

ACTION PLAN OF COMPETE IN PROJECT
Competitive territories through internationalization:
SMEs competitiveness in globalised regions



Local Action Plan

ART-ER

Part I - General information

- **Project:** Compete In
- **Partner organisation:** ART-ER S. cons. p. a.
- **Country, region:** Italy - Emilia-Romagna
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Project Local Stakeholder Group

- ✓ Emilia-Romagna Region - Service for Attractiveness and Internationalisation - Directorate General Knowledge Economy, Labour and Businesses
- ✓ Confindustria Emilia Romagna;
- ✓ CNA Emilia Romagna;
- ✓ Confartigianato Imprese Emilia Romagna;
- ✓ Legacoop Emilia-Romagna;
- ✓ Confcooperative Emilia-Romagna;
- ✓ Association of Chambers of Commerce of Emilia-Romagna (UNIONCAMERE);

Partners:

- ✓ ITA (Italian Trade Agency)
- ✓ NETCOMM (National Consortium of e-commerce operators)
- ✓ Polytechnic of Milan School of Management - Observatory on Digital Export

Part II - Policy context

- Policy instruments addressed

Two policy instruments are addressed:

- 1) **ERDF Regional Operational Plan 2014-2020, Axis 3 Competitiveness and attractiveness of the productive system, Investment Priority 3b Development and realization of new attractiveness models devoted to the SME, regarding in particular internationalization - Specific Objective 3.4 Increase of the internationalization level of the productive systems - Action 3.4.1 Projects for promoting export devoted to enterprises and their association identified at territorial or sectorial level.**

In the 2014 - 2020 programming period, for the first time ever, actions and supports for SMEs internationalisation were included by the Emilia-Romagna Region into its ERDF Regional Operational Plan 2014-2020, which is the policy instrument addressed.

Significantly, as soon as the Regional Government entered into office at the end of 2014, it set a twin set of ambitious goals: raising exports' contribution to regional GDP until 63% in 2023; raising the number of regional businesses active on foreign markets from roughly 22.000 to 30.000 and further integrating Emilia-Romagna economy into international value chains, leveraging both on its consolidated vocations and specializations and on the emerging sectors identified in the regional S3 strategy.

- 2) **Regional Plan for productive Activities 2012 - 2015 - Operational Programme 4**

Beside with ERDF resources, Emilia-Romagna Region has been supporting the internationalisation of SMEs since 2001, counting on Region's own resources, earmarked to the Regional Plan for Productive Activities (hereafter RPPA), whose first edition dates back to 2001.

The Operational Programme 4 Internationalisation of the productive system under the RPPA is addressing the internationalisation of the regional productive system through a number of dedicated support measures, targeting both single SMEs and groups of SMEs, either directly or indirectly, i.e. via the specialist support provided by business support organisations (such as regional Chambers of Commerce, entrepreneurial organisations or Internationalisation Consortia). Further to that, the programme also supports the internationalisation of the regional fairs system through the promotion of the internationalisation of the main regional fairs linked to regional productive specialisations and excellence and with priority sectors identified within the Smart Specialisation Strategy. Support is also provided to CLUST-ER(s), which are voluntary associations comprising SMEs and research centres active in the S3 sectors.

At present the RPPA 2012 - 2015 is still in force, its validity having been extended until a new Programme is endorsed and approved by the Regional Government. Most likely, the new Regional Government, due to take office after elections scheduled on January 26 2020, will approve a new edition of the RPPA.

Different measures supporting internationalisation, both under action 3.4.1 of ERDF OP and/or under Operational Programme 4 of the RPPA, have therefore already been developed and implemented. This happened with a view to sustain multiannual internationalisation processes of SMEs towards new markets, through a priority for initiatives based on S3 regional filières/clusters, and supporting sectorial aggregations, either horizontal and/or vertical. Moreover, it is important the support of Export Consortia and the assistance of SMEs selling overseas, leveraging also on the knowledge and experience and support by regional entrepreneurial organisations and research and innovation centres.

