are addressed to foster the presence of foreign enterprises (also Chinese), and to this end a programme of new financial tools to favour investments for technology based enterprises is being carried out (i.e. by Region Lombardia).

Foreign investment programmes are also supported through actions aimed at drawing in the area new researchers, such as scholarships and cheap lodgings. The Cariplo Foundation sponsors such an initiative giving hospitality to Chinese researchers with an excellent plan of studies.

Milan's territorial development could have many advantages from the new recently opened Fiera di Milano. If appropriately used, the Fiera can become the tool with which foreign business men can be driven to better acknowledge the cultural, tourist and technological opportunities of Milan's area. This system is dual: the Fiera can trail the Milanese development, but Milan must do everything in its power to allow the Fiera to grow and develop.

So far all the programmes are exclusively based on the enlargement of the reception capacity. To this, other programmes ad hoc must be added to persuade visitors to stay in the Milanese fairs and to start up an incoming structure that could bring tourist's added value in Italy.

2.1.3. Milan, the symbol of "made in Italy"

Milan is the country of fashion and design.

This feature is acknowledged and appreciated all over the world. Every year hundreds of foreign students attend Milanese specialized schools to become new designers, and hundreds of fashion-addicts come to see fashion shows and exhibitions.

² With regard to this, the presence of Milanese Public Administrations will be strengthened through more aids in Bruxelles, but most of all through a greater effort to awaken enterprises to EU programme's opportunities.

This worldwide leadership though is daily brought under discussion by new talents in England, in the United States and Japan.

Milan's excellence must be stimulated by policies that can strengthen its role. The creation of an incubator for new enterprises and an Italian design museum could be interesting solutions. Favouring Milan as the symbol of the "made in Italy" is not only intended to enhance the presence of great stylists and fashion creators, but most of all to enhance their close integration with high quality handicraft, manufacturing industry specialized in product innovation (textiles, clothing), production of software for design automation and computer aided production, design schools, communication and qualified publishing industry, and big trade fairs.

2.1.4. Strengthening of traditional industry and support of the internationalization of existent enterprises

The province of Milan has a strong presence of traditional industry: wood/furniture, capital goods industry, industrial automation, ICT. All supports to these sectors are aimed at guarding and exploiting a unique know how of worldwide fame. The interventions aim at supporting:

- a) innovation, through technology transfer programmes, and spreading of computer science applications;
- b) professionalism, through long life vocational training programmes;
- c) internationalization, through partnerships and commercial and production agreements.

Also, the present programmes, that provide for the creation of groups of enterprises, particularly small ones, are directed towards the reinforcement of the economic fabric, which is running into big problems because of the import of low price goods produced in developing countries.

It is also necessary to consider actions to support the introduction of quality certification and the intellectual property. As regards the latter, Milanese enterprises count less patent applications than other European enterprises, so a proper intellectual property protection should help prevent copies or forgeries of Milanese products.

The increasing reduction of industrial activities of high tech multinational companies in the area is a factor that came out in the last few years. Up to today there are no significant indications available on what public representatives have decided. The suggestion of the President of Province of Milan to include in his strategy the enhancement of an advanced technology pole located in the north-east Milanese area, gives hope for new high tech investments cooperating with the few big industries left.

2.1.5. Improve the effectiveness of the economic system

The main goal of this strategy is to reduce the charges weighing on the company system. Fundamental is the reorganisation of the mobility networks (highways, railways, undergrounds) in order to improve the transport system for goods and persons. Some works have been already planned and started, for example: the Passante Ferroviario, the high speed railway linking Milan to Torino and Bologna, the new Milano-Brescia highway and the Pedemontana.

A "development agreement" among Province of Milan and the main economical and social partners has started to improve a territorial policy focused on the safeguard of environmental and territorial resources. For example, the goals are on one hand the territorial cohesion (in order to reduce sprawl), on the other hand the safeguard of the agricultural areas in the south of the province.

The improvement of the effectiveness of the public administration system is one of the objectives of the administrations in Lombardy. The creation of a network of offices (*sportelli unici*) fully dedicated to the labour market and companies, where they can fulfil all the administrative acts, is the first instances of this strategy.

2.1.6. Development of new entrepreneurship

The theme of the entrepreneurial skills of Milan has already been treated in paragraphs 1.4 and 1.5.

Regional efforts are addressed to support the start up of new companies based on a high competitive advantage, that can be found in the technological content of the new product or in the originality of the entrepreneurial idea.

As far as the technological content is concerned, in the recent past some initiatives have brought to the creation of incubators. In Milan operate 7 incubators: 4 based on Information Technologies; 2 on Biotechnologies and 1 on traditional technologies.

Together with the investments in infrastructures, offering the logistics for the start up of the activity, different strategies have been undertaken to promote and stimulate the entrepreneurship:

- training courses;
- funds for enterprise creation (Lex 35/96, Minerva, Imprese creative, Saturno, Start up di imprese, imprenditoria femminile);
- funds for company start up (Fondo Next e Politekn).

The most important public bodies took part in these initiatives: Regione Lombardia, Provincia di Milano, Camera di Commercio, Fondazione Cariplo.

The Universities of Milan have started actions to exploit spin offs (3 of the mentioned incubators are linked to universities): they have created ad hoc offices and committees in order to identify successfully entrepreneurial ideas within the university departments.

Bioiniziativa is a project of Region Lombardia and Assolombarda aimed at identify new entrepreneurial ideas in the field of biotechnologies within the university laboratories. About 100 new ideas have been identified.

Since the initiative has been successful, similar actions are starting: one in the field of Materials and the other in the field of ICT. These two new actions intend to identify also entrepreneurial ideas stemming from companies. The exploitation of company spin offs is the fundamental issue to reinforce the skill of the metropolitan area to operate in high technology sectors.

2.1.7. Supervise innovation and technological development

Milan can be considered as an example of a new cooperation model between university-industry-public administration, by putting into practice the experience of the Triple Helix.

In order to start the real virtuous circle involving these three subjects, the Region Lombardia jointly with the main actors of the metropolitan area as the Province of Milan as well as industrial entrepreneurial associations, has in the last years set up different initiatives aimed to promote technology transfer from universities (mainly Politecnico of Milan) to enterprises and to support a better relationships between policy makers and industrial entrepreneurs. On one side such policies have led to the creation of consortia or agencies aimed to make links between SMEs, university and public administration stronger (see Politecnico Innovazione, Cestec, ASNM,...). On the other side the Governance is used to act through calls for proposal where actors with both industrial and academic background have to be involved together in innovation's project to be granted. In this way, by means of funds or grants, Public Administration is hence able to foster the development of the whole metropolitan area and to focus effort and resources for such R&D that could be potentially more effective and strategic. Attempts to put the Triple Helix theory into practise have already been started. One example could be the project concerning the industrial area of Arese (see 2.1.5). The idea is that in order to better promote and coordinate the redevelopment of such area a joint effort between all the actors involved is necessary. In this way a consortium has been already established by Governance and industrial representatives, while a research centre focused on sustainable mobility and renewable energy is going to born with the collaboration of Politecnico of Milan and ENEA (Italian national agency for new technologies, energy and environment).

Other significant experience of Triple Helix in Milan are concerning the focalisation on the new technological districts identified by Regione Lombardia in ICT, Biotech and New Materials and the creation of the Meta-districts, involving most of the Milan area.

In order to identify the 3 technological districts mentioned above, the Region Lombardia has mainly considered the results of RISE project (Research, innovation and economic development project) that has been conducted in 2002 by IRER (Regional agency for research). Such project was aimed to test a new methodology for planning technological and economic development by setting off excellences and adding value to the resources' concentration. It had identified four milestones for development:

1. Technology foresight: to understand in which fields investments are more likely to be effective.
2. Regional placement: to investigate whether Region Lombardia could be competitive at the global level concerning with the most interesting technologies identified at the first stage.
3. Technological field selection: to study, by means of benchmarking, in which field Region Lombardia could actually become leader.
4. Regional policies: to attract and hold human resources in high-tech enterprises.

As the RISE project ended up identifying the districts of biotech, ICT, and new materials as the most interesting for the economic development of the metropolitan area of Milan, the Region Lombardia, even taking account of a socio-economic analysis of the area, has signed 3 agreements with MIUR (Ministry of Education, University and Research) allocating 90 billions euro (60 by Region Lombardia and 30 by MIUR) for their development.

The following Figure shows Meta-districts data updated to 2002. In 2004 a new Meta-district (ICT) has been identified and added but data are not yet available.

Table 2.1.1 – Metadistricts statistical indicators

Meta-districts	No. of Municipalities	Population (Inhabitants)	Surface (square km)	Density (Inhab / sq km)	Local units employers				Local units	
					Manufacturing	% Manufact / Total Region	Chain	% Chain / Total Region	Manufacturing	Special Divisions
Biotech	121	2,608,767	321,796	810.69	258,558	20.34	30,455	2.4	29,255	2,793
Other biotech	58	2,805,058	123,148	2,277.79	331,331	26.06	46,266	3.64	33,250	842
Design	64	2,407,050	107,793	2,197.3	276,697	21.76	44,958	3.54	33,846	6,594
Fashion	126	2,695,100	268,102	1,005.25	343,651	27.03	120,406	9.47	38,139	12,532
New materials	103	3,131,829	171,809	1,822.86	363,082	28.56	32,748	2.58	38,157	1,990
Total	472	13,647,804	992,648	1,374.88	1,573,319	123.75	274,833	21.62	172,647	24,751

Source: Region Lombardia, 2002.

In October 2001 criteria aimed to identify Meta-districts have been set down and published by Region Lombardia upon a deliberation No. 7/6356 of 5 October 2001. Unlike one of the most important criteria for identifying districts had been territorial proximity, Meta-districts basic idea lies in an interdisciplinary approach accounting for the present knowledge-based economy and the growing importance of innovative technologies. Mainly, such a criteria were aimed to recognise industrial areas with common features as:

- very powerful scientific and technological competences' portfolio;
- highly qualified human resources with strong technical skills;
- leading-edge technological sectors;
- important role in developing industrial sectors at regional level.

To improve Meta-districts' excellence and competitiveness Region Lombardia is used to publish calls for

proposal aimed to foster and support enterprises in starting innovative projects.

In 2004, the Region published a call for proposal, managed by the Industry, Cooperation and Tourism DG. The request for that call could be presented by SMEs (both single and grouped into temporary associations) or by big companies, universities and research centres under the condition that they were applying together with at least one SME interested by Meta-districts technological fields. Two kinds of projects were eligible for grants. The first one was “R&D projects” concerning thematic Meta-districts areas. The second was “Integrated projects”, where integrated meant that a first R&D phase had to be followed by a planning and design phase. For that call for proposal 5.000.000 euro have been appropriated for each Meta-districts and with such funds were granted 23 projects (6 for food biotech, 3 no-food biotech, 7 new materials, 5 fashion 2 design).

The Region Lombardia is going to publish by October 2005 a new call for proposal aimed to improve the excellence among the fields of biotech (food and non-food), fashion, design, and new materials.

Such call for proposal will be managed by the Industry, SMEs and Cooperation DG with a budget of 18.000 euro. To this call can apply both research centres and enterprises under conditions to be associated in team of at least three of them and to be in a good financial situation. The selection's process is going to be structured in two steps. First the eligibility criteria will be checked. The responsibility to decide how to distribute funds among eligible projects will be given to a technical commission set up by people from Region Lombardia, Finlombarda and international experts

That innovation is an essential factor to maintain competitiveness of the Milan's industries, is a concept shared by the majority. The creation of a Palace for Innovation to offer new services to companies, advanced training and to spread concrete examples for SMEs, is part of this strategy. Also, the interest of the politicians in this theme is demonstrated by the fact that the election programmes provided for the creation of a strong agency for innovation.

