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OECD metropolitan scan of Milan, Italy



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Abstract

Twenty years after the 2006 OECD Territorial Review, Milan has strengthened its position as Italy's leading metropolitan economy and a major centre for investment and innovation. The transition from the Province of Milan to the Metropolitan City in 2015 created a new institutional framework for planning development at the metropolitan scale. Yet Milan's functional economy extends well beyond its administrative boundaries, while the benefits and pressures associated with its strong performance remain unevenly distributed across the metropolitan territory. This OECD scan assesses the metropolitan area's performance, strengths and pressures, and examines how Milan can sustain its international competitiveness while fostering more inclusive and territorially balanced development. It highlights growing pressures related to housing affordability, accessibility, demographic ageing, labour shortages and skills mismatches, alongside significant assets in innovation, investment and talent attraction. Many of these opportunities and challenges transcend municipal and provincial boundaries, underscoring the need for effective metropolitan co-ordination. The Scan identifies three strategic priorities: promoting more balanced metropolitan competitiveness by better connecting housing, transport, and innovation policies; reinforcing human capital and skills; and strengthening metropolitan governance and implementation. Adopting a more integrated, territorially balanced and implementation-oriented governance approach, could help Milan strengthen its international competitiveness while advancing social cohesion, resilience and sustainable long-term growth.

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Table of contents

Disclaimers 3

Abstract 4

Acknowledgements 5

Abbreviations and acronyms 8

Executive summary 10

1 Milan's metropolitan transformation 12
- Milan’s functional geography 12
- Strong economic performance, uneven territorial outcomes 14
- Sustaining Milan's competitiveness will require managing multiple pressures 17

2 Milan’s metropolitan governance: fit for purpose? 26
- A shared vision, uneven territorial development 27
- Beyond funding: capacity and delivery challenges 28

3 Ways forward 30
- Metropolitan attractiveness, competitiveness and innovation 30
- Human capital and skills development 33
- Strengthening metropolitan governance 35

References 37
- Notes 38

Annex A. Territorial and functional trends 40

Annex B. International practices 49

Annex C. Stakeholders 51

About the OECD 53

About OECD Regional Development Papers 54

FIGURES

Figure 1. Functional boundaries extend beyond the Metropolitan City 13
Figure 2. Milan is in the top 15% for municipal fragmentation among OECD FUAs above 1 million 14
Figure 3. Milan's contribution to national GDP is almost double its population share – a higher economic weight than most comparable OECD metropolitan areas 15
Figure 4. Economic specialisation in Milan: advanced tradable services in the Metropolitan City, tradable goods in the rest of the FUA 16
Figure 5. Real income is growing slowly in the Milan municipality, while 90% of municipalities in the Milan FUA are experiencing a decline 17
Figure 6. Population growth is increasingly concentrated in the southern part of the FUA of Milan 18
Figure 7. Housing prices have increased faster in the FUA of Milan than in other Italian FUAs but slower than comparable other OECD FUAs 19
Figure 8. Housing affordability is a challenge in the municipality of Milan 20
Figure 9. Emissions have remained stable in the past decade in Milan 21
Figure 10. Emissions per capita in Milan are more than twice lower than the national and EU level 21
Figure 11. Milan has one of the highest old-age dependency ratios among comparable OECD FUAs 22
Figure 12. Lombardy is the second most AI-exposed TL2 region in Italy but below the EU average 24
Figure 13. Startups located in the FUA of Milano concentrated 65% of the total Italian venture capital inbound investments 25

Figure A A.1. Milan's share of national GDP and population compared with other Italian regions and OECD TL3 regions with the largest GDP shares 40
Figure A A.2. Milan is the fastest growing metropolitan region in Italy but not in the EU27 41
Figure A A.3. The Metropolitan City of Milan's labour productivity is highest in the region but is growing more slowly than in surrounding small regions 42
Figure A A.4. The Metropolitan City of Milan continues to grow despite national demographic decline 42
Figure A A.5. Positive net migration as the main driver of population growth in Milan 43
Figure A A.6. Net migration of people aged 15 to 39 is higher in Lombardy than at the national and EU levels 43
Figure A A.7. Ageing trends in the Metropolitan City of Milan 44
Figure A A.8. The population in the Metropolitan City of Milan is expected to increase until 2050 before stabilising 44
Figure A A.9. Almost 25% of municipalities in Milan's functional urban area have fewer than 50 workers employed in the municipality per 100 employed residents 45
Figure A A.10. Commuting in the metropolitan area continues to rely heavily on private cars 45
Figure A A.11. Municipal waste recovery rate in Milan is higher than the national average (69% vs 67%), but lower than surrounding provinces 46
Figure A A.12. Over-skilling has become increasingly prevalent in Lombardy 46
Figure A A.13. Share of adults participating in training in Lombardy is 6 percentage points higher than the country's average (26% vs 20%) 47
Figure A A.14. The share of jobs at high risk of automation in Lombardy is 2.4 percentage points higher than the country's average (10.2% vs 7.8%) 47
Figure A A.15. Inventors from Milano accounted for 15% of all patent applications filed in Italy 48
Figure A A.16. Inventors from Milan filed about 6 000 patents between 2013 and 2023, similar to the average for FUAs with comparable populations 48

TABLES

Table 1. Labour shortages are particularly acute in managerial and professional occupations 23

Table A B.1. International practices 49
Table A C.1. Consulted stakeholders 51

Abbreviations and acronyms

AFOL	Metropolitan Agency for Training, Guidance and Labour Policies
AI	Artificial Intelligence
AMB	Metropolitan Area of Barcelona (Àrea Metropolitana de Barcelona)
CDP	Cassa Depositi e Prestiti
DUP	Single Programming Document (Documento Unico di Programmazione)
ENEA	Italian National Agency for New Technologies, Energy and Sustainable Economic Development (*Agenzia nazionale per le nuove tecnologie, l'energia e lo sviluppo economico sostenibile*)
EU	European Union
FUA	Functional Urban Area
GLA	Greater London Authority
MIND	Milano Innovation District
MRA	Metropolitan Region Amsterdam (Metropoolregio Amsterdam)
MRDH	Metropolitan Region Rotterdam-The Hague (Metropoolregio Rotterdam Den Haag)
OECD	Organisation for Economic Co-operation and Development
PINQuA	National Innovative Programme for Housing Quality (*Programma Innovativo Nazionale per la Qualità dell'Abitare*)
PMRR	Metropolitan Recovery and Resilience Plan (*Piano Metropolitano di Ripresa e Resilienza*)
PNRR	National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*)
PSTTM	Three-Year Strategic Plan for the Metropolitan Territory (*Piano Strategico Triennale del Territorio Metropolitano*)
PTM	Metropolitan Territorial Plan (*Piano Territoriale Metropolitano*)
PUI	Integrated Urban Plans (*Piani Urbani Integrati*)
PULS	Urban Logistics Plan (*Piano Urbano della Logistica Sostenibile*)

PUMS	Sustainable Urban Mobility Plan (*Piano Urbano della Mobilità Sostenibile*)
SEM	Smart Land South-East Milan (*Smart Land Sud Est Milano*)
SII	Integrated Water Service (*Servizio Idrico Integrato*)
SNSvS	National Sustainable Development Strategy (Strategia Nazionale di Sviluppo Sostenibile)
SOM	Smart Land South-West Milan (*Smart Land Sud Ovest Milano*)
S.o.S.	School of Sustainability
SRSvS	Regional Sustainable Development Strategy (*Strategia Regionale di Sviluppo Sostenibile*)
STTM	Metropolitan Thematic-Territorial Strategies (*Strategie Tematico-Territoriali Metropolitane*)
SUA	Single Contracting Authority (*Stazione Unica Appaltante*)
SUAP	One-Stop Shop for Productive Activities (*Sportello Unico per le Attività Produttive*)
TfL	Transport for London
UK	United Kingdom

Executive summary

Twenty years after the 2006 OECD Territorial Review, Milan has strengthened its position as Italy's leading metropolitan economy and as a major centre for investment, innovation and knowledge-intensive activities. The creation of the Metropolitan City of Milan in 2015, replacing the former Province of Milan and bringing together 133 municipalities, marked an important step towards addressing development at a metropolitan scale. Yet Milan's economic, social and spatial relationships extend well beyond these administrative boundaries, while the benefits and pressures associated with its strong performance are unevenly distributed across the metropolitan territory. The challenge is therefore increasingly about sustaining Milan's competitiveness while ensuring that its development is inclusive, accessible and territorially balanced.

Milan's economic strength is considerable. In 2023, the Metropolitan City generated almost 11% of Italy's GDP while accounting for just over 5% of its population. This economic weight is particularly significant for a metropolitan region that ranks second in its country by population. By comparison, Barcelona accounted for 14% of Spain's GDP and 12% of its population, making Milan's contribution to the national economy relative to its population more comparable to that of OECD capital-city regions. This performance is underpinned by a diverse metropolitan economy: advanced producer services and knowledge-intensive activities are concentrated in the Metropolitan City, while surrounding territories retain important manufacturing, logistical, agricultural and other productive functions.

Milan's economic and functional geography extends beyond administrative boundaries. The Milan Functional Urban Area (FUA), which captures the wider area connected through commuting flows, extends beyond the Metropolitan City into six neighbouring provinces. Across this wider functional geography, strong aggregate performance has not translated into comparable income gains for residents: between 2017 and 2023, real gross income per income recipient declined in around 90% of municipalities in the Milan FUA. Milan is also highly fragmented at the municipal level: measured by the number of municipalities per 100 000 inhabitants, it ranks 24th among 174 OECD FUAs with more than one million inhabitants. Housing and labour markets, commuting flows, transport networks and land-use pressures therefore operate across a large number of jurisdictions, highlighting the need for effective co-ordination across municipal and provincial boundaries.

Demographic change is affecting different parts of the metropolitan and wider functional area unevenly. Many of the fastest-growing municipalities are located in the Milan FUA's commuting zone, while other parts of the FUA are experiencing more limited population growth or decline. At the same time, sharp differences in housing affordability can influence where people live: purchasing a 100 m² dwelling requires almost 14 years of household income in the municipality of Milan, compared with around five years on average in the commuting zone. This reinforces the importance of transport connections between residential areas, jobs and services across the functional area. Continued population and economic growth are also increasing demand for land and strategic infrastructure, while calling for effective ways to combine economic development and environmental objectives.

Milan attracts workers but still faces growing pressures in its labour market. Migration has fed population growth, particularly among younger age groups, but will not be sufficient to offset reductions in the labour force arising from population ageing. Labour shortages and skills mismatches are already evident. The metropolitan economy also attracts substantial innovation-intensive investment: the Milan FUA received

around 65% of venture capital investment in Italian start-ups between 2020 and 2024. Technological change will further reshape labour demand. Lombardy is among Italy's regions most exposed to the effects of artificial intelligence, creating opportunities to boost productivity and innovation while changing tasks and skill requirements. Sustaining Milan's competitive position will therefore require attracting and retaining talent, adapting skills and better connecting economic development and innovation with housing, mobility and quality of life across the wider metropolitan area.

Addressing these interconnected challenges requires effective action at the metropolitan scale. The Metropolitan City of Milan has progressively developed strategic planning instruments and co-ordination mechanisms. The 2025-2027 Metropolitan Strategic Plan provides a shared vision for metropolitan development, supported by territorial, mobility and sustainability strategies, as well as platforms for stakeholder engagement and inter-municipal co-operation. Recent initiatives have also strengthened metropolitan investment and delivery capacity, notably through the National Recovery and Resilience Plan, the Metropolitan Recovery and Resilience Plan, shared procurement services and data-driven monitoring tools.

However, Milan’s capacity to translate metropolitan objectives into coherent policies and concrete investments remains constrained by fragmented responsibilities, limited financial autonomy and uneven administrative capacity. Decision-making authority is often unclear and metropolitan strategies are not always binding on municipalities, limiting the alignment of local decisions with shared priorities. Moreover, the functional geography of housing, labour markets, mobility and environmental systems, extending beyond existing administrative boundaries, requires more flexible forms of inter-territorial co-operation. Uneven administrative and technical capacities, particularly among smaller municipalities, constrain project preparation, investment delivery and the scaling-up of successful initiatives. Financing remains dependent on extraordinary funding programmes, while long-term infrastructure operation and maintenance lack predictable resources. Finally, monitoring and evaluation systems remain largely focused on activities and outputs rather than outcomes and impacts, limiting their contribution to policy learning and evidence-based decision-making.

Against this background, three strategic priorities stand out:

- **Promote balanced metropolitan competitiveness**. Develop a more polycentric metropolitan economy by strengthening secondary urban centres, distributing innovation and employment opportunities, expanding affordable housing linked to public transport, and supporting circular economy and climate-resilience initiatives. Better connect universities, businesses and innovation districts to the wider metropolitan territory.
- **Reinforce human capital and institutional capacity**. Align education and vocational training with labour-market needs, improve talent attraction and retention, support digital transformation and responsible AI adoption, and provide shared technical assistance to municipalities to improve their capacity to implement strategic objectives. Develop sustainable financing and project-management capacities beyond the PNRR.
- **Strengthen metropolitan governance and implementation**. Clarify institutional responsibilities, align strategic plans with investment decisions, reinforce co-operation with the Lombardy Region and municipalities, and establish stronger mechanisms for project delivery, monitoring and evaluation.

Milan's future competitiveness will depend on the quality of its metropolitan governance. A more integrated, implementation-oriented and territorially balanced governance model would enable Milan to combine its international economic attractiveness with greater social cohesion, resilience and sustainable growth.

1 Milan's metropolitan transformation

Twenty years after the 2006 OECD Territorial Review, Milan faces a different metropolitan challenge. Strong economic performance, attractiveness and innovation capacity have reinforced its position as Italy's leading metropolitan economy, but sustaining this success increasingly requires addressing pressures that extend across administrative boundaries. Housing affordability, commuting, labour markets, infrastructure and demographic change increasingly unfold at the scale of a functional metropolitan area that extends beyond the Metropolitan City.

Against this backdrop, the Scan examines three interrelated questions: how can the Metropolitan City translate its strategic plans into effective delivery; how can policies be better co-ordinated at the scale of Milan's functional economy; and what policy interventions can sustain competitiveness while strengthening inclusion and territorial cohesion? This chapter provides the diagnosis underpinning these questions, identifying the features of Milan's development model that create a need for action at metropolitan scale.

Milan's functional geography

Functional boundaries do not match administrative boundaries

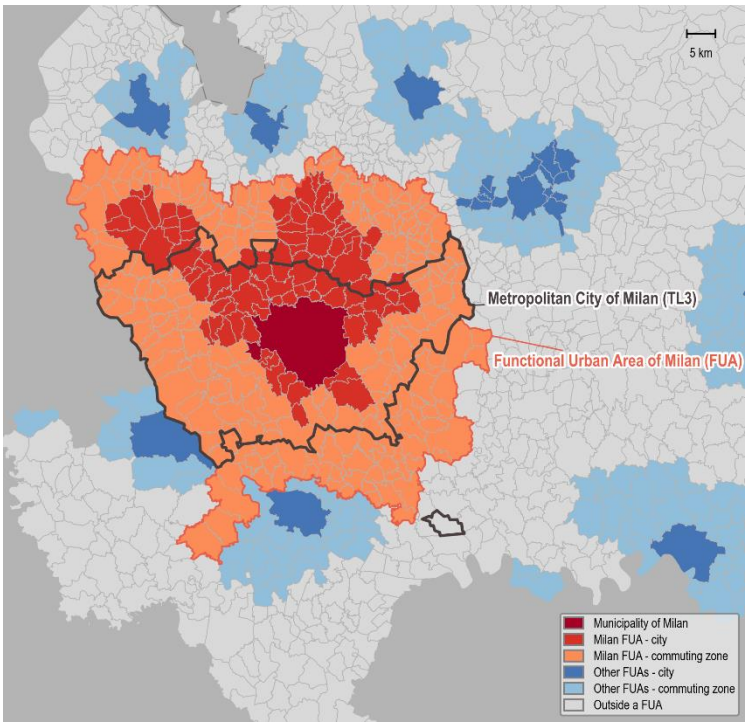
The Metropolitan City of Milan (*Città Metropolitana di Milano*)[1] is at the core of one of the largest Functional Urban Areas (FUAs)[2] in the EU-27. The two geographies, however, capture different dimensions of metropolitan Milan. The Metropolitan City is an administrative entity comprising 133 municipalities, whereas the FUA is a statistical geography designed to reflect how the metropolitan economy functions in practice. It combines its most densely populated area (city) with a surrounding commuting zone that is closely integrated with it through daily travel to work.

