

Policy brief on regions' COVID19 responses to e-commerce



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Introduction

Business as usual is no longer an option for SMEs in a competitive environment that is rapidly evolving when it comes to digitisation. Companies need to apply to new business models and strategies to take full advantage of the opportunities offered by new technologies. Successful companies are the first to understand and utilise the new forces.

The former challenge of running a business at local or national level has moved to a global scale due to digitisation. Industries are being disrupted by new entrants, value chains are being reformed, and profit pools are shifting. Instead of waiting for the benefits of globalisation to trickle down from large corporations, SMEs can become micro-multinationals in their own right. Information can be transmitted halfway around the world in the blink of an eye, but so can disruptions allowing SMEs to scale up quickly - if they are able to mobilise ideas and resources. It is estimated that in 2020 B2B e-commerce in EU will be twice as large as B2C in terms of sales which proves a huge unreleased potential for EU SMEs.

There is a risk of being surpassed by frontrunners as most SMEs have not even taken the first step in this direction. Succeeding with B2B e-commerce requires a huge turnaround within the company's internal processes as this may scale up the turnover dramatically. Digitising and automatising the internal processes of the SME is key to manage and keep up with the upscaling due to global e-commerce while ensuring the economic profit.

As lockdowns became the new normal, businesses and consumers increasingly “went digital”, providing and purchasing more goods and services online, raising e-commerce’s share of global retail trade from 14% in 2019 to about 17% in 2020. The Future-Ecom partners have looked into the change that COVID19 has brought into the regions in terms of introduction of new schemes and policies to support a faster route to e-commerce market. This report focuses on presenting the policy context in the participating regions along with the key policy responses to the COVID19 challenge.

1. County of Lippe

Policy context/Background on the policies introduced

COVID had massively negative effects on the economy in the Lippe-Region. The Lippe Employers' Association, for example, pointed out as early as 2020 that 82 % of its members were on short-time working and receiving assistance from the employment agency. The stationary textile retail sector in the region was also very badly affected, with less than 10 % of the usual sales volume. It is estimated that around a third of businesses here were threatened with insolvency.

The lockdown effect was reinforced by the parallel effect of the increased use of online retailing. In the hotel and catering sector, two thirds of businesses feared for their existence and at least a quarter feared closure. This development was comparable with other leisure, tourism and cultural sectors. It became clear that many businesses had not yet developed their own digital strategy, and in some cases there was an extreme need for digitisation.

In addition to the immediate threat to companies, the pandemic also had a significant negative impact on the development of the training market, as trainee positions were not filled and important future know-how could not be secured in companies in the long term.

Main schemes introduced / good practices / projects

In Lippe the economic sector received loads of support and crisis intervention during the pandemic from National Government and the Federal State Northrhine-Westphalia primary within EU-Funding. Many different programmes were implemented like „Emergency Assistance“ I „Bridging Assistance 1, 2, 3 and 4“ I „Bridging Assistance-Plus“ I „Hardship assistance“ I „Tax assistance“ I „Liquidity assistance“ I „Short-time working assistance“ I „Insolvency protection“ I ReACT. EU and many more.

These programmes and initiatives were designed for different purposes and specific needs: Survival aid for fix costs, loans and grants for lost revenues due to lockdown, support for employed parents, for facilities on health and safety etc.; and for specific branches and affected sectors like catering, events or personal services etc.

In Lippe more than 187 Million Euro were transferred as financial aid to companies during 24 months. This is a considerable amount having in mind that around 30.000 businesses, solo self-employed and freelancers are registered in this region. Nevertheless, there were a large number of different support programs and measures by the economic development actors in the region, for example by the city and county-wide economic development organisations as well as the chambers and other associations and institutions - in particular, in the provision of digital know-how to overcome the critical phases and strategically reposition business activities.

Concerning the dissemination of digitisation COVID has hindered, restricted and stopped a lot - as any personal exchange was extremely difficult. For example, when it comes to seminars and workshops: Formerly successful and demanded on-site visits like "excursions" or "visits of demonstration plants" had to be switched to "virtual visits" only as a substitute.

Finally, it has to be stated that the importance of digitisation among SMEs is ambivalent: Some SMEs refused any digital supporting with comment like "We have an operational need to survive - but no time for strategic issues like digitisation of our businesses". Others have seen that "the opportunities of digitisation are becoming more and more visible for our tea".

Of one the outstanding and helpful support was the free business advice and individual help in COVID-times for SMEs in Lippe. "Fit for all cases" is organised by the Department for Economic Development of the County of Lippe. Here experienced experts offer practical crisis management and immediate-help for small businesses up to 20 employees.

The experts work as a guides and personal contact persons and help with commercial questions or urgent financing problems, teach business basics - or provide practical guidance on digitisation and the use of future technologies. Their network and the involvement of various specialist groups are elementary here.

Beside the individual support of SMEs different events like seminars or workshops are organised. These events focus mainly on digital tools and showcase opportunities and „good practices” of the operational implementation in SMEs.

Key lessons learnt

Immediate financing is absolutely necessary to survive. Qualification in matters of digitalisation has a more strategic effect. It is increasingly in demand by SMEs. Guidance and personal contact persons are crucial. In order to showcase opportunities ("good practices") and convince for operational implementation of digital tools in SMEs. Networking in a region like Lippe is key. Especially when it comes to digitisation of SMEs.

Key policy directions

Creating a digital mindset

The ultimate goal should be for small and medium-sized enterprises in particular to become more resilient in order to be able to react adequately and flexibly to future crises and short-term developments - and it is precisely for this that digitalisation is the decisive key. In practice, it is not only about the technical use of digital tools, but especially about the digital mindset of the decision-makers in SMEs.

Qualification is crucial

In order to recognise the diverse digital possibilities and implement them internally, qualification is crucial, namely not to see digitisation as a separate factor, e.g. in the context of sales, but to digitise the entire value chain and supply relationships in an integrated way.

Mentoring as an individualised support

For this, it is necessary to set up appropriate coaching or mentoring that personally builds up precisely these relationships with the decision-makers in order to then precisely address the needs and opportunities of the company and offer solutions in practice. This 1:1 tailored support for companies is an elementary factor for comprehensive digital mainstreaming. It is important to overcome the companies' anxiety by addressing them personally and to feed them with small, digital steps.

Sustainable structures are needed

Ultimately, it is necessary to create appropriate personnel structures in the region in order to make these individual help and support services sustainable and reliable for the users. In the case of funding, however, it is important to note that the usual effort-benefit measurement cannot be effective here, but rather it is about a digital, resilient mindset in the SMEs, which will be difficult to measure.

2. Region of Thessaly

Context – Further Delivering a Joined-up Approach

The COVID-19 pandemic has had a significant impact on small and medium-sized enterprises (SMEs) in Greece and different policy measures have been taken to help them recover. SME value added declined in almost all sectors. The government launched several relief measures to mitigate the negative effects of COVID-19, such as refundable advance payments, loan guarantees, interest rate subsidies, and employment support schemes. The main relief measures regarding the support of SMEs are introduced below.

On April 2020, a Greek aid scheme to support the Greek economy in the context of the coronavirus outbreak was introduced. This new scheme supported small and medium-sized enterprises (SMEs) affected by the coronavirus outbreak, and took the form of grants. It covered interest up to €800 000 per company on existing debt obligations (fixed-maturity loans, bonds or bank overdrafts) for a period of 3 months, with an option for extension for another 2 months. The scheme was applied to the whole territory of Greece and was open to SMEs from sectors affected by the coronavirus outbreak. The scheme was designed to support the liquidity of SMEs facing temporary difficulties as a result of the outbreak.

Another measure from the Greek support scheme, was opened to companies active in all sectors and applied to the whole territory of Greece. It was targeted at companies that had temporary financial difficulties due to the coronavirus outbreak, as demonstrated by a significant reduction of their activity. The scheme helped to ensure that liquidity remained available in the market, to counter the damage inflicted by the outbreak and to preserve the continuity of economic activity during and after the outbreak. The repayable advances were disbursed by the Independent Authority for Public Revenue (AADE) directly to the companies, without the intermediation of banks. On the 3rd August 2020, certain amendments took place to support companies affected by the coronavirus outbreak.

Additional support measure in the form of guarantees on loans, was implemented through the issuance of guarantees by the Hellenic Development Bank (HDB) to financial intermediaries. The measure was to partially guarantee eligible working capital loans originated by financial intermediaries, to help businesses cover immediate working capital needs. It was open to all Greek SMEs with the exception of financial intermediaries, such as banks, undertakings active in aquaculture, in agriculture and in sectors non-eligible by the European Regional Development Fund. On the 30th April 2020, Greece's modifications to this measure took place by extending its scope and increasing its budget to €2.25 billion. The support measure available under the scheme was co-financed by EU structural funds (ESIF).

On May 2020, a €500 million Greek scheme launched to support self-employed individuals, including self-employed managers of small companies in sectors affected by the coronavirus outbreak. The scheme provided a one-off payment of €800 per self-employed person, including self-employed managers of companies that employ less than 20 employees in sectors severely affected by the coronavirus outbreak. The measure aimed at partially compensating the eligible beneficiaries for the potential loss of income due to the coronavirus outbreak.

