



# Action Plan Lombardy Region

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# 1. General information

**Project:** Policies to promote the internationalisation of SMEs for more competitive regional ecosystems in border areas of the EU

**Partner organisation:** Union of the Chambers of Commerce, Industry, Agriculture and Crafts of Lombardy (Unioncamere Lombardia)

**Region:** Lombardy

**NUTS2 region:** Lombardy

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## 2. Background

### INTER VENTURES project

INTER VENTURES aims to help SMEs located along national borders to internationalise their activities. This will spur growth and make EU cross-border regions more competitive. The present Action Plan is prepared in the frame of INTER VENTURES project.

### Executive Summary

Despite a smooth functioning of the Lombardy Regional Operational Programme (ERDF ROP) 2014-2020 – AXIS III in supporting internationalisation of Lombard SMEs, barriers to their international expansion are often posed more by internal constraints than by problems imposed by the context. Difficulties of the internationalization process stem from the lack of resources, from the size of the company, from the lack of competences and adequate human resources. For SMEs, it is very important to create structured coordination schemes at the institutional level to help them to overcome these obstacles.

Moreover, in addition to the problems that SMEs already were facing at the time INTER VENTURES application was submitted, the Covid-19 pandemic has raised new challenges, for which additional and adapted measures are needed. These new obstacles are added to the information, competence and technical barriers that SMEs have to cope with, due to their lack of resources, network, knowledge, adequate information and skills. The speed and quality of the recovery will be determined by the size and effectiveness of economic injections and the strategic support - not only financial - but that also will be provided to the Lombardy economic system.

Lombardy Region and Unioncamere Lombardia share the will to offer the best conditions for SMEs, increasing every possible synergy between the tools of support to the development of companies and territories, to strengthen their internationalization capacities through tailor-made support services.

Considering the needs of SMEs emerged in the INTER VENTURES project, Unioncamere Lombardia will support companies wishing to participate in ERDF – AXIS III calls targeting internationalisation activities. The core of the action will be to provide practical and operational support and tailor-made consultive assistance for applying. The final strategic objective is to help the greatest number of companies in Lombardy by supporting them in identifying funding opportunities / possibilities and helping them to overcome the potential barriers they face.

This Action will reinforce the capacity of Lombard productive system, with specific reference to the micro, small, medium companies, to participate in the calls of proposals of the ERDF 2014-2020 - AXIS III, by actively being part of the ERDF implementation and operativity, strengthening the impact of the Policy Instrument over its beneficiaries. This action will orientate the availability of new forms of practical support for SMEs concerning the latest calls of the current Regional Operative Programme 2014-2020 and for those forthcoming in the next programming.

## 3. Baseline situation

### Policies and strategies targeted to internationalization of SMEs

At the regional level, SMEs represent the preponderant part of the Lombard productive system and therefore need to be supported. In fact, 98% of Lombardy's active companies and 94% of exporting companies are micro and small enterprises.

Companies which open up abroad through a commercial approach can rely on a wider range of measures: from tailor made assistance and consultancy services for SMEs to participation in international missions and fairs, partnership measures, etc.

The internationalisation measures are included into Priority III Promote SME competitiveness of the Regional Operational Program, with a total of € 294,645,000 allocated funds (30.36% of total ROP resources).

The activities carried out by the Lombardy Region to promote the internationalization of the regional economic system are wide and diversified and include various types of programs aimed at promoting both the productive internationalization and the commercial internationalization of the Lombard SMEs.

The different programs and institutions aim to help Lombard companies to strengthen their competencies and start or consolidate internationalization activities in strategic markets for the economy of the Lombardy Region, following specific and strategic objectives, such as:

- strengthen the international projection of the Lombardy economic system and the competitiveness of SMEs in target markets;
- support enterprises to face foreign markets in an effective and conscious way
- promoting specific skills and competencies;
- orienting companies with respect to the target and potentially most relevant markets, through a scouting activity;
- support the start-up or consolidation of activities abroad;
- provide concrete business opportunities to companies;
- promote commercial and networking opportunities at international level.