In Milan, the functional geography extends considerably beyond the administrative boundaries of the Metropolitan City (Figure 1). Almost all of the Metropolitan City's 133 municipalities belong to the Milan FUA, but the FUA also encompasses municipalities in the provinces of Como, Cremona, Lodi, Monza e Brianza, Pavia and Varese. Of the 95 municipalities that constitute the FUA's city, 48 belong to the Metropolitan City, while the remaining municipalities of the Metropolitan City are located in the FUA's commuting zone.

This mismatch matters because many of the processes shaping metropolitan development do not stop at administrative boundaries. Housing and labour markets, commuting flows, transport networks and land-use pressures operate across municipal and provincial boundaries. Decisions taken in one jurisdiction can therefore have implications for residents and businesses elsewhere in the metropolitan economy. Addressing these interdependencies requires policies to take account of functional relationships across municipal and provincial boundaries.

Figure 1. Functional boundaries extend beyond the Metropolitan City

Municipalities by Functional Urban Area (FUA) classification, 2025



Source: Elaboration based on OECD Regions, Cities and Local Areas database, http://oe.cd/geostats (2026[1]).

High municipal fragmentation poses challenges for co-ordination

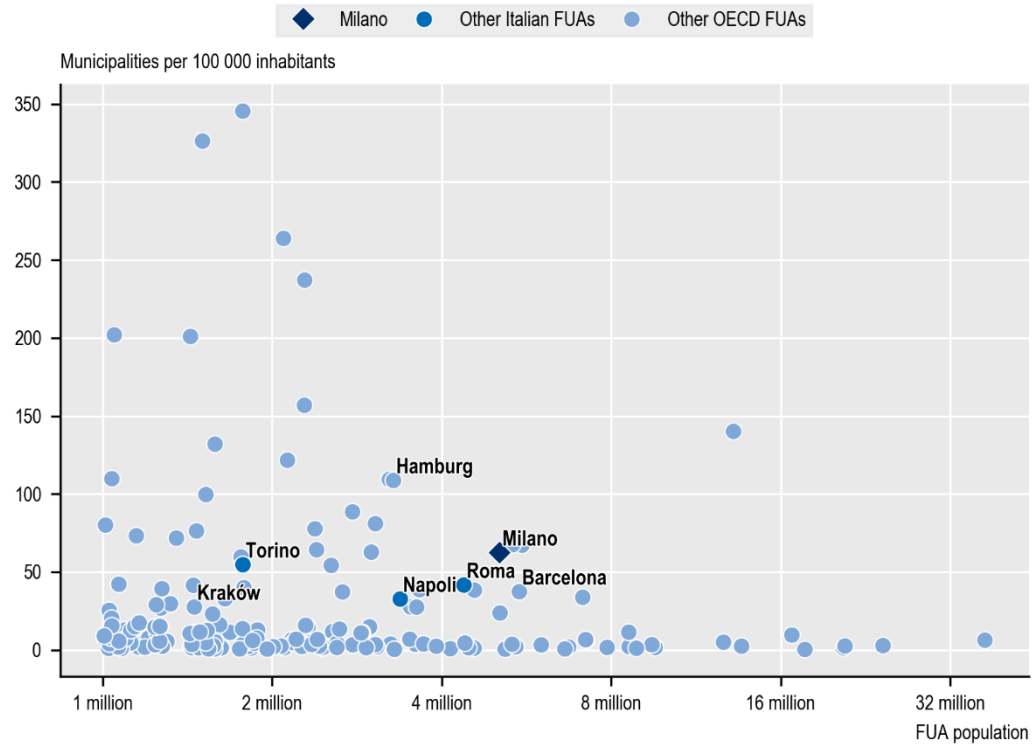
The challenge of co-ordinating policies across the territory is compounded by the large number of municipalities into which the metropolitan area is divided. Municipal fragmentation is particularly high by OECD standards (Figure 2). Among 174 FUAs with more than 1 million inhabitants across 30 OECD countries, Milan ranks 24th in terms of municipal fragmentation and has the highest level of fragmentation among the 4 Italian FUAs of similar size. With 62 municipalities per 100 000 inhabitants, Milan is more fragmented than Barcelona in Spain (37) and Krakow in Poland (27), although less so than Hamburg in Germany (109).

A highly fragmented institutional landscape can increase the complexity of co-ordinating territorial planning strategies, investment and service delivery across jurisdictions (Ahrend et al., 2014[2]). It can also pose additional challenges in terms of effective administrative, strategic, and fiscal capacity.

The institutional implications of this territorial mismatch are examined in Chapter 2, which reviews the governance arrangements currently in place across the metropolitan area.

Figure 2. Milan is in the top 15% for municipal fragmentation among OECD FUAs above 1 million

Number of municipalities per 100 000 inhabitants in Italian and other OECD FUAs above 1 million inhabitants



Note: Figure includes 174 FUAs in 30 OECD countries: 4 in Italy, 170 elsewhere. FUAs with population above 1 million are included. All Italian FUAs and selected FUAs in other countries are labelled. Population data refer to 2025, except for: COL (2019); MEX (2020); JPN (2020); CAN (2021); ESP (2022); IRL (2022); FRA (2022); CHE (2023); KOR (2023); FIN (2024); AUS (2024); CHL (2024); ITA (2024); HUN (2024); GBR (2024); NZL (2024); POL (2024); PRT (2024); SVK (2024); SWE (2024); USA (2024). Milano ranks 1 out of 4 Italian FUAs over 1 million inhabitants. In OECD, it ranks 24 out of 174 (87th percentile).
Source: Calculations based on OECD Regions, Cities and Local Areas database, http://oe.cd/geostats (2026[1]).

Strong economic performance, uneven territorial outcomes

Milan has strengthened its position as Italy's economic engine

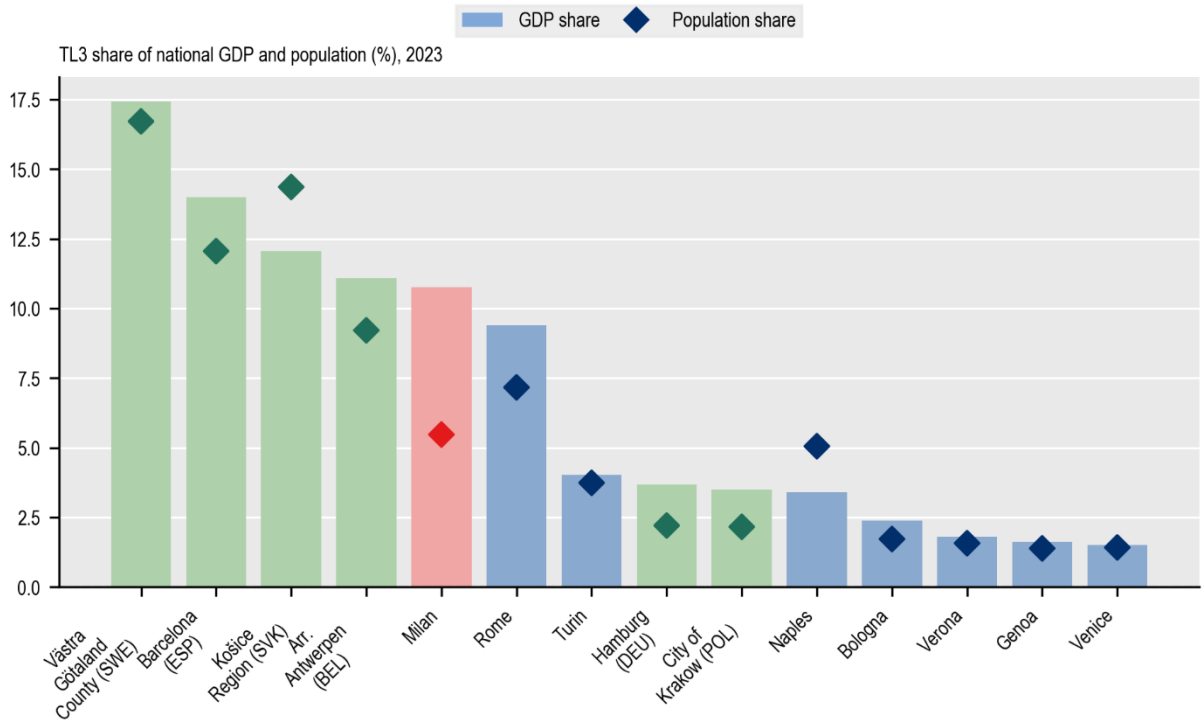
The Metropolitan City of Milan is Italy's leading metropolitan economy. In 2023, it generated almost 11% of national GDP, while it is home of just over 5% of Italian residents (Figure 3). Its contribution to national GDP exceeds that of all other Italian metropolitan regions, including Rome, despite the capital region having a substantially larger population. Milan also stands out among OECD metropolitan regions that rank second in their respective countries by population. For example, Barcelona accounted for 14% of Spain's GDP and 12% of its population, compared with Milan's 11% and 5%, respectively. Milan's economic weight relative to its population is more comparable to that of OECD capital-city regions (Figure A A.1).

Milan has further strengthened this position over the past decade. Between 2013 and 2023, its share of national GDP increased by almost one percentage point, while most other major Italian metropolitan regions recorded little change or a decline. Its economy grew by around 20% over the same period, making Milan one of Italy's fastest-growing metropolitan economies. This performance was nevertheless broadly in line with that of other growing European metropolitan regions (see Figure A A.2).

This relatively strong performance provides an important foundation for Milan's future competitiveness. However, economic growth has not been evenly distributed across the metropolitan area. Increasing differences in where economic activity, jobs and income gains are concentrated raise questions about how the benefits of Milan's growth can extend across its wider functional economy.

Figure 3. Milan's contribution to national GDP is almost double its population share – a higher economic weight than most comparable OECD metropolitan areas

GDP and population shares at TL3 level, 2023



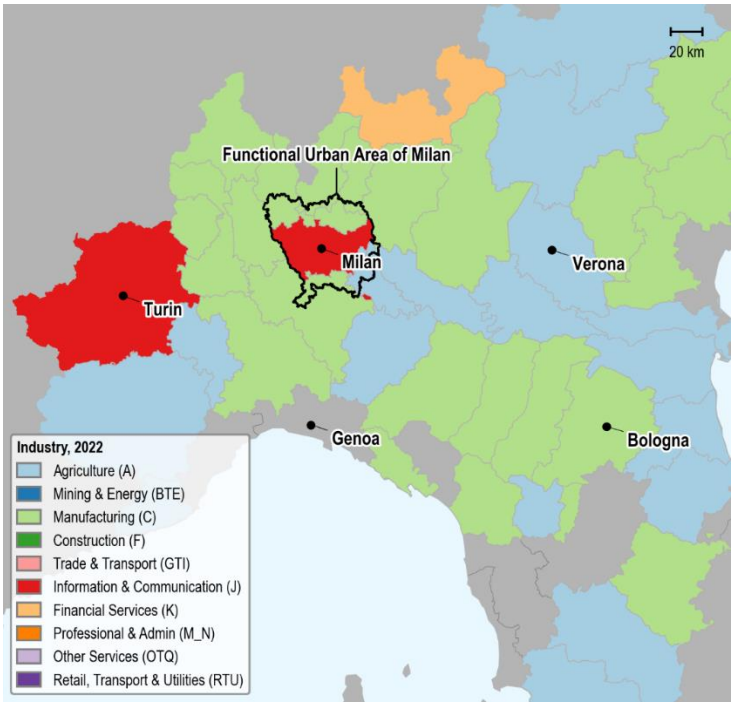
Note: Figure includes 8 Italian TL3 regions (Milan, Rome, Turin, Naples, Bologna, Verona, Genoa, Venice) and 6 OECD TL3 peer regions. GDP and population shares are calculated relative to respective national totals in 2023. OECD peers are non-capital TL3 regions ranked 2 in their respective countries by population, selecting the 6 closest to Milan in population size.
Source: Calculations based on OECD Regions, Cities and Local Areas database, http://oe.cd/geostats (2026[1]).

Economic strengths and outcomes vary across the functional area

Milan's economic geography rests on a differentiated spatial division of economic functions across its functional area. The Metropolitan City is increasingly specialised in advanced producer services and knowledge-intensive activities, while surrounding territories retain stronger specialisation in tradable goods production, particularly manufacturing in the northern part of the FUA and agriculture in the south, supported by the presence of the *Parco Agricolo Sud Milano* (Figure 4). This complementarity contributes to the competitiveness of the wider metropolitan economy by combining a strong service base with a diversified productive system.

Figure 4. Economic specialisation in Milan: advanced tradable services in the Metropolitan City, tradable goods in the rest of the FUA

Industry with the highest GVA location quotient in each TL3 region, 2022



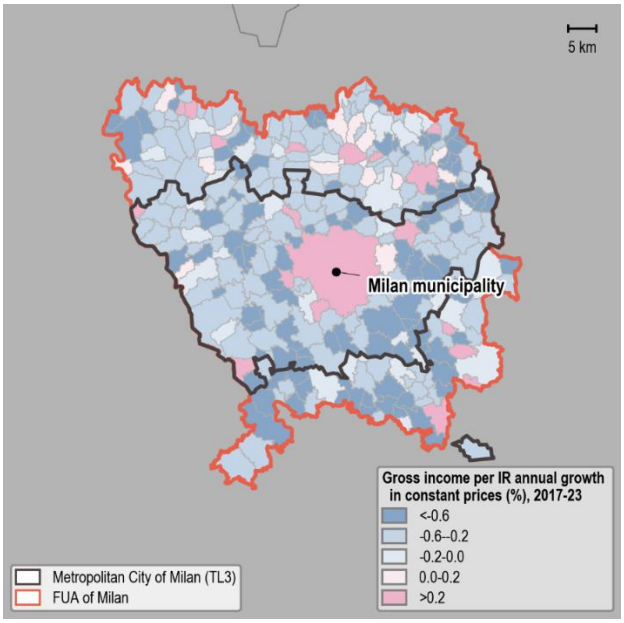
Note: The figure shows TL3 regions in the north of Italy. For each industry, the location quotient compares the share of GVA, measured at current prices, within a region with the corresponding national share. The industry with the highest location quotient in each region is shown. Real estate activities (section L) are excluded from the calculations.
Source: Calculations based on OECD Regions, Cities and Local Areas database, http://oe.cd/geostats (2026[1]).

These differences are also reflected in productivity patterns. Labour productivity in the Metropolitan City remains substantially higher than in the surrounding provinces that overlap with the FUA, although it has grown more slowly in Metropolitan Milan over the past decade than in the surrounding provinces (see Figure A A.3). This points to both the continued concentration of high-value economic activity in the Metropolitan City and the importance of productivity growth and economic integration across the wider functional area.

Strong aggregate economic performance has not, however, translated into comparable income gains across the metropolitan area. Between 2017 and 2023, the municipality of Milan ranked 13th among the 317 municipalities in the FUA in terms of real gross income growth per income recipient, although its average annual increase was only 0.2% in constant prices. Around 90% of municipalities in the FUA recorded a decline in real income over the same period (285 out of 317) (Figure 5). Although income and GDP measure different dimensions of economic performance, respectively the income of residents and the value generated where economic activity takes place, the contrast between strong metropolitan economic growth and weak income dynamics suggests that the benefits of growth have not been broadly reflected in residents' purchasing power across much of the functional area.

Figure 5. Real income is growing slowly in the Milan municipality, while 90% of municipalities in the Milan FUA are experiencing a decline

Growth in gross income per income recipient in constant prices (%), 2017-2023



Note: The figure includes 317 municipalities. Gross income per income recipient (*percettore di reddito*) in a municipality is defined as total gross income in the municipality divided by the number of individuals in that municipality receiving income. Gross income per income recipient is expressed in constant prices, deflated using the national CPI. Annualised growth rates between 2017 and 2023 are displayed. Milan ranks 13 among the 317 municipalities, where gross income per income respondent grew at 0.2% per year. 285 municipalities (90%) recorded negative growth. income respondent grew at 0.2% per year. 285 municipalities (90%) recorded negative growth.
Source: OECD calculations based on Istat (2023), *Redditi e principali variabili Irpef su base comunale*, https://www1.finanze.gov.it/finanze/analisi_stat/public/index.php?search_class%5B0%5D=cCOMUNE&opendata=yes.