In the beginning of 2021, a call regarding “Support for small and micro-enterprises affected by the COVID-19 pandemic in Thessaly with the acronym “ANASA” was released to support small and very small enterprises in the Region of Thessaly that faced liquidity shortages and suffer significant losses due to the effects of measures to reduce the outbreak of COVID-19 disease in the form of a non-repayable grant. The total budget of the programme was € 30 million. The maximum percentage of the company's expenses to be subsidised was 50% and up to € 50.000 per company.

Finally, on February 2021, the Commission approved a €500 million Greek scheme to support small and medium-sized businesses affected by the coronavirus outbreak. Under the state aid Temporary Framework, the scheme was open to small and medium-sized enterprises active in all sectors except the financial, primary agriculture, tobacco and fisheries sectors. The public support, in the form of direct grants, aimed to ensure sufficient working capital for businesses affected by the coronavirus outbreak.

Expanded Support with Digitisation

Although some of the above programme supporting liquidity could also prove vital for the digital transformation of an SME, one of the first additional areas of support provided during the pandemic was the introduction of *“specialist grants” through ERDF*.

Two calls of the programme “e-retail” took place in 2021. The action aimed at subsidising SMEs to create or upgrade an e-shop in order to support their operation during the coronavirus pandemic (COVID-19), with the aim of enhancing their degree of digital integration and transformation. As a result, the action aimed to minimise overcrowding in indoor spaces and ensure SMEs' economic continuity. The Public Expenditure of the action was co-financed by National Resources and the European Union and in particular by the European Regional Development Fund (ERDF) under the Operational Program "Competitiveness, Entrepreneurship and Innovation (EPANEK)" of the NSRF 2014-2020. Beneficiaries were medium, small and very small companies that were active in the retail sector and maintained a physical store in a separate area of their home, regardless of their legal form, that operated legally in the country. The subsidy was up to 5.000 euros for each company with a distinct VAT number for the acquisition of IT equipment and the implementation of intangible actions (software/services) in order to develop and manage an online store, and up to 1.500 euros for an online store upgrade if the company already had it before 18/3/2020.

Furthermore, a Grant for Businesses Providing Accounting and Tax Services took place in 2022. The Action aimed to support accounting and tax services companies (Individuals and Legal Entities), in order to adapt their operation by upgrading / acquiring the necessary digital infrastructure, to continue to provide their services smoothly and to support the business community, the public administration, but also the citizens, in order to respond to the new

conditions created by the pandemic (COVID 19). The total budget of the programme was € 30 million euros. The action was co-financed by the European Social Fund (ESF) of the European Union and from national resources. Beneficiaries were self-employed accountants and small and medium legal Entities providing accounting and tax services, which have been registered in the relevant Registers kept by the Economic Chamber. Each beneficiary was awarded a maximum total grant for the upgrade of the digital infrastructure of his business up to 2,000 euros.

Another Grant for Self-Employed Lawyers was released in 2021. The action concerned aid in the form of a grant to self-employed lawyers affected by the COVID-19 pandemic due to the unnatural functioning of the courts with the aim of digitally modernising the offices of self-employed lawyers. The total budget of the programme was € 20 million euros for all the regions of the country. The action was co-financed by the European Social Fund (ESF) of the European Union and from national resources. Each beneficiary could be awarded a one-time maximum total grant for the digital upgrade of their offices up to 2,000 euros according to their total revenues.

In the beginning of 2022 some really important measures for the support of the digitisation of SMEs were announced by the government and were approved by the European Commission. The measures are planned to be launched/ implemented in 2022. The main programme is called "Business Digital Transformation" and it concerns a coupon for the digital transformation of 100,000 small and medium enterprises. The eligible expenses that will be introduced will be related to technologies and services that promote electronic transactions, digital advertising, teleworking, business analytics, digital skills upgrading, artificial intelligence, IoT, cybersecurity, cloud computing, etc. The action "Digital Transformation of Small and Medium Enterprises" was approved by the Recovery Fund with a total budget of € 180 million.

In the same context, the Ministry of Digital Government is developing a system for assessing the digital maturity of companies (Digitometer) which, among other things, will be used to plan state aid for the digital transformation of companies. The tool, as explained in the Digital Transformation Book, will provide a structured questionnaire with a high level of assessment of each company's digital maturity and identify potential areas for progress. From the picture of the intensity of the digital maturity of companies by industry, policies can be documented to strengthen companies in order to achieve their digital transformation.

Regarding the Thessaly Region a good practice identified that can benefit the SMEs, was the creation of the first European Digital Innovation Hub in the field of Health and Medicines. The European Health Innovation Digital Hub will be a "one stop shop" for the digital transformation of the Private and Public Health and Medicines sector, developing an innovative ecosystem with more than 2,000 organisations, 1 million users of its products and services and more than 100 organisations that will receive support in the process of their Digital Transformation. At the same time, in the light of extroversion, more than 10 memoranda of cooperation have already been signed for the development of new services together with other European Digital Innovation Nodes, the transfer of knowledge and know-how between countries, the implementation of Brokerage Events and information events for business entry in foreign markets. The Health Hub has actively participated in and supported by the Region of Thessaly, the National Medicines Agency and a total of 18 academic and research Institutions, companies in the health sector and entrepreneurship bodies. The Head Organisation of the DIH is the Institute for Entrepreneurship Development.

Conclusion - Remarks

The coronavirus pandemic in Greece acted as an accelerator for the digital transformation of the country as several services got digitalised quickly and efficiently. The Greek Ministry of Digital Governance presented a Digital Transformation “bible” for the years 2020-2025 outlining a holistic digital strategy that was initially designed before the pandemic outbreak, it had though to move faster due to the urgent situation. The “bible” outlined the guiding principles, the strategic axes and the horizontal and vertical interventions that will lead to the digital transformation of the Greek society and economy. Through collaborations with stakeholders from the public and private sector as well as with the research & academic community and the civil society, the “bible” describes the objectives but, also, the implementation measures of the digital transformation strategy. The digital transformation of the country is a great challenge but also a complex and difficult task. The rapid technological changes combined with the low digital maturity of Greece demand urgent and immediate action on multiple axes through the implementation of a holistic digital approach.

3. Lithuania

Policy context/Background on policy instrument „E-Commerce Model COVID-19“

COVID-19 measures were launched right after the start of pandemic in 2020 in Lithuania. According to the statistics in 2020, 105329 companies received some kind of support from the state to fight the challenges occurring from Covid – 19 pandemic regulations, the total amount of support was 1.1 billion Eur. In 2021 a similar number of companies received support – 105 652 companies, however the amount was significantly lower – 714 mil Eur. The biggest support was received by companies from these 3 sectors: wholesale and retail trade, accommodation and food services activities and manufacturing.

The nature of pandemic forced companies to change business model, it became vitally important for the survival of the companies to find the ways to reach the customers in different ways, avoiding direct contact. Various e-commerce business models became a challenge for the companies. In order to survive a substantial amount of investment and knowledge was needed to find and adapt some kind of e-commerce model as soon as possible.

The changes needed to be implemented very fast, lack of knowledge and financing was also a challenge for the companies. To face these challenges easier the policy instrument E-Commerce Model Covid – 19 was launched in 2021. Policy instrument E-Commerce Model COVID-19 is financed under Priority 13 of the European Union Funds Investment Operational Program 2014-2020 "Promoting and responding to the crisis caused by the COVID-19 pandemic for a conserving, digital and sustainable economic recovery", that is a program financed by European Structural funds. The launch of the instrument came late in pandemic, it was a result of the REACT EU funding (ERDF). It was planned to launch one call for this policy instrument and the total amount of the call was 40 mil Eur.

Main schemes introduced / good practices / projects/policies

Most known policy instrument in the e-commerce theme was **E-Commerce Model COVID-19**. The policy instrument was launched in the august of 2021. Managing authority in charge of policy instrument E-Commerce Model COVID-19 is Lithuanian Business Support Agency (currently undergoing restructuring to Innovation Agency), under the ministry of Economy and Innovation. The policy instrument was launched on the national level, all SMEs in Lithuania had an opportunity to benefit from this policy instrument.

The purpose of this policy instrument is to encourage companies to implement information technology for the electronic management of business transactions in order to increase revenue growth. Under this policy instrument only SMEs were supported in order to reorient and digitise the processes such as: customer self-service solutions for e-commerce platforms for products and services, including production and service order management solutions, and / or solutions for integrating resource management systems into e-commerce platforms for products and services.

The biggest support amount is 50 000 Eur, the smallest – 10 000 Eur. The project could have started being implemented not earlier than 6 months before submitting the application. The rate of funding is up to 75 %. Under the financing rules staff costs needed to implement the e-commerce model implementation in the company are eligible as well, it could not be more than 20 % of project budget. There were 1685 applications received and out of this number 1192 applications were granted the funding, The total value of the projects financed – 47 mil Eur. The resources needed to evaluate this call was around 40 staff members for 3 – 4 months, total amount of 120 – 160-person months. The same amount of people is needed to administer the projects.

Companies which had more than 30 % turnover fall because of the pandemic received additional evaluation points. This evaluation score ensured that funds are delivered to the companies which suffered from COVID-19 most, therefore in need of supporting business model change transitioning to e-commerce.