At the national level, the goal of the Ministry of Economic Development is to increase the degree of internationalisation of companies, implementing promotional and financial tools to support their projection on international markets. The national strategy includes:

- promotional programs to support Italian products
- the strengthening of existing subsidies
- the facilitation of internationalisation processes
- links with universities and research centres
- the concentration of public resources in sectors and geographical areas with the greatest potential

The National Operational Programme Enterprise and Competitiveness 2014-2020 includes a total amount of € 2,184,823,029 allocated funds. The Programme aims to foster economic growth and

strengthen the presence of Italian companies in the global production context, particularly small and medium-sized enterprises, by organising interventions around four thematic objectives:

OT 1 - strengthening research, technological development and innovation

OT 2 - improving access to and use of ICT, as well as the use and quality of the same

OT 3 - promoting the competitiveness of small and medium-sized enterprises

OT 4 - supporting the transition to a low-carbon economy in all sectors.

## Instruments and tools for internationalization

The Lombardy Region activities to promote internationalization are extensive, encompassing various programs aimed at supporting Lombard SMEs. The most recent actions are:

- Services for internationalization and export, specialized assistance, first-level consulting, training webinars offered to Lombard companies by internationalization experts. The initiative provides a network of virtual points for internationalization, the Lombardy Points, aimed at promoting export and facilitating the access to international services.
- Digital Enterprise Points (PID – Punti Impresa Digitale) are service structures located in the Chambers of Commerce dedicated to spreading the culture and practice of digital deployment in SMEs of all economic sectors. The new innovation initiatives will focus on technological-digital development targeted to quality and sustainability, with the adoption of new solutions in response to the Covid-19 pandemic.
- ATTRACT -Invest in Lombardy Program in collaboration with the Chamber System, with the aim of making Lombardy an ideal destination for productive investments, enhancing the main attractive factors of the territory and the Lombard production system, overcoming the obstacles that still risk discouraging potential investors.
- Notice e-commerce - New markets for Lombardy companies aimed at supporting SMEs that intend to develop and consolidate on the markets through e-commerce, encouraging access to cross-border platforms, proprietary e-commerce systems, website, mobile apps and any further initiatives aimed at making the most of new opportunities for internationalization.
- Misura investimenti per la ripresa: linea artigiani 2021 e linea aree interne - Asse III Azione III.3.c.1.1 (investments for the recovery: artisans line 2021 and internal areas line - axis iii action iii.3.c.1.1): The measure is aimed at supporting the recovery of the sectors most affected by the crisis resulting from the COVID-19 epidemic emergency, which has affected the whole economic and social fabric and in particular that of the Internal Areas of the Lombardy Region. The main goal is to sustain Lombardy's SMEs that intend to invest in their own development and relaunch within the framework of interventions with at least one of the following purposes: digital transition; green transition; safety at work.

Given the importance of digital tools also to reinforce internationalisation capacities, the measure can be considered a tool for internationalisation.

- Inbuyer initiative, a public intervention in collaboration with the Chambers' system focused on the creation of virtual meetings between Italian companies and qualified foreign buyers.

- Outgoing program - Internationalization paths in strategic markets, an initiative promoted in collaboration with the Chambers' system presenting possible "paths" emerging from a careful analysis of the most promising markets combined with the most suitable sectors.

## SMEs barriers and needs regarding internationalisation support

The international vocation is based on a productive fabric that is highly varied in terms of business size, where medium and large realities open abroad integrated with numerous multinationals and with a widespread base of dynamic micro and small enterprises. Lombardy, in fact, brings together 31% of the 3,500 medium-sized Italian manufacturing companies - companies that together account for 16% of the added value and national exports.

Barriers to the international expansion of SMEs are often posed more by internal constraints than by problems imposed by the context. Difficulties of the internationalization process stem from the lack of resources, and from the size of the company (indicated by almost a quarter of companies active in foreign markets). If we add to these difficulties also the inadequacy of personnel (9%), the lack of knowledge of foreign markets and cultural constraints (18%), the percentage of companies that declare difficulties due to internal factors (managerial resources, skills, etc.) attains a high importance.