The Palace for Innovation mentioned above should be located within the area where also the Province of Milan Pole of Innovation will be placed. For the Pole's building construction, that should be starting up at the very beginning of 2006, 25/30 billions euro have been allocated and its expected role is managing services for employment, education and economic activities.

In 2005 the Province of Milan and the Chamber of Commerce have signed off an agreement in order to develop a Foundation for Innovation that should be aimed to:

- promote an innovation culture among different actors involved in economic activities;
- build a network of relationships between University, Industry and Public Administration;
- planning periodically meeting opportunities as seminars and conferences.

Remind that such a Foundation for Innovation doesn't provide directly new services to enterprises, but it should act by improving efficiency and organization of services and activities already established. Both the Province and the Chamber of Commerce are going to fund the Foundation with their own financial resources. Moreover they plan to involve in the project even institutional actors as the Region Lombardia and other financial foundations.

Regarding programmes and strategic plans (see paragraph 2.3), different subjects and behaviours can be identified.

Regione Lombardia intends to promote a strong growth of investments in innovation. The goal declared is to increase up to 50% the incidence of the expenses in research on the GDP. This goal is probably difficult to achieve, since the problem (at a national level) is not to increase investments made by public administration but to increase investments made by companies, who are unfortunately bound by their small dimension (see paragraph 1.5).

It is important to remember that the companies of Milan prefer to invest in incremental innovation,

realized prevalently with internal resources and without turning to university research centres.

Innovation in the Milan area spreads through informal means within the industrial districts and in the supply chain.

Therefore the need to boost innovation by means of the diffusion of best practices and the technology transfer of advanced applications already on the market.

Region Lombardia made, in the field of innovation, a strategic choice, by staking all the resources on the fields of ICT, Biotechnologies, and New Materials, as recommended by the central system.

A similar action is the identification of the Metadistricts, which, on the basis of a technological evaluation, try to exploit the Italian experience on districts, even if more in a cluster vision (Porter model) rather than in industrial districts vision (Becattini model).

Traditional companies can approach innovation through the use of voucher to be spent in qualified centres.

Such an Innovation policy benefits both research structures (medium and big industries) and university and public research centres. That is why some small companies' associations have criticized this policy.

The alternative model is a strong support for the cross sector technology transfer activity, in order to employ innovations produced and used in other side sectors. This approach is surely cheaper and easier for small enterprises to manage. All the actions to exploit best practices foster the imitation ability of Lombard entrepreneurs. An example is the call for e-commerce support and the subsequent publication of the most interesting cases carried out by Province of Milan.

2.2. GOVERNANCE FOR ECONOMIC DEVELOPMENT

The governance for economic development of Milan is managed jointly by all the main actors. Each of them gives a different contribute on the basis of the different role it is playing. In the third part of this section will be described links between different level of governance (central, regional and local) and will be presented competencies and capabilities of each different actor.

Very briefly, the most influential actors for economic development are the central and the regional governments. The first one has to define intervention's guide lines for priority matters: it decides how to spread the total funds across different projects, it identifies strategic priorities and opportunities. In doing that obviously the central Government has to think carefully about how to balance its political decisions on the basis of geographical differences of different regions.

Conversely the Region hasn't this problem because its vision is more directly focused on local environment. It has to manage the balance between strategic guidelines coming from the central government and needs coming from the local community (province, municipalities, universities, entrepreneurs' associations).

This two institutions cooperate each other and mainly with other two organisations: the Province and the Chamber of Commerce. The Province plays an important role as link between organisations at the regional and at the local level, while the Chamber has institutionally to support the entrepreneurship. Moreover an important role is played even by local public administrations, entrepreneurs' associations, universities and trade unions (see Table 2.2.1).

Each institution will be briefly described focusing on its organization, on which principles it is driven from and on the main structures that it use to be supported.

It is important to highlight that, despite they represent different and separated institutions and despite formally a joint vision doesn't exist, many are the projects and the activities that are conducting together in the belief that cooperation is essential for a successful governance.

Table 2.2.1 - Main actors involved in economic development's governance

Organization	Description	Main structure	Description
Region Lombardia	The main public institution. To promote growth and development. To improve integration between the different actors involved in the development process	Finlombarda	Joint venture between PA and private finance
		Cestec spa	Controlled enterprise working for SMEs development
		Federfidi lombarda	Consortium for credit to SMEs
Province of Milan	Public institution working with municipalities in order to improve and sustain the local economic development	Milano Metropoli agenzia di sviluppo	Agency for local development
		Agintec	Agency for local development supporting research in electronics field
		Euroimpresa	Controlled agency aimed at supporting Alto Milanese area development
		C.A.A.M	Consortium aimed at developing Cesano Maderno area
		Emil	Consortium aimed at developing East Milan area
Chamber of Commerce	Public institution that supports and promotes the general interests of Milanese companies	OSMI	Special agency working in estate and property trade
		Cedcamera	Techno structure for telematica innovation
		Euro Info center	Special agency supporting SMEs
		Formaper	Special agency supporting entrepreneurship
		Promos	Special agency for SMEs internationalization

Milan and other municipalities	They decide for new locations, both residential and industrial, for re-qualification of ex industrial areas and for new equipped industrial areas		
Cariplo Foundation	Foundation, no profit, working in different sectors in order to achieve results useful for the whole community		
Others		Entrepreneurs 'associations	Promoting strategise to be adopted by public institutions
		Universities	Advising public institutions about industrial policies with special focus on advanced technologies
		Trade unions	Involved when are discussed issues about workers

2.2.1. The Region Lombardia

The Region Lombardia is the main public institution of Milan's metropolitan area and it plays an important role to support the economic development and to manage the relationships between the other different organisations: briefly it has to act such that all the actors are well integrated each other within the regional system.

Because the regional development is founded on work, freedom in doing business and cultural, scientific and technological innovation, the Region is called to realize focused interventions such as supporting internationalization and technological updating, innovating financial management's and access to credit.

Even culture, environment and landscape locations are seen as valuable resources. Finally the Region's policy identifies educational system as a milestone for a successful development plan and hence it considers education, training and work as strength's points of its programme. Basically the Region works through its departments and its internal structures. All the main activities are decided and coordinated with the regional administration and every four years they present their strategic plan where they explain fundamental guidelines of their activities. Usually such a plan becomes operative after a consultation with the other organisations involved.

2.2.1.1 Main regional structures for promoting productive activities

Finlombarda

Finlombarda has been an important joint venture between the public administration and private finance. Its activities are aimed at providing assistance to the regional administration, local administrations and non-local public entities in the use of public-private partnership models for making investments and using innovative financing tools that respect procedural, accounting and auditing rules that ensure transparency and efficiency in order to meet the expectations of increasingly sophisticated and well-developed global markets. Finlombarda plays a privileged role in the public to act as an instrumental entity of the Region Lombardia, being authorized to do so with private tools and authorized by the Banca D'Italia to dispense credit. Finlombarda believes in establishing public/private partnerships for launching new investments as a collection of financial and managerial operations that can limit the public expenditure for investments and support the subsidiary approach pursued by the regional government, aimed at promoting integration between public and private operators. It represents an institution that supports financing excellence, its objective is essentially based on its service to the development policies of the region. It pursues this objective working selectively with excellence in infrastructures, financing those that better the quality of life of the community such as hospitals, roads, services of use to the public, environment; and for the competitiveness of businesses. Moreover it is aimed at financing excellence in operators through

supporting research, internationalization and organization adjustments, at supporting growth of SMEs working in the region and at facilitating their access to credit

Cestec spa

Cestec is an enterprise controlled for the 51% by the Region Lombardia, aimed at supporting SMEs and handcrafts activities. It works jointly with public administration and other organisations such as Chamber of Commerce and entrepreneurs' associations in order to add value to the programmes planned by the administration for SMEs. Cestec's activity is aimed at improving the diffusion of technological development, at sustaining research and management needed by SMEs in order to innovate. Moreover it is involved in promoting projects, products and, more in general, the whole productive system both for the national and international market. Cestec has identified four strategic sectors: technological innovation, internationalisation, informative systems and marketing.

Federfidi Lombarda

Federfidi Lombarda is a consortium for credit. It works through a network of smaller consortia spread on the whole regional territory and aimed at identifying and selecting those enterprises deserving of credit. Its activity is focused on three areas: direct interventions with guarantee aimed at making the access to credit easier for SMEs in the medium term, direct interventions with co-guarantee with associated firms and interventions on risks taken by associated enterprises.

2.2.2. The Province of Milan

The province of Milan is a public institution and according to the principle of subsidiary its responsibilities are coming from different levels of power, both regional and national (see 3.1.2).

In order to improve and sustain the economic development, the Province works with the Region and the municipalities. It is aimed at linking the local and the regional level and at defining strategic programmes accounting for proposals and needs coming up from municipalities. Consistent with the regional objectives and forecasts is the long term plan that the Province compiles both for the local and the regional development. Moreover the Province organizes the planning activity across the different municipalities and defines the guidelines for the territory management as resources allocation, infrastructures location. The Economic Activities Department of the Province of Milan works for the promotion and support of the economical development in Milan area. This is a mission carried on by all main public and private subjects, working in the area. Finally is up to the Province the management of the issues concerning the whole Milan area, such as environment, transports and cultural goods.

2.2.2.1 Agenzie ed enti della provincia di Milano per lo sviluppo locale

Milano Metropoli Agenzia di Sviluppo

ASNM, the development Agency created in 1996 jointly by the Province of Milan and other municipalities, in order to promote the social and economic changeover of North Milan area after the closing of the biggest industries and the crisis of the traditional productive sectors, has become the new Agency for the promotion and development of the whole metropolitan area around Milan. ASNM had decided to turn the critical situation into an opportunity for a new development of North Milan and had started several programmes aimed at strengthening local productive systems, at promoting strategic sectors and at reconverting redundant areas. In the new company structure the Province of Milan has become the main shareholder, while the Chamber of Commerce has strengthen its presence. Thanks to an increase of capital, it is also possible for other Municipalities or associations of Municipalities of the Milan area to join this company.

Agintec

Agintec is a development agency set up in 1999 as a consortium with limited responsibilities, in which the Province of Milan and the Municipalities of Agrate Brianza, Arcore and Vimercate participate. Besides institutions, trade unions and some big companies working in applied electronics (STMicroelectronics, Alcatel, IBM, Celestica e Forem Agintec) also belong to the Consortium. The agency was started to strengthen cooperation between big enterprises, public bodies, and representatives of employers' and workers' associations. Its aim is to assess the SME system present in the territory and to answer to any signs of difficulties which are found.

Euroimpresa

Euroimpresa Legnano was set up in 1996 as a consortium in which the public actors are the main stakeholders and in which the Province of Milan, the Chamber of Commerce, entrepreneurs' associations, Legnano and other 23 municipalities participate. Its main objective was redeveloping the areas in 'Alto Milanese' which were once the centre of the fabric and heavy metal industries. Redevelopment is carried out through the recovery of redundant areas, the development of productive activities, and through the creation of new jobs. Now its objectives are supporting enterprises, training and assessing human resources, revitalizing the territorial system, strengthening and coordinating services offered by operating structures within the territory, and building a technological hub which supplies the territory. Euroimpresa, thanks to the EU and the Province' support, has created in 1997 the Business Innovation Centre (BIC) "La Fucina" aimed at providing services useful for SMEs located both within this BIC and outside.

Consorzio Area Alto Milanese (C.A.A.M.)