Another initiative directly related to e-commerce theme was No Quarantine in the Web. This initiative was launched by Enterprise Lithuania, institution responsible for support of the trade in the companies. This institution is undergoing restructuring to Innovation Agency as well, it is consolidation of various institutions to one agency. The initiative was launched at the very beginning of COVID-19 pandemic in the spring of 2020. It was first instrument launched for companies to help to transition to different business model of operating.

The purpose of this initiative was to provide the space for all companies to register the e-shop information in one place. It is not possible by search engine to find all the companies in the region selling some kind of goods in one place. Search engine gives the response depending on advertisement and optimisation of the e-shop page, but not the full market picture. A lot of companies were struggling to move to internet and additional advertisement costs were a challenge. In the web page of Enterprise Lithuania, it was possible to register the e-shop, provide the information about it, and mark the category. This way the company without any advertisement costs provided information about their e-commerce model. Enterprise Lithuania advertised this initiative on the mass media channels and customers were aware where they can find information if needed.

At the moment in the no Quarantine situation the Web has available an e-commerce library including video and reading material. The lectures provide teaching material for everyone willing to change/start business model related to e-commerce. It includes wide range of topics related to online trading. There is also detailed instruction how to create e-shop for company on their own. Every step is provided in detailed instruction, a lot of links added to regulations and external services needed to create the e-shop. There is a list of providers which can host the e-shop and help to launch it.

The main feature of this initiative is the register of e-shops in Lithuania. This register at the moment contains 2731 company e-shops. This register is divided into various categories like sports, clothes, shoes, medical goods and services, electronics and so on. This register is very convenient for the customer, it helps to save time for the search of the product. Customer can see a lot of available e-shops in the category and choose the needed one.

This initiative needs low cost to maintain it. There were initial costs of launching the database of companies, Enterprise Lithuania needed some software development service to create the space. Once the space was created it needs low maintenance costs. Companies are registering e-shop themselves and providing additional information about companies. Enterprise Lithuania needs less than half of person month to supervise this space, to confirm the information companies are providing, update the library and post any changes in regulations.

Key lessons learnt

There was a challenge for managing authority to evaluate very big number of applications for policy instrument E-Commerce Model COVID-19. Almost every staff member of Innovation Agency was participating in evaluation process in order to meet deadlines. Key lesson learned is to forecast expected number of applications and plan the resources to evaluate these applications in advance. Some of the calls were launched late and one after another seeking to support companies as soon as possible these calls were not separated in time. That brought even bigger challenge for the staff working in administration of the support.

Regions need policy instruments for resilience on regular basis, it should not depend on pandemic restrictions. It takes time to launch policy instrument and in crisis situation time is essential for many companies. The support should come as quick as possible. Any response to the challenge needs to be quick. The initiatives which were launched first gave the most benefit to companies. Delay during economic stress forces companies to shut down or suspend the operation till better times.

Policy instrument E-commerce business was suspended in 2019 and it was considered not enough innovative, the funds from this call were allocated to new policy instruments. In crisis situation it became obvious that e-commerce being a part of digitisation is becoming a horizontal principle for all other innovation to happen, therefore it is very important to support these processes in companies.

Key policy directions

Main challenge of the E-Commerce Model COVID-19 call is to ensure that SMEs invest into innovative solutions not using money for standard technologies with less value added. Companies tend to solve the most painful problem right now and look for cheapest solution which results to

the decision to acquire simple computers and programs and operate somehow similar to the method they are used to. In order to prevent buying computers and investing into non-innovative solutions it was decided to finance only software related to customer self-service. This way internal accounting systems and computer hardware were left aside of this policy instrument call. The decision not to finance hardware gave positive results for the quality of the applications, it is intended to proceed with this decision also in future calls.

In economy stress times it becomes vital to assure the survival of SMEs in the region and deliver the needed financial support in time for SMEs. Some of the SMEs were not able to survive this pandemic test, not being able to change the business model. Every company needs long term digital strategy, digitisation during pandemic became a new normal for every company, including SMEs.

Financial instruments should reflect all kind of economy stress, not only pandemic. Resilience of the region and SMEs should be the main focus of all policy instruments. SMEs should be able react and adapt to various challenges, such as value chains problems, climate changes, pandemic, geopolitical crisis and war. Accordingly, policy instruments should be planned to support companies becoming more resilient and flexible in their strategies.

Promoting awareness about digitisation and possibilities to use the support is needed in the companies. A lot of SMEs still do not know that support is available and they do not apply for funds.

4. Santarem Region

Policy context / Background on the policies introduced

Due to the impact of COVID-19 on the Portuguese economy, the Government implemented measures to protect companies and workers. There were several situations of reduced demand, which led to a large decrease in turnover and a drop-in revenue, in which cases most companies faced serious difficulties in meeting their obligations. To alleviate the effects of COVID-19, the Government presented a set of measures, which covered, among others, the following areas: support for the treasury of companies, workers and social security.

The COVID-19 pandemic had a very severe adverse impact on economic activity in Portugal. The containment measures announced by the Government in order to mitigate the impact of the pandemic on public health affected the behaviour of economic agents both on the supply side – interrupting the normal functioning of companies and leading, in some cases, to temporary closures – and on the demand side, reflecting inter alia the mandatory confinement.

Since COVID-19 Pandemic started in Portugal in March 2020 many of the companies across multiple sectors recommended the employees to work from home when it was possible. NERSANT and many other Regional and National entities, started to carry out various actions with a view to keeping companies and workers as updated as possible (regular disclosures on various topics related to COVID-19, webinars, ...).

Main schemes introduced - Portugal's recovery and resilience plan

After benefiting from a comparatively good scenario during the first wave of the pandemic in spring and summer 2020, Portugal was hit severely by COVID-19 and its impacts in late 2020 and early 2021. Thus, many of the traditional challenges faced by Portugal regarding social protection and social inclusion became even more pressing due to the COVID-19 crisis.

As a means of addressing its effects, over 30 different measures in the fields of social protection and social inclusion were put in place. Most of them concerned either measures of job protection, provided through support for employers, employees and the self-employed, or measures related to minimum income schemes and other forms of social assistance. There were also measures related to unemployment benefits, health insurance, housing support and leave for parents whose children were unable to attend school or pre-school because of COVID-19.

The cost of those social protection and inclusion measures adopted by Portugal to address the social consequences of the COVID-19 pandemic in 2020 (and on which there are specific data) is thought to have reached a total of EUR 1.95 billion at the time of writing (i.e. about 0.9% of the Portuguese gross domestic product in 2019). Some 82% of that amount has been spent on job protection measures, provided through support for employers, employees and the self-employed. And approximately half of that amount has gone on a single measure: the simplified layoff scheme.

The COVID-19 pandemic has had a significant impact on the social protection system and on social inclusion policies in Portugal. There was also no indication that the measures altered the dominant policy perspective that has narrowed the scope of public policies to focus on the 'most disadvantaged' and on providing support that does not seek to lift recipients above the poverty threshold. This has been the subject of debate spurred by the pandemic crisis. Some stakeholders, including political parties and the relevant non-governmental organisations, claim that there was room to address the immediate effects of the pandemic, while at the same time contributing to a structural solution to poverty in Portugal.

Following an unprecedented crisis due to the pandemic, Portugal's recovery and resilience plan responds to the urgent need of fostering a strong recovery and making Portugal future ready. The reforms and investments in the plan will help Portugal become more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. To this end, the plan consists of 83 investments and 32 reforms. They will be supported by €13.9 billion in grants and €2.7 billion in loans. 38% of the plan will support climate objectives and 22% of the plan will foster the digital transition.

The transformative impact of Portugal's plan is the result of a strong combination of reforms and investments which address the specific challenges of Portugal. The reforms address bottlenecks to lasting and sustainable growth, while investments are targeted to address barriers to productivity and potential growth, such as those addressing restrictions of regulated professions and gaps in human capital, including in digital skills and education, as well as, enhancing public financial management and the efficiency of the public administration and of the judicial system. Other important reforms and investments supporting income convergence and the catching-up of productivity and competitiveness of the Portuguese economy include those aimed at supporting the capitalisation of firms, business research, innovation and digitalisation, as well as the green transition, including by supporting the renovation and improvement of energy efficiency in

buildings. Finally, the Portuguese plan includes measures aimed at boosting the response capacity and the efficiency of health and long-term care services and measures addressing housing affordability.

The plan will foster economic growth and create jobs. It will lift Portugal's gross domestic product by 1.5% to 2.4% by 2026. This boost to the economy will bring up to 50 000 citizens into jobs. These estimates do not include the possible positive impact of structural reforms, which can be substantial. Portugal will benefit significantly from the Recovery and Resilience Plans of other Member States, for instance through exports.

Digital challenges for Portugal include the need to invest in the digital transition, particularly in the development of digital skills, both basic and advanced, in the use of digital technologies to ensure equal access to quality education and training, and to boost firms' competitiveness. This is especially relevant in Portugal, where the economy is characterised by micro-enterprises concentrated in traditional sectors.

