



SIE

SME Internationalisation Exchange

PGI00017

Regional Action Plan

Regione Molise

Italy





Introduction

Starting from the impulse of the SIE Project, of which the Molise Region is partner within the INTERREG Europe Program, and based on the study carried out on the internationalization processes of the region¹, as well as taking into account the privileged information gathered during the study visits carried out abroad, the Action plan proposed below aims to identify some strategic and operational lines of intervention that can facilitate the internationalization of SMEs.

Certainly a regional strategy on internationalization must be defined on a medium/long-term time horizon, through the necessary correlations with the different institutional levels (local, national and international). It is therefore important to clarify the challenges that the region is facing and the predominant intervention logic, for example whether the plan should be focused on interventions related to export support (in specific sectors and countries) rather than to imports or attracting external investments or, again, a complementary mix of initiatives.

In other words, these are strategic approaches that the Molise Region can pursue through various financial and operational instruments that require constant coordination. With this in mind, the link with RIS3, the Smart Specialization Strategy of the Molise Region on research and innovation, is extremely stringent.

Within the framework of the SIE project, which follows the logic of the INTERREG programs as a tool that facilitates the implementation of the policies related to the ERDF ROP, and limited to its implementation timeframe, it is possible to define short-term interventions and therefore of immediate feasibility, as well as providing a model for the development of activities in the medium and long term.

The Action Plan envisaged by the project is presented, in this sense, as an open document, a *work in progress* operational tool that will be constantly updated and re-oriented, according to the project developments and the regional strategic and economic dynamics.

The background

The Regional Administration, during the first two years of implementation of the SIE project, has already taken advantage of the experiences of the other partners and implemented the first recommendations, approving a specific call of the ROP ERDF 2014-2020 of Molise Region to stimulate actions of internationalization of companies (" Action 3.3.1 - Export promotion projects for companies and their aggregated forms identified on a territorial or sectoral basis"). In particular, have already been granted 3 projects in the tourism, agrofood and health sectors. Each project is inspired by a cluster approach and the fundamental objective of the Molise Region is to monitor these projects and support the funding of further actions throughout the territory.

With this in mind, the Regional Administration, gathering the experiences of the other international partners, intends to boost the internationalization activities by planning a series of actions aimed at increase Molise SMEs internationalization. The initiatives have been included in a specific collaboration agreement signed with ICE (Italian Trade Agency). The agreement is based on the following activities that, starting from March 2019, will be defined in dedicated agreements, including specific lines:

- a) a training line, aimed at implementing internationalization strategies and increasing managerial, technical, legal, commercial, linguistic and cultural skills of those who operate and who could operate on international markets;
- b) a line of attraction and accompaniment of foreign investments;
- c) a promotional line, structured in an export plan that includes actions and interventions of territorial marketing, incoming missions, meetings with buyers and participation in trade fairs and product presentations.

¹ *Internationalization of local SMEs: Molise study*, INTERREG SIE project document, April 2017.



The Logical Framework of the Action Plan

The Action Plan is included in the SIE Project as a practical tool to support SMEs internationalization. It is the result of numerous meetings already held with stakeholders and has been developed taking into account a real learning process realized through the study visits.

The Action Plan takes into account first of all what emerged from the study on the barriers of internationalization processes of Molise SMEs, conducted in the first phase of the project, whose findings for Molise are summarized below. The table explains the main constraints or obstacles that the economic literature highlights at a general level and takes into account the territorial specificities that emerged from the data at Italian and Molise levels.

Table 1 - The main obstacles to internationalization for Italian and Molise SMEs

INTERNAL OBSTACLES	EXTERNAL OBSTACLES
Price of products/services	Low information about markets
Costs of internationalization	Competitive barriers
Lack of capital or financial resources constraints	Logistics and distance
Costs of documentation and bureaucracy	Insufficient information by public stakeholders
Low companies dimension and productivity	Lack of specific services (legal, tax and customs)
Lack of managerial skills	
Linguistic and cultural barriers	
Low level of innovation and networking	

Following the most consolidated strategic approaches in the analysis of territorial performance, the competitiveness of a country and a region depends on a set of external and internal (local) conditions and the performance of companies². Therefore the ability to internationalize is also closely linked to these conditions (or tangible and intangible elements of competitiveness) that for Molise, especially in this specific phase of the business cycle, are not particularly favorable³.