As mentioned above about Euroimpresa, C.A.A.M is aimed at promoting the economic regeneration of the territory, creating new opportunities for development as well. The has started in 1986 thanks to support given by the Province of Milan to answer to the industrial crisis within the territory and it coordinates and promotes a series of actions for development such as recovery of areas of redundant buildings for productive uses, development and carrying out of plans for productive clusters, setting up inter-municipal initiatives in order to develop inter municipality policies for development and employment, supplying services for production and for enterprises, making known laws and regulations which support social and economic development, which were drawn up for local bodies, enterprises and artisans, carrying out permanent monitoring of the economic and social system in the Consortium area, promoting initiatives for professional training, laying the ground for initiatives in the safeguarding cleaning up, and industrial waste disposal sectors. C.A.A.M has realized an atlas that could be useful in order to find out new opportunities and to add value to the enterprises location and finally it has created the "Sportello Unico" that represents a unique interface between enterprises and public administration and the "Centro Lavoro" that would facilitate the meeting between job-demand and job-offer.

Emil

EMIL (Est Milano Impresa e Lavoro s.c.r.l.) is a consortium set up in 2004 by the Province of Milan, Centro Lavoro Est Milano and several municipalities with the objective to improve the local economic development. It has planned some activities such as supporting research activities in East Milan area, territorial marketing, furthering internationalisation activities by local SMEs. Institutions both public and private, enterprises and associations could joint Emil if they are able to give their contribute to the Emil's activities.

2.2.3. Camera di Commercio Milano

The Chamber of Commerce, Industry, Craft Trade and Agriculture of Milan is an independent public body that supports and promotes the general interests of Milanese companies. Situated in Milan has also been

hived off its offices in all the Milan district, aiming to facilitate the decentralization of its functions and services.

The Chamber of Commerce of Milan helps and encourages the entrepreneurial formation, offers benefits, credit inducements and business financing, innovation and technology transfer, promotion and diffusion of e-commerce, environmental protection, infrastructure development and valorisation of territory resources. Moreover it participates in the economical development of Milanese territory, stimulates the local entrepreneurial competitiveness and its internationalization; it exercises all the administrative activities, (like registering of the companies, certifications inevitable for the development of certain activities), according to the Italian law, promotes objective and impartial rules in commercial contracts and finally it executes different functions commissioned to her by the Lombardy Region and by the State, including various services assigned her by the international agreements. In addition, the Chamber of Commerce, aiming to support and to encourage the entrepreneurial system and the international market, has established 8 special agencies, that follows the objectives and the strategic guidelines of the Chamber of Commerce. These agencies are briefly described below.

2.2.3.1 Special agencies of the Chamber of Commerce

Agriteam

Set up in 1995 as special enterprise supported by the Chamber, it is an independent agency aimed at promoting project for agriculture, territory and environment development.

OSMI-Borsa Immobiliare

OSMI- Borsa Immobiliare is a special agency of the Chamber of Commerce set up in 1991. Its mission is answering to informative and regulation's needs coming up from the estate trade market. During the last ten years it has strengthen its role as spokesman for institutions concerning estates issues and now is working in order to promote foreign markets

Cedcamera

CEDCAMERA is the techno structure for infotelematica innovation of the Chamber of Milan. It is aimed at supplying those services required by the Chamber and it is involved in the development and rationalization of the Chamber's activities, with particular focus on infotelematica technologies such as design and/or maintenance of hw/sw.

Euro Info Centre

Euro Info Centre is a special agency of the Chamber set up in 1987 in order to advice SMEs about community's issues with a special focus on funding opportunity financed by EU. It belongs to the Euro Info Centre European network promoted by the European Commission.

Formaper

Formaper was set up in 1987 with the purpose of supporting the development of entrepreneurship through training, information, education, research and consulting. It is a public organisation, regulated by private law and able to link public institutions and private entrepreneurs. It is different from the other training schools because of its vocation in supporting SMEs during their whole life time. Its objective is act to create an environment where the exchange of values and expertise would be continuous, particularly between practitioners already working and people that want to start.

Promos

Promos is the special agency of the Chamber of Commerce devoted to SMEs internationalisation's activities. Promos provides such enterprises with services and advanced tools in order to improve their

competitiveness in the global market. Thank to the experience learnt by Promos during the last ten years, it currently works through a network of offices spread across the world. Because of their strategic locations, these offices represent an important starting point for firms in order to export their business abroad. For instance Promos sustains enterprises by offering consultancy on import/export activities, business costs, patents, buyers research, suppliers and partners.

2.2.4. Municipality of Milan (and other municipalities)

Local management is up to each municipality. Their administrative role is now enriching itself with new responsibilities for the economic development. More and more municipalities have been involved both in development processes (i.e.: new exhibition centre construction) and reindustrializing processes (i.e.: re qualifications of industrial area of Sesto San Giovanni, Legnano e Arese). Moreover, municipalities are involved in economic development through planning new locations (both residential and industrial) and new equipped industrial areas. Milan's municipality supports its economy even through other activities such as cultural exhibitions, building student accommodations, and encouraging innovation (see 2.3).

2.2.5. Cariplo Foundation

The Cassa di Risparmio delle Province Lombarde set up in Milan in 1823 has become in 1991 the Cariplo Foundation as a consequence of a reorganization process due to the Amato-Carli law aimed at rationalising and privatizing the credit system in Italy. In 1998 the divestment's process of Cariplo's shares was over and Foundation started a new industrial project, based on the integration between Cariplo and Banco Ambrosiano Veneto. It led to the creation of Banca Intesa, one of the most important bank Italian group, and Cariplo Foundation became one of the top-five foundations in the world accounting their property. As foundation, it is a no profit organization working in different sectors in order to achieve results useful for the whole community. It hasn't got its own objectives, but it works for the community welfare. Thank to its means (both economic and human) it is able to put efforts and capabilities of different actors together in order to solve common problems in a better way. As mentioned above, even Cariplo foundation works following the principle of subsidiary, being aware that its role hasn't to substitute the role of the other organisation or public administration. In 1997 has started a new and innovative project: the Local Communities Foundations project aimed at furthering the development of local independent organisations. The idea is that local actors are more suitable to support local development because of their better knowledge of the environment. Moreover, this way of doing should allow a better allocation of funds and resources. Cariplo foundation is currently studying how to adapt this model to the complexity of the metropolitan area around Milan. In 2005, 27,56 billions of euro have been appropriated by Foundation to scientific research and technology transfer areas.

2.2.6. Other actors

In the governance for Milan economic development are involved even all industrial associations such as Assolombarda, ALI, Assoindustria di Monza, API Lombardia, Compagnia delle Opere, Confederazioni Regionali dell'Artigianato and many others. Very often they are the main actors in promoting strategies and activities, then formally accepted by the Region and by the State. Assolombarda is the most important industrial association. It participates actively in deciding industrial policies and is direct linked to enterprises. Together with the Chamber of Commerce has founded Assotec, an organisation devoted to technology transfer and to funding associated firms. Even universities play an important role in influencing strategic policies. In the last years university's infrastructures have been doubled due to huge investments.

For instance, two new centres have been built up (Bicocca and Bovisa) and others (Bocconi, Cattolica and IULM) have been doubled. It has brought to a delocalization of several degrees with an impact on some areas around Milan.

Moreover, universities are important in the creation of consortia that work in order to strengthen university-industry collaborations. The new Fondazione Politecnico is a clear signal that university is interested in economic development (see 1.8). Finally, important for economic governance is the role played by trade unions (CGL-CISL-UIL). Their representative are highly qualified for discussing about workers' issue.

2.3. POLICIES FOR GENERATION AND/OR DIFFUSION OF INNOVATION

In the previous chapter the main actors working on the economic development of the metropolitan area of Milan were presented. In different ways all of them are involved in plans of development aimed at improving technological and industrial innovation both for enterprises and PA.

Institutions playing the main role in disbursing funds for innovation are:

- Central government, especially MIUR-University and Research Department, MAP-Productive Activities Department, MIT- Technological Innovation Department;
- Region Lombardia;
- Province of Milan;
- Chamber of Commerce of Milan;
- Municipality of Milan;
- Cariplo Foundation and other foundations.

It is possible to divide actors involved in developing and fostering innovation into four categories:

- entrepreneurial associations;
- technology transfer organisations and agencies for development;
- universities, public research centres and test labs;
- enterprises and their consortia.

Recently even public administrations have started to be interested in innovation processes. Municipalities are trying to modify their original mission: from being just territorial managers, they now work even as promoters of economic development of enterprises located in Milan.

Policies for innovation are aimed at supporting research both at pre competitive stage and at applied level as well as to support all the activities for technology transfer and diffusion of innovation.

Such policies are currently based on the development of:

- knowledge;
- professionalism;
- cooperation and collaboration (university-industry, enterprises' networks);
- entrepreneurship;
- diffusion and information of innovation;
- financial tools for innovation and economic development.

2.3.1. Region Lombardia

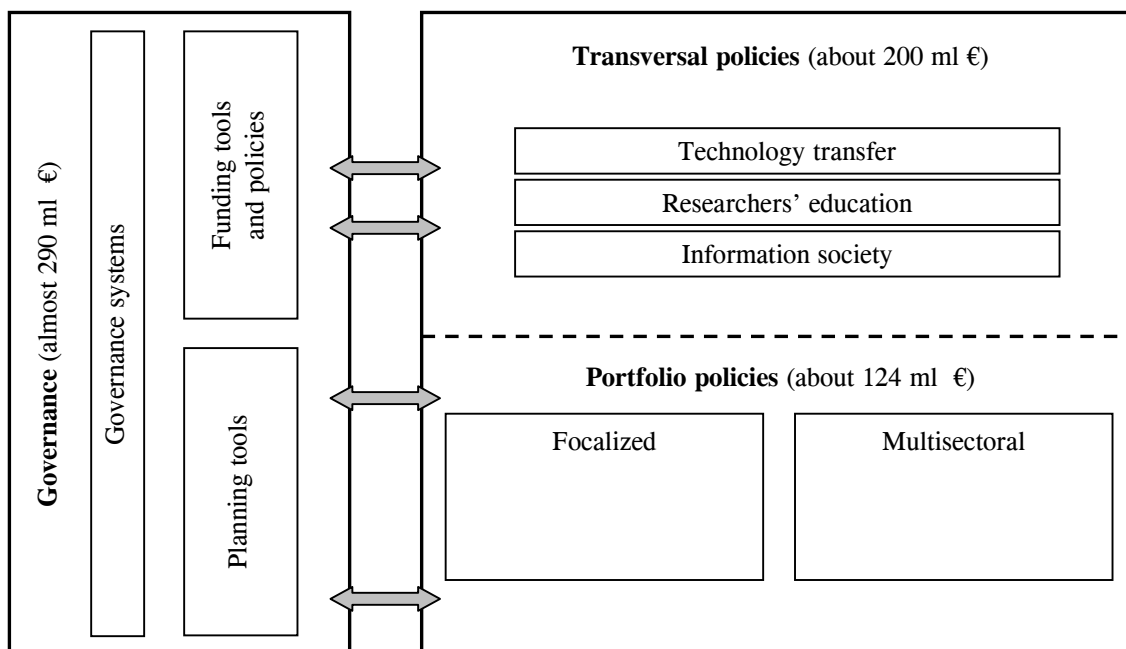
According to the principle of subsidiary that ensures independence to a local power base compared to a central one and distributes responsibilities over various levels of power, the Lombardy Region has delineated a strategy for innovation based mainly on three concepts:

- **Governance:** activities aimed at strengthening processes for realizing and assessing regional strategies for innovation.
- **Transversal policies:** activities aimed at improving creation and circulation of knowledge and innovation.
- **Portfolio policies:** activities aimed at developing a plan regarding the whole technological sector of the Region. Within this plan, these policies were split up in Focalized policies and Multisectoral policies. The former policies are concerned with big projects about technological sectors of excellence. The latter policies are concerned with the diffusion of innovation across different sectors, the entrepreneurial creativity and the maintenance of wealth and biodiversity of interested sectors more in general.