Portugal's recovery and resilience plan supports the digital transition with investments and reforms in the areas of skills, digitalisation of education and business as well as digitalisation of the public sector (general public administration, health, justice system and tax administration). In the area of qualifications and skills a reform aims at updating the offer of courses and qualifications for vocational education and training and for lifelong learning programmes. The reform is supported by investments of €666 million for the modernisation of vocational education and training institutions. In the area of digital health there are investments of €300 million to modernise the computer systems of the National Health Service and increase the digitalisation of medical records. The business sector digitalisation benefits from €650 million supporting small and medium enterprises and their workers with tailored digital skill trainings and tailored coaching and support to adopt digital technologies, reforms and investment will also contribute to create a safe digital environment for the digital transition of society and business.

The "Digital Academy" will offer tailored training to the Portuguese workforce to increase the number of digitally skilled workers and improve the competitiveness and resilience of enterprises, also with the aim to maintain and create new jobs. A total of 800,000 participants will undergo a personalised diagnosis of digital skills needs and will follow targeted online, blended, and face-to-face digital skills training. A subset of 200,000 participants will also benefit from a deeper digital skills training targeting specific challenges faced by selected economic sectors.

Conclusion

Portugal, after benefiting from a comparatively good scenario during the first wave of the pandemic in spring and summer 2020, was hit severely by COVID-19 and its impacts in late 2020 and early 2021. Thus, many of the traditional challenges faced by Portugal regarding social protection and social inclusion became even more pressing due to the COVID-19 crisis.

However, the Portuguese authorities give a quick answer to try to contain the impacts of the pandemic at the business and economic sector. More than 30 different measures in the fields of social protection and social inclusion were put in place since March 2020 and most of them concerned either measures of job protection, provided through support for employers, employees

and the self-employed, or measures related to minimum income schemes and other forms of social assistance.

There were also measures related to unemployment benefits, health insurance, housing support and leave for parents whose children were unable to attend school or pre-school because of COVID-19. However, many other measures and programmes are being implemented in many areas and in the Digital Transition dimension, significant reforms and investments are planned in the areas of digitalisation of companies, in the state and providing digital skills in education, health, culture, and forest management.

5. Emilia-Romagna

General data about Emilia-Romagna

Analysing demographic and economic data before the COVID-19 pandemic, the Emilia-Romagna Region (2019) represents 7,4% of the entire Italian population, with a total of about 4,5 million residents. A value growing at a more intense rate than the national average, thanks to a significant capacity to attract both the foreign population and the Italian one coming from other regions.

Compared to the national total, Emilia-Romagna welcomes 8.3% of the total workforce, 8.7% of the employed, 9.3% of the total number of employees in companies, 9,2% of GDP and imports and 14.0% of exports. From these simple data it is clear the economic and productive weight of the regional system on a national scale. In absolute terms, in Emilia Romagna, in 2019 there were all 2.032,6 thousand employed. Also, with reference to 2019, the activity rate in Emilia-Romagna rose to 74.6% (the highest value ever), the employment rate reached the 70.4% (second highest figure in Italy), and the rate of unemployment fell to 5.5% (second lowest figure in Italy). In addition, indicators of the youth employment rate and gender gaps are also improved.

Due to COVID-19 pandemic, the 2020 year represents for Emilia-Romagna the end of a positive five-year economic cycle, which overall has marked a growth of about 7% of regional GDP.

According to the most up-to-date estimate, Emilia-Romagna's real GDP should have shrunk in 2020 of -9.1%, in line with the national average (-8.9%).

Based on the most recent estimates, for the 2021 year, a positive rebound (+6.5%) is expected, which will not be enough, however, to immediately recover the accumulated losses. Thanks to a sustained dynamic also in 2022, Emilia-Romagna could reach and exceed the pre-COVID-19 GDP level.

The regional employment figure in 2020 is also declining, in fact, the estimate of employed in the region is equal to 1.970.9 thousand units, down by 58.9 thousand compared to 2019 (-2.1%)

The impact of the pandemic on the economic sector in Emilia-Romagna

The main factors that have led to economic spill overs due to the COVID-19 pandemic can be summarised as follows:

- the closure or transformation of many activities due to the sudden contraction of demand following the pandemic (mainly for companies in the tourism, transport and cultural sectors);
- the temporary suspension of economic and productive activities as a result of government lockdown measures;
- changes in the organisation of work through the massive recourse by companies of the so-called smart working that provides, where possible, the execution of the work activities of employees in their homes.

In the Emilia Romagna Region the 2020 year represents the end of a positive economic cycle (from 2014 to 2019), as described above. Almost all economic sectors have been damaged by the COVID 19 pandemic crisis, although with different intensities. Generally speaking the categories most affected, especially during lockdown periods, were businesses for some manufacturing sectors, the retail except for the food sector, food service sector (i.e. bar, restaurants, fast food), the sports and the tourism facilities. Therefore, the pandemic period had an asymmetrical effect on the different sectors of the economy: while many decreased income and employment in 2020, others experienced growth or consolidation.

In fact, sectors such as high-tech sectors (such as ICT, pharmaceuticals, biomedical) may have experienced lower economic losses or, in some cases, may have had an expansion of the market opportunities. Some companies, in order to cope with the crisis, have converted their production process to produce medical devices such as COVID-19 masks or alcohol-based disinfectants.

At the regional level, the data of the surveys carried out show that the economic crisis began in March 2020, due to the first lockdown period and the closure of the enterprises and the business activities, but it was accentuated during the second quarter, restarting a little bit during the summer period.

The industry sector contracted for the first quarter of the year, which intensified in the second quarter and continued in the third and fourth quarters (but with a containment of losses). On an annual basis, in 2020 the decrease in production was equal to 10.4% compared to the previous year.

As far as the construction sector is concerned the first two quarters of the year were characterised by a negative change and a recovery during the third and fourth quarters, which made it possible to close the year with a contraction of around -6.3% on an annual basis.

The retail trade has seen a first trend contraction in the first three months of the year and an aggravation during the second and fourth quarters, helping to close the year to the sector with a variation of -6.7% compared to 2019. The decrease of revenues was more intense for the retail (non-food) trade and for the smaller activities.

In 2020 a focus on the regional trade sector allowed us to see that the balance between job positions created and loss was negative by (more than 2.300) compared to the positive balance (about 1.670) recorded in 2019. With regard to trade as a whole, a study estimates a loss of just over 1,3 billion euros in added value for 2020 compared to 2019 and a contraction of about 26 thousand jobs.

Looking also at the trend of trade flows with foreign countries, the Emilia-Romagna Region had overall negative impacts in 2020.

Some studies on the economic performances of green companies show that they have been more resilient in this period of economic crisis. An Italian report shows that 2020 for the green economy is confirmed as a year of consolidation, despite the general economic difficulties that have distinguished it. At the end of the year the employees who carry out a green profession jobs amounted to 3.141,4 thousand units, an important share that sees a consolidation compared to the previous year (3.132 thousand units) despite the adverse effects of the pandemic on the economy.

The employed who carry out a green job profession in 2020 were 13.7% of the total Italian employees. Going to analyse the regional situation, Emilia Romagna exceeds the national average with 15.6% of green employment on the total.

Context: pandemic and SMEs

COVID-19 has brought about an unprecedented crisis for the Italian economy, not only in terms of dimensions, but also because of its particularly asymmetrical nature. The emergency has in fact had highly diversified consequences, damaging in particular the sectors most affected by lockdowns and exposed to containment measures (such as restaurant business, tourism, the hotels, transport, wholesale non-food retail, the fashion system), affecting less significantly or even positively stimulating other sectors (pharmaceutical supply chain, e-commerce, agri-food industry).

Concerning business demography, the pandemic has greatly reduced the births of new capital companies throughout the Peninsula. The effects were particularly marked in the first half of 2020, due to the first national lockdown, with a reduction of the new societies of approximately a quarter regarding the same period of 2019; in the following six months the decrease was smaller, but the reduction didn't stop (-3%).

The table below shows, at Italian national level, which are the categories of SME that have the best and the worst growth in the interval 2019/2020.

The sectors that flourished during the pandemic are: e-commerce (+19%), pasta (+9.5%), rice (+7.3%), Pharmaceutical specialties (7.2%), Modern food distribution (+5.5%), Chemistry and pharmaceuticals (4.8%), Cleaning products (+3%), Oils and greases (2.5%), Cured meat (2.2%), Wholesale of pharmaceuticals and medical products (+2.1%).

The sectors that were negatively affected are: organisation of fairs and conferences (-67.2%), Travel agencies and tour operators (-54.6%), Air transport (-50.4%), Hotels (-50,4%), Airports management (-49.6%), Accommodation (Non-hotels) (-46.2%), Restaurant business (-40.3%),

Cinema industry (-33.6%), Parking management (-32.6%), Information, communication and entertainment (-31.9%).