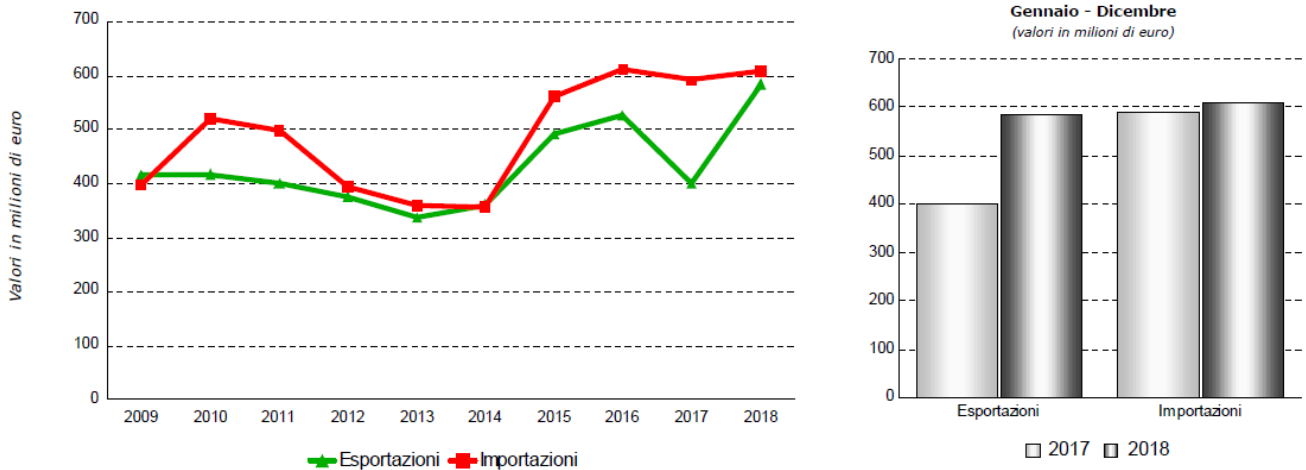
Considering in detail the analysis of the dynamics of the commercial flow, according to the most recent ISTAT data, Molise shows some signs of recovery in 2018.

² See, for example, M. PORTER, *The competitive advantage of nations*, Free Eldgar Press, 1990

³ Banca d'Italia, *L'economia del Molise*, Collana Economie regionali, dicembre 2018. However, consider the cyclical increase in exports in the first nine months of 2018.



Graph 1 - Trade interchange of Molise Region with the rest of the world



Source: ICE

In fact, at the end of 2018, an increase of 46.0% in exports was recorded compared to the previous year, thus consolidating the signs of recovery that emerged in the first months of the year.

Graph 2 - Trade interchange of Molise Region with the rest of the world (%)

Interscambio commerciale Molise - Mondo	2013	2014	2015	2016	2017	2018
Variazioni percentuali sul corrispondente periodo dell'anno precedente						
Esportazioni	-10,2	6,6	36,2	7,1	-23,9	46,0
Importazioni	-8,8	-1,0	57,8	8,9	-3,3	3,1

Source: ICE

However, it is necessary to intervene with consistent tools and initiatives that can guarantee robust growth paths in the various production sectors. Through the study visits carried out in the different countries (Germany, Poland, Spain, France, Czech Republic, Molise) within the SIE project and above all through the preliminary study and the questionnaires, it was possible to gather informative elements of considerable interest to set methodologically the Action Plan.

In other words, it is the moment to take advantage of the useful suggestions learned abroad and exploiting the successful initiatives already present in the region, as well as consolidating the systematic comparison with the local and international companies and stakeholders. In this way it will be possible to undertake a path of growth and recovery that takes into account the territorial specificities and needs expressed by companies and policy makers.

Without a doubt, it is necessary to acquire greater awareness and sharing on the opportunities and constraints that, respectively, could facilitate or hinder the start of the Action Plan by the Molise Region. The following table summarizes the picture of these aspects.