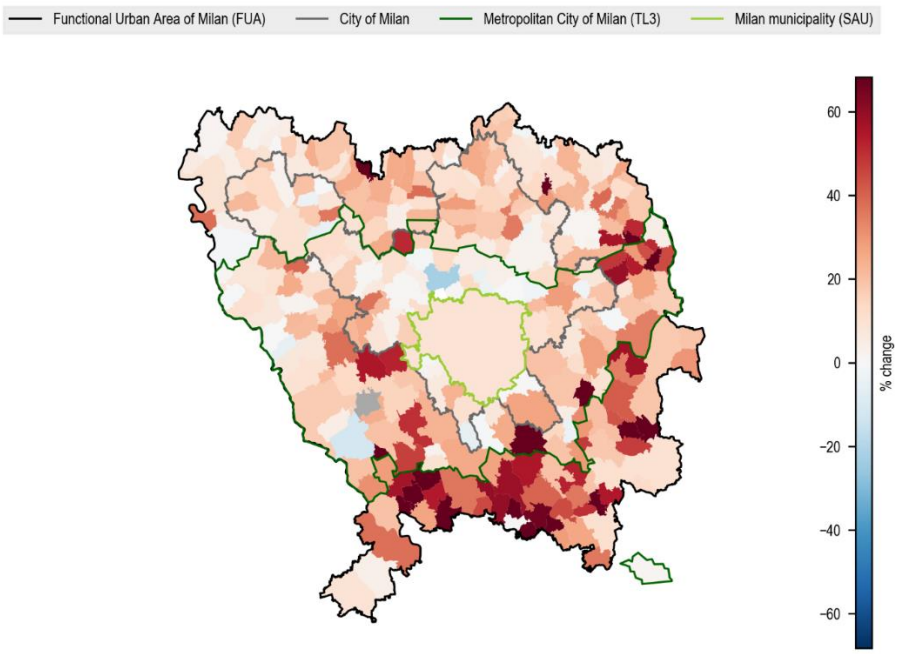
Sustaining Milan's competitiveness will require managing multiple pressures

Housing, accessibility and the territorial pressures of metropolitan growth

Milan's attractiveness is reshaping where people live across the metropolitan area. While the municipality of Milan continues to attract residents, many of the fastest-growing municipalities are located in the FUA's commuting zone, particularly in its southern part and beyond the boundaries of the Metropolitan City (Figure 6). By contrast, several municipalities, particularly in the northern part of the Metropolitan City and the wider FUA, have experienced limited growth or population decline. These diverging trajectories point to a diverse geography of population growth and may partly reflect differences in housing affordability and accessibility across the functional area, as households balance housing costs with access to employment, services and transport connections.

Figure 6. Population growth is increasingly concentrated in the southern part of the FUA of Milan

Population change in the Functional Urban Area, City and municipality of Milan (%), 2002-2024



Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

Housing affordability is likely to be an important factor shaping these residential choices. House prices in the Milan FUA have increased faster than in other major Italian FUAs since 2016, with particularly sharp increases after 2021 (Figure 7). Affordability pressures are especially pronounced in the municipality of Milan and vary substantially across the metropolitan area. Purchasing a 100 m² dwelling in the municipality of Milan requires almost 14 years of mean equivalised household disposable income, compared with an average of around five years in the commuting zone of the FUA (left panel of Figure 8). Similar disparities exist in the rental market, where renting a dwelling of the same size would absorb around 51% of monthly disposable household income in the municipality of Milan, compared with an average of one quarter in the commuting zone (right panel of Figure 8). Housing demand is also being reinforced by declining household size, which increases the number of dwellings required for a given population[3].

Lower housing costs outside the municipality of Milan may therefore help explain population growth in parts of the commuting zone, including the south of the FUA. However, the attractiveness of these locations also depends on their accessibility to jobs and services. Public transport, walking and cycling account for a substantial share of commuting within the municipality of Milan, while private cars remain the dominant mode across the Metropolitan City and wider FUA (see Figure A A.10 in Annex). As commuting patterns extend across administrative boundaries, efficient public transport connections across the wider metropolitan area become increasingly important. This requires co-ordinated planning and investment across multiple transport authorities and levels of government, both to maintain efficient metropolitan connectivity and to limit congestion, travel times and transport-related emissions.

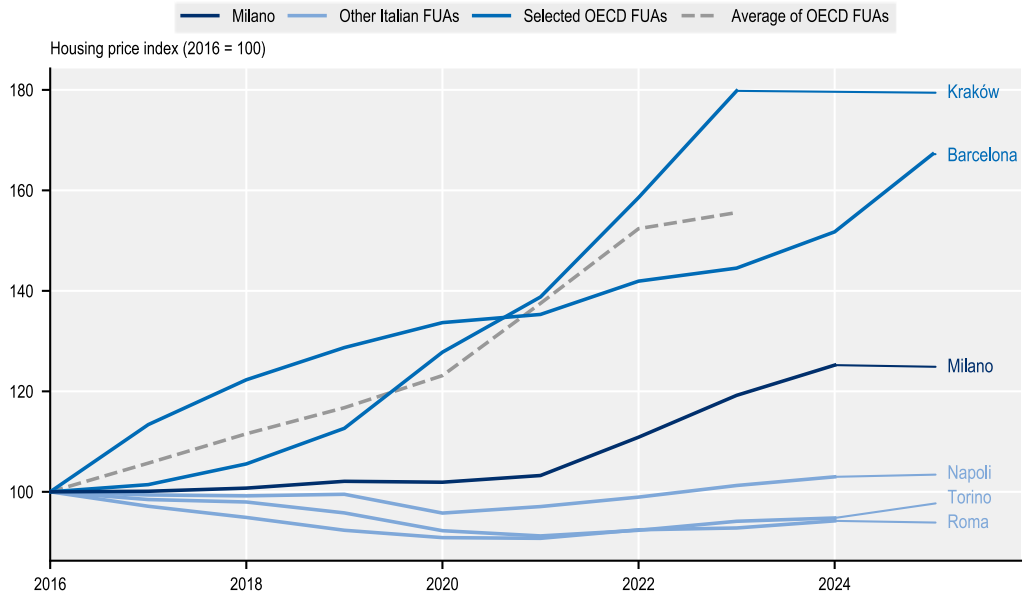
Housing affordability pressures in Milan reflect broader challenges facing large FUAs in OECD Member countries, where strong housing demand tends to outpace supply. Between 2016 and 2023, housing transaction prices increased by more than 55% on average in FUAs with over 1 million inhabitants across 13 OECD countries with available data, compared with 20% in Milan (Figure 7).[4] While price increases in Milan were more moderate than the average across the FUAs considered, the broader trend points to

structural pressures on housing affordability in major metropolitan areas, particularly where housing supply has struggled to keep pace with population growth. In FUAs with more than 1.5 million inhabitants, housing supply has expanded least relative to population growth despite typically higher initial housing prices. In these FUAs, each additional housing unit accommodated a median of 1.8 additional inhabitants, compared with 1.2 in mid-sized FUAs and 0.6 in small FUAs (OECD, 2026[3]).[5]

These trends highlight the importance of considering how the land and property value generated by metropolitan growth can contribute to the provision of affordable housing and related infrastructure. Instruments such as land value capture (OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center, 2022[4]) can help mobilise part of the value created by urban development and public investment to finance housing, transport and other public amenities, thereby supporting more inclusive and sustainable metropolitan growth.

Figure 7. Housing prices have increased faster in the FUA of Milan than in other Italian FUAs but slower than comparable other OECD FUAs

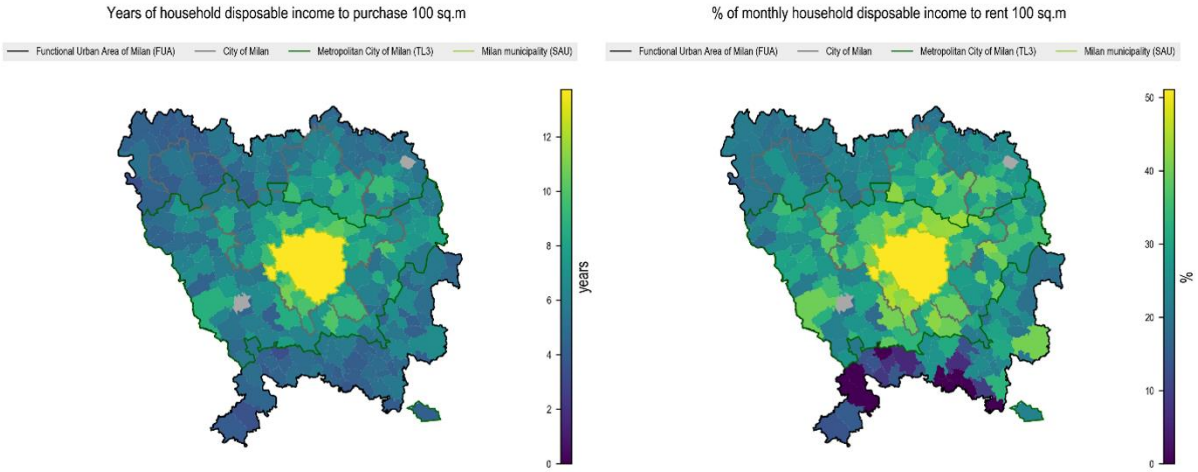
House transaction price trends in Italian and OECD FUAs above 1 million inhabitants, 2016 to latest available



Note: Housing transaction prices are expressed in nominal terms and are indexed to 2016 = 100. Sample is restricted to FUAs with more than 1 million inhabitants (latest population observation up to 2023) and price observations between 2016 and 2023. Price indices are constructed using the following available measures, in order of preference: mean price per m² (BEL, DNK, ESP, FIN, HUN, ITA, JPN, NOR, POL, SWE); mean dwelling price (GBR, NLD, USA); median dwelling price (GBR). The OECD FUA average is the unweighted mean of price indices in each year, based on a balanced 2016-2023 panel of 100 FUAs in 13 countries: BEL, DNK, ESP, FIN, GBR, HUN, ITA, JPN, NLD, NOR, POL, SWE, USA. Barcelona and Kraków are shown from 2016 to their latest available observations, using preferred available measures. Population reference years for included FUAs: BEL (2023); DNK (2023); ESP (2022); FIN (2023); GBR (2023); HUN (2023); ITA (2023); JPN (2023); NLD (2023); NOR (2023); POL (2023); SWE (2023); USA (2023).
Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

Figure 8. Housing affordability is a challenge in the municipality of Milan

Years of mean equivalised household disposable income needed to purchase 100 m^2 (left panel) and share of monthly mean equivalised household disposable income needed to rent 100 m^2 (right panel), municipal level, 2023



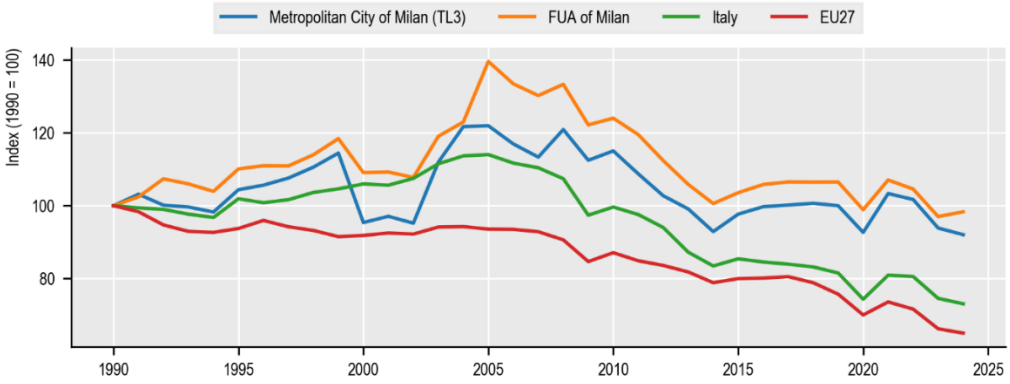
Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats
Note: The household disposable income is income households have available for consumption and saving, after taxes, social contributions and transfers. Disposable income per equivalised household is obtained by dividing the total income of a household by the square root of the number of people in the household.

Milan's continued growth is also generating new demands on land and strategic infrastructure. The rapid expansion of data centres illustrate these emerging pressures. The Metropolitan City has become Italy's main location for data centres, attracting the majority of existing installed capacity and a large share of planned investments (Data Center Map, 2026[5]). While supporting digitalisation and investment, these facilities create new challenges related to land use, electricity demand, water resources and their integration with surrounding urban areas. Lombardy's 2026 regulatory framework (Lombardy Region, 2026[6]) seeks to guide their location, encourage the redevelopment of brownfield sites, improve energy efficiency and limit pressures on agricultural and environmentally sensitive land. The establishment of a regional *Cabina di Regia* (Steering Committee), bringing together *Regione Lombardia*, the Metropolitan City and other public institutions, also reflects the need to consider the cumulative impacts of such investments across jurisdictions and policy sectors.

More broadly, sustaining metropolitan growth will require economic development to be reconciled with environmental objectives. Total greenhouse gas emissions in the Metropolitan City have remained broadly stable over the past decade despite sustained economic and demographic growth (Figure 9), indicating some decoupling of economic activity from emissions. However, maintaining stable emissions will not be sufficient to meet Milan's climate objectives[6]: sustained reductions in absolute emissions will be needed as the metropolitan economy and population continue to evolve. Per-capita emissions are also substantially below the Italian and EU27 averages (Figure 10). Other environmental indicators provide a similarly positive, albeit nuanced, picture: municipal waste recovery rates are above the national average, although below those observed in several neighbouring provinces (see Figure A A.11 in Annex).

Figure 9. Emissions have remained stable in the past decade in Milan

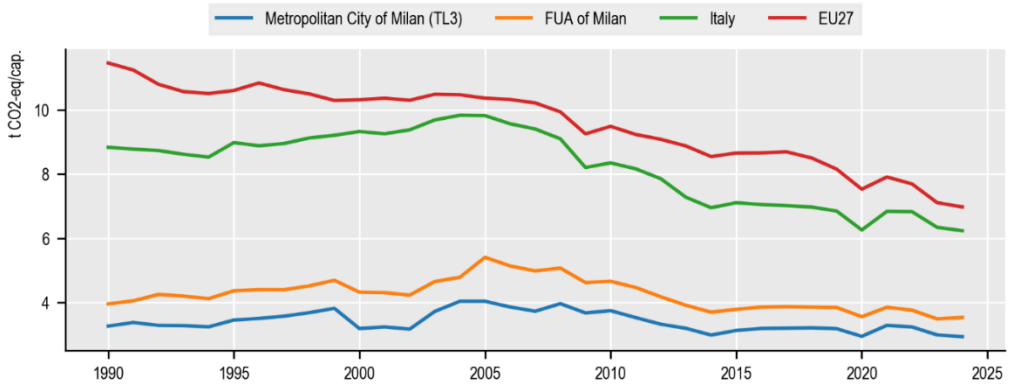
Greenhouse gas emission trends from 1990 to 2024 (1990 = 100)



Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats, based on EDGAR - Emissions Database for Global Atmospheric Research, https://edgar.jrc.ec.europa.eu/

Figure 10. Emissions per capita in Milan are more than twice lower than the national and EU level

Greenhouse gas emissions per capita trends from 1990 to 2024



Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats, based on EDGAR - Emissions Database for Global Atmospheric Research, https://edgar.jrc.ec.europa.eu/

Strong innovation capacity coexists with demographic and skills pressures

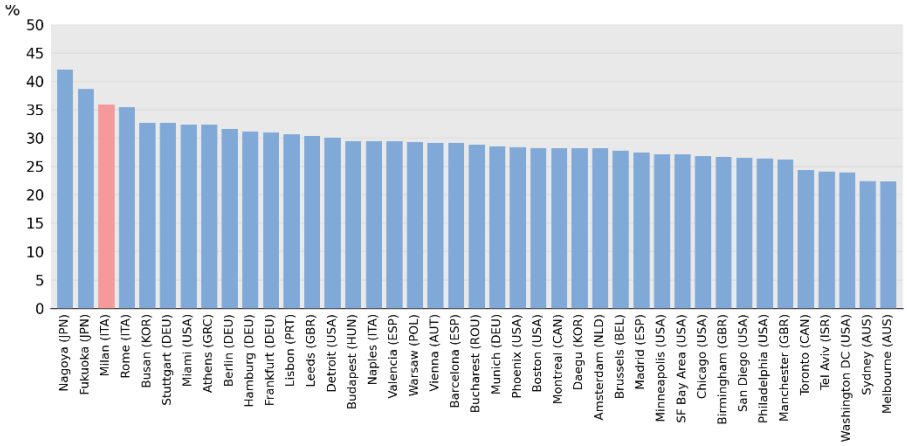
Milan's capacity to sustain its competitiveness will increasingly depend on its ability to attract and retain workers, make effective use of their skills and adapt to technological and demographic change. Migration has been the main driver of population growth in recent years, opposed to an increasingly negative natural population change and distinguishing Milan from many other Italian metropolitan areas (see Figure A A.4 and Figure A A.5 in Annex). International migration has played the largest and most sustained role, accounting for most population growth in the 2000s and recovering to around 0.6-0.7% of the population annually in 2022-2023. Net internal migration, by contrast, was negative until the late 2000s, became an important source of growth between 2010 and 2019 and subsequently declined following the pandemic. The population decline recorded in 2020-2021 was driven primarily by excess mortality and statistical adjustments rather than outmigration. The attractiveness of the wider region is particularly evident among

younger age groups, with Lombardy consistently recording positive net migration among people aged 15 to 39 (see Figure A A.6 in Annex).