In synthesis, barriers to the internationalisation of SMEs are as follows:

- the lack of information on markets, institutions and business opportunities abroad (information barriers)
- the poor articulation of personal and interorganisational networks of relationships to reach and serve the foreign client effectively (relational barriers)
- the lack of knowledge of the company and its activity by foreign markets (knowledge barriers)
- limits that derive from the lack of knowledge of the customs and characteristics of the market on which the internationalization process is intended to start (cultural barriers)
- insufficient skills and professionalism for the management of activities in foreign markets (skills barriers)

To the above mentioned, some other obstacles can be added, that concern the macroeconomic context of the outlet markets and that can break down (for ex. technical and customs barriers) exports of goods and services.

## 4. Policy context

### Overview

**The Action Plan aims to impact:**

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

**Name of the Policy Instrument:** Lombardy Regional Operational Programme (ERDF ROP) 2014-2020 co-financed by the European Regional Development Fund (ERDF) priority Axis 3: Competitiveness of SMEs

**Body responsible for addressed policy** The Lombardy Region Government

### **Influence of the partner organization over the targeted Policy Instrument**

Regional Unions in Italy are authoritative interlocutors of local governments, as enshrined in the LEGISLATIVE DECREE 25/11/2016, n. 219, art. 6.1: “[...] The Regional Unions take care of and represent the common interests of the associated chambers of commerce and ensure the coordination of the relationships with the territorially competent Regions; they can promote and realise common services for the practice in associated form of activities and services of chamber competence. [...]”

The Lombardy Region is committed to enhancing the role and contribution of the Chambers of Commerce as institutions which operate under functional autonomy. They are identified as a privileged interlocutor for measures to support businesses and are delegated to carry out these functions in favour of the development of the local business system. The Lombardy Region and the Chamber of Commerce system are committed to developing an environment favourable to the entrepreneurial development of SMEs and to promoting joint actions to facilitate the access of enterprises and territories to the programming opportunities of EU funding.

The Chamber of Commerce system is recognised as a privileged interlocutor by the Lombardy Region for measures that support companies, and, in fact, the chosen policy instrument aims to promote the competitiveness, creation and development of SMEs, improving their access to credit.

## **Issue addressed**

### **Evaluation of the current operation of the policy, functioning of the policy**

ERDF ROP provides 970,474,516 € for regional economic growth, social development and fostering productivity. From the 6 PAs, the addressed one is PA3 Promote SME competitiveness, with 30.36% of total funding (€ 294,645,000). Supporting the strategic objective of ROP to revitalize the Region’s enterprise economy, PA3 aims to maximize SME productivity and to improve SME competitiveness from the start-up stage throughout growth to consolidation by various means. The project activities are focused on the SO3 Action 3b.1 to increase the level of internationalization of production systems.

With the ROP ERDF 2014-2020, the Lombardy Region wants to give concrete answers to the needs of Lombardy citizens and the need to restart a path of growth to increase the competitiveness of Lombardy companies and the entire territorial system by implementing the provisions of the six priority axes of the Program.

The instrument is adequate to promote the competitiveness and internationalisation of companies. However, there are still barriers to accessing the funds for some companies, particularly small ones, who do not have the appropriate information tools and skills to take advantage of these funds.

Internationalization has been a core objective of Axis III within this ROP, with numerous measures supporting SMEs in their ways to foreign markets and transnational partnerships. In any case, taking into account the fragilities emerged with the Covid-19, it is of outmost importance the consolidation of existing supporting measures to ensure the relaunch of the entrepreneurial ecosystem in international markets.

