

Policy Briefing Report Template

POLICY BRIEF FOR THE 2021-2027 PROGRAMMING PERIOD

Written by: [Roberta Mancina – Giada Bagattin / Unioncamere Lombardia]

Executive statement

Outline your main message – what do you want to say and to whom (may: 500 characters)

The Lombardy Region has been one of the most affected regions from the COVID-19 Pandemic in 2020. Despite the impact that the health emergency has had on all economic systems and the resulting slowdown on both the supply and demand sides at a global level, internationalization remains one of the main drivers of growth and business recovery for Lombard SMEs. Following the health emergency, measures to support and relaunch the Lombardy production system are therefore of fundamental importance.

About the project

A brief outline of the aims of the project Inter Ventures and description of what you did to address the problem within this project (max: 1000 characters)

Micro, small and medium-sized enterprises are the heart of Lombardy's economy, the backbone of the region's productive fabric, constituting more than 99% of the total number of regional enterprises (ISTAT).
To support small and medium-sized enterprises located in border regions, stimulate their growth, and promote their capacity for internationalization and expansion into new markets, Unioncamere Lombardy is a partner of the European project INTER VENTURES, started in August 2019, and funded by the *Interreg Europe* program.
The objective of the project is to make European border regions more competitive, helping to innovate the economic system of the area. INTER VENTURES also aims to strengthen the capacities of local actors in their role of facilitators for the solution of common cross-border problems, using economies of scale in the management of services and promotion of resources of the territory.

Context

Outline the problem and any relevant contextual information and political background. State why the problem is urgent and important. Use evidence and infographics to support your argument (max: 2000 characters)

The Lombard production system is one of the most developed in Italy and Europe, with more than 800,000 companies established in the territory. It is very peculiar: differently from what some might expect, it is basically composed by micro and small companies, with a limited number of medium and large enterprises.

The Region has a strong international vocation. With 127 billion euros of exports in 2018, it accounts for 28% of Italian exports. This international vocation is based on the peculiar production fabric that is highly varied in terms of business size. In fact, medium and large realities open abroad and integrate in a synergistic way with different multinationals, counting on a widespread base of dynamic micro and small enterprises. The Region includes 31% of the 3,500 medium-sized Italian manufacturing companies - companies that together account for 16% of the value added and national exports.

The Lombard system of support for business internationalization is the result of a policy orientation based on:

- i. access to foreign markets is burdensome, especially for SMEs, for the high fixed costs of accession, information acquisition and the lack of specific skills.
- ii. the SMEs represent the preponderant part of the Lombard productive system and therefore need to be supported. 98% of active Lombard companies and 94% of exporting companies are made up of micro and small businesses.

It is of fundamental importance to give support to the digitalization of SMEs, which is strongly connected with the capacity to go international, with e-commerce and to the possibility to exploit new markets.

In addition to this, the support to the improvement and enhancement of human potential and knowledge capital of entrepreneurs, with special attention to specific needs of women in their way towards entrepreneurship, in improving their internationalisation capacities and availability of financial resources is a key priority.

The Lombardy Region is in charge of implementing the European structural funds according to the strategic priorities that it intends to pursue. The ERDF ROP promotes a smart, sustainable, and inclusive growth model in line with the objectives identified in the "Europe 2020" strategy and with the regional government's development policies promoting the productivity and competitiveness of its businesses and the entire economy of the Region.

Results, conclusions and recommendations

- **Describe what you want your audience to do about the problem using evidence from the project to back up your recommendations. Make sure the recommendations are (max: 2000 characters)**
- Short
- Practical and realistic
- Concrete (avoid generic recommendations)
- Based on evidence from the project
- Clear and easy to understand
- Written so that the sentences start with a verb, e.g. Use ..., Engage ..., etc

The Lombard context is characterized by a dynamic and diversified entrepreneurial and scientific-technological system, with peaks of excellence achieved in different industries and fields. Its entrepreneurial structure of small and very small enterprises and the way they have organized themselves in the territory is a model studied and imitated, as it guarantees high productive and innovation, prosperity and growth.

It is precisely the need to bring as many SMEs as possible closer to international markets that has prompted the Regional Council to adopt a series of measures to support internationalization that have peculiar characteristics. Despite the impact that the health emergency has had on all economic systems and the resulting slowdown on both the supply and demand sides at global level, internationalization remains one of the main drivers of growth and business recovery for Lombard SMEs.