By looking at the following chart, it is possible to understand that this model is not simple and that there are complex links between each different kind of policies. Moreover the amount of funding that has been appropriated by the Region for the 2000-2003 period is reported. Such a funding have grown more than

ten times in the last years and they are going to rise in the next future: future investments will focus particularly to improve financial tools and to plan and develop a portfolio for policies at the local level.

Figure 2.3.1 - Regional policies for innovation



2.3.1.1 Regional support for innovation

The following chart shows activities developed by Region Lombardia in order to support innovation. All the projects already realized have been highlighted in red, the ongoing project have been highlighted in blue while green represents those activities with a lower impact .

Table 2.3.1 - Regional measures for innovation

Measure	Related law
Funding for training and mobility	Funds CIPE, Metadistricts
Funding for industrial research	L. 35/96 intec. 6, Recruitment project Fondazione Cariplo
Creation of technological start up	L. 46 (FIT regional), L. 35/96 Intec 1,2 e 7. L. 7/93 art. 7 e art. 5, L. 140/97, PIA, Mis. ob. 2, Metadistricts
Funding for functional and complementary activities (enterprises)	L. 35/96 Intec 4-5, Minerva Voucher, Metadistricts, FSE Misura D4
Services (info and brokering, etc.)	L. 35/96 Intec 4, Minerva Voucher, Mis. ob. 2, Metadistricts, FSE Misura D4
Networking and co-location measures	6 ADP for incubators L. 35/96 Intec 4, Minerva Voucher, Mis. ob. 2, Metadistricts, FSE Measure D4
Governance measures (partnership, evaluation, information, planning, etc.)	ADPQ
Seed capital	Metadistricts, FSE Measure D4
Start up capital	Fondo dei Fondi (fund), Next e Politekn
Mezzanine	PIA

2.3.1.1.a Law 35/96

Intec 3: Support to the creation of innovative enterprises.

Intec 4: Support to the development of innovative projects aimed at transferring and/or applying innovation.

Intec 5: Support during preliminary stages, support in doing applications to research projects financed by EU or by Government and, finally, support to SMEs in obtaining facilities that EU made available in order to improve competitiveness.

Intec 6: Support for new graduates doing traineeships within enterprises in order to develop R&D projects.

Articolo 7: Facilitated funding to SMEs for innovative projects, R&D projects financed by EU, re-industrialising projects and enterprises development such that they have a positive impact on employment and new technologies introduction.

2.3.1.1.b Law 140/97

This law allows a fiscal bonus on R&D expenditure related to the last budget. Its aim is to facilitate and push enterprises in realising R&D activities.

2.3.1.1.c FSE, measure D4

FSE has been created by EU in order to support employment and to develop human resources through educational activities and job training. Particularly, the measure D4 is aimed at improving human resources in R&D sector. There are two different kind of projects:

1. Organisation's projects: particularly innovative projects, in education and research fields.
2. System's projects: complex projects based on networks involving different organisations, such as research centres, and aimed at achieving specific objectives according to the priorities decided on advance.

2.3.1.1.d "Programma Quadro" Agreement (ADPQ)

This agreement belongs to the Regional Plan for Development as activity aimed at supporting research and technological innovation. Its objective is to realize plans to foster growth and competitiveness of the regional system through supporting technology transfer mechanisms, transition toward new industrial sectors and improvement of the relationship between institutions, social organisations and entrepreneurs.

Planning and coordination, information and operative activities are the main tools used to achieve this aim.

1. Planning and coordination is aimed at strengthening internal structures of the Region and at providing them the tools needed in order to cover completely innovation policies. Activities in this field concern the development of a coordination system at the regional level, the creation of a research centres network, identifying critical technologies,
2. Information has been introduced to improve ideas and knowledge circulation. There are several activities involved in this field such as the development of an informative system for regional opportunities or the development of a local info points network.
3. Operative activities mean the start up of new specific projects consistent with regional, national and European strategic objectives. Support to e-commerce and new economy, sustaining creation of new enterprises, developing centres of excellence are some examples of such activities.

2.3.1.1.e Fondo dei Fondi, Next e PoliteKne

Fondo dei Fondi, Next e PoliteKne are new financial tools activated by Region Lombardia through Finlombarda.

The aim of the first one is funding local high tech SMEs development. The second one has a fund equal to 60 billions euro. This money is used by Finlombarda to finance venture capital operators avoiding direct actions on enterprises. PoliteKne is a fund of 20 billions euro for Politecnico spin offs and managed by university.

During last three years there were 1.080 received requests and 1.070 financed requests. In 2001,

concerning women entrepreneurship, 1.938 requests have been presented and 1.394 of them were admitted to the funding. The most recent data are updated to May 2003 and report 2.960 requests.

2.3.1.1.f *Fondi CIPE*

These activities are aimed at supporting research and are managed at national level. CIPE appropriates funding for less developed Italian regions, partially directly allocated by MIUR in order to strengthen research. During the last two years over 7 billions euro have been allocated to Region Lombardia and these funds were used in supporting clusters of excellence and improving human resources.

2.3.1.1.g *Minerva Voucher*

This activity is placed within PRAI, the regional plan for innovative activities. The most interesting activities concern new rules to support start up and spin off, the Market Place projects and the development of two lists of centres offering themselves as technological interface. Moreover vouchers to be spent in such a centres are available for new entrepreneurs and innovative firms. The idea is that if vouchers will spend in the most qualified centres, the best of them will be highlighted. Despite this intention, what actually happens is that proximity and direct relationships are more successfully than technological quality.

2.3.1.1.h *Metadistricts*

Region Lombardia has recognised in 2001 the existence of six meta districts involving more than 400 municipalities and about 6 billions people across all the provinces. They are described more in details in 2.2.

2.3.1.1.i *Pacchetti integrati di Agevolazioni*

PIA represent a new way to fund enterprises, useful for those firms that have planned important development projects with high investments. Through PIA they can access to different facilitations with just one request.

2.3.1.2 *Technological transfer*

2.3.1.2.a *University and research centres*

By looking at the diffusion of universities, there is no doubt that Lombardia is a lucky region because it shows a well built network of high qualified and specialized universities. Particularly, Milan is the most specialized scientific district in Italy where one fourth of the whole Italian research is conducted.

7 different universities with 187.200 students are located in Milan, and 459 research centres, both public and private, are located within the Region, doing research, measure, certification and technology transfer activities.

In the following chart the ten main services offered by these centres are listed split into different types of structure.

Table 2.3.2 - Services offered by university and research centres for technology transfer

Services	Research centres	Testing Labs	Certification centres	Technology transfer offices
Access to funding helpdesk	7.6%	13.7%	-	66.7%
Certification	21.2%	62.7%	100.0%	16.7%
Technical scientific consultancy	77.3%	74.5%	33.3%	75.0%
Engineering	19.7%	27.5%	-	16.7%
Technical education	65.2%	62.7%	88.9%	83.3%
Testing and measures	45.5%	100.0%	66.7%	8.3%
Research	100.0%	39.2%	-	41.7%

Looking for partnership	10.6%	3.9%	11.1%	50.0%
Patents support	7.6%	-	-	25.0%
Development	43.9%	31.4%	-	33.3%
Technology transfer	34.8%	15.7%	11.1%	100.0%

2.3.1.2.b Centres of excellence

In order to strengthen the capability in advanced research and to improve knowledge transfer coming out from spin off and high tech enterprises, the Region has supported the creation of centres of excellence. They are specifically aimed at sustaining sectors that are strategic for the regional economy such as biotechnology, pharmaceutical, ICT and new materials. They are located across the regional territory and are often involved in collaborations with universities. The most important of them have been reported in the following chart with a brief description of what they are focused on.

Table 2.3.3 - Centres of excellence

Organisation	Description
Research, development and innovation infrastructures hosted by Politecnico	Environmental research, web applications, textile and clothing sector and its related patents activities, management.
FIRC of Molecular Oncology Institute (IFOM)	Advanced research in molecular oncology aimed at develop competitiveness of university and industry. Biotechnology and treatment of tumours research.
Centre of excellence for innovation and technology transfer hosted by University of Milan – Bicocca	Technology transfer for chemical and industrial biotechnologies. Patent activities in these field and particularly in genomic and pharmaceutical sectors.
Centre of excellence of Como	Informatics, telecommunications, industrial management, design and materials for electronics.
Centre of excellence hosted by University of Milan-Bicocca, specialised in plasma applications.	Research on plasma and their technological transfer to different industrial sectors as textile, packaging, biomedical and cultural studies.
Research and measurement centre on new materials of Legnano	Aimed at stimulate the diffusion of new technologies and their applications interesting for industry and SMEs through test labs on fastening and domotica
Technological Park of Lodi Foundation	University research centre focused on vegetable and animal genomics. Business park on agro biotech.

2.3.2. The Province of Milan

The Province of Milan, through its Economic Activities Department, works for the promotion and support of the economic development in the Milan area. This is a mission carried on by all main public and private actors working in that area. The main policies aim to support local development with a strong structure of services, technological innovation and spread of new technologies and birth of new enterprises.

The Province of Milan has been supporting projects geared mainly towards innovation and technology development, key-concepts to strengthen the competitiveness of SMEs. It believes that the relationship between public and private sectors should be based on subsidiary. That's why the Province has also been promoting cooperation among the social, economic, and institutional actors within training and research areas.

The strategy of the Province of Milan is based on two targets:

- the activation of innovative instruments for territorial requalifying and development, mainly in those areas where industrial reorganization is in progress.
- the improvement of quality and competitiveness of SMEs, by offering qualified territorial services and supporting them in their start-up phases.

Such targets are promoted within the Strategic Programme that will be briefly explained in the next section.

2.3.2.1 Strategic programme for the development and support of innovation and growth of production activities

The Province of Milan has achieved and defined its Strategic Plan for innovation and technology transfer through the support of the European Union and particularly by participating to the RITTS-Regional Innovation and Technology Transfer-project (see 2.3.2.c). The first Strategic Plan was realized for the 1999-2001 period and it has led to many different activities aimed at the development of new enterprises. An important result was the activation, jointly with the other main local actors, of the Forum of Innovation. Due to this Forum the call for proposal “We sponsor your future” mentioned in 2.3.2.b has started.

Based on previous experience, the Province of Milan has launched a second Strategic Plan for the 2002-2004 period in order to support the creation of a shared intervention strategy for the development of technological innovation.

The general mission of the 2002-2004 Programme can be summed up in three words: Quality, Innovation and Territory.

- Quality: it is necessary to avoid cost competitiveness on production factors by shifting the reference market segment of Milanese companies upwards and by creating conditions for continuous qualification of human resources and for product and manufacturing system reliability in the framework of international competition.
- Innovation: a dynamic, competitive and continuously evolving environment requires great capability in redesigning ideas through creativity and the ability to perceive and anticipate new needs. Although innovation is a merit that, up until today, Milanese entrepreneurs do not lack, it can be strengthened by building more direct and effective ties with universities and the world of applied research.
- Territory: the strong consistency of intervention policies with the specific needs of the actors operating in the various local contexts that make up the overall Milanese economic reality has proven to be one of the most evident factors of success of the previous Strategic Programme.

The third Strategic Plan for the 2005-2007 period is currently in progress. The general goals of this programme should be the following:

- stimulate technological and organisational innovation in company and inter company processes, products and systems. Stimulate improvement in the quality of products and manufacturing processes;
- back the establishment of new companies, especially in innovative sectors linked to high technology industries and to universities, and in self-employment having high professional value;
- foster financial consolidation of companies and the proliferation of innovative financial tools for business development;
- encourage the internationalisation of companies in all forms and manners;
- support initiatives for the competitiveness of local manufacturing systems that make up the Milanese territory;
- improve the relationship between businesses and Public Authorities and the networking of structures serving companies through use of information technologies (e-government); simplify the companies' access to financing and service opportunities by cutting time and reducing the complexity of relations between the businesses and public entities;
- promote shared strategies to attract investments and to build co-operation between public and private parties operating in the area of Milan, also with regard to the implementation of the subsidiarity principle.