**Problem(s) with the Policy Instrument, problems to be targeted**

The selected policy instrument Lombardy Regional Operational Programme (ERDF ROP) 2014-2020 co-financed by the European Regional Development Fund (ERDF) priority Axis 3: Competitiveness of SMEs has been effective in promoting internationalisation. Nonetheless, SMEs have continued to face difficulties in finding international partners or consider international cooperation too difficult. In spite of a smooth functioning of the Policy Instrument, for these companies it is very important to create structured coordination schemes at the institutional level to help them to overcome the barriers.

In addition to the problems that SMEs were already facing, the Covid-19 pandemic has raised new challenges. The impact of the Covid-19 pandemic on economies has represented an unprecedented shock that has suddenly and definitively changed the world economic scenario. Therefore, new and adapted measures need to be developed. The speed and quality of the recovery will be determined by the size and effectiveness of economic injections and the strategic support - not only financial - that will be provided to the Lombardy economic system.

In the light of this new context, it is of outmost importance the practical support of SMEs in finding and take advantage of existing internationalisation supporting measures.

**Indicator(s) measuring the success of policy influencing**

<b>Self-defined indicator</b>	New measures/tools to support SME internationalisation in the Policy Instrument
<b>Target value of the indicator</b>	1

**Description of the situation after the Policy Instrument is targeted**

New needs have emerged after the strike of the pandemics. The Covid-19 emergency disrupted and profoundly changed the economic and social system and this impact will be even more evident in the course of coming year. Therefore, it becomes necessary to reflect on the tools available to institutional actors to act and intervene, on the one hand, to mitigate the negative effects and, on the other hand, to be able to seize the opportunities that the same challenges leave glimpses on the horizon.

The main improvement envisaged is the provision of support in the form of support services for SMEs and businesses that want to relaunch and renovate their activities through ERDF – AXIS III calls for

proposals, helping them to overcome the information and competence barriers that they often face in the field of internationalisation.

The outcome can be measured through:

- Number of SMEs assisted
- Number of SMEs receiving financial support
- Number of participants in the call launched
- Number of beneficiaries of the services promoted
- Number of webinars/seminars/promotional events

## 5. Details of the Action envisaged

### Action title:

Support for the participation of SMEs in internationalisation actions promoted by the Lombardy Region

### Nature of the action:

As stressed in the section on the Description of the problem(s) with the Policy Instrument, in this moment it is crucial to consolidate and exploit all the internationalization existing measures present on the territory. For this reason, the action is aimed to contribute to the recovery of the regional economy by promoting structural paths capable of removing economic, social, informational and competence barriers caused by the pandemic and by the lack of resources of SMEs hindering internationalisation activities.

Unioncamere Lombardia has supported and continues to support companies wishing to participate in the calls, providing specific assistance and tailored-made consultive services for getting the companies ready to properly submit proposal application. The specific services that will be offered to SMEs are the following:

- Free assistance for participation in the calls
- Consultancy and orientation services in finding potential funding opportunities
- Information services regarding open calls and funding opportunities
- Tailored services for SMEs willing to participate in Lombardy Region calls
- Training and coaching activities devoted to boost internationalisation skills
- International matchmaking activities for internationalization of SMEs

The three calls mainly tackled by Unioncamere Lombardia actions are the following:

1. [ERDF 2014-2020 AXIS III Action III.3.B.1.1: Bando Linea Internazionalizzazione 2019 \(Call for proposals Internationalisation Line\)](#): the aim is to promote the internationalisation of Lombardy's business fabric by supporting the implementation of complex internationalisation projects by SMEs through integrated

programmes designed to develop and/or consolidate their presence and capacity for action in foreign markets. This call for proposals is open to SMEs. The Fund may contribute up to 80% of the total eligible expenditure of the project. The amount of the Loan that can be requested in the Application Form is between a minimum of Euro 50,000.00 (fifty thousand) and a maximum of Euro 500,000.00 (five hundred thousand/00). Eligible Projects are those concerning integrated programmes of international development, aimed at the creation of an articulated portfolio of services and activities for the participation in initiatives aimed at the structured start-up and/or consolidation of business in foreign markets through the development and/or consolidation of the presence and capacity for action of SMEs.