None of the measures supporting the internationalisation of SMEs either co-financed with resources from Emilia-Romagna ERDF ROP or from regional resources committed to the RPPA 2012 - 2015 is addressing the full range of technical supports, advices, consulting services needed by SMEs to start and/or improve cross-border on-line selling. Actually, the COMPETE IN Action Plan will focus on the lessons learnt and inspirations from the XPANDE Digital initiative implemented by IVACE and the Valencia Chamber of Commerce (regional level) in partnership with the Chamber of Commerce of Spain (national level). Our objective is to take inspiration from it but also to take it a step further. This means not only co-financing the costs entailed by digital marketing campaigns, allowing SMEs to promote themselves and their products/services to potential buyers on foreign markets but addressing the full range of technical services and advice needed by SMEs to successfully exploit the potential of cross-border e-commerce, to be included in the new envisaged regional measure.

Therefore, the impact of the COMPETE IN Action Plan will be to broaden the range of tools and measures available to regional SMEs to sell overseas. Indeed, **a new regional measure, coordinated with national level supports, will offer SMEs the opportunity of harnessing the development potential of one of the fastest growing segments of international trade, cross-border sales through digital channels.**

Part III: Local Action Plan: challenges, objectives and actions

1. Regional context and definition of the initial problem/policy challenge

- *Main needs to be addressed, opportunities, challenges, weaknesses*

Expected results for Specific Objective 3.4 are, on one side, to increase the number of newly exporting companies by 5%/year, with a priority for manufacturing companies operating in priority sectors of Emilia-Romagna S3. On the other, to increase stability

and relevance of foreign activities of regional SMEs raising the contribution of regional exports above 40% of GDP (target for 2023 is 61.8%). Such policy objectives were adopted against a backdrop in which Emilia-Romagna is already the leading Italian region as to the export/per capita and greatly contributes to the national export performance. Actually in 2017 the region's exports increased to 59.9 billion euro (+6.7% over 2016), accounting for the 13.4% of national exports, with an increasing weight to non EU-Countries (43% of total exports in 2017).

The growth trend further expanded in 2018: Emilia-Romagna productive system exported goods and services for almost 63.5 billion, with a +5.7% annual increase, raising its contribution to national exports to 13.7% and making it the second Italian exporting Region in absolute figures.

Further, very significant sectorial performances have to be adequately emphasized: regional exports of tiles and ceramics represents 94% of the national, exports of meat and meat products represent about 38% of the national total, while about ¼ of national exports of agricultural machinery, other general purpose machinery, wearing apparels is coming from Emilia-Romagna.

Against this very positive export performance, it has to be highlighted that less than 600 companies account for about 42% of regional exports, while more than 10,000 micro-businesses account for only 10% of overall exports. Overall, only about 25,000 businesses (out of 407,000 registered companies in Emilia-Romagna) are exporting on a regular basis.

The challenge is to increase the number of regularly exporting SMEs and further diversifying both the export markets and distribution channels.

2. Focus and objectives

- *Strategic goals and visions, relevant topics to be addressed through the LAP*

The following considerations lay the grounds for our choice of focusing **COMPETE IN Action Plan** on the implementation of **lessons learnt and inspirations** from the **XPANDE DIGITAL** initiative, and to adapt them to our regional and national support system:

- **the impressive growth of digital sales world-wide over the last decades**, both within **national markets** and **cross-border**, both in the **Business2Consumer** and in the **Business2Business segments**, outperforming by far both GDP and world trade growth, offer opportunities for international expansion also to SMEs, provided that adequate support is made available;
- **cross-border e-commerce opens up opportunities** for entering foreign markets also to **less experienced and tinier SMEs**, by reducing the investments needed

and reducing the relative importance of business size and physical/commercial presence in foreign markets;

- **digital marketing** actions represent a **major and constant share of the investments** needed to start and run any e-commerce initiative;
- the fact that **Xpande Digital is itself a programme designed at national level** by the Chamber of Commerce of Spain and is implemented in **partnership with Chamber of Commerce of Valencia and IVACE**, which adhered to the initiative on a voluntary basis, and has been integrated with other support measures both at regional and at national level;
- the **need of integrating the envisaged new regional support actions** - inspired by the Xpande Digital initiative - **into the existing Emilia-Romagna support system**;
- the **opportunity to coordinate** the envisaged **new regional support actions** with **national level supports** currently available in our context.