Tabella A - I settori con la maggiore e la minore crescita dei ricavi nel 2020

Settori con le peggiori performance	Var. % 2020/2019	Numero PMI	Settori con le migliori performance	Var. % 2020/2019	Numero PMI
Organizzazione di fiere e convegni	-67,2%	296	Commercio on line	19,0%	240
Agenzie viaggi e tour operator	-54,6%	578	Pasta	9,5%	196
Trasporti aerei	-50,4%	40	Riso	7,3%	41
Alberghi	-50,4%	3.520	Specialità farmaceutiche	7,2%	194
Gestione aeroporti	-49,6%	68	Distribuzione alimentare moderna	5,5%	2.562
Strutture ricettive extra-alberghiere	-46,2%	625	Chimica e farmaceutica	4,8%	83
Ristorazione	-40,3%	8.020	Prodotti per la detergenza	3,0%	123
Industria cinematografica	-33,6%	415	Oli e grassi	2,5%	143
Gestione parcheggi	-32,6%	149	Salumi	2,2%	467
Informazione, comunicazione e intrattenimento	-31,9%	1.425	Ingrosso prodotti farmaceutici e medicali	2,1%	1.013

Figure 16 SME sectors with the best and the worst growth in the year 2020 source: Confindustria, Cerved “Rapporto regionale PMI 2021” p. 10

The table below shows the sectors of specialisation of SME per Region.

Tabella 1.5 - Specializzazione settoriale delle PMI per regione

	Italia	Nord-Est	Emilia-Romagna	Friuli-Venezia Giulia	Trentino-Alto Adige	Veneto	Nord-Ovest	Liguria	Lombardia	Piemonte	Valle d'Aosta	Centro	Lazio	Marche	Toscana	Umbria
aziende agricole	1,6%	1,8%	2,4%	1,6%	1,8%	1,4%	1,0%	0,9%	0,9%	1,2%	1,3%	1,2%	0,8%	1,1%	1,4%	3,3%
industria	27,7%	34,4%	34,8%	34,7%	14,8%	37,9%	31,0%	17,2%	31,7%	32,9%	11,9%	24,1%	8,8%	44,4%	35,2%	26,3%
largo consumo	3,4%	3,8%	4,6%	3,6%	3,6%	3,1%	2,5%	2,5%	2,2%	3,6%	5,6%	2,9%	2,0%	3,2%	3,6%	4,2%
sistema moda	4,4%	4,1%	2,4%	0,9%	0,7%	6,8%	3,4%	0,5%	3,6%	3,6%	0,0%	7,7%	0,6%	12,7%	15,1%	5,7%
sistema casa	2,1%	3,2%	1,6%	7,5%	1,3%	4,1%	2,0%	0,6%	2,3%	1,2%	0,0%	2,1%	0,5%	6,7%	2,4%	1,6%
altri beni di consumo	0,4%	0,5%	0,4%	0,2%	0,3%	0,6%	0,4%	0,3%	0,4%	0,5%	1,3%	0,3%	0,1%	0,7%	0,3%	0,3%
mezzi di trasporto	0,7%	0,5%	0,4%	1,8%	0,1%	0,5%	0,6%	3,2%	0,4%	0,5%	0,0%	0,9%	0,3%	1,4%	1,4%	0,3%
chimica e farmaceutica	0,8%	0,8%	0,9%	0,7%	0,4%	0,9%	1,2%	0,7%	1,3%	0,9%	0,0%	0,6%	0,4%	0,8%	0,9%	0,6%
metalli	5,2%	7,0%	7,9%	7,5%	2,2%	7,1%	7,1%	2,4%	7,2%	8,0%	1,3%	3,0%	1,2%	6,3%	3,7%	4,4%
meccanica	6,4%	9,5%	11,5%	7,5%	4,0%	9,2%	8,1%	4,0%	8,2%	9,0%	2,6%	3,5%	1,6%	7,1%	4,2%	5,5%
hi tech	1,5%	1,8%	2,1%	1,9%	0,9%	1,7%	1,9%	1,7%	1,9%	2,0%	0,7%	1,2%	1,1%	1,4%	1,3%	1,1%
prodotti intermedi	2,8%	3,2%	3,0%	3,0%	1,3%	3,8%	3,7%	1,3%	4,0%	3,6%	0,3%	1,9%	0,9%	4,1%	2,3%	2,6%
utility ed energia	2,8%	2,5%	2,4%	2,4%	5,6%	1,9%	2,5%	3,5%	2,4%	2,8%	7,0%	2,6%	2,8%	3,0%	2,1%	3,6%
costruzioni	13,7%	14,0%	12,0%	16,5%	20,4%	13,9%	12,7%	14,2%	12,3%	13,6%	18,5%	13,2%	14,7%	11,7%	11,4%	16,3%
servizi	54,1%	47,4%	48,4%	44,8%	57,4%	44,9%	52,8%	64,2%	52,7%	49,6%	61,3%	58,8%	72,9%	39,9%	49,9%	50,4%
informazione e intrattenimento	3,6%	2,9%	3,2%	2,3%	2,5%	2,9%	4,1%	2,5%	4,4%	3,5%	3,6%	4,2%	6,0%	2,9%	2,5%	4,3%
distribuzione	19,5%	17,5%	17,8%	14,8%	21,1%	17,0%	18,9%	21,2%	19,1%	17,4%	17,2%	19,1%	20,9%	15,7%	18,3%	18,3%
logistica e trasporti	6,4%	5,6%	5,4%	6,1%	6,6%	5,5%	5,6%	12,9%	5,2%	5,1%	6,6%	6,5%	8,0%	5,1%	5,2%	5,6%
servizi non finanziari	22,8%	19,5%	19,9%	20,4%	24,8%	17,9%	21,7%	26,0%	21,2%	22,3%	31,5%	26,9%	35,3%	15,1%	22,0%	21,0%
immobiliari	1,9%	1,8%	2,1%	1,2%	2,3%	1,5%	2,4%	1,6%	2,8%	1,3%	2,3%	2,1%	2,7%	1,1%	1,9%	1,3%
Totale	158.688	40.372	15.503	3.316	3.634	17.919	53.907	3.041	39.698	10.864	304	32.838	14.735	4.527	11.470	2.106

Figure 17 Sectors of specialisation in the Italian regions source: Confindustria, Cerved “Rapporto regionale PMI 2021”p.32

In Emilia-Romagna Region, among its 15.503 SME, the main sectors are: services (48.4%), industry sector (34.8%), non-financial services (19.9%), distribution (17.8%), buildings (12%), mechanical engineering (11.5%).

Considering the impact of COVID-19 pandemic on percentage of total number of SME and on turnover, in the Emilia-Romagna region the 9.1% of the SME are stable or increasing, the 76.1% had a moderate impact and the 14.8% had a strong impact; the turnover is stable or increasing for the 10.9%, had a moderate impact for the 74% and had a strong impact for the 15.1%.

Tabella 3.2
Distribuzione delle PMI
per classe di impatto Covid
% sul totale del numero
e del fatturato per regione

	Numero PMI			Fatturato		
	Stabili o in crescita	Impatto moderato	Impatto forte	Stabili o in crescita	Impatto moderato	Impatto forte
Italia	9,0%	73,1%	17,9%	10,2%	72,1%	17,7%
Nord-Est	7,7%	76,1%	16,2%	8,6%	75,3%	16,1%
Emilia-Romagna	9,1%	76,1%	14,8%	10,9%	74,0%	15,1%

Figure 18 Impact of the pandemic in Emilia-Romagna on number of Sme and on turnover Confindustria, Cerved “Rapporto regionale PMI 2021” p.54

Concerning the turnover in the period 2007-2020, in the region Emilia-Romagna there is a decreasing of 9.9% comparing 2019 and 2020 and a decreasing of 7.1% comparing 2007 and 2020.

Tabella 3.3 - Andamento del fatturato del PMI in termini reali, 2007-2020
Valori percentuali

	08/07	12/11	13/12	14/13	15/14	16/15	17/16	18/17	19/18	20/19	20/07
Italia	-4,2%	-5,0%	0,2%	1,8%	4,5%	3,5%	2,1%	0,8%	2,2%	-10,6%	-10,7%
Nord-Est	-4,2%	-4,5%	0,5%	2,3%	4,6%	4,2%	2,6%	2,0%	1,9%	-10,7%	-7,5%
Emilia-Romagna	-3,5%	-4,4%	0,6%	2,1%	4,5%	3,9%	2,9%	1,7%	1,5%	-9,9%	-7,1%

Figure 19 Turnover of SME in Emilia-Romagna, 2007-2020 source: Confindustria, Cerved “Rapporto regionale PMI 2021” p.56