Migration, however, is not sufficient to offset population ageing. Milan shares with the rest of Europe the structural challenge of population ageing, which is expected to reshape labour markets, housing demand and the provision of public services over the coming decades. Between 2010 and 2023, the population aged 65 and over increased by more than 13% in the Metropolitan City, while the number of children aged 0-14 declined (see Figure A A.7 in Annex). Milan also stands out internationally for its relatively high old-age dependency ratio, with approximately 36 people aged 65 and over for every 100 working-age residents. This is higher than in most of the 40 comparable OECD FUAs considered (Figure 11). Population projections point to further ageing over the coming decades: although the Metropolitan City's total population is projected to grow until around 2050 before broadly stabilising (see Figure A A.8 in Annex), the share of older residents is expected to continue increasing while younger and working-age groups decline. These demographic shifts are likely to increase pressures on labour supply and reinforce the importance of attracting and retaining workers.

Figure 11. Milan has one of the highest old-age dependency ratios among comparable OECD FUAs

Old-age dependency ratio, 2025 or latest available year



Note: Old-age dependency ratio is measured as the old-age population aged 65 or over as a percentage of the working-age population aged between 15-64. The 40 comparator FUAs are those most similar to Milan in population size and old-age dependency ratio. Similarity is measured as the Euclidean distance from Milan, combining the difference in log total population (scaled by 0.25) and the difference in the old-age dependency ratio (scaled by 5 percentage points). The 40 FUAs with the smallest distance were selected. The selection reflects similarity in city size and demographic ageing, not geographic proximity or economic performance.
Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

These demographic pressures already coexist with labour shortages and skills mismatches. Labour market tightness, measured as the ratio of vacancies to employment, is particularly pronounced in managerial and professional occupations in Lombardy, but also affects elementary occupations. Across sectors, shortages are especially acute in administrative and support services, utilities, and professional, scientific and technical activities (Table 1). At the same time, educational mismatches are also evident in Lombardy, with some workers having higher or lower educational skill levels than those typically observed among workers in the same occupational group, country and year. In particular, over-skilling has significantly increased in the last decade and is comparatively high: out of 303 OECD TL2 regions across 28 countries with available data, Lombardy ranked in the 88th percentile in 2023 (36th out of 303 regions), while under-skilling was relatively limited and placing the region in the 24th percentile (232nd out of 303 regions, see Figure A A.12

in Annex). The challenge is therefore not only to expand the supply of skills, but also to improve the alignment between workers' qualifications and labour-market needs and make effective use of existing human capital. An adult learning system that is responsive to employer needs can support this adjustment: around 26% of adults aged 25-64 in Lombardy took part in education or training in 2024, six percentage points above the Italian average, although below participation rates in several other Italian regions (see Figure A A.13 in Annex).

Table 1. Labour shortages are particularly acute in managerial and professional occupations

Tightest industries and occupations in Lombardy, 2022

Rank	Industry	Industry tightness (Lombardy average=1)	Occupation	Occupation tightness (Lombardy average=1)
1	Administrative and support service activities	**3.9**	Managers	**2.4**
2	Electricity, gas, steam and air conditioning supply	**2.2**	Professionals	**1.6**
3	Professional, scientific and technical activities	**2.10**	Elementary occupations	**1.5**

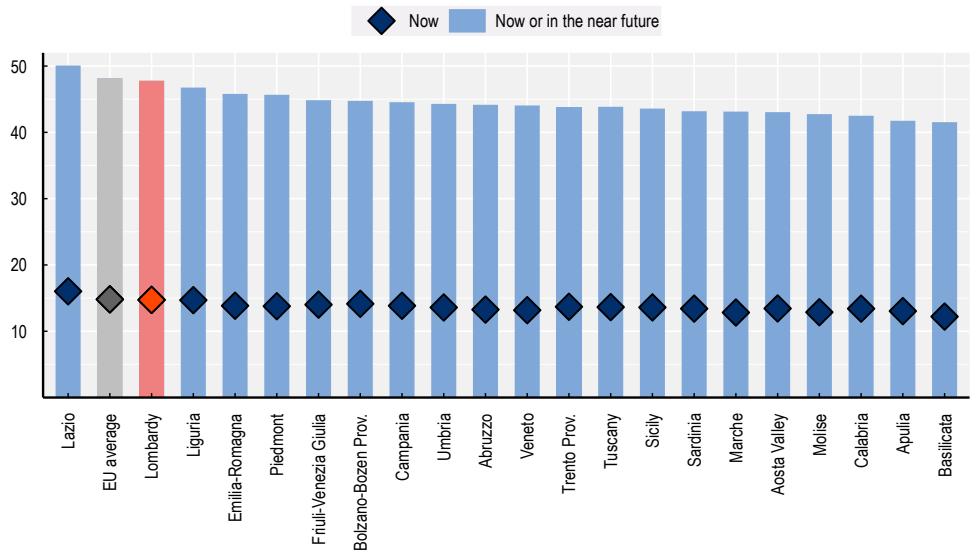
Note: Relative labour market tightness is measured as the ratio of vacancies to employment for a given industry or occupation in Lombardy, divided by the average labour market tightness across all industries or occupations in Lombardy. Values above 1 indicate tighter-than-average labour markets within the region

Source: OECD calculations based on Lightcast (2026[7]), Lightcast | The Standard for Labor Market Intelligence; Eurostat (2026[8]), *EU Labour Force Survey*, Database - Employment and unemployment (LFS) - Eurostat.

Technological change will further reshape skills needs. Around 10% of jobs in Lombardy were considered as being at high risk of automation in 2022, above the Italian average of 7.8% (see Figure A A.14). At the same time, Lombardy has the second-highest level of exposure to artificial intelligence among Italian TL2 regions (Figure 12), similar to the EU average, reflecting the high concentration of knowledge-intensive services and professional occupations in the regional economy. High AI exposure should not necessarily be interpreted as a threat to employment. Rather, it indicates that many occupations are likely to experience changes in tasks, work organisation and skill requirements, while AI may also complement knowledge-intensive activities and create opportunities for productivity gains and innovation. The capacity of workers and firms to adapt to these technological changes will therefore be increasingly important to Milan's future competitiveness.

Figure 12. Lombardy is the second most AI-exposed TL2 region in Italy but below the EU average

Average AI exposure Now and Now or in the near future, 2024

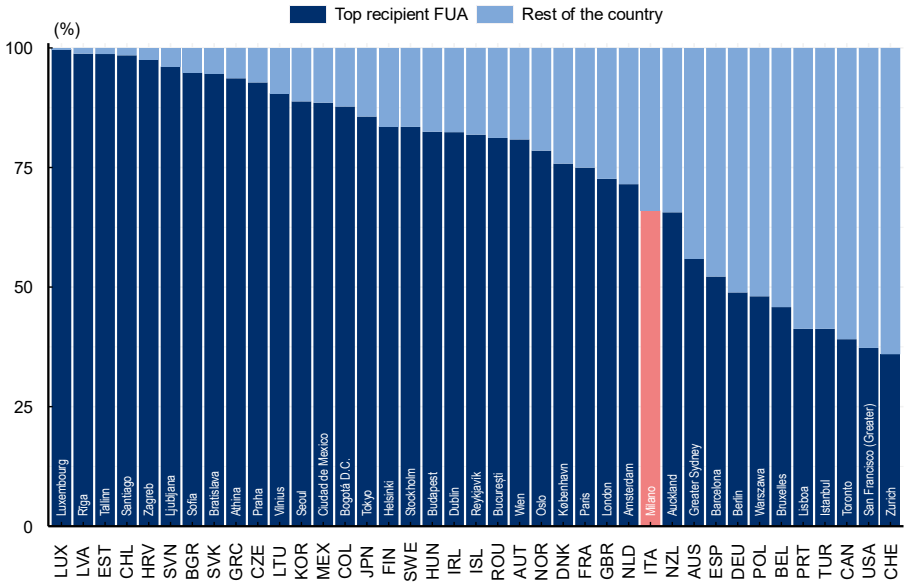


Note: The figure includes 21 Italian TL2 regions and the EU average across all occupations, excluding Slovenia and Bulgaria due to data limitations. AI exposure measures are from (OECD, 2024[9]).
Source: Calculations based on OECD (2024[9]), *Job Creation and Local Economic Development 2024* and LFS.

Milan enters this transition with substantial innovation assets. The metropolitan area brings together universities, research institutions, innovative firms and entrepreneurial activity, and attracts a significant share of Italy's innovation-intensive investment. Foreign direct investment in research and development contributes to this ecosystem by attracting highly skilled researchers and supporting the establishment of research facilities. Between 2013 and 2022, capital expenditure associated with foreign direct investment in R&D activities in Milan accounted for approximately 25% of Italy's total[7]. Inventors located in the Metropolitan City accounted for around 15% of Italian patent applications between 2013 and 2024 (see Figure A A.15 in Annex), while an international comparison provides a more nuanced picture: patenting activity in the Milan FUA is broadly in line with that of OECD FUAs of comparable population size (see Figure A A.16 in Annex). Milan's concentration of innovation-related investment within Italy is even more pronounced: between 2020 and 2024, start-ups located in the Milan FUA attracted around 65% of all venture capital investment[8] received by Italian start-ups, equivalent to approximately USD 5 billion in 2022 prices (Figure 13). Such concentration is not unique to Milan: in 32 out of 39 OECD and EU countries, startups located in the top-recipient FUA attracted more than half of all inbound venture capital over 2020–2024. Nevertheless, Milan's share highlights its prominent position within Italy's entrepreneurial ecosystem and its capacity to attract innovative firms and high-growth investment.

Figure 13. Startups located in the FUA of Milano concentrated 65% of the total Italian venture capital inbound investments

Share of the national inbound venture capital funding by FUA (%), 2020 - 2024



Note: Milan FUA is Italy's top recipient FUA
Source: Calculations based on OECD Start-up database developed from Crunchbase and Dealroom data.

Milan therefore combines strong innovation capacity and continued attractiveness to workers with growing pressures on its future workforce. Demographic ageing, labour shortages, skills mismatches and technological change will require continued adaptation if the metropolitan area is to maintain its competitive position. Addressing these challenges will require co-ordinated policies spanning education, skills development, labour markets, innovation and economic development, while ensuring that housing, mobility and quality of life support Milan's ability to attract and retain talent across the wider functional area. Sustaining Milan's competitiveness will therefore increasingly depend on connecting these different policy areas and addressing their interdependencies at metropolitan scale.

2 Milan's metropolitan governance: fit for purpose?

Twenty years after the OECD Territorial Review of Milan (OECD (2006[10]), Milan has showed progress in attracting international investments, delivering quality services and improving its metropolitan governance at large. Regarding the latter, in particular, several changes compared to the 2006 assessment should be highlighted: the creation of the Metropolitan City of Milan in 2015, the 2025-27 Strategic Plan; the metropolitan investment funds to support municipal projects. Nevertheless, a few challenges persist: the metropolitan authority operates within a complex division of responsibilities involving municipalities, Lombardy and national institutions. Its boundaries also do not fully reflect the wider economic and commuting region. The 2025–2027 planning process itself acknowledges continuing shortcomings in the national framework for metropolitan government. As such, while the OECD 2006 was calling for a metropolitan in governance to be put in place, this review highlights that institution sufficient authority, resources and implementation capacity remains unfinished business. From co-ordination to action: frameworks and implementation gaps

The Metropolitan City of Milan became operational in 2015, replacing the former Province of Milan following the national reform of metropolitan cities. It comprises the Municipality of Milan and 132 surrounding municipalities and provides the formal institutional framework for governing the relationships between the urban core and the metropolitan hinterland. Under Law 56/2014, it combines former provincial responsibilities with a broader mandate for metropolitan strategic and territorial planning, mobility, co-ordination of public services, and economic and social development (Italian Republic, 2014[11]). Co-ordination in the Metropolitan City takes place at three main levels: regional, municipal and internal. At the regional level, Lombardy Regional Law 32/2015 established the Permanent Region-Metropolitan City Conference and provides for a Framework Agreement (*Intesa Quadro*) to align regional and metropolitan strategic priorities, territorial planning and policy implementation. At the municipal level, a Metropolitan Conference, a Metropolitan Forum and *homogeneous zones*[9] facilitate co-operation among municipalities and engagement with economic and social stakeholders. These mechanisms are complemented by inter-municipal agreements, shared administrative services and joint initiatives, such as Smart Land, while the Metropolitan City supports municipal procurement through its Single Contracting Authority (*Stazione Unica Appaltante*, SUA) and Aggregating Body, and business administration through the associated One-Stop Shop for Productive Activities (*Sportello Unico per le Attività Produttive*, SUAP). Internally, an interdepartmental working group on European policies facilitates co-ordination across metropolitan departments and with the Municipality of Milan. Beyond these institutional arrangements, policy areas such as mobility, logistics, labour markets and environmental management also require co-ordination with neighbouring provinces and wider functional territories.

Despite these mechanisms, overlapping responsibilities and mismatches between administrative and functional boundaries constrain policy co-ordination. Responsibilities shared between the Metropolitan City, the Lombardy Region and municipalities can create uncertainty over decision-making authority, resources and implementation, particularly in economic development, housing, mobility, infrastructure and the environmental transition. Existing co-ordination platforms support dialogue but do not always translate into joint policy design or implementation. For example, the Conference of Mayors (*Conferenza dei*

Sindaci)[10] does not adequately engage the executive level in decision making and implementation. Horizontal co-operation among municipalities is also affected by differences in administrative capacity, concerns over institutional autonomy and the concentration of economic activity in Milan's urban core. These challenges are compounded by the fact that commuting, housing markets, logistics, labour markets and environmental systems extend beyond the Metropolitan City's administrative boundaries towards neighbouring provinces, including Brianza, Lodi, Varese, Como, Novara and Pavia. Some linkages operate at an even wider scale, particularly through intermodal and supply-chain connections with Genoa and high-speed rail links with Turin.

Territorial planning illustrates these constraints. Competition for land between economic development, agriculture, renewable energy and environmental protection is intensifying, with the expansion of data centres adding pressure on electricity grids, water resources and land, while offering opportunities for heat recovery. In the absence of sufficiently aligned metropolitan and regional planning, municipalities may take fragmented decisions based on short-term local opportunities rather than on a shared assessment of metropolitan costs, benefits and risks. Different policy challenges call for different forms of co-operation, as not all policy areas require the creation of a new metropolitan-wide governance institution. Rather, co-operative arrangements could be tailored to specific sectors and designed with variable geometry, depending on the functional geography and policy objectives at stake.

A shared vision, uneven territorial development

The Metropolitan City of Milan is endowed with a comprehensive strategic and sectoral planning framework to guide metropolitan development. The Three-Year Strategic Plan for the Metropolitan Territory (*Piano Strategico Triennale del Territorio Metropolitano,* PSTTM) is the main instrument guiding metropolitan public action. The 2025-2027 Strategic Plan “Metropolitan Perspectives” (*Prospettive metropolitane*) provides a common vision for the economic, social, territorial and environmental development of the metropolitan area. Its preparation involved consultation with the Lombardy Region, municipalities and economic and social stakeholders, and it was approved by the Metropolitan Council in May 2025. The Plan is complemented by sectoral instruments, such as the Metropolitan Territorial Plan 2021 (*Piano Territoriale Metropolitano, PTM*), three Metropolitan Thematic-Territorial Strategies (STTM), the Sustainable Urban Mobility Plan (PUMS) and the Metropolitan Urban Agenda for Sustainable Development. In addition, initiatives like MIND (Milano Innovation District), a large-scale innovation and urban regeneration district being developed on the former site of Expo Milano 2015 in the north-western part of the metropolitan area, bring together public and private actors in a hub for research, innovation, higher education, healthcare and advanced business services.