In brief, through the Xpande Digital initiative, the Chamber of Commerce of Spain and Chamber of Commerce of Valencia, in cooperation with IVACE, offer technical assistance and advice to Valencian SMEs for designing a Digital Marketing Action Plan targeting potential customers on foreign markets, which are selected based on SMEs' product/service competitive potential. Once the digital marketing action plan is defined SMEs can count also on small subsidies for co-financing the costs of implementation.

The following measures by Emilia-Romagna Region supporting SMEs internationalisation already consider the costs for setting-up and/or revising websites in foreign languages, for devising an on-line promotion strategy/web-marketing plan through specialist support as eligible:

- a. Call for systemic promotional projects, measure 4.1 of the RPPA 2012 - 2015, and whose core aim is to contribute to the internationalisation of specific regional economic sectors/filières, identified in the S3;
- b. Call for non-exporting SMEs and for SMEs participation to international fairs, launched under action 3.4.1 of ERDF ROP 2014 -2020, and whose core aim is to support single non exporting SMEs in approaching/developing their export capabilities;
- c. Call for export consortia, co-financed under action 3.4.1 of ERDF ROP 2014 -2020 in 2017, 2018 and 2019, while from 2013 until 2016 it has been co-financed under measure 4.2 of the RPPA 2012 - 2015, and whose core aim is to support the promotional activities carried out by regional Consortia of SMEs for Internationalisation.

None of the above mentioned Emilia-Romagna support measures however is addressing the full range of technical supports, advices, consulting services needed by SMEs to start and/or improve cross-border on-line selling (e-commerce).

- *General and specific objectives*

General objective of our Action Plan is therefore to **broaden the range of Emilia-Romagna tools supporting the internationalization of SMEs** through the definition and **implementation of support actions/measures facilitating cross-border e-commerce.**

The **Specific Objectives** are the following:

- **take stock of the experiences and practices** developed by the Chamber of Commerce of Spain in cooperation with the Chamber of Commerce of Valencia and IVACE in the framework of the **XPANDE DIGITAL initiative**;
- **broaden the scope of the envisaged support action** - which is available to Valencian SMEs through XPANDE Digital - with a view to encompass not only digital marketing actions but **also further technical support services, advices and consulting** needed by SMEs to **start and successfully manage cross-border e-commerce initiatives**;
- **integrate the envisaged new regional support actions** with other **existing regional tools/measures** and in **coordination with supports being implemented at the national level in Italy**;

With a view to adapt the lessons learnt from the Xpande Digital to our regional and national contexts, we organized a Conference in Bologna on the 27th of February 2019: experts from the Chamber of Commerce of Valencia and IVACE were invited to share and compare their experience and practices with experts from the Italian Trade Agency (ITA), from Lombardy Region and from the National Consortium of E-commerce operators (NETCOMM):

- ITA has developed and is implementing a Digital Export Strategy and set-up a dedicated e-commerce team and manages a number of agreements with major international e-market places and e-tailers operating in the most dynamic markets as far as e-commerce sales are concerned;
- Lombardy Region has recently implemented a regional measure supporting cross-border e-commerce in partnership with Lombardy Association of Chambers of Commerce;
- NETCOMM is a national consortium comprising the main business operators offering e-commerce services, ranging from digital marketing, to logistics, to legal advice, to training and digital skills building.

The different offers of public and private support available in our national context were presented and discussed with entrepreneurial and business support organisations sitting in the COMPETE IN Local Stakeholder Group and representing the “*demand side*”, so as to identify any existing gap and a blueprint on which the fine-tuning and operationalisation of the new measure/support action will be undertaken.