Main schemes introduced / good practices / projects/ policies

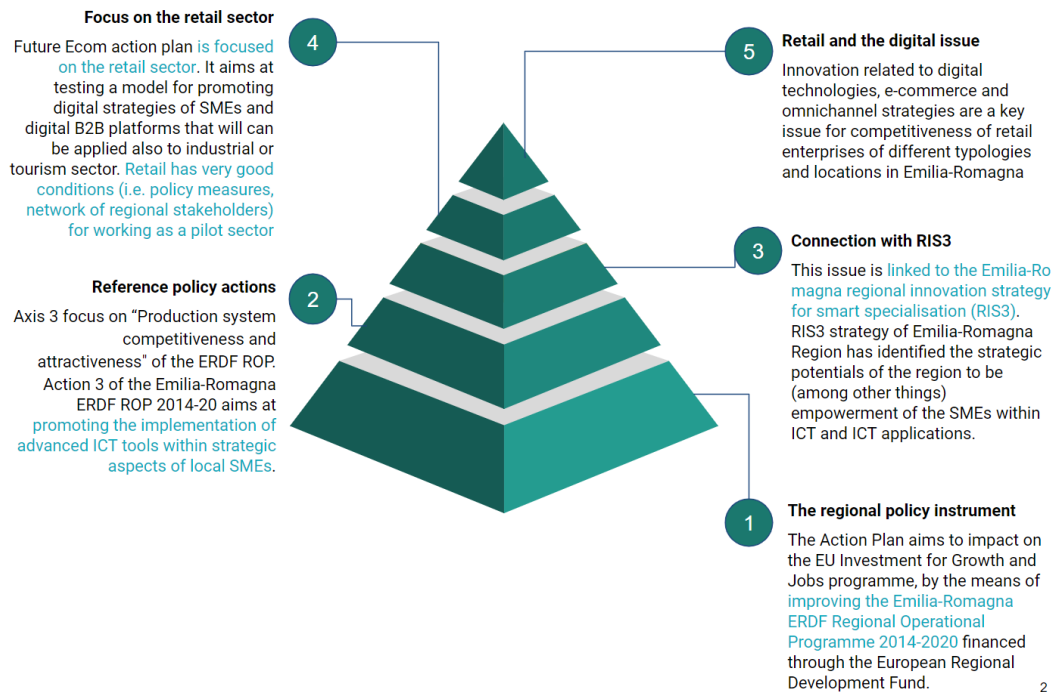
Our policy instrument has been the Emilia-Romagna ERDF Regional Operational Programme 2014-2020 financed through the European Regional Development Fund.

Specifically, we referred to Axis 3 of the programme which aims at promoting the implementation of advanced ICT tools within strategic aspects of local SMEs. This issue is also linked to the Emilia-Romagna regional innovation strategy for smart specialisation (RIS3).

We decided to focus on the retail sector to test a model for promoting digital strategies of SMEs and digital B2B platforms that could be applied also to the industrial or tourism sector.

Retail has very good conditions (i.e. policy measures, network of regional stakeholders) for working as a pilot sector, and a specific digital issue, because innovation related to digital

technologies, e-commerce and omnichannel strategies are a key issue for competitiveness of retail enterprises of different typologies and locations in our region.

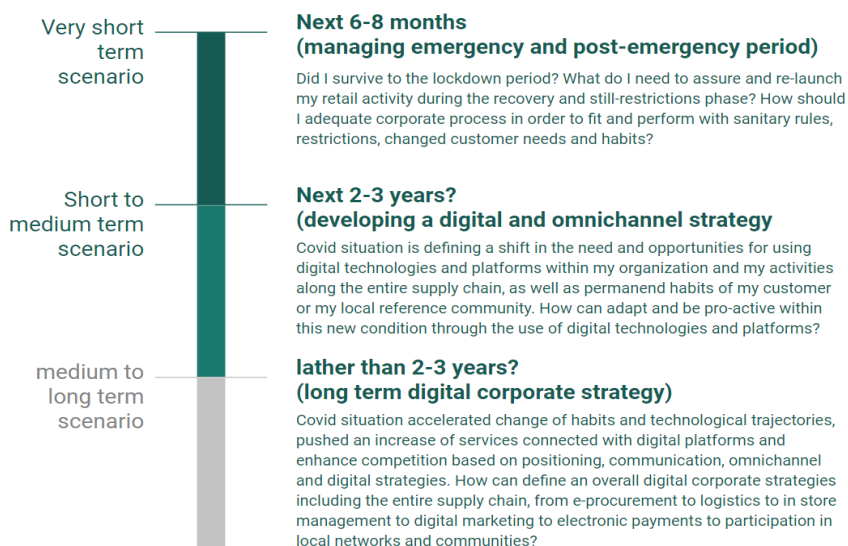


We based our action plan on a kind of structured approach for systemic innovation.

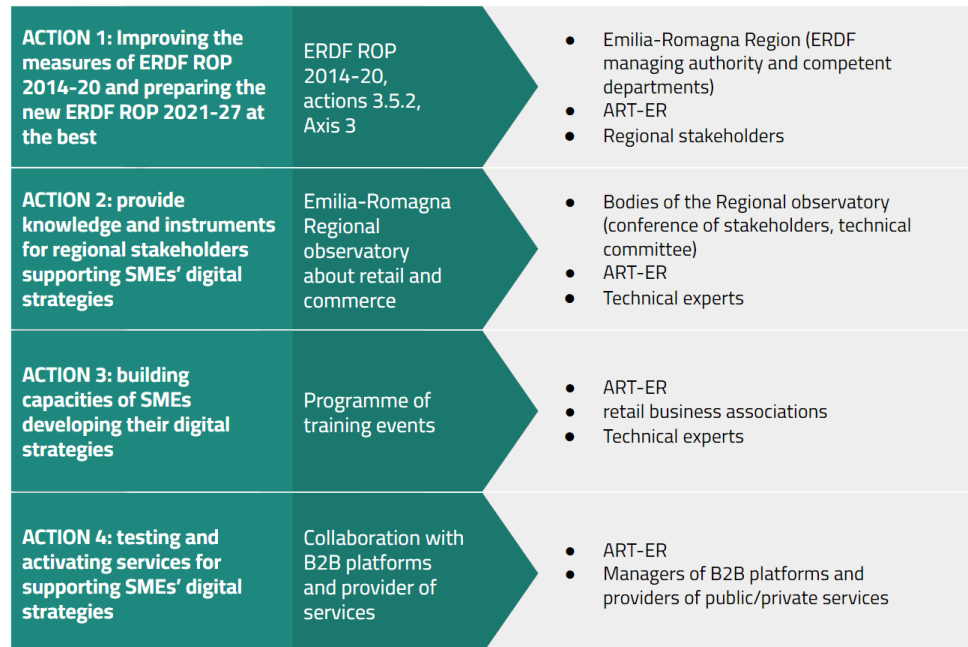
- First, we should support monitoring and improvement of the policy instrument itself, the actions and related financing programmes addressed to SMEs.
- Then, we should support knowledge and instruments for regional stakeholders (i.e. retail business associations) helping SMEs applying to the policy instrument and related financing programmes
- Then, we should directly support technical competencies and of SMEs of the retail sector developing their digital strategies with the support of regional stakeholders and applying to the policy instrument
- finally, (mainly through the regional innovation ecosystem) we should support the development of specific platforms and services SMEs can exploit and include in their digital strategies. This latter was also very important for us because ART-ER is coordinating the regional innovation ecosystem.



Another methodological basis of our action is that digital strategies of SMEs should cover objectives and development for very short term, short-to-medium term and medium-to-long term. We found that this scheme applied very well with changing of scenarios and the evidence of emergency as well structural issues connected with COVID-19.



Therefore, our plan was structured on these 4 different steps and related actions, and with the collaboration of the regional government departments, the regional observatory of retail and commerce industry which permanently supports with statistical and technical tools the action of regional stakeholders, the managers of digital platforms and providers of digital services, and specific training directly with SMEs



Key lessons learnt and recommendations

About the work we did on directly on the policy instrument

- we are supporting and monitoring two financing programmes as originally stated in the action plan, plus two more additional programmes. Many other supporting mechanism for SMEs are based on other specific regional policy instruments, namely the regional digital agenda.
- We found that all the programmes are in their final steps and used all resources. Measures implemented by SMEs are related to basic needs and there are plenty of opportunities for working on more advanced digital solutions for their supply chain.
- Some ERDF based financing programmes slightly changed their objectives in relation to new needs emerged with COVID-19 emergency, and dedicated financial support was for managing the very emergency period of total lockdown and following.
- Our main recommendation for the regional dept. is to keep on monitoring the programmes and their results clearly identifying the different objectives: managing the survival, managing short term digital measures, managing long term digital strategies on the supply chain and clearly monitoring outcomes of them.

About regional stakeholders and SMEs:

- Stakeholders had a very strong focus on assuring the survival of the SMEs territorial system and the delivery of the compensative financial support to SMEs used to cover the losses of the lockdown period and of the business perspectives.
- Statistical and economic indicators are now only partially describing the structural change in the retail (and other) sectors. Regarding the short term, first data remark the high resilience of the SMEs system. But only in the next few years will there be evidence of the real effects of COVID-19 in the medium- and long-term dynamics.
- Our recommendation for stakeholders is to focus more and more, after the very emergency period, on the contribution public money can provide to SMEs developing long term digital strategies and support them to apply for more advanced digital solutions and use more and more digital platforms
- This is, corresponding, also the main recommendation for SMEs: develop long term digital strategies over their entire supply chain (which means omnichannel, use of B2B platform, capability to use digital platform for gathering new financial resources and make investments).

About the B2B and financial innovative digital platform

- Use by SMEs of digital platforms-based services for facilitation of business, investments, payments, innovation as well as use of public and private services for supporting the use of digital platforms is generally growing.
- Pandemic situation increased the need for facilitation of businesses and opportunities of investments through digital platforms, and for assuring credit capability and liquid assets of the SMEs
- All the innovative services under monitoring reported good dynamics over the last 12-15 months (i.e. crowdfunding services (equity, lending) and services for supporting SMEs launching their own campaign; credit clearing systems; smart communities; experimental platforms; open innovation regional platform).
- Many SMEs used especially the financial services for trying to gather resources for overcoming the liquidity problems of the COVID-19 period.
- Our main recommendations for managers of digital platforms or related supporting services is to promote awareness with dedicated initiatives or campaigns about investments for medium- and long-term strategies, and how long perspectives about digital solutions can be valued by the financial market or the crowd, in the case of crowdfunding.