However, the translation of metropolitan strategies into concrete action remains uneven. While the Strategic Plan provides a common framework for supra-municipal policies, it is not binding on municipal decisions, and the implementation of sectoral strategies depends on inter-institutional co-ordination and local administrative capacity. In turn, Milan’s economic growth has not resulted in balanced development across the metropolitan territory. While Milan's urban core concentrates employment, services, investment and international visibility, several surrounding municipalities face weaker accessibility, more limited services, industrial restructuring and difficulties attracting investment and skilled workers. Housing affordability, mobility constraints, childcare and access to services further affect the ability to attract and retain students, workers and young professionals, reinforcing territorial disparities and potentially undermining metropolitan competitiveness and cohesion.

Although the Metropolitan Labour Policies Table and Universities Table provide platforms for co-ordination, links between universities, vocational training providers, businesses and territorial labour-market needs remain limited. Skills mismatches also persist between firms' needs and available workers, with recruitment difficulties in several sectors alongside precarious employment conditions for lower-skilled workers and

limited opportunities for some middle-skilled workers. Furthermore, local economic development initiatives at municipal level often operate separately from each other, limiting opportunities for collaboration and the diffusion of innovation across municipalities.

The Metropolitan City also faces challenges in demonstrating the results of its policies. It has developed several tools to support monitoring and reporting, including the Metropolitan Data Lab, the Single Programming Document (*Documento Unico di Programmazione,* DUP), the Strategic Plan and the School of Sustainability. However, data and evaluation are still used mainly to report on implementation rather than to inform policy design, prioritisation and co-design from the outset. Impact assessment often takes place as a one-off, ex post exercise, while the potential of metropolitan data remains underused to guide policy adjustments in areas such as economic development, innovation, productivity, territorial inequalities and project impact. As a result, monitoring supports accountability but contributes less systematically to strategic learning and decision making.

Beyond funding: capacity and delivery challenges

The metropolitan area has a diverse financial ecosystem comprising public financial institutions, commercial banks, impact investors and public funding programmes. For instance, the Italian National Promotional Institution (*Cassa Depositi e Prestiti,* CDP*)* supports public investment in areas such as infrastructure, urban regeneration and social housing, while commercial banks and other investors provide debt, equity and ESG-related financial instruments. The National Recovery and Resilience Plan (NRRP) has been particularly important in accelerating project implementation projects in areas such as schools, cycling, urban adaptation and regeneration through large-scale, time-bound national and European funding. Within the Metropolitan City, the Integrated Urban Plans have mobilised more than EUR 277 million for metropolitan and municipal interventions over the 2021-26 National Recovery and Resilience Plan (NRRP) programming period, including CAMBIO, COME_IN and Sponge City, covering cycling infrastructure, urban regeneration, social inclusion and climate resilience. In 2025, the Metropolitan City also established its own Metropolitan Recovery and Resilience Plan (PMRR), financed through metropolitan resources, allocating EUR 39 million to municipal projects aligned with the 2025-2027 Strategic Plan. Of this amount, 30% is reserved for municipalities with fewer than 10 000 inhabitants. As of June 2026, 65 municipal proposals had been selected as part of the programme, of which 35 received immediate funding. Public financial institutions, including CDP, commercial banks and impact investors provide additional financing opportunities.

Despite this current and potential future funding, three main challenges remain:

- Financing new capital investment, which continues to depend heavily on extraordinary funding programmes rather than predictable long-term resources. Public-private partnerships and financing from institutions such as CDP, commercial banks and impact investors can help mobilise additional resources for suitable projects, but their effectiveness depends on reliable revenue streams, appropriate risk allocation, procurement arrangements and institutional capacity;
- Operating and maintaining existing and newly delivered infrastructure, which requires stable recurrent funding, specialised staff and technical capacity, particularly as NRRP implementation came to an end in 2026; and
- Developing a pipeline of investable projects, which is constrained by limited project preparation capacity, lengthy authorisation procedures and fragmented responsibilities.

The Metropolitan City of Milan and its municipalities face capacity constraints that limit their ability in terms of project preparation, procurement, data analysis, monitoring and evaluation, digitalisation and EU funding management. Smaller municipalities face particular difficulties in recruiting and retaining qualified staff, preparing investment projects, accessing and absorbing EU funding, and managing infrastructure and

services. These constraints have intensified with NRRP implementation and the transition towards operating and maintaining newly delivered infrastructure. They also limit the replication of initiatives such as metroLAB, textile recovery schemes, social co-operatives, innovation districts and Sponge City, which often remain confined to individual municipalities or temporary projects. While existing shared services, including the Single Contracting Authority (SUA) and Aggregating Body, provide a basis for collective capacity, stronger metropolitan-wide technical support could help pool expertise, facilitate inter-municipal projects and scale up successful initiatives.

3 Ways forward

Based on the earlier assessment of metropolitan performance (chapter 1) and metropolitan governance (chapter 2), the following ways forward are proposed in response to identified challenges. They are grouped into three categories:

- **Improving metropolitan attractiveness, competitiveness and innovation**: The Metropolitan City of Milan can build on its economic diversity, strong knowledge base and cultural assets to pursue a more polycentric and inclusive development model by strengthening economic specialisation and innovation hubs across different municipalities, while addressing persistent housing, energy and territorial inequalities.
- **Reinforcing human capital and skills development**: The long-term competitiveness and resilience of the Metropolitan City of Milan will depend on its ability to develop, attract and retain talent while strengthening the capacity of public institutions to respond to rapid economic and technological change. This requires closer alignment between education, skills and labour market needs, a more attractive environment for students and skilled workers, greater use of digital technologies and artificial intelligence in public administration.
- **Strengthening metropolitan governance**: The Metropolitan City of Milan has a unique opportunity to strengthen its role as a strategic authority capable of shaping the long-term development of one of Europe's leading metropolitan regions. Realising this ambition will require governance arrangements that better reflect the functional geography of the metropolitan area, stronger co-ordination across levels of government and municipalities, and deeper engagement with businesses, academia and civil society.

Metropolitan attractiveness, competitiveness and innovation

The following ways forward aim to support affordable housing, accelerate the circular and low-carbon transition, strengthen the knowledge economy and business innovation beyond central Milan, and accelerate the low-carbon transition. They leverage existing planning instruments, partnerships and investment programmes.

Promote polycentric development and distributed growth

While the Metropolitan City generated almost 11% of Italy's GDP in 2023, with just over 5% of its population, economic growth has not translated into comparable income gains across the FUA: real income per recipient declined in 285 of its 317 municipalities between 2017 and 2023. The Metropolitan City's strategic and territorial planning instruments provide a basis for more balanced development, but their implementation is constrained by fragmented municipal decisions, uneven administrative capacity and the non-binding nature of the Strategic Plan. The Metropolitan City could promote a more polycentric metropolitan development model by recognising the diverse economic, social and productive characteristics of municipalities and homogeneous zones across the metropolitan area. It could develop a network of complementary urban centres by distributing services, employment opportunities and innovation hubs across multiple municipalities, reducing excessive concentration in the City of Milan.

In particular:

- **Map and regularly update territorial assets and development potential across the metropolitan area**, including industrial districts, agricultural areas, logistics corridors, innovation spaces, cultural resources and environmental assets.
- **Strengthen functional links with areas beyond administrative boundaries**, such as Brianza, Pavia, Turin and Genoa, where logistics, labour markets, value chains and infrastructure networks already transcend the limits of the Metropolitan City, enabling Milan to prepare for its future role in logistics, intermodal transport and wider economic networks.
- **Promote inter-municipal co-operation mechanisms to share economic benefits**, innovation outcomes and service provision among municipalities while **leveraging on local territorial identities,** distinctive assets and comparative advantages, and ensure a fair distribution of the positive spillover effects generated by major investments across the metropolitan area.
- **Position MIND as a metropolitan asset that delivers value** beyond its host municipality and benefits the wider metropolitan region.

Expand affordable housing policies through integrated approaches

Housing prices have increased faster in Milan's FUA than in other major Italian urban areas since 2016. In 2023, purchasing a 100 m² dwelling in the Municipality of Milan required almost 14 years of mean equivalised household disposable income, compared with around five years in the commuting zone. Renting an equivalent dwelling absorbed approximately 51% of monthly disposable income in Milan, compared with around 25% in the commuting zone. Several initiatives are in place in the metropolitan area, which has installed a strong network of social enterprises, foundations and co-operatives addressing housing affordability. For example, Milano 2035 brings together 30 public and private organisations to expand affordable housing for young people (Housing Europe). In September 2026, the Metropolitan Council formally recognised housing co-operatives as strategic partners in tackling housing needs (Metropolitan City of Milan, 2026).

The Metropolitan City could expand affordable housing policies through integrated approaches, including Housing First programmes, student housing, revolving funds for social housing and accessible housing solutions, while supporting the attraction and retention of students, workers and businesses. It could:

- **Identify well-connected areas in municipalities where affordable housing could be expanded,** particularly near universities, employment centres and public transport corridors, drawing on the PTM, STTM and PUMS and **mobilise public land and regeneration sites,** including through long-term land arrangements, land-banking and development agreements with municipalities, universities, major employers and housing providers. **Develop targeted housing solutions for students, essential workers, public-sector employees and young professionals**, including reserved affordable units, rent guarantees and master-leasing arrangements.
- **Integrate Housing First programmes and accessible housing solutions** into metropolitan housing policies, and metropolitan strategic vision at large, in co-operation with municipalities, housing providers and social service organisations and **incorporate housing affordability into wider talent and investment attraction strategies**, particularly in municipalities with labour shortages or untapped development potential.
- **Diversify financing sources for affordable housing and supporting infrastructure, beyond traditional public funding and public–private partnerships**. In particular, explore opportunities to strengthen land value capture mechanisms, to use finance for affordable housing, transport and local services

- **Complement housing investment with measures to stimulate local business dynamism**, including the regeneration of vacant commercial premises, affordable workspaces for small businesses and start-ups, and improved access to local services.

Transition to a circular economy and promote energy and urban regeneration

The green and energy transition has been part of several initiatives in Milan, including its flagship Forestami programme aiming to plant 3 million trees and increase tree cover by 5% by 2030. However, total greenhouse gas emissions in the Metropolitan City have remained broadly stable over the past decade. Further reductions will be needed to meet climate objectives at metropolitan level. At the same time, the expansion of digital infrastructure and competition for land are increasing pressures on energy, water and environmental resources. The Metropolitan City could promote energy communities, industrial symbiosis, resource recovery and urban regeneration to support the transition towards a more circular and sustainable metropolitan economy. It could:

- **Scale up existing energy efficiency support**, particularly through the Metropolitan Urban Agenda for Sustainable Development, in relation to **energy communities and industrial symbiosis initiatives** connecting municipalities, firms and utility operators around shared energy, material and infrastructure needs. **Prioritise renewable energy infrastructure** on roofs, public buildings, former landfills and brownfield sites, reducing pressure on agricultural land and open space.
- Prioritise opportunities for shared infrastructure, improved waste logistics and material recovery, particularly from construction, demolition and other major material streams.
- **Develop integrated territorial projects** linking water, waste, energy, climate resilience and urban regeneration, particularly where infrastructure investment can also support resource recovery and local development and **disseminate regulatory developments across municipalitie**s. To ensure timely compliance, reduce uncertainty for public and private stakeholders, and support a more coherent and effective implementation of new policies and investment programmes across the metropolitan area.
- **Incorporate data centres into metropolitan land-use, energy and infrastructure planning**, taking account of electricity and water demand, grid capacity, environmental impacts and opportunities for heat recovery.

Leverage on the knowledge economy and innovation ecosystems for competitiveness

Milan has a strong innovation ecosystem: inventors based in the Metropolitan City accounted for around 15% of Italian patent applications between 2013 and 2024, while start-ups located in the wider FUA attracted approximately 65% of Italy's venture capital investment between 2020 and 2024. However, innovation activities and local economic development initiatives are not systematically connected across municipalities, limiting opportunities to spread knowledge and business opportunities throughout the metropolitan economy**.** The Metropolitan City could leverage universities, research centres, biotechnology, pharmaceuticals, start-ups and innovation districts as strategic drivers of metropolitan competitiveness and innovation. It could:

- **Promote** a broader territorial diffusion of the benefits of innovation by strengthening connections between major metropolitan assets, including MIND, universities and research centres, and local economic systems. This can include supporting **university satellite facilities, innovation hubs, incubators and using the** Innovation and Development Zones (ZIS) promoted by the Lombardy Region to connect major research assets with the needs of firms in surrounding municipalities, particularly in advanced manufacturing, life sciences and digital services.**Facilitate business innovation, through a metropolitan knowledge-matching mechanism able to translate companies' innovation needs into research and expertise needs** and connect them with the

appropriate university departments, laboratories, researchers and facilities. This intermediary function would be particularly relevant for SMEs, which often lack the internal capacity to navigate the research and innovation ecosystem. **Launch challenge-based innovation calls** linked to metropolitan priorities, encouraging firms to develop solutions for mobility, energy efficiency, circular economy, adaptation to extreme weather events, housing and public services.

- **Develop structured mechanisms for continuous university–industry collaboration**, complementing conventional technology transfer with broader knowledge-transfer models. These could include joint research and innovation programmes, company-driven challenges, innovation vouchers giving SMEs access to university expertise, laboratories and research infrastructures, and researcher or PhD mobility schemes. Such mechanisms would allow firms, including those without internal R&D capacity, to access universities' broader knowledge and expertise rather than only technologies already available for commercialisation.
- **Strengthen the international profile of the Metropolitan City** by building on its attractiveness to foreign multinationals already installed in the metropolitan area and fostering linkages between multinational enterprises and local SMEs to enhance their integration into global value chains and maximise local economic benefits
- **Use green and innovative public procurement** to create demand for new solutions and help firms test, demonstrate and scale them; connect successful pilots with business-support services, potential customers, investors and wider metropolitan project pipelines, and Establish sector-specific dialogues with firms to identify barriers to innovation, emerging market needs and opportunities to replicate successful solutions across sectors and municipalities.
- **Position the Metropolitan City as a platform for international events, design, creative industries and sustainable food systems,** connecting businesses, universities, municipalities and social economy actors to promote innovation, circular design, material reuse and short supply chains. The Metropolitan City could leverage major events, such as Fashion Week and the Salone del Mobile, to support local suppliers, skills development and sustainable procurement, extending economic benefits beyond Milan city. It could also promote a metropolitan food-system approach, linking peri-urban agriculture, local producers, public procurement and food-access initiatives to strengthen local markets and reduce food waste.Human capital, skills and institutional capacity

Human capital and skills development

The following ways forward aim to strengthen human capital, improve local government capacity and ensure that all municipalities can contribute to a more innovative, inclusive and competitive metropolitan economy.

Align skills development with labour market needs, retain talents and strengthen inclusion

Despite Milan's ability to attract young workers and students, demographic ageing is increasing pressure on labour supply: the population aged 65 and over increased by more than 13% between 2010 and 2023. Labour shortages coexist with significant skills mismatches. In 2023, Lombardy ranked in the 88th percentile of 303 OECD regions for the share of over-skilled workers, while recruitment difficulties were particularly acute in professional occupations, utilities and administrative and support services. Existing co-ordination platforms have yet to consistently translate these needs into joint training and employment initiatives. The Metropolitan City could align education and training programmes more closely with labour market needs, particularly in sectors related to the green, digital and knowledge economies. It could:

- **Strengthen the operational role of the Metropolitan Labour Policies Table and the Universities Table** by agreeing shared skills priorities, responsibilities and expected outcomes with firms, employer organisations, AFOL Metropolitana and training providers, **developing regular labour-market intelligence** combining firm surveys, sectoral dialogue and territorial data to identify and anticipate skills shortages across sectors, municipalities and different qualification levels.
- **Work with Lombardy Region, employers, universities and vocational training providers to develop targeted training pathways**, including apprenticeships, short courses and work placements. Prioritise sectors facing recruitment constraints and skills required for digitalisation, artificial intelligence and the green transition
- **Connect skills development with business opportunities outside central Milan, supporting university start-ups, graduate entrepreneurship and technology-transfer initiatives in municipalities outside Milan city**, connecting them with local firms, innovation spaces and business-support services. **Organise career-matching initiatives across the Metropolitan City**, including local career fairs and targeted programmes connecting students and graduates with firms and municipalities facing skills shortagesl and **explore conditional microfinance and other targeted financing mechanisms** to support young entrepreneurs and business creation in sectors or territories with untapped development potential.
- **Address barriers to attracting and retaining workers, linking integration policies with employment, housing, mobility and training,** ensuring that essential workers can access the conditions required for stable labour-market participation and **address barriers to public services,** including childcare, transport, healthcare, education and affordable housing, recognising that integration depends on more than access to employment alone.

