

Review of policies and current situation in Italy and Umbria region

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*Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy*

TABLE OF CONTENTS

1.	Policy on natural areas in ITALY (UMBRIA REGION)	3
1.1	The national legislation of ITALY governing the functioning of natural areas	4
1.2	The existing management structures of natural areas	5
2.	Policy on entrepreneurship and SMEs development in ITALY and UMBRIA REGION	8
2.1	Judicial forms of business conduct in ITALY and UMBRIA REGION	8
2.2	Entrepreneurship in ITALY	9
2.3	Entrepreneurship in UMBRIA REGION – PROVINCE OF PERUGIA.....	13

*Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy*

1. POLICY ON NATURAL AREAS IN ITALY (UMBRIA REGION)

Map of Italy and Umbria region (including Perugia province)



Source: European Commission <http://europa.eu/abc/maps/>

Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy

1.1 THE NATIONAL LEGISLATION OF ITALY GOVERNING THE FUNCTIONING OF NATURAL AREAS

List of policies (e.g. for UK the Environmental Protection Act 1990)

NATIONAL LEGISLATION.

1. Law 6th December 1991, No. 394, "Framework law on natural areas"

REGIONAL LEGISLATION.

1. Regional law of 3rd March 1995, No. 9 "Environment protection and new rules on natural areas in accordance with national Law No. 394/1991"
2. Regional law of 2nd March 1999, No. 3 "Reorganisation of functions and duties in the system of Umbrian regional and local governments and other entities, in accordance with national Law No. 59 of 15th March 1997 and the Decree No. 112 dated 31st March 1998".

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Brief description

NATIONAL LEGISLATION.

Framework national Law No. 394/1991.

- **Aims:** a) preservation of: animal and vegetal species, vegetal or forest associations, high value geological peculiarities, paleontological peculiarities, biological communities, biotopes, high value views and landscapes, natural processes, water and hydro-geological equilibriums, ecological equilibriums; b) management and environmental repair solutions in order to achieve integration between man and natural areas, also through the protection of anthropological, archaeological, historical and architectural peculiarities and protection of traditional agricultural - pastoral activities; c) promoting activities of education, training and scientific research and of compatible recreational activities; d) defence and reconstitution of hydraulic and hydro-geological equilibrium.
- **Management** - Natural Areas management (preliminary instructions).

REGIONAL LEGISLATION.

Regional law no. 9/1995 contains elements on the management of regional natural areas: based on that the Umbria Region has to issue a regional guideline Document called "Natural Protected Areas Regional Plan". Besides, the regional law indicates all possible agencies (such as Park or other institutions) that can manage natural areas, and all possible planning and management instruments, such as: "Regional natural protected area Plan", "Park Regulation" and "Multi-year socio-economical plan".

Regional law 3/1999 establishes that Provinces of the Umbria region, (i.e. Perugia Province and Terni Province) have supervisory role: they verify and adopt all (national and regional) planning and management instruments relating to natural areas in the Umbria region.

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1.2 THE EXISTING MANAGEMENT STRUCTURES OF NATURAL AREAS

Brief description of the designation (e.g. for UK National Parks, in France – Grand Sites)

Framework national Law No. 394/1991 establishes how to classify natural areas in Italy, they can be defined as:

- NATURAL PARKS (national or regional management)
- NATURAL RESERVES (national or regional management)

NATIONAL NATURAL PARKS. They can be land, river-side, lake-side or sea-side areas; they can contain: one or more untouched or partially untouched ecosystems, one or more geological, geomorphological or biological peculiarities, which can be considered important at national or international level, because of their naturalistic, scientific, aesthetic, cultural, educational and recreational values. For this reason they are managed by the State, in order to preserve them to the present and future generations.

REGIONAL NATURAL PARKS. They can be land, river-side, lake-side or sea-side areas with high naturalistic and environmental values, they are located in a single region or in more (adjacent) regions, they are an homogeneous system, identified as such based on the natural order of sites, on the high value views and landscape, the high artistic value and according to cultural traditions of the local population.

NATURAL RESERVES. They can be land, river-side, lake-side or sea-side areas containing one or more fauna or flora species with high naturalistic value (they can contain one or more important ecosystems, because of their biological diversity or their capability to preserve genetic resources). Natural reserves can be regional or national according to their importance.