2. ERDF 2014-2020 AXIS III Action III.3.C.1.1: Misura Investimenti Per La Ripresa: Linea Artigiani 2021 E Linea Aree Interne (Investments For Revival Measure: Artisans Line 2021 And Internal Areas Line): The new call promoted by the Lombardy Region, on August 2nd 2021 is aimed at supporting the recovery of the sectors most affected by the crisis resulting from the COVID-19 epidemic emergency, which has affected the whole economic and social fabric and in particular that of the Internal Areas of the Lombardy Region. The main goal is to sustain Lombardy's SMEs that intend to invest in their own development and relaunch within the framework of interventions with one of the following purposes: digital transition; green transition; safety at work.

3. ERDF 2014-2020 AXIS III Action 3.B.1.2: Bando per la concessione di contributi per la partecipazione delle PMI alle fiere internazionali in Lombardia (Call for contributions for the participation of SMEs in international trade fairs in Lombardy): The call is aimed at creating opportunities for Italian and foreign entrepreneurs to meet, to attract investments, to promote trade agreements and other active information and promotion initiatives aimed at potential foreign investors, through the support (non-repayable grant) of the participation of micro, small and medium-sized enterprises in international trade fairs held in Lombardy. Eligible companies are SMEs that have an active operational headquarters in Lombardy. Eligible projects must involve participation in one or more international trade fairs, included in the trade fair calendar approved annually by the Lombardy Region, to be held by 31 December 2022. The initial budget of the measure was € 4,200,000, then increased by € 2,800,000 (Regional Council Resolution No 4990 of 5 July 2021)

The aid is granted in the form of a non-repayable contribution.

The aid is granted as a percentage of eligible expenditure, as detailed below:

1) New exhibitors - Up to a maximum of € 15,000:

- 50% of eligible expenses, in the case of participation in a single fair;
- 60% of eligible expenses, in the case of participation in two or more fairs;

2) Frequent exhibitors - Up to a maximum of € 10,000:

- 40% of the eligible expenses, in case of participation in one fair only;
- 50% of eligible expenses, in the case of participation in two or more trade fairs;

3) Premiums:

- Premium of +5%, in case of micro enterprise, as defined in Annex 1 of EU Reg. no. 651/2014;
- Bonus of +5%, in the case of start-ups

## Linkage between the Action and the Policy Change:

After the whole consultative process with the Managing Authority, the type of influence the action pursues is an improvement of the current governance system. In particular, it is recognised that the proposed activity is beneficial to the downstream phase of the ERDF - AXIS III application.

Lombardy Region and Unioncamere Lombardia, aware of the complexity of the role that the institutions are called to play in order to facilitate economic development of the territory, share the will to offer the best conditions for SMEs, increasing every possible synergy between the functions of support to the development of companies and territories, to strengthen their internationalization capacities through tailor made support services

In the light of the legal and operational collaborative framework between the Lombardy Region and Unioncamere Lombardia, the enhancement of these support systems proves to have an impact on the ability of the ERDF to reach companies and to be duly exploited by them. This type of intervention has a concrete impact on the barriers identified in the *Regional Situation Analysis* and reported in our experience, such as the lack of adequate information of micro, small and medium-sized enterprises regarding the internationalisation financial support programmes from which they can benefit, and the temporary matching between their internationalisation projects and the opening of ERDF calls.

This Action will reinforce the capacity of Lombard productive system, with specific reference to the micro, small and medium companies, to participate in the calls of proposals of the ERDF 2014-2020 - AXIS III, by actively being part of the ERDF implementation and operativity, strengthening the impact of the Policy Instrument over its beneficiaries. This action will orientate the availability of new forms of practical support for SMEs concerning the latest calls of the current Regional Operative Programme 2014-2020 and for those forthcoming in the next programming.

## Good practice(s)

### Interregional exchange of experience

The inspiration for this action came from the interregional exchange of experiences performed during the project among the partners.