Such goals are supposed to be achieved through “Operating Axes” that group together each goal according to its relevance and similarity. Each axis contains a summary of “Measures and Actions” that points out intervention proposals to be carried out over the three-year period. The Axes and Measures of the Strategic Programme are summarised in the following Table.

Table 2.3.4 - Strategic Programme's Axes and Measures

Axes	Measures
Axis 1 Support the companies' R&D initiatives and technology transfer	Measure 1.1 Support to the Milanese SMEs' patenting activities in Europe
	Measure 1.2 Exploratory award on feasibility studies for research projects carried out by SME
	Measure 1.3 Continue and extend the experience of the project "Stages of Excellence"
Axis 2 Generate new entrepreneurship and new employment	Measure 2.1 Strengthen the incubators
	Measure 2.2 Support to the start-up of new innovative companies: Milan Business Plan competition
	Measure 2.3 Support to the technological adaptation of SMEs and new professions
Axis 3 Promote interventions for the territorial diffusion of innovation	Measure 3.1 Create a centre of excellence in the Vimercate area
Axis 4 Strengthen the dissemination of information to SMEs and the spread of the scientific and business culture	Measure 4.1 Support activities for online dissemination of scientific and technological expertise of the Province of Milan
	Measure 4.2 Promote the scientific and business culture among new generations
Axis 5 Support quality projects and SME internationalisation	Measure 5.1 Set up a Territorial Marketing Agency for the Area of Milan
	Measure 5.2 Support to the internationalisation of the Milanese production system
	Measure 5.3 Develop Projects for the competitiveness of local production systems and manufacturing industries
Axis 6 Simplify the relationship between companies and Public Administration	Measure 6.1 Spread out the use of digital signature in relations with the Public Administration
Axis 7 Strengthen local networks and European networking activity	Measure 7.1 Strengthen the Innovation Forum
	Measure 7.2 Actions to enhance collaboration among institutions
	Measure 7.3 Strengthen the networking and benchmarking activities at the European level

2.3.2.2 Support to development of SMEs through grants and calls for proposal

In order to foster the economic development and especially in order to allocate funding for innovative SMEs, the Province of Milan is used to work through calls for proposal since this tool allows the Province to be sure about a fair allocation of available grants. Once the aspirant SME results deserving a grant, Province gives to the project funding up to cover the 50% of the costs faced. On average this grants amount to 30-40.000 euro and both enterprises already established and aspirant entrepreneurs can be awarded. Such a grants are announced yearly with specific aims identified by Province accounting suggestions coming from other organizations involved in promoting development as Region Lombardia and Chamber of Commerce. As shown in the following table the total amount devolved to SMEs and aspirant entrepreneurs in the period 2000-2004 was over 26,6 billions euro. The grants were focused on strategic topics as patent activity and starting up of new enterprises (with special attention to firms growing out of

scientific research). Moreover, because their structure is simpler than the national calls even evaluation's and disbursement's times for funding are supposed to be shorter.

Table 2.3.5 - Grants and calls for economic development since 2000

Grant	Amount (Euro)	Aims	Collaboration
Support to women's entrepreneurship (2001)	3,658,000		Region Lombardia Chamber of Commerce
We sponsor your future (2000)	12,911,422	Call for proposals for SMEs to promote and support the use of thematic networks involved in technological innovation and the quality assurance process	
Start up of innovative enterprises (2002)	1,500,000	Call for proposal in order to support new innovative enterprises	
Support to the European and international patenting and to the creation of new innovative enterprises (2003)	2,000,000	Call for proposal in order to support the registration of European and international patents and new innovative enterprises	Region Lombardia Chamber of Commerce
Target Patent and Start Up of New Enterprises (2002)	2,115,198	Call for proposal to support the registration of European and international patents processes of SMEs, Universities and Research Centres and supported the start up of new innovative enterprises	
Grants for firms damaged by the flood (2002)	1,000,000	Initiative aimed at support the enterprises damaged by the flood of 26-27 November 2002 and following	
Support to the new creative enterprises (2004)	1,750,000	Small and medium grants realized to increase the creation and the development of new creative and innovative enterprises in the province of Milan	Chamber of Commerce
Support to traditional activities and generational transition (2004)	1,500,000	Small and medium grants realized to support the set up of micro-enterprises in the traditional economic sector	Chamber of Commerce
Innovate your enterprise (2005)	2,000,000	Call for proposal aimed at stimulate process and product's innovation in SMEs	

The result from the call for European patent activity appears quite interesting: out of 253 requests (52 coming from universities and research centres, 201 coming from SMEs and private research centres), over 90% will be granted by Province of Milan.

2.3.2.3 Special projects to support development and innovation launched by Province of Milan on its own or jointly with other organizations

Table 2.3.6 - Projects aimed at supporting development and innovation by Province of Milan

Project	Aims	Cofinanced By
RITTS	The objective of this project is increase the capability of local bodies so that they can work out their own reference schemes for innovation and technological transfer policies based on the idea that innovation is a motor for economic growth both at local and regional level. In order to achieve this result the Province of Milan has promoted and built up a strategic framework for innovation policies and for technological transfer, particularly aimed at the sector of SMEs. Its most important result was the definition of the "Strategic Plan for development and support of innovation in the Province of Milan 1999-2001".	DG Enterprise of the European Commission

DELCOSI	This project was developed in collaboration with the Politecnico of Milan to promote new solutions of technology transfer and for the training of specific professional personnel, through experience acquired through the "Tirocini d'eccellenza" (work placement project). Its objectives are to increase the number of new graduates placed in SMEs, to create specialized professional figures, to adjust services to the needs of SMEs, and to increase the number of projects growing out of collaboration among universities and enterprises.	Province – Lombardy - European Union - Politecnico of Mi - Politecnico Innovazione - Work Placement Office - Carlo Gavazzi Space
PANEL (Pyrenean-Alpine Network of Entrepreneurial Liaisons)	It has the aim of promoting and strengthening the start-up of SMEs through the Pyrenean-Alpine Network of Barcelona, Munich and Milan. Panel is one of the four specialized networks of the Community network PAXIS Through the PANEL network partner regions can acquire, exchange, and make known: successful business experiences, guidelines, as well as, adjust tools and methods for networking.	Wholly financed by the European Union
CETRA	Cetra is a database of both public and private research and technology transfer centres and of quality assurance institutes and laboratories. One is dealing here with an instrument whose on-line version is a research and technological innovation vertical web portal designed to promote the growth of new enterprises and partnerships among industries, universities and research centres	
BIOTECHNOLOGY DIRECTORY 2003	Directory is a database which aims to become a free reference guide, available both online and published, of what is going on in Italy in biotech taking into account all actors and activities happening in this sector and with a special focus on: biotech companies, research groups , support structures	
E-BUSINESS OBSERVATORY	The observatory on e-Commerce is aimed at increasing the visibility of SMEs doing e-commerce and e-business in the Milan area where it is possible to find information on the best e-commerce Web sites in Italy and in Milano, news from the net-economy world, detailed informative documents and links to other Web sites of interest. It is also a research and monitoring instrument aimed at analyzing a sector which is becoming more and more strategic for SMEs' competitiveness.	

2.3.3. Chamber of Commerce of Milan

As mentioned above even the Chamber of Commerce, as well as other institutions, aims to improve and support Milan's entrepreneurial system basing its strategy on subsidiary, meant as an continuous integration with other associations.

In order to decide the strategic guidelines for next years Chamber of Commerce has decided to focus on innovation paths. In the 2003-2007 Strategic Plan have been identified the following working areas: PA for enterprises, market regulation, infrastructure development and valorisation of territory resources, new markets and internationalisation, entrepreneurial formation and credit and innovation.

Each of them is managed by a different policy group on its own. Chamber's point of strength would be a continuous comparison with external organisations working in the whole regional area believing that active collaboration between actors involved is essential for an effective governance of the territory.

For this reason Chamber of Commerce has developed a network of formal and informal alliances both with the Region and with the Province. Moreover Chamber of Commerce is linked with other organisations aimed at funding and supporting enterprises in order to add new resources and technical capabilities.

The following chart reports the hypotheses formulated within the Strategic Plan 2003-2007 split into five years. Its last record shows the availability measured by difference between total incomes and total outcomes in thousands of euro. As pointed out in the Plan, this surplus should be invested on economic activities, both as direct funding to enterprises and through the regional and national Chamber system.

Table 2.3.7 - Chamber of Commerce short balance sheets

Liabilities	2003	2004	2005	2006	2007	Totale
Yearly income	68,000	70,000	72,000	74,000	76,000	360,000
Secretary's income	23,500	23,000	22,900	22,800	22,800	115,000
Other income	7,900	8,300	8,200	8,300	8,600	41,300
Addictional functions	2,150	2,300	2,200	1,200	1,100	8,950
Special companies	15,300	16,000	17,000	18,000	19,000	85,300
A) Total sources	116,850	119,600	122,300	124,300	127,500	610,550
Assets	2003	2004	2005	2006	2007	Totale
Employees	22,600	23,000	23,000	24,000	24,000	116,600
Operations	38,000	38,000	38,000	38,000	38,000	190,000
Depreciations and provisions	5,900	6,000	6,100	6,100	6,200	30,300
Special companies	7,100	7,100	7,100	7,100	7,100	35,500
B) Total investments	73,600	74,100	74,200	75,200	75,300	372,400
Current (A – B)	43,250	45,500	48,100	49,100	52,200	238,150

2.3.3.1 The “Palazzo dell’Innovazione”

The “Palazzo dell’Innovazione” is a project set up in 2005 thanks to the joint effort of the Province of Milan and the Chamber of Commerce. Basically, a new Palace of 8,000 square metres is going to be built in order to host European research centres, technology transfer offices, intellectual property experts and many others activities aimed at furthering innovation. It will be located within the Province’s centre of excellence in research and innovation and it will both provide support for local SMEs and foster better starting up of new high-tech enterprises in order to contribute to spread an innovation’s culture among partners across the whole industrial area.

Mainly, the “Palazzo dell’Innovazione” will base its work upon tools such transfer of best practises to SMEs or training and educational sessions concerning with intellectual property topics as patents and licences. Moreover it will help SMEs to protect the results of their own innovation projects, it will offer them consultancy in looking for funds both from European programmes and local calls for proposal and it will make the relationships between industry and university stronger.

The “Palazzo dell’Innovazione” has been thought as a sort of Virtual Village for innovation where all aspects related to the innovation process could be supported by means of education, development and training. Its aim is to create a community where enterprises could interact each other and with experts through face to face consultancy, chat, newsletters, events and many other different activities. Areas for sharing knowledge and expertise, even in an informal way, will be established with specific spaces for industrial associations and for meetings as a coffee shop, a library and a bookshop. All services will be provided in the most effective way by means of the most innovative technologies and both through face to face interviews and meeting with the best consultants within each sectors.

The building of the “Palazzo dell’Innovazione” will end up in 2008 and will be required an investment of 30 billions of euro just for its construction.

The main purposes of the “Palazzo dell’Innovazione” are:

- promoting and supporting innovation taking into account technological and financial, cultural and institutional factors with particular focus on management;
- create a institutional location where could be established a sort of roadmap for enterprises’ innovation going from orienteering to direct support for projects;
- create a meeting point that allow a knowledge and expertise sharing between enterprises and actors

involved in innovation's projects.

Such aims will be obtained through an innovative organisation that will be based on a sort of matrix organisation built up by classifying services both by functions and by topic areas.

It means that functions centres group up services provided by several actors working in a complementary way and, at the same time, those services could be managed by different area according with their topic.