In Umbria there are: one National Natural Park (Monte Sibilini Park) and five regional Natural Parks (Trasimeno Lake Park; Colfiorito Park; Monte Cucco Park; Monte Subasio Park; Tevere Park).

Natural Parks are managed by public agencies.

Natural Reserves can be managed by public or private agencies or associations (if the agency is private it must sign an agreement with the Ministry of Environment).

In all above mentioned natural areas SCI areas (Sites of Community importance) and SPA areas (Special protected areas) can be included.

In Umbria there are 97 SCI areas and 7 SPA areas.

(text limit: 2000 characters by designation)

Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy

How it relates to other administrative structures (hierarchy of responsibility)?

Agencies involved in natural areas management relate with other administrative structures. In the following table there are relationships between each agency involved.

Agency Process	Ministry of environment (NUTS 1)	Region (NUTS 2)	Agency involved in natural area management (Ente Parco o altro)	Province (NUTS 3)	Community Park
Designation and monitoring of national protected areas	R	Inv	-	-	-
Designation and monitoring of regional protected areas	Inv	R	-	Inv	Inv
Preliminary management planning	R	Inf	-	Inf	-
Detailed management planning	Inv	Inv	R	Inv	Inv

Explanation: R: Responsible; Inv: Involved; Inf: Informed

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How is it governed?

Agency	Role	Bodies	Planning instruments
Ministry of Environment (Nuts 1 level)	It establishes preliminary planning activities It identifies and monitors national protected areas	- <i>Natural protected areas Committee</i> (it identifies, defines fundamental guidelines to designate natural protected areas in Italy) - <i>Natural protected areas Council</i> (it's set up by external experts, and it gives scientific opinions on natural areas conditions)	- <i>Natural protected areas three-year planning</i> (it officially identifies natural protected areas – regional and national; and it attributes funding to all natural protected areas)
The Region (Nuts 2 level)	It establishes planning activities for regional natural protected areas	- <i>Regional Advisory Council</i> (it gives technical support to policy planning)	- <i>Natural protected areas regional plan</i> (it identifies officially the regional natural protected areas)
Park Agency (NUTS 1 or 2 level)	It is responsible for management of regional natural protected areas It guarantees conservation, defence, valorisation and care of natural, anthropological, archaeological, historical and architectural peculiarities of the area.	- President - Managing Council - Executive Committee - Auditors council - Park Community	- <i>Park Plan</i> (it establishes the classification of natural regional protected areas) Multi-year social and economic plan (it is a socio-economical survey of the context of the area) - <i>Park Regulation</i> (it gives ordinary management rules - entrance time, off limits areas, etc)

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Is there a link to the legislation in 2.2 above?

Yes, framework national law n. 394/1991 establishes all rules and duties of abovementioned entities.

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Highlight activity that is good and why (e.g. partnerships working, management plans, autonomy of activity)

Autonomy of activity: Framework national Law No. 394/1991 establishes a separation between central government (the Ministry of Environment) and local governments (Park Agencies), in order to have simplification and a more careful management of local problems.

Partnerships working: Every Park Agency is autonomous in management, but there is an advisory body called Park Community, which is constituted by local governments (Presidents of regions, Presidents of provinces, majors of municipalities, and other local institutions, included in the natural protected areas).

(up to 2000 characters)

2. POLICY ON ENTREPRENEURSHIP AND SMES DEVELOPMENT IN ITALY AND UMBRIA REGION

2.1 JUDICIAL FORMS OF BUSINESS CONDUCT IN ITALY AND UMBRIA REGION

ITALIAN BUSINESS STRUCTURES CLASSIFICATION.

Italian corporation law establishes that business structures can be distinguished according to the nature of the corporate body:

- **1) PHYSICAL CORPORATE BODY:** it means that corporate body is a physical person, which is legally responsible with his properties (the common name is “sole trader”)
- **2) LEGAL CORPORATE BODY:** it means that corporate body is a legal person; there are various cases, such as:
 - **Partnership:** it means that the body’s estate is not separated from partners’ estate (capital). There are three cases: Sas (limited partnership); Snc (unlimited partnership); Ss (partnership bring about their properties);
 - **Joint-stock company:** it means that the body’s estate is separated from the capital of each of the partners. There are two cases: Srl (min. capital: 10,000 euros – a company with limited liability, up to the amount of the invested capital); Spa (a joint-stock company limited by shares);
 - **Cooperative society:** with mutualistic aims.

Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy

PERUGIA PROVINCE BUSINESS STRUCTURES ANALYSIS.

The most popular Structure is “sole trader”, in particular in agricultural, building, trade and manufacturing sectors.

Provincia di Perugia

	Agriculture and fisheries	Mining	Manufacturing	Bulding	Trade	Hotels & Restaurants	Services	Total
Joint-stock company	2%	53%	22%	16%	12%	13%	29%	13%
Partnership	11%	37%	29%	17%	23%	45%	24%	22%
Sole trader	87%	7%	47%	66%	64%	40%	36%	63%
Other (cooperatives)	1%	3%	2%	1%	1%	2%	11	2%

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2.2 ENTREPRENEURSHIP IN ITALY

1. Active bodies

In Italy National Union of Chamber of Commerce gives a figure about:

- Number of registered business: all business with a VAT number open,
- Number of active bodies: all businesses who have presented balances in last five years.

Table 1. Active bodies in Italy. Source Italian Chamber of Commerce.

	Total
Registered business	5 283 531
Active business	6 085 105

Survival of registered businesses

In Italy there are annual statistical data about **registration rate** (n° of new registered businesses during one year), **closing rate** (n° of closed businesses during one year) and **increase rate** (the difference between new registrations and closings and total registered businesses).

In the following table there is a clear explanation about businesses situation before and during mondial financial crisis: after 2008 businesses closings increased, because mondial situation.

Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy

Table 2. Business increasing in Italy. Source Italian Chamber of Commerce.

Year	Registration rate	closing rate	increase rate
2003	6,68	5,23	1,45
2004	7,21	5,43	1,78
2005	7,02	5,41	1,61
2006	6,97	5,77	1,21
2007	7,12	6,37	0,75
2008	6,71	6,11	0,59
2009	6,32	6,03	0,28

About survival rate there is a statistical data before financial crisis, that wasn't updated, please see following table:

<i>Businesses average survival</i>	<i>12 years</i>
<i>Closing within 3 years</i>	25%
<i>Closing within 5 years</i>	40%

Characteristics of surviving business

Generally businesses survival depends on structural factors and contingent factors (mondial crisis, market performance, political situation, etc)

Relevant structural factors for italian businesses are:

- Businesses sector: as a matter of fact during financial crisis, service sector is weaker than others;
- Businesses size: a SME has got less possibilities to be supported by its own properties;
- High internationalization rate and high technological investments: especially in manufacturing sector, they are indexes of strong businesses dynamism;

Barriers to business development

Barriers to business development in Italy are:

- Financial mondial crisis started in 2008;
- Problems in acceding loaning system;
- Weak tendency to new investments (especially in South Italy businesses)

Financial situation

The World financial crisis caused negative effects also in Italy, where there was a strong drop of GDP (gross domestic product) in 2008 (-2.2%, see Table no. 3).

The central union of all Italian Chambers of Commerce carried out a survey about drop of turnover in 2009 (vs 2008) in a significant sample of businesses: dropping was strong, in particular there was turnover loss of 15% regarding 42,3% of SMEs (see table n.4).

Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy

Table 3. GDP Italy, Source: Italian Chamber of Commerce.

	I quarter 2008	II quarter 2008	III quarter 2008	IV quarter 2008	I quarter 2009	II quarter 2009	III quarter 2009	IV quarter 2009
GDP Italy	0,4	-0,6	-0,9	-2,2	-2,7	-0,5	0,5	-0,3

Table 4. Turnover loss in 2009 (vs 2008). Source: Italian Chamber of Commerce.

	Strong Increase (more than 15%)	Sensibile increase (from 3% to 15%)	Stable (+/- 2%)	Sensibile drop (from 3% to 15%)	Strong drop (more than 15%)
Total	1,3%	8,7%	17,5%	30,1%	42,3%

Investments

In Italy sectors of investments are:

- technological investments: 50%
- human resources: 15%
- research and development: 30%
- other: 5%

Sources of investments

In Italy when a business is in trouble and it can't access loaning system, it can use own properties or it can use public funding (not so much in 2008-2009 period) or it can address to other instruments such as venture capitalists, innovative finance etc (all these instruments are not so common in Italy).