The following SMEs needs emerged as the main issues to be addressed:

- a) **Digital skills**
- b) **Capacity to invest in digital marketing**
- c) **Ability to choose the right digital suppliers and partners**
- d) **Partnerships with marketplaces, e-commerce platforms and e-tailers**
- e) **Reaching critical mass through aggregations**

The new measure/support action would then ideally comprise **training, co-financing, and aggregation** to build up solid partnerships with international and foreign marketplaces and e-commerce platforms and **be coordinated with ITA national e-commerce strategy**, to:

- a) **maximize the opportunities for regional SMEs** deriving from the **partnership agreements already in place** between ITA and the major marketplaces, e-commerce platforms and e-tailers operating in the most important foreign markets;
- b) **minimize the costs of investments for Regional SMEs in digital marketing actions** - which represent a major and constant part of the costs entailed by e-commerce - as they could benefit from collective digital marketing investments covered by ITA.

3. LAP and Policy Instrument impact

- *How the LAP will address Policy Instrument*

With reference to the ERDF Regional Operational Plan 2014-2020, first of all it has to be highlighted that the whole programme is in an advanced stage of implementation: as of 10th June 2019, about 480 out of overall 481 million (ERDF + National co-financing) have already been committed (96%), while payments reached more than 145 million (30% and well above the N+3 threshold).

With specific reference to Priority Axis 3 Competitiveness and attractiveness of the productive system, 109.2 million (90.6%) out of the 120.5 million earmarked to Priority Axis 3 have already been committed to the seven actions and four Investment Priorities addressed. Further 3 million have been committed to a new call under action 3.4.1 dedicated to non-exporting SMEs and to promote SMEs participation to international fairs, which is open for applications until 19 July 2019. Therefore, no new support

measure will be financed under Action 3.4.1 and no requests for formal modification of the ERDF OP will be submitted to the EC at this stage of implementation.

However, lessons learnt from the COMPETE IN cooperation will not be lost. There is a general agreement with Emilia-Romagna Region to experiment the envisaged new measures/line of action with regional resources available in the present RPPA and with the regional resources that will be made available for the new edition of the RPPA, which will be approved by the new Regional Government, due to take office after elections on 26th January 2020.

4. Actors and stakeholders

- *List and roles of main actors and stakeholders involved for the implementation of the LAP*

ART-ER:

- ✓ technical support for the implementation of LAP actions;
- ✓ monitoring of the implementation of LAP actions and reporting;
- ✓ liaising with Local Stakeholder Group Member organisations;
- ✓ technical relations with ITA, NETCOMM, Polytechnic of Milan, Chamber of Commerce of Valencia;

Emilia-Romagna Region - Service for Attractiveness and Internationalisation - Directorate General Knowledge Economy, Labour and Businesses:

- ✓ overall guidance and coordination of the implementation of LAP actions;
- ✓ liaising and coordinating Local Stakeholder Group Member organisations;
- ✓ institutional relations with ITA, NETCOMM, Polytechnic of Milan, Chamber of Commerce of Valencia;
- ✓ liaising and coordinating with ERDF 2014 - 2020 Managing Authority;

Local Stakeholder Group members:

- ✓ providing technical inputs and representing the views of SMEs;
- ✓ providing feedbacks on the technical specifications of the new measures/support actions;
- ✓ spreading information to and supporting SMEs in the application stage;
- ✓ supporting the evaluation of results.

Partners:

- ✓ ITA (Italian Trade Agency)
- ✓ NETCOMM (National Consortium of e-commerce operators)
- ✓ Polytechnic of Milan School of Management - Observatory on Digital Export
- ✓ Chamber of Commerce of Valencia.

5. Details of the actions envisaged

Three actions are foreseen.