An example of how does such a structure work, is shown by Figure 2.3.2. Functions have been grouped in:

1. information, know how;
2. help for management innovation;
3. funding for innovation;
4. research labs;
5. energy and environment;
6. intellectual property.

At the same time, main topic areas have been identified in:

1. communication and marketing;
2. research;
3. management;
4. design and aesthetics;
5. ecology environment sustainability.

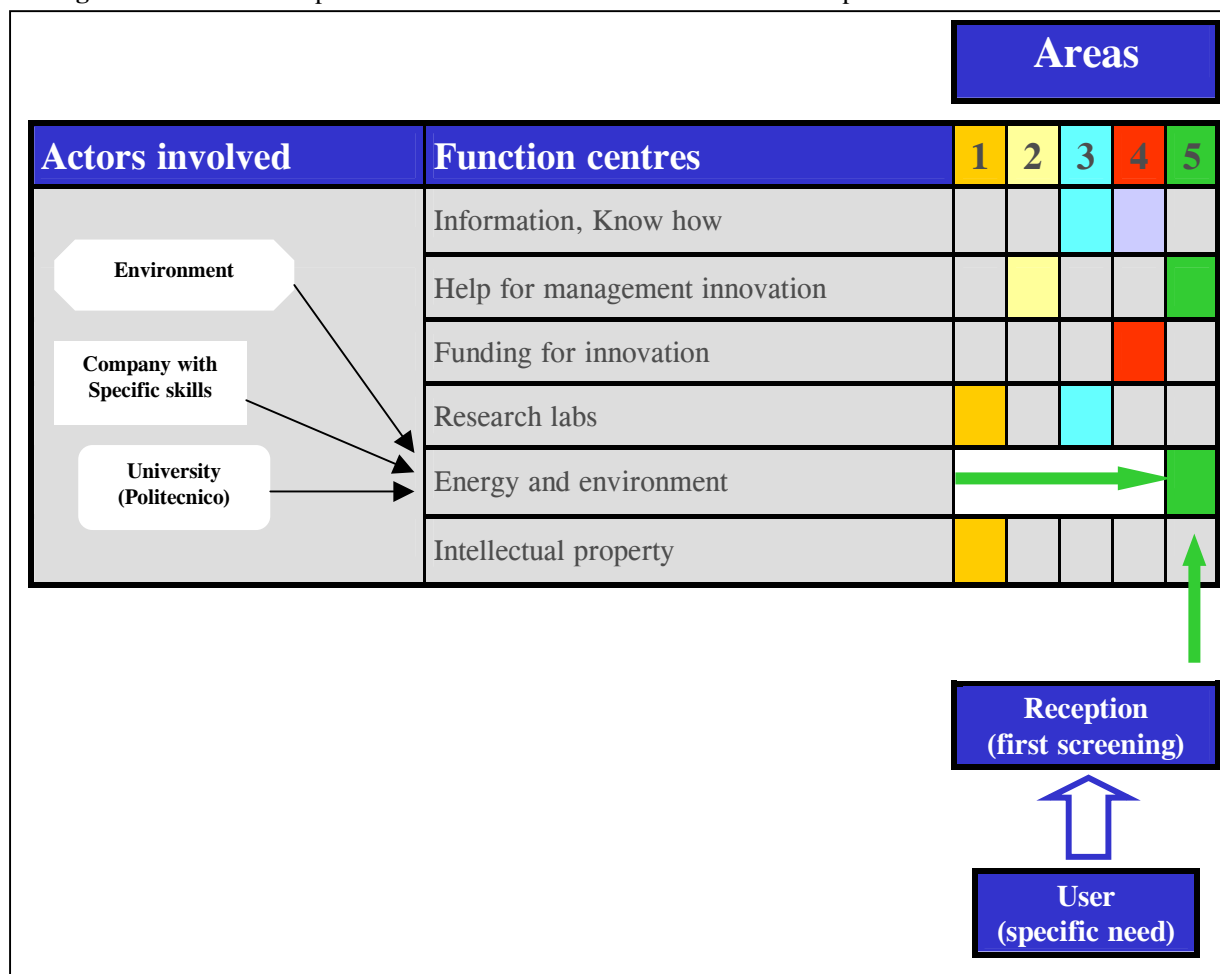
This approach allows for a better focus on enterprises' needs and for a greater control in scheduling and optimising the total system performance, rather to achieve the best results just in some innovation topics at the expense of others.

Moreover the project identifies potential visitors, both private and companies, of the "Palazzo dell'Innovazione" in the three kind of users. A specific approach has been planned for each of them. Particularly:

- Inert users: enterprises that don't show any tension to innovation. They need to be stimulated and updated to the most recent innovations. The strategy provided for inert users is Education.
- Aspiring users: enterprises that are aware of the necessity of innovation, but they don't know how develop a innovation project. The strategy provided for aspiring users is Supporting creative projects.
- Innovative users: enterprises that already have a specific innovative idea. They just need a support for its development. The strategy for these users is Support for development and implementation.

The "Palazzo dell' Innovazione" presents an innovative matrix structure for managing services for innovation. According with this organisation each user is directly addressed to the most qualified services for his specific need. This allows the "Palazzo dell' Innovazione" to be effective and to offer solutions just in time, highly customised and industry-driven.

The user, after a screening, is directly addressed to the function centre more likely to solve his technical problem or more related to its need. Moreover, at the same time he can take advantage of benefits and opportunities offered by the whole area, in this case the area related to Ecology and environment sustainability.

Figure 2.3.2 - An example of how does the “Palazzo dell’Innovazione” provide its services to customers**Figure 2.3.3** - The “Palazzo dell’Innovazione”

2.3.4. Fondazione Cariplo

The role that Cariplo Foundation plays in Research and Technology Transfer area is to contribute to the creation of a suitable environment for the development of scientific research, the improvement of technology transfer and for increasing the value of applied research results.

In order to achieve these aims the Foundation is involved in fostering creation of networks and partnerships, in participating to international projects, in developing human capital and in increasing the quality of knowledge production and scientific communication. In identifying its objectives and strategies Foundation accounts for activities developed by other organisations, especially PA and category's associations.

There are two different kind of support through which the Foundation gives its funding through: the so called Closed and Open calls for proposal. The former represent the calls with a deadline for presenting request, the latter represents calls without any deadline. Moreover there are some specific project launched by Foundation for high priority topics, as defined in the annual Strategic Plan. In 2005, 27,5 billions euro has been appropriated for the first 10 grants.

Across the projects for supporting innovation sponsored by Foundation it is possible to mention:

- BANDO NOBEL 2005: (Grant Nobel 2005: Network for excellence in Biomedicine in Region Lombardia). Through this project the Foundation aims at supporting other organisations in order to fund research centres already established and working on the regional territory. For that, 12 billions euro has been appropriated and they will be distributed up to 4 billions each year. The main objective is to create an environment suitable to attract clever researchers, to offer them the best available equipments and to facilitate the birth of new partnerships across research centres and organisations.
- Participate Just do it!: This project, developed jointly by Foundation and other organisations as Rete Civica Milano Foundation and Formaper, aims at creating a community suiting especially SMEs. In doing that, a protected and user-friendly environment was created with special focus on help and training for new information technologies basing on the idea that ICT represent a strategic tool in supporting business (i.e.: for decreasing costs, improving performance and industrial management).

2.3.5. Municipality Of Milan

Among many different competencies, the Municipality of Milan plays a very important role in promoting and disbursing funding and contributions to enterprises located in Milan.

Worthy to be mentioned is its activity in developing SMEs located in less developed areas of Milan through economic, financial and educational support.

February 2005 has seen the municipality of Milan reaching an agreement with the Region and the Chamber of Commerce. According to this agreement 1,5 billions euro will be appropriated in order to support SMEs patent activity, the development of biotech enterprises and to further SMEs to participate in European projects and in networks with universities and research centres.

2.4. URBAN REVITALISATION POLICIES

If we consider the changes underway in urban and territorial programmes and policies, the most evident aspects are the increase in the number of instruments and the new use of more traditional instruments. Such instruments prefigure interactive and contractual action procedures, in close relationship to the territory and to local actors, and also take the form of an explicit search for dialogue and integration among the various intervention sectors. Two broad and distinct types of intervention programmes may be identified, as a function of the various administrations that have promoted their implementation:

- Complex urban programs: PRU (Programmi di Recupero Urbano, Urban Recovery Programs); PRIU (Programmi di Riqualificazione Urbana, Urban Requalification Programs); Contratti di quartiere (Neighbourhood Contracts); PRUSST (Programmi di Recupero Urbano e di Sviluppo Sostenibile del Territorio, Urban Requalification and Sustainable Local Development Programmes).
- Negotiated planning-Programmazione negoziata: Intese istituzionali di programma (Institutional program agreements); Accordi di programma quadro (Programme framework agreement); Contratti di programma (Programme contracts); Contratti d'area (Area contracts); Patti territoriali (Territorial pacts).

The first kind of instrument are “complex urban programs” promoted by the former Ministry of Public Works (now Ministry of Infrastructure and Transport) on the basis of a number of contracted urban-planning experiences conducted in several regional contexts during the preceding years. This kind of programmes are culturally and technically comparable to traditional instruments used to intervene in urban and territorial organisations, but differ from them because of the systematic recourse to derogatory mechanisms in order to speed up implementation procedures. Overall, the guiding principle adopted is that of *integration*, stated in terms of intervention-sector multidimensionality (functions, economy, local societies), of coordination among various institutional levels, and of cooperation between public and private actors.

There are, however, significant differences among the various instruments of this kind. It is possible to identify a progressive evolution towards the explicit adoption of a contractual approach, as well as towards the concrete integration of various forms of action, particularly among infrastructure and territorial policies.

In fact, the integration principle is often translated, in Italy, into residential-type urban requalification interventions, while interventions on services and infrastructures have traditionally been planned and managed in a strongly sectoral framework. A similar situation seems to have been avoided, at least as far as intentions are concerned, by the Prusst, the most recent of the new instruments for intervention in the city and on the territory, within the framework of local development and of sustainability.

In this case, the infrastructure interventions are assumed to be occasions for the creation and promotion of territorial scale development strategies intended to actively respond to current demands for efficiency and competitiveness in urban and regional systems. In addition, the decree establishing the Prusst provides for the setting up of coalitions and partnerships among the actors involved in the activated processes, requires both strong integration of public and private capital and direct participation of private actors in the financing of interventions, for a share equal to at least one-third of the overall cost of the programme.

The second kind of programmes, promoted by the Ministry of the Treasury, of the Budget and of Economic Planning during the 90s, consists of the so-called *programmazione negoziata* (negotiated planning).

From the theoretical point of view, the origin of this type of program lies in the process of an overall rethinking of the instruments and forms of public intervention in the economy, particularly with respect to the promotion of economic development in the weaker areas of the country, in particular in the Southern Italian regions.

The differences among the various instruments are due to the participation of different actors, in

relationship to the various objectives for which they are intended. In particular, the *Intesa istituzionale di programma* is an agreement between the State and the Regions for implementing forms of effective decentralisation of decision-making and for supplying a core programme-framework for intervention at the regional level; the *Accordo di programma quadro* is an agreement between State, Regions and Local Authorities (or other public and private actors) for the definition of an executive programme of intervention of common interest; the *Contratto di programma*, activated by a preceding resolution, establishes a procedure that regulates the relationships between the public actor and large businesses, or consortia of small and medium-sized businesses, for the implementation of industrial development interventions in depressed areas; the *Contratto d'area* is an agreement among local administrations, employers' and trade union representatives for the implementation of actions intended to accelerate development and to create new jobs in circumscribed territories characterised by serious employment crises; the *Patto territoriale*, finally, (similarly to the *territorial employment pact* promoted by the EU), establishes an agreement between public and private actors concerning the setting in place of a programme of interventions intended to promote local development.