So sources of investments are:

- Loaning system,
- Own properties,
- Public funding,
- Innovative finance (venture capitalists etc).

2. Italian companies description

Italian operating businesses' number is calculated according to the businesses' number registered to charge VAT at Chamber of Commerce (Chambers are located in every Nuts 3 level territory).

On 2009 Chambers of Commerce registered 5.283.531 operating businesses, prevalent sector is trade.

*Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy*

Table 5. Number of businesses operating in the country by sector (2009).

	Agriculture and fisheries	Mining	Manufacturing	Building	Trade	Hotels & Restaurants	Services	Total
Businesses operating	882 578	3 937	631 866	806 120	1 441 834	283 658	1 233 538	5 283 531
%	17%	0,1%	12%	15%	27%	5%	23%	100%

3. Trade support associations statistics. e.g. number of businesses registering with tourist association.

In Italy statistical data on tourism sector are provided by:

- Italian Statistical Centre (ISTAT): it gives annual data on the sector,
- Tourist associations: they give ad-hoc studies and survey analysis.

Tourist associations are divided according to the type of members, as a matter of fact in Italy there are following categories of tourist accommodations:

- Hotels, divided into four levels according to benefits offered (first level's hotels give less benefits; second one give a little more and so on);
- Extra-hotels, such as agrotourisms; bed and breakfasts; campings; renting-rooms; etc.

Each hotel or extra-hotel manager chooses to become member of tourists associations, in order to have information news, training, fiscal assistance etc.

Tourist associations are

- Federalberghi, Confesercenti, Confapi, Confindustria: for hotels and extra-hotels (except agrotourisms);
- Terranostra, Agriturist Perugia and Turismo Verde Perugia: only agrotourisms.

4. Outline of current economic operating environment

According to Bank of Italy statistical data in december 2009, total loan aimed to business sector was: 842 268 millions of euro, corresponding to 53,6 % of total loan system).

There aren't statistical data on average waiting time for funding and neither on average size of loan, so there is an estimate on average waiting time for funding a loan for a business: 60 days.

5. Other information: World financial crisis

The World financial crisis caused negative effects also in Italy, where there was a strong drop of GDP (gross domestic product) in 2008, businesses rate of growth has been the lowest since 2003 (+0,28%, see table n. 7).

Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy

Table 6 Businesses rate of increase, Source: Central union of all Italian Chambers of Commerce.

Year	2003	2004	2005	2006	2007	2008	2009
Rate of increase	1,45%	1,78%	1,61%	1,21%	0,75%	0,59%	0,28%

Loaning system

Recession's negative effects are strong dropping of financial structures of SMEs: SMEs had a strong limitation of access to loaning system. This effect is due to banks' increased caution in giving loans (see table n. 5).

When a SME is in trouble and it can't access loaning system, it can use own properties or it can use public funding (not so much in 2008-2009 period) or it can address to other instruments such as venture capitalists, innovative finance etc (all these instruments are not so common in Italy).

Table 7. Loan rates reserved to SMEs' sector. Source: Bank of Italy .

	More than 5 years			Between 1 year and 5 years			Until 1 year		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Italy	4,8	5,1	5,6	4,0	4,9	5,3	5,1	6,0	6,5

2.3 ENTREPRENEURSHIP IN UMBRIA REGION – PROVINCE OF PERUGIA

Perugia Province companies description

Perugia province operating businesses are mainly about trade sector: more than 15 thousand operating businesses. Also agricultural sector is very important (23% of total), in particular there are EU quality food stuffs production, such as: wine production (13 wines certificated according to the Regulation (EC) N. 1493/99); Protected Designation of Origin (PDO) products (olive oil: "*Olio extravergine di Oliva Umbria*" and spelt: "*Farro di Monteleone*"); Protected Geographical Indication (PGI) products (ham: "*Prosciutto di Norcia*", beef: "*Vitellone Bianco Appennino Centrale*", lentils: "*Lenticchia di Castelluccio di Norcia*").