The result is a strengthening of the priority needs of SMEs approaching foreign markets.

Concerning support to companies the following needs and strategic indications emerged along the whole duration of the INTER VENTURES project activities as main drivers to strengthen the internationalization of Lombard SMEs:

- Education and training: acquire new capabilities/managerial skills, support vocational education and training courses.
- Innovation: encourage product, process, and organizational innovation, also with a view to sustainability.
- Be competitive in a digital market: Presence on the web, through the digital economy; acquiring digital skills and integrating digital tools
- Promoting access to credit and funding for SMEs.

- Supporting the potential of women entrepreneurs

- **Please describe each of your recommendation in detail:**

Recommendation 1 (max: 1500 characters)

Unioncamere Lombardia is monitoring closely the new needs and emerging trend of the resilience of Lombard SMEs. It emerged that those that have better dealt with the emergency phase are already recovering, thanks to their ability to be flexible, resilient, and digital. Qualities that allow them to cope with the rapidity of change and the complexity of markets, as well as to deal with unforeseen events.

Before the pandemic, digitizing the enterprise was a necessity to remain competitive in one's niche market. After Covid-19, it became the opportunity not only to respond to a new challenge, but also to meet new consumer needs and increase turnover. Digitisation and internationalisation are closely linked, since selling products and services outside national borders reduces logistics costs and expands the customer base. However, many SMEs are not able to internationalize digitally because they were not originally designed to evolve in this way.

Public support should therefore provide a valuable contribution by addressing those problems that are perceived as the main barriers to digitalise companies' business, in particular:

- access to information
- access to digital skills
- access to financial support for going digital.
- adoption of digital behaviours/habits and integration of digital technologies

It is recommended that special attention should be paid to micro enterprises and small enterprises. Efforts should be directed at expanding capacity for both innovation and international business.

Recommendation 2 (max: 1500 characters)

This action aims at improving the Policy Instrument by raising the awareness of the Regional Managing authority concerning the need to strengthen human potential and the knowledge capital of the economic operators, also with specific focus on strengthening the internationalization potential of female entrepreneurs. The following strategic indications emerge:

- Internationalization: need to increase the value of exports with structured programs to launch or strengthen the presence in foreign markets, in particular for SMEs managed by women.

- Education and training: vocational education and training courses in partnership with companies.
- Access to credit: support the access to credit and alternative funding by SMEs.
- Trade associations support: the possibility for female entrepreneurs to share their experience and take part in the worktables at a European level is deemed strategic. The practice could be further improved through trans-border cooperation networks aiming at enhancing the innovation capacity of enterprises, with a specific focus on those driven by women.

It is deemed of definitive importance:

- Building linkages with the mainstream business community
- Better inform business support providers and policymakers on the needs and challenges entrepreneurs are facing
- Facilitate the access to alternative finance
- Transfer of skills: a) to trade associations that today are not always prepared to effectively assist companies that ask for their help; b) to local authorities in the field of Euro-design to directly support companies in their territory.
- Explore new strategies and regional intervention to upgrade the profile, competencies and skills women entrepreneurs in an EU perspective.

References

Only include maximum of four sources where readers can find further information. Give the web addresses of publications and dates for when they were last accessed if possible.

- https://www.consiglio.regione.lombardia.it/wps/wcm/connect/6cae2de9-d4e6-4622-901f-30405e641043/Executive+Summary_def.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-6cae2de9-d4e6-4622-901f-30405e641043-nsklusJ Last accession: 22/03/2021
- https://www.fesr.regione.lombardia.it/wps/wcm/connect/d365e089-b96f-4681-8595-f88b2c16ca26/Sintesi_ENG_FESR.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=d365e089-b96f-4681-8595-f88b2c16ca26 Last accession: 22/03/2021
- <http://www.unioncamerelombardia.it/?/menu-di-sinistra/Dati-statistici-e-analisi-economiche/Indagini-trimestrali-settoriali> Last accession: 22/03/2021
- <https://digitexport.it/affermarsi/l-evoluzione-del-digitale-e-i-nuovi-trend.kl#/> Last accession: 22/03/2021