Accelerate the digital transformation of public administration

The Metropolitan City could accelerate the digital transformation of public administration by using digital tools to simplify administrative procedures, improve evidence-based decision making, strengthen data security and enhance the quality of public services. It could:

- **Identify a limited number of priority digital and AI use cases for metropolitan governance**, including territorial analysis, project prioritisation, funding management, citizen services and the monitoring of economic and social trends, while **training metropolitan and municipal staff in the practical use of digital tools and AI** for administrative simplification, project management, data analysis, monitoring and public-service delivery
- **Develop common governance arrangements across municipalities for the use of digital tools and AI**, including responsibilities, data quality, security, transparency and staff oversight.
- **Connect digitalisation with the Metropolitan City's monitoring and evaluation systems**, ensuring that data support policy design and implementation rather than only ex post reporting.

Strengthen the capacity of municipalities to diversify sources of funding

The Metropolitan City could strengthen the capacity of municipalities to design, implement, monitor and evaluate projects, ensuring continuity beyond the completion of the National Recovery and Resilience Plan (NRRP). It could:

- **Strengthen technical support function for EU funding and post-NRRP implementation for municipalities through existing metropolitan services,** helping municipalities identify calls, prepare applications, build partnerships, manage projects and meet reporting requirements. The challenge lies not only in financing the construction of infrastructure, but also in covering the long-

term costs of operation, maintenance and staffing once exceptional funding programmes come to an end.

- **Incorporate the project management practices developed through the NRRP**, including milestones, targets and monitoring, into ordinary metropolitan operations and future funding programmes **and develop a shared pipeline of metropolitan projects aligned with strategic priorities** (e.g. building on the Strategic Plan, PTM, PMRR and existing municipal proposals), aggregating municipal needs and supporting joint applications and economies of scale.
- **Provide shared tools for procurement, data collection, monitoring and evaluation**, using instruments such as the Metropolitan Data Lab, the Single Programming Document and the Strategic Plan to identify needs, assess trade-offs and measure results throughout the project cycle.
- **Explore performance-based funding arrangements** that link financial support to agreed milestones, outputs and metropolitan objectives.
- **Strengthen the role of the Metropolitan City as the co-ordinating authority,** capable of providing greater certainty to stakeholders and creating the conditions necessary to attract and accelerate private investment **and support networks of municipalities** working on common projects and sharing technical expertise, data, implementation tools and lessons learned.
- **Integrate monitoring, evaluation and investment pipelines into strategic decision making**, using evidence to guide prioritisation and implementation more systematically rather than only to report on completed activities.

Strengthening metropolitan governance

The following ways forward aim to enhance metropolitan leadership, improve policy coherence and territorial co-ordination, and foster collaborative partnerships that can support more integrated, inclusive and sustainable metropolitan development. It could:

- **Use the Framework Agreement with the Lombardy Region to define shared priorities**, responsibilities and implementation arrangements in areas of overlapping competence.
- **Define a limited number of metropolitan priorities for each strategic planning cycle** and use them to align the Strategic Plan, the PTM, sectoral plans and investment programme, while clarifing the respective roles of the Lombardy Region, the Metropolitan City and municipalities in the preparation, financing and implementation of joint initiatives. and embed the delivery capacities developed through the PNRR and other extraordinary programmes into ordinary operations. Where appropriate, use platforms such as the Metropolitan Forum, the Metropolitan Labour Policies Table and the Universities Table to involve relevant actors in defining priorities and developing concrete project pipelines.
- **Establish thematic public-private and public-social partnerships** around a limited number of metropolitan priorities, such as affordable housing, access to services, the environmental transition and social infrastructure **and link stakeholder participation to measurable social, environmental and territorial outcomes**, using common indicators to monitor progress and demonstrate impact.
- **Move beyond consultation-based co-ordination towards implementation-oriented governance arrangements** for priority metropolitan projects. Building on existing structures such as the interdepartmental working group on European policies and the Metropolitan Forum/Tables, establish dedicated task forces for selected strategic initiatives with clearly assigned responsibilities, delivery milestones, monitoring mechanisms and decision-making authority to resolve implementation bottlenecks.

- **Support the development of operational agreements, city deals or joint projects** among municipalities facing common metropolitan challenges with clear objectives, responsibilities, funding sources, delivery mechanisms and timelines. The Metropolitan City could act as a convener, co-ordinator and technical facilitator.

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Notes

[1] The Metropolitan City of Milan corresponds to the OECD Territorial Level 3 (TL3) region, which administratively coincides with the former Province of Milan.

[2] The EU-OECD definition of FUAs (Dijkstra, Poelman and Veneri, 2019[15]) capture meaningful connections between cities and their surrounding areas, by expanding city boundaries to include areas economically connected through workplace commuting. It therefore consists of a densely inhabited city and a less densely populated commuting zone, whose labour market is highly integrated with the city (Eurostat, 2024[39] (OECD, 2012[16])). The EU-OECD definition of FUA is linked to the "degree of urbanisation" (DEGURBA). Both use the identical city definition, but the degree of urbanisation classifies the remaining local units into towns & suburbs, and rural areas (Dijkstra, Poelman and Veneri, 2019[15]) (OECD, 2012[16]). DEGURBA identifies three types of settlements based on a combination of geographical contiguity and population density: 1) cities, which have a population of at least 50 000 inhabitants in contiguous dense grid cell (>1 500 inhabitants per km^2), 2) towns and semi-dense areas, where less than 50% of the population lives in an urban centre and at least 50% of the population lives in an urban cluster, and 3) rural areas as those with population under 5 000 inhabitants, where more than 50% of the population lives in rural grid cells (Lecomte and Dijkstra, 2023[17]). These settlements serve primarily localised functions, providing essential services for their immediate surroundings. They often rely on a narrow economic base, frequently centred on small-scale retail, agriculture, or locally focused services. Residents of these areas often travel to nearby larger cities for specialised services, higher education, and employment opportunities that are not available locally (OECD, 2020[18]).

[3] Additional factors that may influence housing affordability include housing supply dynamics, such as residential construction and permitting rates, land-use regulations and zoning, and changes in the housing stock over time. Improved availability and comparability of data on these factors would allow for a more comprehensive assessment of housing market pressures.

[4] Housing transaction price changes are expressed in nominal terms. Differences in inflation between countries may account for part of the observed difference in price increases in Italian FUAs compared to the OECD average.

[5] Mid-sized FUAs refer to FUAs with between 250 000 and 1.5 million inhabitants, while small FUAs refer to FUAs with between 50 000 and 250 000 inhabitants.

[6] The municipality of Milan has adopted climate objectives through the Air and Climate Plan (*Piano Aria e Clima*, PAC), which provides the main strategic framework for the city's climate policies, in line with the goals of the Paris Agreement (see https://www.comune.milano.it/argomenti/ambiente-e-animali/piano-aria-e-clima).

[7] Calculations based on fDi Markets database.

[8] The venture capital (VC) industry is typically organised as a limited partnership with a finite life, whose aim is to sell its stakes in ventures at a profit (Berger, Criscuolo and Dechezleprêtre, 2025[12]; Gompers and Lerner, 1999[14]). General partners run the fund and make the investment decisions; in return they earn management fees and a share of profits, known as carried interest. General partners specialise in the selection of high-potential startups and the provision of managerial and technical expertise to high-technology startups. Limited partners, typically institutional investors such as pension funds and insurers, provide the capital but take no part in management, receiving a share of profits in proportion to their contribution. Unlike banks, venture capital investors finance ventures with equity rather than debt, providing capital in return for an ownership stake, usually a minority one. Data on VC flows come from OECD Start-up Database (Berger et al., 2025[13]), which combines two of the most comprehensive global datasets on innovative startups, Crunchbase and Dealroom. Both draw on public records and on user-generated content, including material supplied by startups and investors themselves, and together they give globally comprehensive coverage of individual VC deals, the startups receiving them, their leadership and the investors involved. Deals are grouped into five categories that reflect the stage and size of the funding: Seed, Early stage, Late stage, Growth and deals of unknown type (Berger, Criscuolo and Dechezleprêtre, 2025[12]). Seed deals are often below one million US dollars, while Late stage and Growth deals can exceed one billion. Growth is excluded from the analysis, since it mostly captures private equity rather than venture capital. Deals without a type (about 3% of the total) are included because the size of the vast majority does not suggest they are Growth deals. All figures are expressed in 2022 US dollars, adjusted for consumer-price inflation.

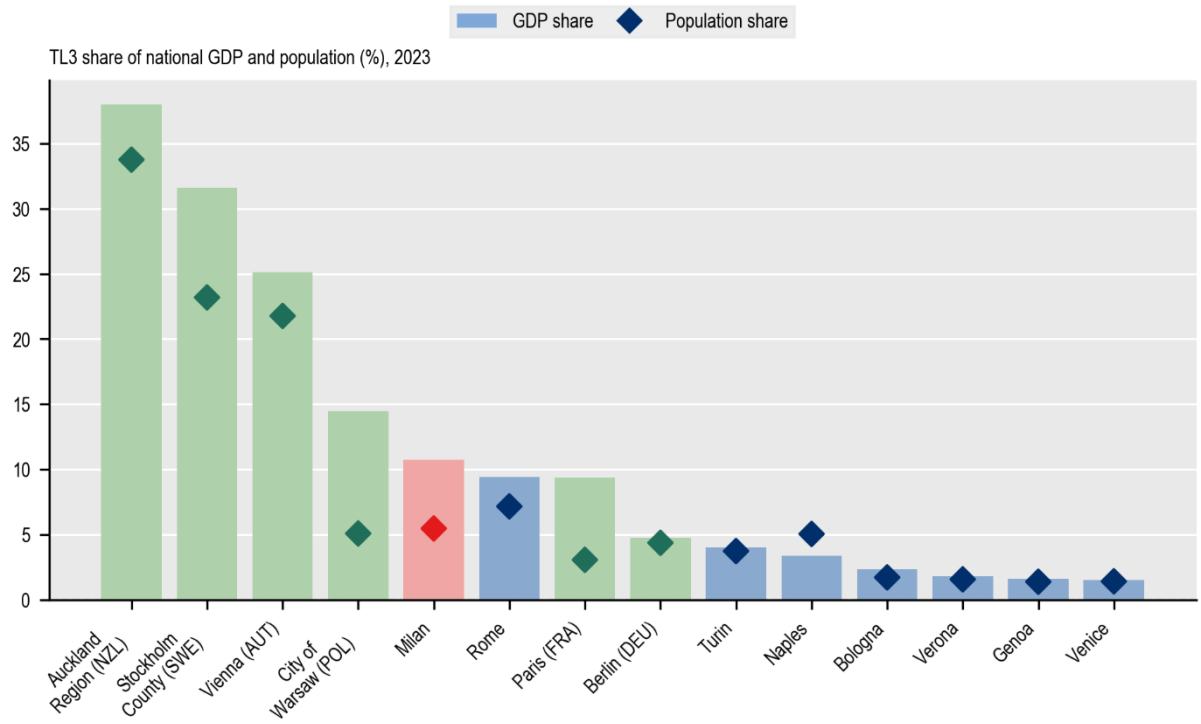
[9] The Metropolitan City of Milan is subdivided into seven homogeneous zones (*zone omogenee*), which group municipalities with shared territorial, socio-economic and functional characteristics. Established to foster inter-municipal co-operation and facilitate dialogue with the metropolitan authority, these zones provide a platform for co-ordination on planning, service delivery and local development priorities.

[10] The Conference of Mayors (*Conferenza dei Sindaci*) is a consultative body that brings together the mayors of all 133 municipalities of the Metropolitan City of Milan, including the Mayor of Milan in his or her capacity as Metropolitan Mayor. It serves as a forum for dialogue, consultation and political co-ordination on metropolitan matters, including strategic planning, territorial development and the provision of services across the metropolitan area.

Annex A. Territorial and functional trends

Figure A A.1. Milan's share of national GDP and population compared with other Italian regions and OECD TL3 regions with the largest GDP shares

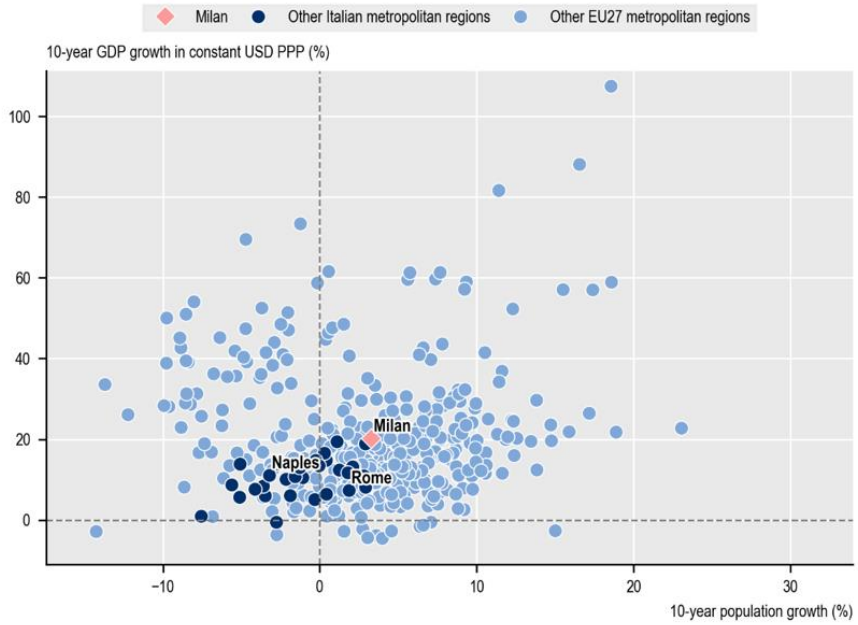
GDP and population shares at TL3 level, 2023



Note: Figure includes 8 Italian TL3 regions (Milan, Rome, Turin, Naples, Bologna, Verona, Genoa, Venice) and 6 OECD TL3 peer regions. GDP and population shares are calculated relative to respective national totals in 2023. OECD peers are TL3 regions ranked 1 in their respective countries by GDP, selecting the 6 those closest to Milan in population size.
Source: Calculations based on OECD Regions, Cities and Local Areas database, http://oe.cd/geostats (2026[1]).

Figure A A.2. Milan is the fastest growing metropolitan region in Italy but not in the EU27

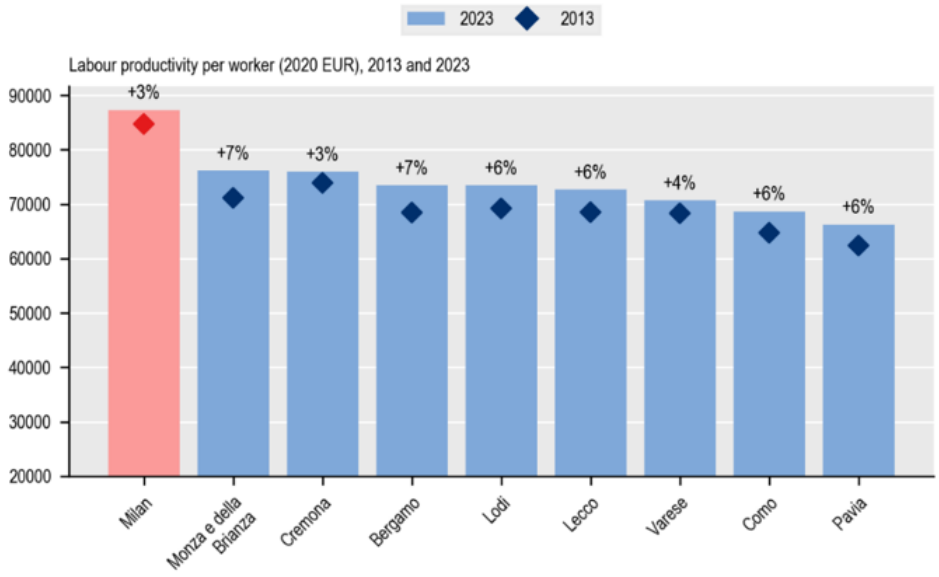
10-year GDP and population growth (%), 2013-23



Note: Figure includes 437 metropolitan TL3 regions in 25 EU27 countries: 32 in Italy, 405 elsewhere. Countries included: AUT, BEL, BGR, CZE, DEU, DNK, ESP, EST, FIN, FRA, GRC, HRV, HUN, IRL, ITA, LTU, LUX, LVA, NLD, POL, PRT, ROU, SVK, SVN, SWE. Growth rates refer to the cumulative change over 10 years. Data refer to 2023 for all countries. Milan ranks 1 out of 32 Italian metropolitan TL3 regions for GDP growth and 1 for population growth. In EU27, it ranks 160 out of 437 for GDP growth (64th percentile) and 223 for population growth (49th percentile). Axes are truncated at the 0.3th and 99.7th percentiles of each distribution for readability; 8 metropolitan TL3 regions fall outside the plotting window.
Source: Calculations based on OECD Regions, Cities and Local Areas database, http://oe.cd/geostats (2026[1]).