Finally, an outlook on the (new) policy instrument

- The use of the funds 2014-20 programming period by the regional government is at the very final stages and in the accounting phase.
- The new ERDF Regional Operational Programme 2021-27 (ERDF OP) was approved by the regional council, the full process of approval is in the very final stages and the preparation of new financial instruments and programmes will be finalised very soon.
- Roadmap for effective integration of digital platforms within SMEs processes is quite long but opportunity to focus on medium and long term

- integrate digital instruments with other macro-trends (i.e. climate neutrality, energy transition)

6. West Midlands

Context – Further Delivering a Joined-up Approach

After the COVID-19 Pandemic hit the United Kingdom in March 2020, and employees across multiple sectors were recommended to work from home where possible, the first action that **key stakeholders in the Coventry & Warwickshire business support ecosystem took was to meet on a weekly basis to share evidence of common emerging impacts on businesses and identify appropriate responses**. This was co-ordinated by CWLEP Growth Hub (the body responsible for co-ordinating publicly-funded business support in the locality), and has also been attended by Coventry & Warwickshire Chamber of Commerce, the Federation of Small Businesses, Department for International Trade, CWRT (local loan finance provider), and the two Local Authorities (Coventry City Council and Warwickshire County Council), with no additional funding resources allocated. Many of these organisations were already working together in delivering local ERDF-funded and SME support programmes that have been already been highlighted as good practice for this project, such as CW Innovation Test Bed, CW Green Business, and CW Business Support. This has meant that a previously joined-up business support ecosystem has become even more joined-up.

Building on this partnership work, the [CWLEP Smart Region](#) was established. Again, co-ordinated through CWLEP Growth Hub, this entailed staff members across the above-mentioned local partners working together to collate evidence of issues and opportunities affecting local businesses and the local economy, and produce recommendations for further areas of public intervention that were needed to address the challenges and opportunities. Monthly reports have been produced, which have been circulated to local politicians, the West Midlands Mayor's team, and the Department for Business, Innovation & Skills, with the aim of lobbying decision makers on where further funds/resources to deliver additional interventions were needed.

Finally, on the partnership working theme, **the Coventry & Warwickshire (CW) Focus Innovation Group** (where the organisations delivering ERDF Priority 1 funded projects in the area get together) still met on a quarterly basis online. Key to the focus of the discussions were how existing projects and resources could utilise flexibilities with their existing support activities to enable more businesses to innovate to tackle both economic and business challenges. In some cases, this entailed supporting diversification or developing new to market products to directly address needs specific to the COVID-19 pandemic (examples included manufacturing hand sanitiser, ventilators and PPE equipment), as well as supporting new to firm products or processes simply to enable businesses to survive and safeguard jobs, and signpost businesses to other forms of Government support (such as COVID-19 Government loans and the Coronavirus Job Retention Scheme to cover salaries of furloughed workers).

Expanded Support with Digitisation

One of the first additional areas of support provided during the pandemic was the introduction of **“specialist grants” through ERDF**. Through this, Coventry & Warwickshire was allocated

£500k in August 2020 to provide small revenue grants to 200 SMEs to either purchase small items of equipment or external expertise that would help modernise or diversify business operations. £200k of these grants were allocated to tourism businesses, with the remainder allocated to businesses in other sectors. Prior to August 2020, Coventry City Council and partners in CWLEP Smart Region lobbied the UK Government to direct the final unallocated ERDF funds to such grants, which was informed by emerging evidence highlighting the need to tackle market failures to accelerate digitisation and diversification in SMEs through the pandemic, as well as learning points from the successes of Technology Vouchers and Innovation Vouchers delivered by Future Ecom partner regions that had been raised at previous Future Ecom Regions.

Building on the success of these “specialist grants”, where demand exceeded the scale of the grant fund six-fold, Coventry City Council has been successful in securing almost £700k of Government funding through **Community Renewal Fund** to deliver a pilot project directed at delivering an integrated package of business, skills and employment support to further develop cultural sectors in Coventry (creatives, tourism, hospitality & events), to build on the unique opportunities presented by Coventry’s status as UK City of Culture 2021. The support model includes sector-specialist 1:1 support and seminars and events, with businesses requiring financial support to tackle barriers to innovation and modernisation/diversification being awarded “specialist grants” of up to £5k, as well as “skills grants” of up to £2k to support workforce development. The scheme will create the conditions for Coventry businesses in these sectors to become more competitive and resilient longer-term, whilst also creating new employment and training opportunities for local residents. Again, learning points from Future Ecom partners around more closely integrating business support with employment & skills support helped to inform the design of this project.

Funded through c£1.1m of ESF, **CW Skills 4 Growth**, which is focused on tackling skills gaps and supporting workforce development within Coventry & Warwickshire SMEs across all sectors through providing grants to cover 50% of the costs of SMEs paying for specialist training providers, has experienced an increased uptake in demand for development of digital skills and expansion of e-commerce activities. The most common examples of digital e-commerce skills development and training that the project has supporting during the pandemic includes Digital Media Training, Programming for Web Development, Search Engine Optimisation, and Google Ads Training. This programme runs up to June 2023, and we expect to see strong demand from more SMEs in receiving these types of training.

Recognising the importance of SMEs introducing new digital products or digital processes (such as using e-commerce portals) to improve their competitiveness and resilience, two other Coventry & Warwickshire SME support programmes (**CW Business Support**, funded through ERDF Priority 3, and **CW Innovation Test Bed**, funded through ERDF Priority 1) increased the provision of workshops/webinars focused on digital innovation. These programmes have been running since January 2019 and are due to end in June 2023. Activities included use of social media to increase global market reach, and website development both for marketing purposes and also enabling customers to purchase products. Two [examples](#) of businesses supported through CW Innovation Test Bed to develop new digital products included Jetnow.com (an online travel agency) with a £10k grant to create the world’s first Vertically Integrated fintech and travel website, and Route 36 (an online retail marketing company) with a £42k grant to create an in-store marketing application to automate the briefing and distribution of retail marketing materials to an estate of locations.

To support digitisation within city centre businesses, Coventry City Council has been working with [Bubltown](#) through Additional Restrictions Grants (Government grants to Local Authorities to help businesses most impacted by the COVID-19 pandemic) to create a new digital application to provide information and a booking system for city centre retail and hospitality businesses. As well as increasing footfall for individual city centre businesses, the other expected impacts of the application include spreading footfall throughout the day and reduce risks of crowding at venues, and also increasing dwell time and spend levels of visitors to Coventry city centre. Again, this follows similar practices to those adopted by other Future Ecom partner regions, who have developed digital applications to strengthen these sectors.

Delivering More Business Support Activity Through Digital Platforms

As well as supporting businesses to digitise, the Coventry City Council led ERDF programmes supporting SMEs across Coventry & Warwickshire have also increased the use of digital platforms to deliver the support activities and ensure that the support services have been able to reach as many businesses as possible. The most notable example has been **CW Green Business**, which is funded through ERDF Priority 4 and supports Coventry & Warwickshire SMEs to improve their energy and resource efficiency, increase take-up of renewable energy and support the development of new low carbon products, which runs up to June 2023. Prior to the Pandemic, the CW Green Business Network would host physical events on specific subjects relating to challenges and opportunities relating to the low carbon economy. During the pandemic, the events were delivered through webinars and take-up was treble that of physical seminars (for example, a webinar on how businesses could electrify their fleet of vehicles received over 50 attendees) and energy efficiency audits were also successfully delivered through video calls, which meant businesses still had access to support to reduce their energy costs. Due to the successes of the web-based methods, the programme now hosts a combination of physical events and webinars, and has also recently launched a series of [podcasts](#), again with the aim of maximising reach of the support activities to Coventry & Warwickshire businesses.

CW Green Business, CW Business Support and CW Innovation Test Bed programmes also utilised web-based application forms and video conferencing meetings to ensure that businesses looking to deliver growth and innovation plans were still able to access support through the pandemic to accelerate and realise these plans. This led to 246 Coventry & Warwickshire SMEs across a wide range of sectors being able to access in-depth support and £1.5m in ERDF grants being awarded through the three programmes combined in 2020, and 245 SMEs accessing in-depth support and £2.7m of ERDF grants being awarded during 2021.

In delivering **UK Government COVID-19 grants** to businesses either mandated to close during the pandemic or whose turnover/performance was adversely affected, Coventry City Council used a web-based application process and digital appraisal processes to ensure that grants were appraised and paid rapidly. This has resulted in over £96m of grant funding being awarded to over 4,000 Coventry businesses.