5.1 Introduction of new eligible expenditures under the 2019 regional call for systemic promotional projects.

Relevance

The action focuses on the lessons learnt and inspirations from the **XPANDE Digital initiative implemented by IVACE and the Valencia Chamber of Commerce (regional level) in partnership with the Chamber of Commerce of Spain (national level)**. Nevertheless, we go a step further. This means not only co-financing the costs entailed by digital marketing campaigns, as XPANDE Digital does, but also including new eligible expenditures aimed at promoting cross border e-commerce.

Activities and timeframe:

- Presentation of key elements of the new features of the call for systemic promotional projects to the LSG (April 2019);
- Fine tuning of the call based on the feedback by LSG (April 2019);
- Launch of the regional call 4.1 RPPA for systemic promotional projects, with the introduction of new categories of expenditure based on the Xpande Digital initiative and based also on inputs from the Italian Trade Agency, so as to support collective investments by SMEs in digital marketing (open from 13th may until 31st July 2019);
- Assessment of applications (from August to October 2019);
- Award of Contributions (November/December 2019);
- Implementation by beneficiaries (from date of submission throughout 2020);
- Monitoring by Emilia-Romagna Region and ART-ER (throughout 2020 until 31 March 2021).

Key words: Internationalisation

Stakeholders involvement

ART-ER will work with Emilia-Romagna Region for improving the policy instrument Regional “Plan for Productive Activities (RPPA) 2012 - 2015 Operational Programme 4 - Internationalisation of the productive system” by introducing new eligible expenditures dedicated to e-commerce.

Emilia-Romagna Region - Service for Attractiveness and Internationalisation will guide and coordinate towards stakeholders’ actions implementation. It will launch the call under RPPA. Together with ART-ER, it will monitor SMEs participation in the call and projects dedicated to e-commerce once approved.

The trade associations of SMEs (**Confindustria Emilia-Romagna, CNA Emilia-Romagna - National Confederation of Crafts and Small and Medium Enterprises, Confartigianato Imprese Emilia-Romagna; Legacoop Emilia-Romagna; Confcooperative Emilia-Romagna; Association of Chambers of Commerce of Emilia-Romagna**) will give technical inputs in representation of SMEs. Moreover, they will support their companies in participating in the call sensitizing them to e-commerce practices.

Costs and funding sources:

The action is going to be covered by internal regional and ART-ER resources.

5.2 Definition of a new regional measure/action supporting digital exports of single and/or networks of regional SMEs and coordination with national level support measures

Relevance

Lessons learnt and inspiration came firstly from Transfer Workshops organized with IVACE, Valencia Chamber of Commerce, ARVET Association and Emilia-Romagna regional stakeholders on 2018. Secondly, the regional/international conference organized by ART-ER on 2019 in Bologna together with the Emilia-Romagna Region and attended by regional stakeholders, national and European key actors (ITA, NETCOMM, and Lombardy Region) including the Spanish referents of the transferred good practice gave a concrete input. Indeed, the conference “E-commerce for access to foreign markets Support models in comparison” made regional stakeholders aware and allowed a fruitful exchange between ART-ER staff, regional government representatives, and national experts. The different offers of public and private support available in the Italian context were presented and discussed with entrepreneurial and business support organisations sitting in the COMPETE IN Local Stakeholder Group and representing the “demand side”, so as to identify any existing

gap and a blueprint on which the fine-tuning and operationalisation of the new measure/support action will be undertaken.

Activities and timeframe:

- Definition of an agreement with the Italian Trade Agency (ITA) covering training of SMEs in digital marketing, the definition of eligible expenditures for the new regional measure/support action and how regional SMEs could benefit from existing agreements between ITA and the major marketplaces, e-commerce platforms and e-tailers operating in the most important foreign markets (October - December 2019);
- Definition of the funding source and financial endowment (September - December 2019);
- Presentation of key elements of the envisaged new measure/support action to the LSG and agreement (January 2020);
- Fine-tuning of the envisaged new measure/support action based on outcomes of activity 2.2 (February 2020).