Figure A A.3. The Metropolitan City of Milan's labour productivity is highest in the region but is growing more slowly than in surrounding small regions

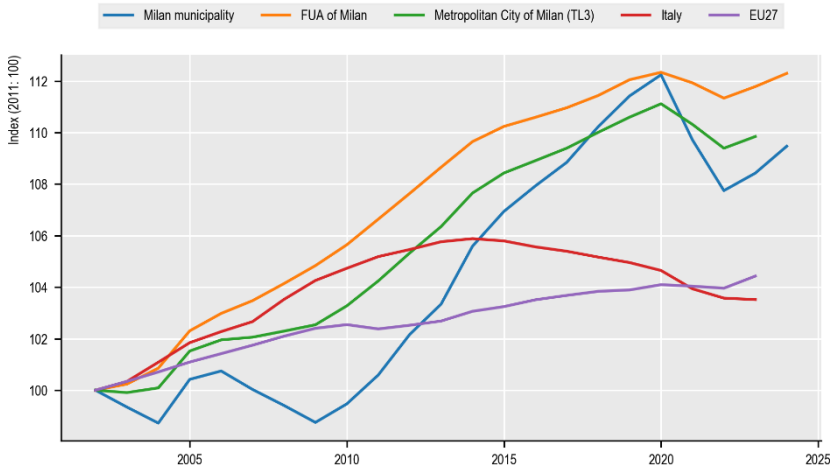
Labour productivity per worker in TL3 regions that overlap with the FUA of Milan



Note: Annual labour productivity per worker is defined as GVA per worker by place of employment, expressed in 2020 euros. Figure includes 9 Italian TL3 regions containing municipalities in the Milan FUA (Bergamo, Como, Cremona, Lecco, Lodi, Milan, Monza e Brianza, Pavia, Varese). Labels indicate the percentage change between 2013 and 2023, rounded to the nearest whole percent.
Source: OECD (2026[1]), OECD Regions, Cities and Local Areas database, http://oe.cd/geostats.

Figure A A.4. The Metropolitan City of Milan continues to grow despite national demographic decline

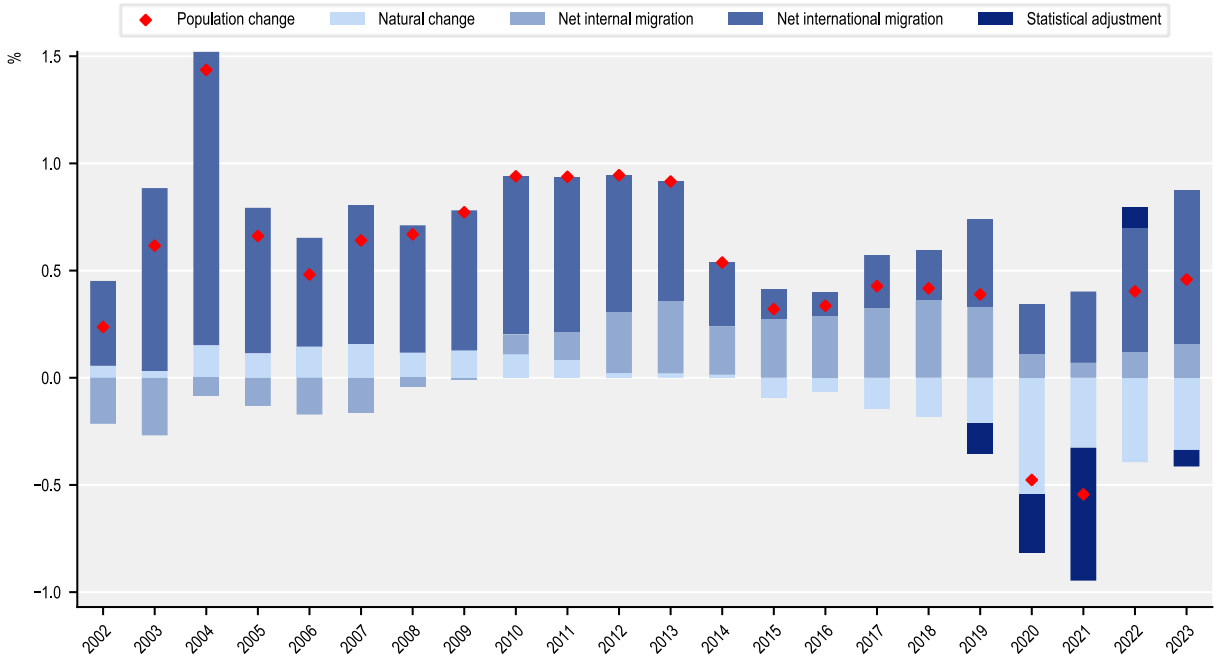
Population trends in the Milan municipality, FUA of Milan and Metropolitan City of Milan from 2002 to 2024



Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

Figure A A.5. Positive net migration as the main driver of population growth in Milan

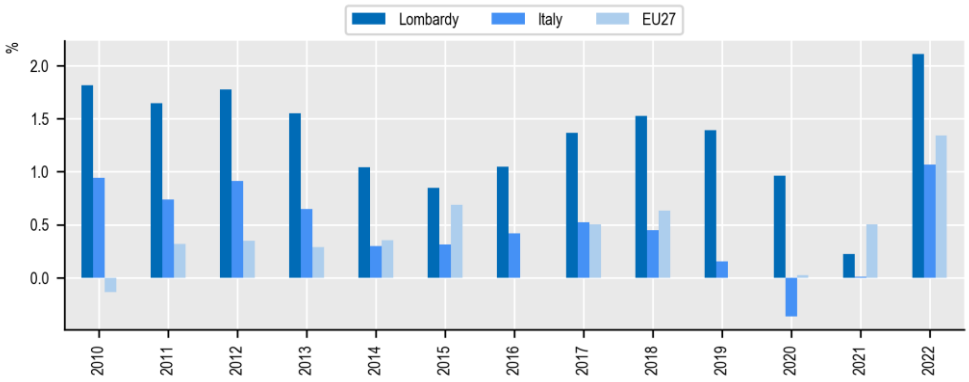
Annual population change by component of change in the FUA of Milan, 2002 to 2024



Note: From 2019 onwards, ISTAT's population balance includes a statistical adjustment that aligns the year-end population with permanent census counts and registry corrections. The three components shown (natural change, net internal migration / mobility and net international migration) therefore do not sum to total population change.
Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

Figure A A.6. Net migration of people aged 15 to 39 is higher in Lombardy than at the national and EU levels

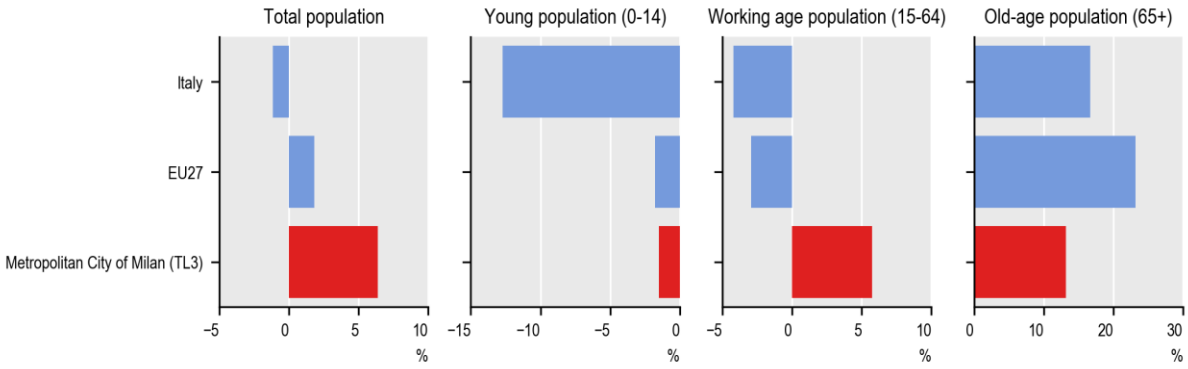
Net migration rate for population aged 15 to 39, 2010 to 2022.



Note: Net migration for the population aged 15 to 39 is estimated based on yearly population by age, and deaths, using the following formula, which corresponds to the residual between population change and natural change for the age group 15-39: (POPF_Y15T39 - POPI_Y15T39) – (POPI_Y14 – POPI_Y39 - DEATHS_Y15T39), where POPI_Yk is the population aged k on January 1, POPF_Yk the population aged k on December 31, DEATHS_Yk the number of deaths at the age k.
Source: OECD calculations based on Eurostat (2025), Deaths by age, sex and NUTS 2 region, link and Eurostat (2025), Population on 1 January by age, sex and NUTS 2 region, link.

Figure A A.7. Ageing trends in the Metropolitan City of Milan

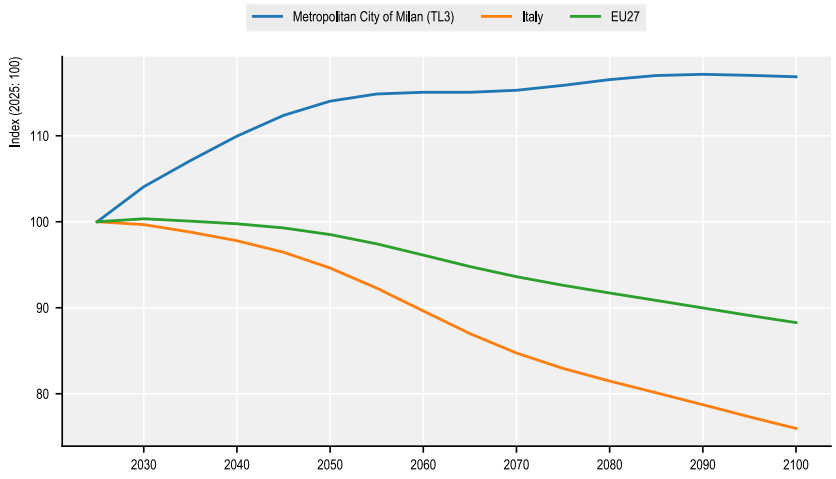
Population change by age group from 2010 to 2023 in the Metropolitan City of Milan (TL3), Italy and EU27



Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

Figure A A.8. The population in the Metropolitan City of Milan is expected to increase until 2050 before stabilising

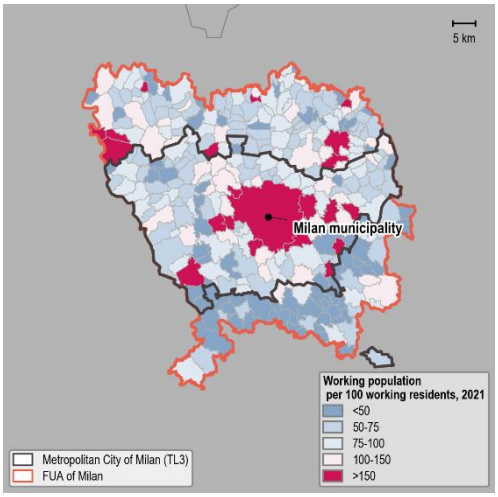
Population projections from 2025 to 2080 in the Metropolitan City of Milan, Italy and EU27, 2025 to 2100



Source: OECD calculations based on Eurostat (2025), Population on 1st January by age, sex, type of projection and NUTS 3 region, https://ec.europa.eu/eurostat/databrowser/view/proj_25rdbal/default/table?lang=en

Figure A A.9. Almost 25% of municipalities in Milan's functional urban area have fewer than 50 workers employed in the municipality per 100 employed residents

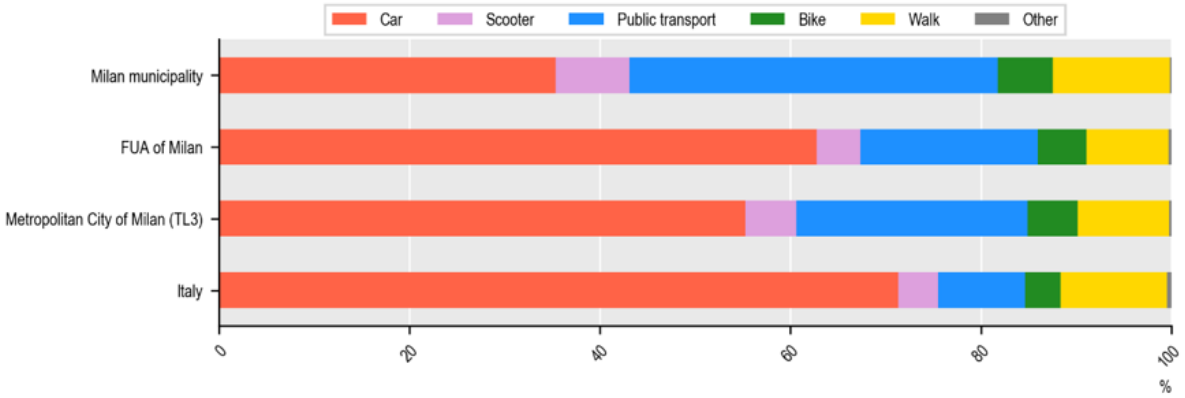
Workers employed in the municipality per 100 employed residents, 2021



Note: The figure includes 317 municipalities. The ratio of workers employed in the municipality per 100 residents is calculated based on municipal level commuting flow data. Milan ranks 13 among the 317 municipalities, with a value of around 160. 75 municipalities (23.7%) have a value of less than 50.
Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

Figure A A.10. Commuting in the metropolitan area continues to rely heavily on private cars

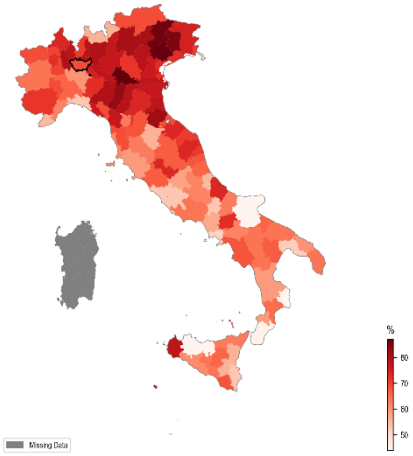
Distribution of workers by main mode of transport to work, 2011



Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

Figure A A.11. Municipal waste recovery rate in Milan is higher than the national average (69% vs 67%), but lower than surrounding provinces

Municipal waste recovery rate in TL3 regions, 2023



Source: OECD (2026), OECD Regions, cities and local statistics, OECD, Paris, http://oe.cd/geostats

Figure A A.12. Over-skilling has become increasingly prevalent in Lombardy

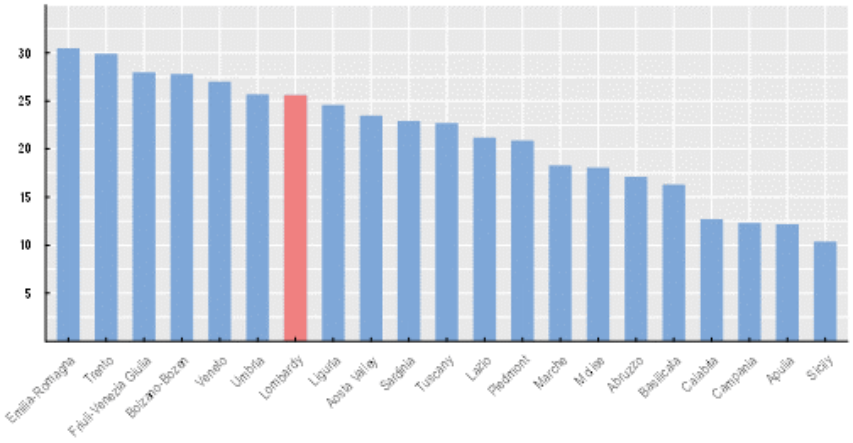
Share of over-skilled workers in selected Italian TL2 regions (%)



Note: The figure includes 7 Italian TL2 regions. Skill mismatch refers to educational skill mismatch. Workers are considered mismatched when their educational skill level differs from the most common educational level among workers in the same occupational group, country and year. Labels indicate the percentage change between 2013 and 2023, rounded to the nearest whole percent.
Source: Calculations based on OECD (2024[9]), *Job Creation and Local Economic Development 2024.*

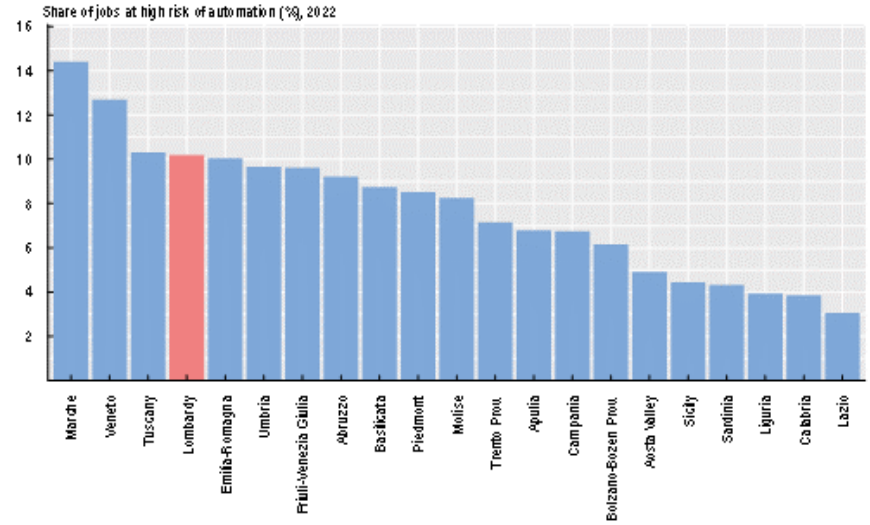
Figure A A.13. Share of adults participating in training in Lombardy is 6 percentage points higher than the country's average (26% vs 20%)

Share of the population aged 25-64 participating in formal and/or non-formal education and training in the last 12 months in Italian TL2 regions, 2024



Source: Calculations based on OECD Regions, Cities and Local Areas database http://oe.cd/geostats.