To continue supporting businesses to trade internationally, Coventry City Council has continued to promote the webinars hosted by Department for International Trade on customs and international trade regulations, as well as awareness of new international market opportunities that has been delivered through **Department for International Trade's Export Academy**. We have

actively promoted this service both through direct referrals from Business Advisors as well as Coventry City Council's business e-newsletter (which saw a rapid increase in subscribers during the pandemic, on the back of the emergency COVID-19 grants, to over 1,000). The outcome was that many webinars were fully booked, and additional webinars were held to accommodate demand. The Council continues to work closely with Department for International Trade to ensure more local businesses are aware of the market and growth opportunities that exporting presents.

7. Kymenlaakso region

Background

The COVID-19 pandemic officially landed in Finland on 29th January 2020 when the first corona case was reported in Finland. After that the situation started to escalate very quickly both globally and nationally. On 11th March, the WHO declared the coronavirus a global pandemic. In Finland concerns began to rise as well as infection rates. During March, the number of infections increased rapidly in Finland. At that time, the Emergency Preparedness Act was introduced in Finland from 17th March to 15th June 2020. On 28th March, more stronger measures were put into action, when the province of Uusimaa was isolated from the rest of the Finland until 15th April. It was also e.g., recommended by the authorities to work remotely whenever work assignments allowed it.

Main schemes, good practices and projects introduced

Some of the good practice schemes introduced during this period include:

Regional Corona Help for Entrepreneurs Network

Regional Corona Help for Entrepreneurs Network was launched on 15th March 2020. The Finnish Entrepreneurs, the Finnish Business and Development Companies SEKES, the Finnish New Business Centers and the Association of Finnish Municipalities intensified their business advisory cooperation to help entrepreneurs as much as possible in the COVID-19 crisis. As a network member, Cursor Oy began to offer corona assistance to entrepreneurs the same month. Offered services included free and confidential advice and assistance in applying for various corona grants and subsidies.

Call campaign to region's businesses

Cursor Oy organised a call campaign to Kotka-Hamina region's businesses in Spring 2020. 2308 businesses were contacted individually by phone. The purpose of the call was to find out how the business was doing, make sure that businesses knew what kind of corona support (financial and other forms of support) was available, where to find needed information and help to fill funding applications.

The city of Kotka

Business service voucher for the city of Kotka's micro-enterprises

The city of Kotka granted financial support to Kotka's micro-enterprises during the COVID-19 crisis in the form of sales and marketing business service voucher. The purpose of the business service voucher was to accelerate the business of micro-enterprises affected by the interest rate and to support the development of the private services market. Business service vouchers were randomly drawn amongst applicants who met the predetermined criteria. The value of the business service voucher was 2.000 € (excl. VAT). Enterprises' own contribution of the voucher was 500 € and the city of Kotka 's 1.500 €. The service voucher applications were submitted via Cursor

Oy. The city of Kotka distributed 27.000 € for business service vouchers to support Kotka's micro-enterprises. Eventually of the 18 business service vouchers offered by the city of Kotka, 17 were used.

State and municipalities

Operating aid for sole entrepreneur

A one-time grant of 2.000 € financed by the state could be applied for by a sole entrepreneur whose company's financial situation had deteriorated, and turnover had decreased due to the coronavirus. A sole entrepreneur is an entrepreneur who runs his or her own business and does not have a paid workforce. The operating aid is intended to cover the entrepreneur's calculated business costs, such as the cost of premises and equipment acquired for business purposes, as well as accounting and other office costs. Municipalities decided on the beneficiaries. In southern Kymenlaakso, applications were checked before being submitted to municipalities by Cursor Oy. By 24th September 2020, in southern Kymenlaakso 592 companies had applied for operating aid for sole entrepreneur. Total amount of funding granted was 1.184.000 €.

Some examples of Region's Development Projects boosting digitalisation of SMEs include:

Entrepreneur's support network project, 1.7.2020-30.4.2021, funded by the Regional Council of Kymenlaakso (region's own development funding MOKRA). Cursor Oy was one of the project partners. The main objective of the project was to help companies in the COVID-19 crisis and accelerate the recovery of the problems caused by it. The project also aimed to increase the capacity of companies to change, improve their viability, develop their business, and preserve jobs. The project provided free expert assistance e.g. in identifying and commercialising the potential of digitalisation.

Entrepreneur's support network 2.0 project, 1.5.2021-31.3.2022, funded by the Regional Council of Kymenlaakso (region's own development funding MOKRA). Cursor Oy was one of the project partners. Project's activities focused on accelerating companies' digitalisation skills and developing, renewing, and strengthening their business through digitalisation. The actions of the project supported companies' recovery from corona disturbances in many ways. The actions of the project were targeted to region's SMEs developing their operations and recovering from a market failure caused by COVID-19 as well as to sole entrepreneurs with general idea of recruitment or plans to network with other entrepreneurs, and entrepreneurs who were concerned about their own well-being.

Digital Innovation Hub (DIH) Kymenlaakso, 1.4.2021-31.3.2022, funded by Regional Council of Kymenlaakso (region's own development funding MOKRA). The project was managed by South-Eastern Finland University of Applied Sciences Xamk. The aim of the project was to prepare the operating model of the Digital Innovation Hub (DIH) for the Kymenlaakso area. DIH can work long-term and effectively to promote the digital transformation of companies in the region and is an active part of DIH networks at home and abroad. Activities of the project were e.g.:

- mapping of regional ecosystem
- assessing business needs through interviews
- building a vision for a new digital innovation hub
- producing a preliminary concept of services provided.

A new continuation project called *Digital Innovation Hub (DIH) Network* is presently under planning. The project is planned to continue the work based on findings resulting from the previous Digital Innovation Hub (DIH) Kymenlaakso project.

Some of the envisaged measures of the project are e.g.:

- training of business advisors to provide advice relating to digitalisation
- testing and launching of service concept for companies in Kymenlaakso region
- narrowing of previously identified digital skills gaps for SMEs by providing necessary training for different skill levels
- development of digital tools and a website to support DIH activities
- launching of collaboration with other domestic and foreign DIHs.

Internationalise and Grow Digitally, 1.8.2021-31.8.2023, funded by ESF (as part of the European Union's response to the COVID-19 pandemic REACT-EU). The main goal of the project is to activate SMEs primarily in northern Kymenlaakso in the city of Kouvola, but also in Kymenlaakso as a whole, to find ways to revitalise and regrow the international market by using digital platforms and partnerships. For the first time, the project will exploit and pilot the potential of large-scale international digital platforms and e-commerce, focusing on B2B and B2C export opportunities for SMEs in various industries in a variety of target markets.

DIKIEKO - Power to Circular Ecosystem with Digitalisation, 1.9.2021-31.8.2023, funded by REACT-EU ERDF (REACT-EU funding is intended for recovery from the coronavirus pandemic). South-Eastern Finland University of Applied Sciences Xamk and Kouvola Innovation Ltd. Kinno (development company of northern Kymenlaakso) are project partners. The project will conceptualise and pilot a virtual platform (Hyötyvirta Hub) which will support circular economy business in Kymenlaakso region/ Southeast Finland as contributing to Hyötyvirta business ecosystem development. The virtual platform will be tested and developed together with SMEs e.g., identifying business development opportunities of companies that are currently operating or may emerge in the regional digital circular economy.

ROBOTA -developing digital skills through robotics, 1.1.2022-31.8.2023, funded by REACT-EU ERDF. South-Eastern Finland University of Applied Sciences Xamk is one of the project partners. The project responds to the acute need to increase and improve the digital skills and capabilities among personnel in the social and health care sectors to respond rapidly to the digital leap in society. With the help of physical robots and service and software robotics, the share of immediate nursing work can be made more efficient, various self-services and automation can be increased - facilitating routine tasks.

Key lessons learnt

COVID-19 crisis has undoubtedly risen more awareness of possibilities and importance of digitalisation amongst companies. Due to recent war in Ukraine the importance of cyber security skills has also risen further. Even though COVID-19 has accelerated the digital leap and transformation in an unprecedented way in companies, the lack of sufficient (even basic) digital skills is still a remaining fact in many SMEs. The need for further actions is evident.

COVID-19 crisis' effects have not been only bad. Its boost to digital transformation has promoted companies' internationalisation in a way that couldn't presumably be possible in a "normal"

situation. Companies have been forced to be more inventive and develop new business models and services as well to cope with disturbances to business caused by the corona virus outbreak.

In Kymenlaakso region personal contacting of companies by phone (a call campaign organised by Cursor Oy to Kotka-Hamina region's businesses in Spring 2020) was highly appreciated by region's companies. Asking how the business was doing, making sure that companies knew about financial and other forms of corona support available and offering concrete free assistance for filling funding applications were perceived very valuable.

The world has changed irrevocably, and we are not returning to old normal but staying in new normal. In new normal resilience and agility of companies in responding to new suddenly emerging situations/ crisis becomes more and more important. Digital skills and digitalisation are very crucial part of resilience. COVID-19 crisis has been a big wake up call for many companies. They have realised that they can't exist without digital skills and digitalisation.

Key policy directions

SMEs still need further support to keep up with digital transformation and to build stronger digital skills. This will secure their future competitiveness in high-speed changing global markets. Presentation of tailored funding instruments and calls enables needed technological advancements. Supporting SMEs is not only providing them funding but also providing other forms of support. Provision of regulatory framework, legislation and other supporting policies allows new digital business to thrive in the future. Presentation of infrastructures, networks and partnerships supports digital business evolution and innovations.