In manufacturing area, the most popular sectors are: textile-leather-goods-clothing sector (1,5 thousand businesses); metallurgical sector (1,1 thousand businesses); wood and paper manufacturing (1,1 thousand businesses); foodstuffs sector (0,9 thousand businesses) (see table 6).

Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy

Perugia Province operating businesses are mainly SMEs (small and medium enterprises), 94,3% (of all operating firms) have less than 10 employees (the trend is corresponding to European percentages), and they employ 69% of total labour.

Table 8. Perugia province: operating business. Source: Perugia Chamber of Commerce (2009).

	Agriculture and fisheries	Mining	Manufacturing	Building	Trade	Hotels & Restaurants	Services	Total
Umbria region	18 767 (23%)	76 (0,1%)	9 689 (12%)	12 804 (15%)	20 608 (25%)	4 269 (5%)	17 056 (20%)	83 269
Province Perugia	14 763 (23%)	68 (0,1%)	7 635 (12%)	9 839 (15%)	15 139 (24%)	3 310 (5%)	13 106 (21%)	63 860

Table 9. Businesses size. Source: Movimprese (2007).

	Less than 10 employees	Between 10 and 19 employees (Sme)	Between 20 and 49 employees (Sme)	More than 50 employees	Total
Province Perugia	55 053 (94%)	2 175 (4%)	815 (1%)	329 (1%)	58 372
Umbria region	72 670 (94%)	2 745 (4%)	1 058 (1%)	435 (1%)	76 908
Italy	4 615 149 (95%)	163 995 (3%)	68 379 (1%)	31 313 (1%)	4 878 836

World financial crisis

The World financial crisis caused negative effects also in Perugia Province, where there was a strong drop of GDP (Gross Domestic Product) on 2008 (see table n.8). World financial crisis hit all manufacturing area, in particular: metallurgical sector dropped strongly (-5,1%), wood-manufacturing (-3,6%) and textile and clothing sector (-3,1%).

Table 10. GDP variations. Source: Perugia Chamber of Commerce.

GDP	2003	2004	2005	2006	2007	2008	2009
Umbria region	-0,3	2,3	0	3,0	1,9	-1,8	-5,7
Province Perugia	0,0	2,3	0,3	2,6	2,2	-1,8	-6,4

Review of policies and current situation in Italy and Umbria region
Perugia Province, Italy

Labour market

World crisis caused also a strong repercussion on labour market: in 2009 there was a reduction of employment rate and an increase of unemployment rate (see table 9 and 10).

Table 11. Employment rate (2005-2009 years). Source: Perugia Chamber of Commerce.

	2005	2006	2007	2008	2009
Perugia Province	62,8	64,3	66,1	66,6	64,0
Umbria Region	61,6	62,9	64,6	65,4	63,1
Italy	57,5	58,4	58,7	58,7	57,6

Table 12. Unemployment rate, (2005-2009) Source: Perugia Chamber of Commerce.

	2005	2006	2007	2008	2009
Perugia Province	6,7	5,2	4,2	5,0	6,5
Umbria Region	6,1	5,1	4,6	4,8	6,7
Italy	7,7	6,8	6,1	6,7	7,8

Average household incomes

Average household incomes in Perugia province is 45727 euro per year (it's a little bit more than Italian trend).

In Italy households can be sustained through: public aid: family allowances, sustenance pension, etc. Perugia Province rate of households sustained is lower than Italian trend (see table 11).

Table 13. Number of households sustained. Source: Italian Welfare Ministry.

	Number of households sustained (2002)	Number of households sustained (2005)	Number of households sustained (2007)	Percentage on total population (2007)
Perugia Province	11 000	20 000	26 000	13,5 %
Umbria Region	16 000	29 000	36 000	13,5 %
Italy	1 949 000	3 658 000	4 526 000	23,8 %

Loaning system

Loaning system gives funding to businesses, privates and public entities. In Perugia Province: 68,9% of total funding is addressed to businesses (the rate is higher than Italian trend, 58,2%).

As at December 2009 loaning system gave funding in particular: to service sector (4,1 billion), to manufacturing sector (3,3 billions), to building sector (1,6 billions).

In Perugia Province 2,7 billions of euros (27,4% of total) are addressed to SMEs (with less than 20 employees), the percentage is higher than the Italian one (18,7% of total), all this shows a vitality of Perugia's SMEs.