The fundamental idea underlying the establishment of these instruments is the negotiation and joint planning of economic development, among the various actors, public and private. The territorial pacts, in particular, are a joint-planning methodology that provides for the action of various local actors - companies, local authorities, employers associations, trade unions, etc. - with the objective of initiating integrated and shared development processes. Such processes are intended to be able to maximise individual territories' endogenous resources by means of the setting up of initiatives for industry, agriculture, tourism and the infrastructure apparatus.

As we have seen, during the Nineties policies have been experimented in Italy at local level, aimed at thoroughly integrating different issues: physical renewal, economic regeneration, social revitalisation in a sustainable development perspective. Such urban revitalisation policies in the Province of Milan area have been promoted at different levels: EU and national, regional and local.

2.4.1. EU and national level policies

2.4.1.1 *Contratti di quartiere (Neighbourhood Contracts)*

There have been two editions of the call for proposals for *Contratti di Quartiere* (Neighbourhood Contracts) in Italy. The first one is finished and therefore it is possible to describe local experiences, which in the Province of Milan concern one case in Cinisello Balsamo. The second one is at the moment underway, therefore it is not yet possible to describe the experiences: in the Province of Milan fourteen programmes have been approved: in the Municipalities of Milan (five different projects), Bollate, Cernusco sul Naviglio, Cinisello Balsamo, Limbiate, Pioltello, Rho, Rozzano, Seregno, Sesto San Giovanni. the overall funding for the Region Lombardia is 305 Meuro.

Contratto di Quartiere Sant'Eusebio (Cinisello Balsamo)

One interesting experience carried out in the last decade is *Contratto di Quartiere S.Eusebio* in the municipality of Cinisello Balsamo, located North of Milan. Cinisello is one of the largest municipalities in the outskirts of Milan (75.000 inhabitants in the year 2000, area 12,7 sq. km), characterised by a sharp population increase during the the Fifties and the Sixties due to a strong immigration flow (mainly from Southern Italy) of people who worked in big industries located in the area. This in turn led to the need of a quick urbanisation in the form of low income neighbourhoods and public housing estates. After thirty years, many social problems are therefore concentrated in some areas, namely in Sant'Eusebio were actually 6% of the total population inhabit. The area is characterised by two different residential typologies,

low density housing and two interventions of public housing *Il Palazzone* and *Cinque Torri* (high rise buildings).

Given the complexity of the problems affecting the area, the Contratto di Quartiere project aims at integrating physical intervention for the refurbishment of the buildings and the apartments, and social intervention for the improvement of living conditions (quality of local services), strengthening the sense of belonging and trust building within the neighbourhood; moreover, a relevant objective is a better integration between the area and Cinisello.

Total funding amounts to 15 million Euros, divided between Ministry for Public Works, ALER (Regional public housing agency), APA Confartigianato, CNA (trade associations) ASNM (North Milan Development Agency), Municipality Cinisello Balsamo, Region Lombardia, Province of Milan.

The intervention has been therefore articulated into different lines of project:

- housing (general refurbishment and realisation of smaller housing units);
- public space (identification of new functions and the related spatial layout);
- employment (local strategies for creating small business and improving employment).
- communication and events (in order to thoroughly inform inhabitants and to insure local involvement).

The process has been carried out through the activation of grass-roots participation, the involvement of inhabitants and representatives of associations.

2.4.1.2 Urban

The general framework of the URBAN programmes has been highly influential for urban regeneration policies in Italy over the last years, because it entailed a new model of integration among urban transformation issues (at the physical and urban landscape level) and economic regeneration of local areas hit by different problems (unemployment, high crime rates, reduction in the complexity of the urban economic basis, closing down of neighbourhood shops, etc.). The first implementation of the framework is linked to the first URBAN programme, launched by the EU in 1994 (1994-99); the second one is linked to URBAN II initiative (2000-06), but there has been also an interesting experience, called URBAN Italia, in which the National government (Ministry for Infrastructure) has decided to launch an autonomous programme, financed with national resources but following the same guidelines and procedures of the EU URBAN programmes. This is why we will describe all the URBAN initiatives within the EU level policies, even if the URBAN Italia is financed, as far as the public spending is concerned, with national resources.

In the Province of Milan there are two URBAN Italia programmes (Cinisello Balsamo and Seregno) and one URBAN II (North West Milan).

Urban Italia Cinisello Balsamo

The URBAN Italia programme proposal in Cinisello Balsamo aimed at a strategy to change the image of this area: from an anonymous part of Milan suburbs to a center for culture and innovation, new welfare and quality of life. In this framework, the administration did not interpret the occasion offered by URBAN just as a possibility to intervene on the physical assets of the city, but rather as an overall strategy to relaunch the city itself, in strict relation with the on going initiatives on economic development, social quality, collective mobility and employment and training. The strategy of the programme has as its focal point the idea to realise a “city for young people”: university students, in order to strengthen and qualify human capital through the use of buildings for teaching, studying, and residence; but also, more generally, young people from Cinisello and the surrounding areas, supporting cultural production, sports facilities, training and the start up of new enterprises.

The programme is organised around four main intervention axes that concern the renovation of abandoned buildings for the location of university facilities, the realisation of a park for young people and infrastructural reorganisation.

Urban Italia Seregno

Seregno, a town of around 40.000 inhabitants in the Brianza area North of Milan, obtained in 2000 5, 165 Meuros from the Ministry of Public Works (now Ministry of Infrastructure and Transport) in the framework of the URBAN Italia programme. The objectives of the URBAN Italia programme, as we have seen, are not linked only to the realisation of public works and infrastructure, but they are rather aimed at a complex and integrated urban renewal, able to concern at the same time physical renewal, economic development and social cohesion.

In Seregno this has been interpreted as the occasion to enhance the city centre of Seregno through the realisation of a new town hall, large pedestrian areas and a new parking, a centre for young people's cultural production and the enlargement of a green public space, with the aim to complete a green belt formed of different green areas around the town.

Urban II Milano

The European Commission co-finances a programme within the framework of the Urban II Community Initiative for urban regeneration in the north west suburban areas of Milan.

The programme area covers 12.05 km² in the North West of Milan and has a population of 53,121. Structural Fund assistance amounts to EUR 10.7 million (entirely funded on the ERDF) out of a total budget of EUR 27 million.

The area is facing severe social and economic problems, characterised by: derelict industrial areas, unemployment, crime, poverty, decaying building and public spaces, deteriorating high-rise social housing blocks and environmental damage. The area is bounded by an international highway and railway infrastructure, nevertheless there are no easy interconnections to the urban centre and to the other suburban neighbourhoods. On the other hand, the transport and energy sectors have significant growth potential and there is a considerable amount of green open spaces. Historical landmarks can also contribute to improving the physical environment.

The Programme is organised along four priorities:

- Priority 1: Environmentally friendly improvements to the urban environment. Key actions are aimed at improving the physical environment and include the rehabilitation of the natural and cultural heritage and derelict industrial areas.
- Priority 2: Entrepreneurship and employment pacts to create social initiatives. Key actions include the promotion of community services and various measures to help disadvantaged groups access the labour market.
- Priority 3: Intelligent transport systems. Key actions include the improvement of the business base and access to community transport.
- Priority 4: Technical assistance: An additional amount of EUR 0.7 million (Community contribution) has been allocated to technical assistance measures.

2.4.1.3 Prusst Urban Requalification and Sustainable Local Development Programmes

The PRUSST programmes, introduced with the Decree 08/10/1998 of the Ministry of Public Works, are innovative programmes aimed at starting local concertation between public and private actors for improving the quality of urban transformation. After the call for proposals issued by the Ministry, The Municipality of Milan, as promoter, approved in January 1999 the guidelines for the presentation of

project proposals, with the definition of priorities, areas of intervention, urban regulatory framework and the criteria for the evaluation of project proposals.

In the spring of 1999 proposals on the former railway area of Porta Vittoria (in the eastern part of the city) were presented by Metropolis spa (for the *Ferrovie dello Stato*, National Railways) and by ALER (Regional Public Housing Agency). Such proposals concerned the location in the area of new residential, service, commercial and cultural functions, and namely the realisation of the European Library (BEIC, see also § 3.4), and the regeneration of two historical public housing neighbourhoods.

The Ministry positively evaluated the project proposals, and granted resources for technical assistance and project design.

Municipality of Milan	Railway line / Porta Vittoria station: project aimed at increasing the urban area's value	338 M euro
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2.4.2. Local level policies

There are a number of local level redevelopment programmes that, even though of large dimension in some cases, are to be considered within the ordinary urban planning framework: e.g. the City of Milan has a general planning document (*Documento di inquadramento delle politiche urbanistiche del Comune*), that is articulated in a number of projects (*Programmi Integrati di Intervento*, Integrated Intervention Programmes) proposed by public or private actors for the transformation or redevelopment of specific areas.

2.5. AREA UNDER REVIEW AND NATIONAL REGIONAL DEVELOPMENT

The Province of Milan has been interested by several regional development programmes and policies, mainly co-funded with EU funds, over the programming periods 1994-1999 and 2000-2006.

Even though in Italy EU funds for regional development have been concentrated mainly in the Objective 1 regions (located in Southern Italy), the relevance of some of those programmes in the Province of Milan has been crucial.

As an example, for the programming period 2000-2006 the EU resources on the Objectives 1 and 2 are distributed in Italy as follows:

Table 2.5.1 - Distribution of Ob. 1 and Ob. 2 resources, 2000-2006

	Million Euros		Million Euros
Objective 1	21,935	Ob. 1 Phasing Out	187
Objective 2	2,145	Ob. 2 Phasing Out	377

We will review in the following paragraphs a number of programmes and initiatives co-funded by the EU in the two different programming periods.

Regional development policies in the Province of Milan area are strictly linked with the European regional development strategies through a wide family of programmes and policies.

While the general problems of decline of socio-economic trends are faced by the structural funds spending through the Objectives³, more targeted issues, such as the decline in specific areas of the manufacturing sector, are dealt with by more focused EU funded programmes (Community Initiative Programmes, CIP).

We will therefore review the policies under two different lines of spending:

- structural funds spending (European Regional Development Fund, ERDF and European Social Fund, ESF) through Objective 2 for the period 1994-1999, and for the period 2000-2006;
- Community Initiative Programmes (CIP), funded by the ERDF and the ESF.

2.5.1. European funds and regional development: 1994-1999

2.5.1.1 Objective 2

During the Programming period 1994-99 the Region Lombardy issued a Single Programming Document (SPD)⁴ for the Ob. 2 areas, which in the Province of Milan was the Siplon area⁵. All the other Objective 2 areas are located in marginal parts of Lombardy, and they are subject to sharp decline and long-term

³ The Objectives for the programming period 1994-99 are defined as follows:

- Objective 1 Promoting the development and structural adjustment of regions whose development is lagging behind.
- Objective 2: Converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline.
- Objective 3: Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market.
- Objective 4 Facilitating the adaptation of workers of either sex to industrial changes and to changes in production systems.
- Objective 5: Promoting rural development by: speeding up the adjustment of agricultural structures in the framework of the reform of the common agricultural policy; facilitating the development and structural adjustment of rural areas.
- Objective 6: Promote development in thinly populated areas.

The Objectives for the programming period 2000-06 are redefined as follows:

- Objective 1: to promote the development and structural adjustment of regions whose development is lagging behind;
- Objective 2: to support the economic and social conversion of areas experiencing structural difficulties;
- Objective 3: to support the adaptation and modernisation of education, training and employment policies and systems in regions not eligible under Objective 1.

⁴ Documento Unico di Programmazione Obiettivo 2 Programmazione 2000-2006 Regione Lombardia: approved by European Commission C(2004) 4592 19.11.2004.