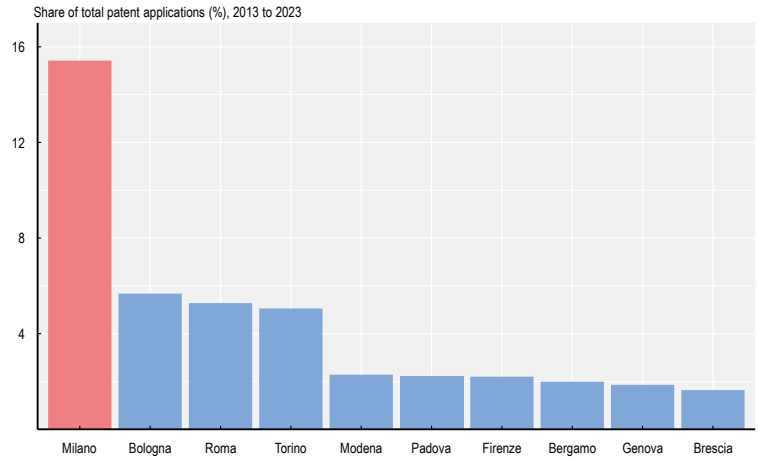
Figure A A.14. The share of jobs at high risk of automation in Lombardy is 2.4 percentage points higher than the country's average (10.2% vs 7.8%)



Note: The figure includes 21 Italian TL2 regions. The share of jobs at high risk of automation is the risk of automation of occupations given available technologies based on the expert assessment (OECD, 2024[9]). An occupation is at high risk of automation if over 25% of its skills and abilities are highly automatable using available technologies.
Source: Calculations based on OECD (2024[9]), *Job Creation and Local Economic Development 2024*.

Figure A A.15. Inventors from Milano accounted for 15% of all patent applications filed in Italy

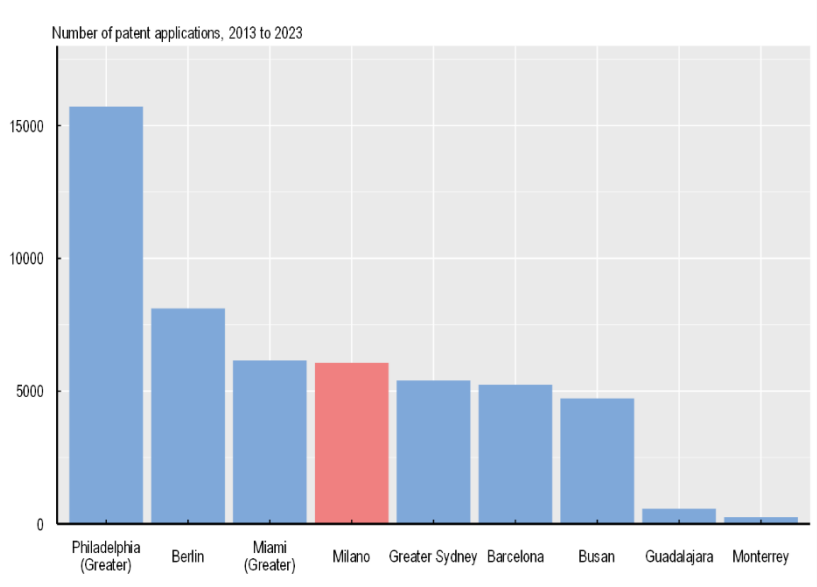
Share of total patent applications in selected Italian TL3 regions (%), 2013 to 2023



Source: Calculations based on OECD, STI Micro-data Lab: Intellectual Property Database, http://oe.cd/ipstats, June 2026

Figure A A.16. Inventors from Milan filed about 6 000 patents between 2013 and 2023, similar to the average for FUAs with comparable populations

Number of total patent applications in selected OECD FUAs, 2013 to 2023



Note: 9 FUAs with the closest population in 2013 to Milano selected.
Source: Calculations based on OECD, STI Micro-data Lab: Intellectual Property Database, http://oe.cd/ipstats, June 2026

Annex B. International practices

Table A B.1. International practices

Thematic area	Issue	Example	Source
Strategic metropolitan leadership and delivery	Fragmented metropolitan governance and insufficient capacity to implement long-term strategies.	London, UK: The Greater London Authority combines metropolitan political leadership with borough-level responsibilities. The statutory London Plan provides a common spatial framework, while Transport for London (TfL) ensures operational delivery of the Mayor's Transport Strategy. Opportunity Areas link transport investment to housing, employment and regeneration.	GLA – London Plan (2021)
Strategic metropolitan leadership and delivery	Fragmented environmental policies and insufficient co-ordination of sustainability initiatives.	London, UK: The London Environment Strategy integrates air quality, green infrastructure and low-emission transport. ReLondon, a partnership between the Mayor and boroughs, promotes waste management, resource efficiency and the circular economy.	London Environment Strategy and ReLondon (Box 4.1)
Strategic metropolitan leadership and delivery	Difficulty co-ordinating climate action across municipalities, sectors and stakeholders.	Greater Manchester, UK: A mission-oriented governance approach combines a metropolitan climate roadmap, five thematic Challenge Groups, public consultation and collaboration between municipalities, businesses, universities and civil society.	OECD – Harnessing Mission Governance to Achieve National Climate Targets
Operational inter-municipal co-operation	Weak implementation capacity and fragmented responsibilities across municipalities.	Rotterdam–The Hague, Netherlands: A voluntary partnership of 21 municipalities supported by a statutory transport authority, dedicated national funding and municipal contributions. It jointly co-ordinates transport accessibility, economic development, employment locations and urban growth.	MRDH – The Power of Partnership
Operational inter-municipal co-operation	Limited political dialogue and co-operation between metropolitan municipalities.	Chicago, USA: The Metropolitan Mayors Caucus provides an institutionalised forum for co-operation, with quarterly meetings, an executive board, 12 thematic committees and taskforces, and consensus-based decisions.	OECD – Governing the City
Operational inter-municipal co-operation	Fragmented municipal action and missed opportunities for pooling resources.	Boston, USA: The Metropolitan Mayors Coalition uses thematic working groups, joint projects, legislative advocacy and shared funding applications to address common challenges and generate cost savings.	OECD – Governing the City
Operational inter-municipal co-operation	Insufficient incentives for municipalities to collaborate and share responsibilities.	United Kingdom: City Deals provide additional powers and resources to cities in exchange for stronger collaborative governance and agreed institutional arrangements.	OECD – Governing the City
Operational inter-municipal co-operation	Difficulty aligning metropolitan governance reforms with municipal responsibilities.	Helsinki metropolitan area, Finland: The allocation of metropolitan responsibilities was linked to progress under the national municipal consolidation plan, using institutional reform as an incentive for co-operation.	OECD – Governing the City
Operational inter-municipal co-operation	Unequal political representation and reluctance of smaller municipalities to participate in metropolitan institutions.	Lyon, France: The core city accepted reduced representation within the inter-municipal governance structure to facilitate participation by surrounding municipalities.	OECD – Governing the City
Balanced metropolitan development	Concentration of housing, jobs and investment in the metropolitan core, limiting the development of secondary centres.	Amsterdam metropolitan area, Netherlands: The 2050 Urbanisation Concept promotes polycentric development, setting metropolitan housing and employment targets and assigning differentiated growth roles to secondary centres. A metropolitan partnership	Amsterdam Metropolitan Area – Ambitions

		and transport authority support strategic co-ordination and implementation.	
Balanced metropolitan development	Spatial inequalities in access to employment, public services, facilities and green spaces.	Brussels-Capital Region, Belgium: The Regional Sustainable Development Plan promotes a polycentric urban structure at multiple scales, from regional urban centres to neighbourhoods, supported by municipal planning and inter-regional co-ordination.	OECD – Territorial Reviews: Brussels-Capital Region
Housing densification linked to transport and services	Shortage of affordable housing and limited capacity to influence housing supply and affordability.	Vienna, Austria: Public land acquisition, partnerships with limited-profit and private developers, reduced land prices and favourable public loans are combined with requirements for affordability, allocation and quality.	OECD – Territorial Reviews: Brussels-Capital Region
Housing densification linked to transport and services	Low-density development and insufficient housing supply in outer metropolitan areas.	London, UK: Higher-density development in outer boroughs is supported by transport investment and measures discouraging private car use, helping accommodate additional housing while sustaining public transport and local commercial centres.	OECD – Territorial Reviews: Brussels-Capital Region
Housing densification linked to transport and services	Housing affordability problems aggravated by transport costs and poor access to employment and services.	Vancouver, Canada: The Regional Growth Strategy integrates housing, land use and transport planning, encouraging mixed-use, higher-density development around urban centres and transit hubs, while considering combined housing and transport costs.	OECD – Developing Transit-Oriented Communities: Metro Vancouver
Targeted skills and training policies	Skills mismatches between training provision and the changing needs of employers.	Brussels-Capital Region, Belgium: Sectoral training partnerships (Pôles Formation Emploi) bring together employment services, training providers, employers and trade unions. Sector-specific training is complemented by occupational monitoring, employer surveys and identification of priority occupations.	OECD – Unleashing Talent in Brussels
Targeted skills and training policies	Insufficient vocational skills and practical knowledge for the circular economy transition.	Ljubljana, Slovenia: Circular economy and green-jobs initiatives promote craftsmanship, repair and maintenance skills, combining vocational education with intergenerational knowledge exchange.	OECD – The Circular Economy in Cities and Regions of the EU
Targeted skills and training policies	Shortages of STEM and digital competences required for the green and circular transition.	Flanders, Belgium: The STEM centre acts as a regional one-stop shop for STEM knowledge development and exchange, addressing mismatches between the supply and demand for technical competences.	OECD – The Circular Economy in Cities and Regions of the EU
AI and digital tools in municipal governance	Fragmented digital investment, weak interoperability and insufficient safeguards for technology adoption.	Stockholm, Sweden: A smart and connected city strategy establishes common principles for digital investment, including shared platforms, open standards, cybersecurity and privacy, supported by stakeholder consultation and project prioritisation based on public needs.	OECD – AI, Jobs and Inclusion briefing
AI and digital tools in municipal governance	Limited transparency, accountability and public trust in the use of AI by municipal administrations.	Helsinki, Finland: A public AI register documents municipal algorithmic systems, including their purpose, data use, human oversight and potential risks or bias, allowing residents to understand and question their use.	OECD – Building Trust and Reinforcing Democracy

Annex C. Stakeholders

Table A C.1. Consulted stakeholders

Institution	Representatives
Assolombarda	Elena Maria Milanesi, Valeria Negri
Banca Intesa	Alessandro Vitellino
Bocconi University (*Università Bocconi)*	Edoardo Croci, Pietro Galeone, Daniel Gros, Federica Raiti
CAP Holding	Silvia Martorana
Reuse Centre (*Casa del Riuso)*	Elisa Marchetti
Cassa Depositi e Prestiti (CDP)	Alessandro Crocco, Silvia Gatteschi
Catholic University of the Sacred Heart (*Università Cattolica del Sacro Cuore)*	Davide Lampugnani, Fausto Maconi
CEM Ambiente	Corrado Boccoli
Eni Enrico Mattei Foundation - FEEM (Fondazione Eni Enrico Mattei)	Antonio Sileo
General Confederation of Italian Agriculture, Milan – Confagricoltura (*Confederazione Generale dell'Agricoltura Italiana, Milano)*	Luciano Nieto
Gino Mattarelli National Consortium of Social Co-operatives – CGM (*Consorzio Nazionale della Cooperazione Sociale «Gino Mattarelli»)*	Laura Cordaro, Anna Voltolini
HUMANA People to People Italy	Alfio Fontana
Il Sole 24 Ore	Paolo Manfredi
Italian Confederation of Co-operatives, Milan and Lombardy – Confcooperative (*Confederazione Cooperative Italiane, Milano e Lombardia)*	Giuliana Baldin
Italian Confederation of Workers' Trade Unions – CISL (*Confederazione Italiana Sindacati Lavoratori)*	Stefania Fragomeni
Italian Farmers' Confederation, Lombardy – CIA (*Confederazione Italiana Agricoltori, Lombardia)*	Giuseppe Sorrentino
Italian General Confederation of Labour, Lombardy – CGIL (*Confederazione Generale Italiana del Lavoro, Lombardia)*	Giorgia Sanguinetti
Italian National Confederation of Craft Trades and Small and Medium-sized Enterprises, Milan – CNA (*Confederazione Nazionale dell'Artigianato e della Piccola e Media Impresa, Milano)*	Laura Buscarini
Italian Union of Labour, Milan and Lombardy – UIL (*Unione Italiana del Lavoro, Milano e Lombardia)*	Salvatore Monteduro
Lombardy Association of Freight Forwarders and Road Hauliers – ALSEA (*Associazione Lombarda Spedizionieri e Autotrasportatori)*	Gabriella Maccaferri
Lombardy Region (*Regione Lombardia)*	Carlo Bianchessi, Daniele Magni
Metropolitan Agency for Training, Guidance and Employment - AFOL Metropolitana (*Agenzia Metropolitana per la Formazione, l'Orientamento e il Lavoro)*	Roberta Paparatto
Metropolitan City of Milan (*Città Metropolitana di Milano)*	Isabella Susi Botto, Marco Felisa, Paolo Festa, Giorgio Mantoan, Diana De Marchi, Gabriele Olivari, Federico Ottolenghi, Dario Parravicini, Raffaella Quitadamo, Dario Rigamonti, Fabiano Rosa, Alessandra Tadini, Emilio De Vita
Metropolitan Intermunicipal Planning Research Centre – PIM (*Centro Studi per la Programmazione Intercomunale dell'area Metropolitana)*	Franco Sacchi
Milan, Monza Brianza and Lodi Chamber of Commerce (*Camera di Commercio di Milano Monza Brianza Lodi)*	Lidia Mezza, Stefania Spoto

Ministry of Economy and Finance – MEF (*Ministero dell'Economia e delle Finanze)*	Michele Vitale
Municipality of Cernusco sul Naviglio (*Comune di Cernusco sul Naviglio)*	Massimo Mancini
Municipality of Liscate (*Comune di Liscate)*	Morena Aldini
Municipality of Milan (*Comune di Milano)*	Sabrina Banfi
Municipality of Paderno Dugnano (*Comune di Paderno Dugnano)*	Marco Coloretti
Municipality of Rho (*Comune di Rho)*	Nicola Violante
Municipality of San Donato Milanese (*Comune di San Donato Milanese)*	Carlo Barone
National League of Co-operatives and Mutuals, Lombardy – Legacoop (*Lega Nazionale delle Cooperative e Mutue, Lombardia)*	Angelo Cabrele, Attilio Dadda
Polytechnic University of Milan (*Politecnico di Milano)*	Raffaella Cagliano, Venere Ferraro
Social Impact Agenda for Italy – SIA	Anna Voltolini
Sustainable Development Solutions Network Italy - SDSN	Michela Pezzagno
University of Milan (*Università degli Studi di Milano)*	Marco Alderighi, Alessandro Holper, Alessandro Missale, Anna Rosso
Vesti Solidale	Giuseppe Finocchiaro

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