Key words: Internationalisation, partnerships

Stakeholders involvement

ART-ER will support Emilia-Romagna Region in keeping deep contacts and cooperation with ITA and national/international key actor.

Emilia-Romagna Region will strengthened relations with ITA by preparing framework agreements and specific projects including e-commerce training for SMEs. It will maintain institutional relations with ITA, NETCOMM, Polytechnic of Milan.

The trade associations of SMEs (Confindustria Emilia-Romagna, CNA Emilia-Romagna - National Confederation of Crafts and Small and Medium Enterprises, Confartigianato Imprese Emilia-Romagna; Legacoop Emilia-Romagna; Confcooperative Emilia-Romagna; Association of Chambers of Commerce of Emilia-Romagna) will give technical inputs in representation of SMEs and will promote their participation in activities highlighting e-commerce as growth potential.

Costs and funding sources:

The action is going to be covered by internal regional and ART-ER resources.

5.3 Implementation and evaluation of the new regional measure/action supporting digital exports of single and/or networks of regional SMEs

Relevance

Inspiration from the Programme Xpande Digital transferred from IVACE and the Chamber of Commerce of Valencia and from the regional conference held in Bologna on February 27, 2019.

Activities and timeframe:

- Launch of new measure/support action by Emilia-Romagna Regional Government (March - April 2020);
- Assessment of applications (May-July 2020)
- Award of contributions (September 2020)
- Implementation by beneficiaries (from date of submission throughout 2020);
- Monitoring by Emilia-Romagna Region and ART-ER (August - December 2020)
- Evaluation of results (January - March 2021).

Key words: Internationalisation, networks/partnerships

Stakeholders involvement

ART-ER will work with Emilia-Romagna Region to prepare and launch the new measure/support action and for the monitoring process.

Emilia-Romagna Region - Service for Attractiveness and Internationalisation will guide and coordinate towards stakeholders' actions implementation. It will support the launch of the measure.

The trade associations of SMEs (Confindustria Emilia-Romagna, CNA Emilia-Romagna - National Confederation of Crafts and Small and Medium Enterprises, Confartigianato Imprese Emilia-Romagna; Legacoop Emilia-Romagna; Confcooperative Emilia-Romagna; Association of Chambers of Commerce of Emilia-Romagna) will give technical inputs in representation of SMEs. Moreover, they will support their companies in participating in the action sensitizing them to e-commerce practices.

Costs and funding sources:

The action is going to be covered by internal regional and ART-ER resources.

6. Main point of innovation

So far, none of the measures supporting the internationalisation of SMEs either co-financed with resources from Emilia-Romagna ERDF ROP or from regional resources committed to the RPPA 2012 - 2015 addressed the full range of technical supports, advices, consulting services needed by SMEs to start and/or improve cross-border on-line selling.

First, the introduction of eligible expenses and then a new measure dedicated to ecommerce represents a new starting point to actively promote the massive use of e-commerce by SMEs.

7. Indicators

Nr. of agreements/joint initiatives among public-private actors produced
Nr. of agreements/joint initiatives among regional-national actors related to e-commerce produced
Nr of SMEs that have realized specific e-commerce projects

8. Risk factors

Regional elections will be on January 26, 2020; therefore, some unexpected changes/actions could take place. However, considering that main relevant actors and stakeholders were involved since the beginning of the project, they were informed steps-by-steps and they contributed to project's achievements, included Action Plan definition, we are confident that the activities will be carried out and in any case, even if with required adjustments, in respect of the main objectives.

Conclusions

We believe that through COMPETE IN project an important contribution has been made to the current and future definition of programs and strategies for the development of e-commerce by SMEs in the various sectors that make up the regional economy. Technology and training are key factors for companies. Developing also the ability to invest in innovation and digitalization, and therefore in e-commerce, leads SMEs to always be able to maintain active contact with customers and suppliers even in times of difficulty, this by taking advantage of e-commerce platforms and e-procurement.

The Action Plan will also facilitates and strengthens the coordination and integration of regional actions with the national level, giving more opportunities to SMEs.