Inspirational good practices for Action 1:

- Passport Abroad - Society for the Development of the Province of Burgos (SODEBUR): a management, training and informative online tool for Spanish companies which want to join or consolidate themselves in international markets. It offers different benefits and services, such as: 1) developing an individual Strategic Internationalisation Plan; 2) knowing the keys about internationalisation in the company (insurances, financing, contracts, administrative issues etc); 3) Having support from the competent Spanish Administration in the internationalisation process.
- Measure 6.1 "Passport to exports" - Rzeszow Regional Development Agency: the measure provided entrepreneurs with obligatory consultancy concerning the assessment of their export potential and the drafting of an export development plan, to include: a) choice and identification of the target

export or sales markets within the Single European Market; b) established practices and rules for access for the goods; c) services or capital which apply to the markets of their choice; d) information on financial support instruments available to exporters or sellers of products, services or goods, including financing the costs of export transaction insurance.

- XPANDE PROGRAMME - Society for the Development of the Province of Burgos (SODEBUR): XPande Programme is a supporting and financing tool (operated by the Chamber of Commerce of Spain) to improve the capacities of companies interested in internationalisation processes. Xpande is a programme developed by the Chamber of Commerce of Spain (and implemented in the territory by local Chambers of Commerce). The programme is funded with ERDF from the European Union (2014-2020). The beneficiaries are SMEs, micro-SMEs and self-employees coming from all economic sectors. The main objective is improving the capacities of the companies interested in internationalisation processes (with or without experience) based on a series of measures/support, according to the needs and features of every participant.

### **Transferred elements**

The elements to be transferred are:

- Passport Abroad: the type of service provided to the companies that will be implemented not by an online tool but through the institutional networks of Unioncamere Lombardia (our internal supporting offices, Lombardia Points, EEN points). The internationalisation services will be orientational and provided for free in order to assure to all the companies willing to initiate transnational activities to benefit from them.
- Measure 6.1 "Passport to exports": the type of service provided to the companies that will be implemented through the institutional networks of Unioncamere Lombardia (our internal supporting offices, Lombardia Points, EEN points). The export services will be orientational and provided for free in order to assure to all the companies willing to initiate transnational activities to benefit from them.
- XPANDE PROGRAMME: the type of action (financing tool) and the objective of the practice, which is improving the capacities of companies interested in internationalisation processes. Another element to be transferred are the beneficiaries: SMEs, micro-SMEs and self-employees coming from all economic sectors.

### **Stakeholders involved**

Unioncamere Lombardia possesses well trained human capital to properly implement the Action in the territorial context, including key personnel with high social skills available to drive the process.

Besides Lombardy Region which is the main player involved in the development and implementation of the action, the following players are directly involved:

- Regional public authority: promotion of the call, participation at the selection procedure, contribution to the trainings
- Entrepreneurs/ start- uppers/ SMEs: beneficiaries
- Professional associations: beneficiaries
- Craftsmen, craft enterprises: beneficiaries

- Chamber of Commerce: contribution to the trainings, promotion of the call
- General public: the action is aimed to impact through providing useful information concerning the labour market.

<b>Cost of the action:</b>	€ 45.000 approximatively
<b>Resources:</b>	Unioncamere Lombardia's own resources.

## Action steps and activities

<b>Action steps</b> (what will be done)	<b>Responsibility</b> (Who will do it – reference to the stakeholder involvement)	<b>Timeline</b> (start and end dates)	<b>Estimated cost of the action step</b>
Monitoring of financial instrument, new call for proposal or complement of some of the existing ones	UCL	December 2021	Own resources
Launch the activity Support for the participation of SMEs in internationalisation actions promoted by the Lombardy Region	UCL The Lombardy Region	December 2021/ January 2022	Own resources
Follow up of SME	UCL	February 2021/ December 2022	Own resources
Analysis of SMEs involvement results	UCL	January 2022	Own resources
Final evaluation	UCL The Lombardy Region	January 2023	Own resources

## 6. Political endorsement

**Date:** .....

**Name of the organisation(s) endorsing the Action Plan:** .....

**Signatures of the relevant organisation(s):**

.....