⁵ The areas eligible for Ob. 2 in the 1994-1999 period involve the Municipalities of Canegrate, Legnano, Nerviano, Parabiago, Rescaldina, San Giorgio su Legnano and San Vittore Olona; other municipalities are involved only for parts of their territory: Arese, Garbagnate Milanese, Lainate. The other eligible municipalities lie within the boundaries of the province of Varese.

problems; in this sense the Objective 2 areas in the Province of Milan are somewhat an exception, and they are quite small in size.

The Simplon area has been historically characterised by textile, engineering, aviation and car industry (with the presence of the Alfa Romeo plants in Arese), which underwent a significant decline during the Eighties and mid-Nineties.

The SPD Ob. 2 1994-1999 is divided into three main axes: productive (manufacturing) system, environment, human resources.

The split up of funding between ERDF and ESF is listed below:

Table 2.5.2 - ERDF and ESF funding, 1994-99

	Total cost	Public expenditures			
		Total	Structural Funds		
			TOTAL	E.R.D.F.	E.S.F
SPD 94-96	73,239	61,988	21,073	18,958	2,115
SPD 97-99	89,103	88,658	34,282	26,522	7,760

Source: SPD 2000-06, Data processed by the Region Lombardy.

The overall spending on Objective 2 areas in the Region Lombardy for the 1994-99 programming period is listed below in Table 3, 2.5.

Table 2.5.3 - Overall spending on Ob. 2, 1994-99

1994-96		
Sub-programmes/Measures	Total cost (in € millions)	EC contribution (in € millions)
Regeneration of existing manufacturing sectors	18.243	6.021
Conversion of non-viable economic sectors	48.651	14.498
Environmental protection and regeneration	9.035	2.384
Technical assistance	0,134722222	0.097
Total	76.123	23.000
The union is contributing 30.21% to the overall estimated costs		
1997-99		
Sub-programmes/Measures	Total cost (in € millions)	EC contribution (in € millions)
Regeneration of existing manufacturing sectors	53.409	18.831
Environmental protection and regeneration	17.400	7.360
Human resource	17.096	7.665
Technical assistance	0,208333333	0,100694444
Total	88.205	34.001
The union is contributing 38.55 % to the overall estimated costs.		

2.5.1.2 Other Community initiatives

The other programmes co-funded by the Eu were CIP like INTERREG II, RESIDER II, PMI, RETEX II, PMI, KONVER II, RECITE II and RITTS, entirely funded on the ERDF. Within this family of instruments, we will highlight the most interesting experiences in the Milan area, and namely RESIDER II, DEAFIN (RECITE II) and RITTS.

RESIDER II

Among the different CIP (Community Initiative programmes) active in the Province of Milan, RESIDER II was of particular relevance. RESIDER II initiative was aimed at developing a complex and integrated

industrial reorganisation strategy in order to tackle all the factors that can have an impact on a global revitalisation of the former steel industry areas.

The Municipality involved is that of Sesto San Giovanni, an area characterised since the 1950s by the presence of major steel mills and chemical plants (Breda, Falck, Marelli). Under the combined effect of a shrinking world market and increased competition, Italy's steel industry was plunged into a crisis of which Sesto San Giovanni felt the full brunt.

The Falck company decided, in cooperation with the Municipality of Sesto San Giovanni and the Province of Milan, to rise to the challenge of converting the crisis into an opportunity. As part of a strategic land management plan and using original instruments, a joint action was launched, centred on a major project for sustainable development.

The objective was twofold: to convert the Falck and Breda industrial steel sites, and to provide local companies with a range of services of a nature to improve the technological level and the quality of local processes and products.

The "North Milan Development Agency" (ASNM) was set up thanks to cooperation with the Municipality of Sesto San Giovanni. Aid was targeted at four main areas: internationalisation, financial engineering, tutoring and entrepreneurship.

Table 2.5.4 - Project: ASNM (Agenzia di Sviluppo Nord Milano):
Community Initiative Programme "Italia Resider II" 1994-1999

Total cost	12,101,625 EUR
EU contribution	6,063,724 EUR

ASNM, 2000

RECITE II

The DEAFIN project (Development Agencies and their impact on Direct Foreign Investment) was started by the Province of Milan, the County of Västernorrland (Sweden), and the Land of Bremen (Germany) in order to attract investments to the three partner regions, supplying potential investors with a data base to carry out their choices of a productive cluster. The DEAFIN project was co-financed by the European Union and is part of the Recite II Community programs which support internal interregional cooperation actions.

2.5.2. European funds and regional development: 2000-2006

2.5.2.1 Objective 2

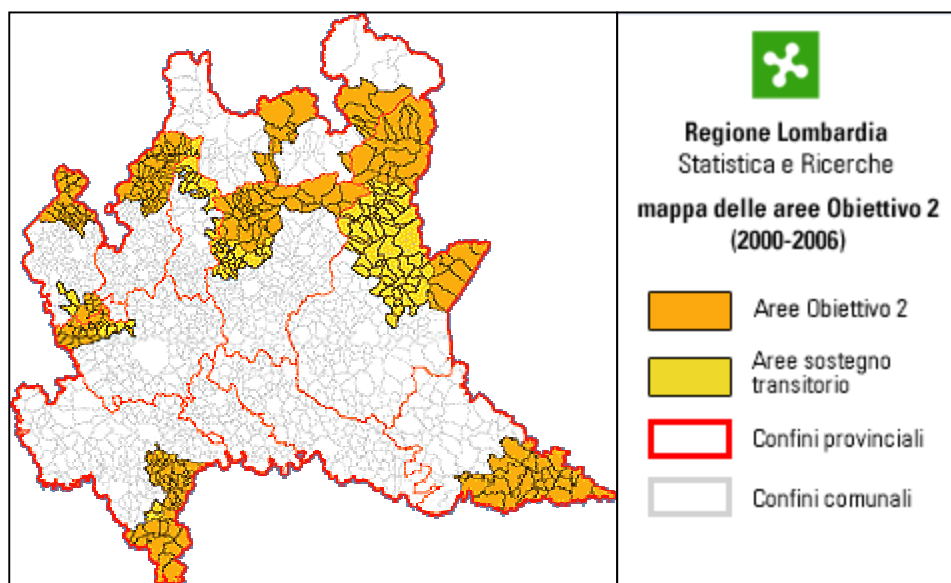
After the conclusion of the programming period 1994-99, the subsequent period is 2000-06. Objective 2 areas account approximately to 20% of Lombardy's total surface area. Of total spending of EUR 510.004 million, the Structural funds will contribute EUR 200.387 million for development of the Lombardy region. This funding will be used to tackle the problems of decline in the region and foster economic growth and productive innovation in the Objective 2 areas.

In the 2000-06 Single Programming Document⁶ a number of changes characterises the regional policy of the EU, and namely: the objectives are reduced to three, and there is a shift in the areas included in the Ob. 2 in the whole region and in the Province of Milan⁷.

⁶ Regione Lombardia, *Documento Unico di Programmazione Obiettivo 2*, Programmazione 2000 - 2006, Regolamento Generale (CE) n. 1260/1999, Regolamento F.E.S.R. (CE) n. 1783/1999 (approvato dalla CE con decisione C(2004) 4592 del 19.11.2004), 12 ottobre 2004.

⁷ Areas eligible for Ob. 2 in the Province of Milan: Arconate, Buscate, Busto Garolfo, Canegrate, Casorezzo, Castano Primo, Cerro Maggiore, Cuggiono, Dairago, Inveruno, Legnano (con esclusione di alcune zone censuarie), Magnago, Nosate, Rescaldina, Robecchetto con Induno, San Giorgio su Legnano, Turbigo, Vanzaghella, Villa Cortese; phasing out: Arese (partly), Garbagnate (partly), Lainate (partly), Nerviano, Parabiago, San Vittore Olona.

Figure 2.5.1 - Ob. 2 areas in Lombardy



The aims and objectives of the SPD are:

1. "Development of competitiveness of the Lombardy economic system"
2. "Territorial regeneration and valorisation"
3. "Protection and valorisation of environmental resources"

The Objective 2 distribution for the whole region, split up between provinces, is listed in Table 5, 2.5., while Table 6, 2.5 lists the split up of spending between different sources (EU, national, regional...).

Table 2.5.5 - Ob. 2 funding distribution by provinces

	Province	Municipalities	Area	Average area	Municipalities within Mountain Communities	Pop. (*)
		n.	ha		in C.M. %	-1996
Objective 2	Bergamo	36	84,013	2,334	100%	32,357
	Brescia	24	109,611	4,567	100%	41,875
	Como	38	46,177	1,215	100%	42,019
	Mantova	26	82,872	3,187	0%	107,346
	Milano	18	16,116	895	0%	129,952
	Pavia	44	63,291	1,438	34%	58,916
	Sondrio	18	73,833	4,102	100%	27,166
	Varese	36	29,160	810	83%	98,471
	Total	240	505,073	2,104	67%	538,102
Phasing out	Bergamo	26	22,297	858	100%	48,286
	Brescia	53	120,353	2,271	100%	114,863
	Como	3	3,400	1,133	100%	2,325
	Lecco	13	19,954	1,535	100%	13,357
	Milano	7	7,712	1,102	0%	169,671
	Pavia	2	3,404	1,702	100%	902
	Varese	5	8,449	1,690	0%	158,427
	Total	109	185,569	1,702	89%	507,831
TOTAL		349	690,642	1,979	74%	1,045,933

(*) whole municipal population

Source: Single Programming Document Objective 2, Region Lombardy.

Table 2.5.6 - Overall expenditures by different sources

	Total Cost	Public expenditure					
		Public resources	EU	National			
			FESR	Total	Central	Regional	Other
1. Development of competitiveness of the Lombardy economic system	133,429,967	133,429,967	66,195,903	67,234,064	47,375,293	19,858,771	
2. Territorial regeneration and valorisation	211,913,116	211,913,116	105,303,758	106,609,358	72,213,376	30,948,590	3,447,392
3. Protection and valorisation of environmental resources	61,334,386	61,334,386	30,412,192	30,922,194	21,237,395	9,101,741	583,058
4. Technical assistance	14,360,000	14,360,000	7,180,000	7,180,000	5,026,000	2,154,000	
GRAND TOTAL	421,037,469	421,037,469	209,091,853	211,945,616	145,852,064	62,063,102	4,030,450
TOTAL Ob.2	391,946,659	391,946,659	194,759,216	197,187,443	135,676,689	57,884,599	3,626,155
TOTAL Phasing out	29,090,810	29,090,810	14,332,637	14,758,173	10,175,375	4,178,503	404,295

Source: Single Programming Document Objective 2, Region Lombardy.

2.5.3. Other programmes and policies

In a regional development perspective the initiatives started and funded in the framework of national law 236/93, that acknowledged some areas in the Province of Milan as "crisis areas", are very relevant. This regulation aimed at financing industrial restructuring after the closing down of large industrial plants and the loss of thousands of jobs.

In the North Milan area, for instance, there has been an intense industrial restructuring activity, that had a focus in the initiatives promoted and implemented by the local development agency (ASNM, now Milano Metropoli, already described in this report).

After eight years of activities, in the four North Milan municipalities the unemployment rates are in line with the rest of the provincial area (around 5%), while in 1996-97 they reached 10%, and a number of start ups has been opened, especially in the IT sector.

Since 1997 in this area more than 262 M euro have been invested. The initial endowment provided by the Development Fund in the framework of law 236/93 was of 7 M euros, other 11 M euros were provided by other public investors (including the EU), while the rest, around 234 M euros was private investment.

From an urban planning point of view, industrial reuse concerned 67.000 sq. m. that were devoted to the creation of new enterprises in the four municipalities, through the creation of production districts and incubators especially aimed at SMEs.