Table 2 - Opportunities and constraints related to the Action Plan

OPPORTUNITIES (POSITIVE ASPECTS)	CONSTRAINTS (NEGATIVE ASPECTS)
Potential availability of specific studies and analysis	Lack of a structure dedicated at regional level to internationalization and an intervention model (bottom-up vs. top-down)
Sharing of the Research and Innovation Smart Specialization Strategy (RIS3)	Companies and products not ready for internationalization
Possibility to access to European funds	Poor collaboration and aggregation capacity of institutional actors and local companies
Contact with international networks	Weakness of the country system for certain sectors and activities
ICE - South Export Plan 2	Low amount of budget dedicated to internationalization of SMEs in the ROP FESR 2014/2020 of Molise Region
Case studies	
Measure 3.3.1 POR FESR MOLISE 2014-2020	
European projects characterized by complementary themes	

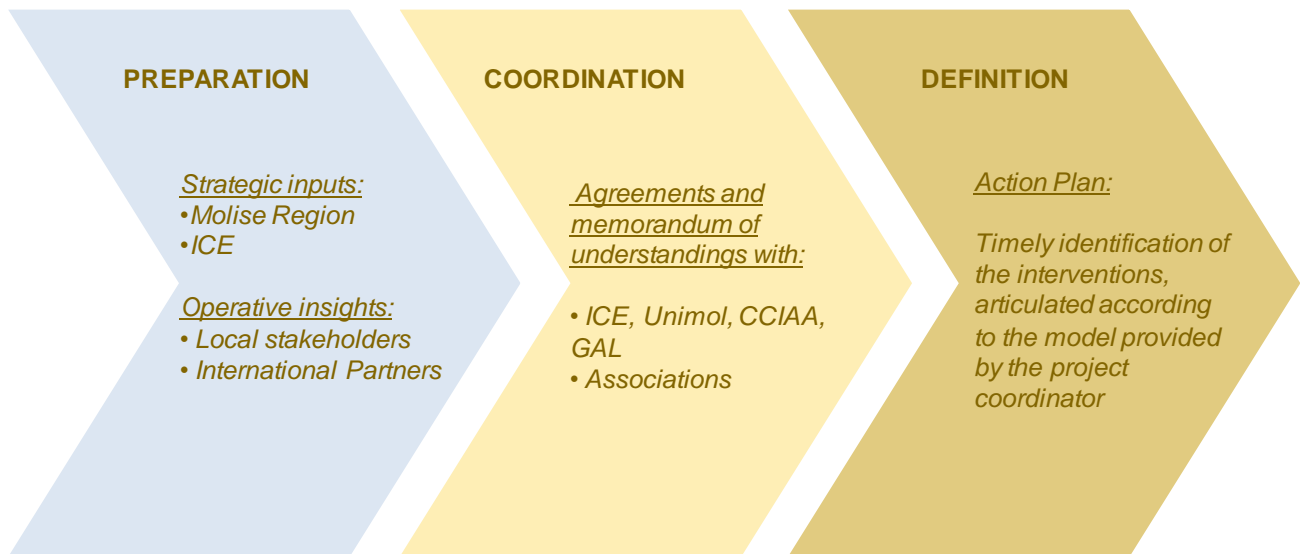
In synthesis, Molise Region faces a very limited degree of openness in the field of internationalization, together with a limited dimension of innovation and insufficiency of the relational system. The main challenges, especially from the side of public intervention within the context of SIE project, are focalized on the following topics:

- A) Need for a structural change in internationalization activities and regional organization towards a one stop shop approach based on coordination among actors;
- B) Implementation of the activities planned in the SIE action plan;
- C) Ensure the correct management of public calls funded by ROP ERDF and improve the development of efficient services for SMEs also through monitoring process.



The intervention logic of the plan takes into account the preparatory actions necessary for its implementation and identifies short and medium/long-term objectives.

Figure 1 – Main phases for Action Plan preparation





Part I – General information

Project: SIE - SME Internationalisation Exchange

Partner organisation: Molise Region

Other partner organisations involved (if relevant):

Country: Italy

NUTS2 region: ITF2 - Molise

Contact person: Gaspare Tocci

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Part II – Policy context

The Action Plan aims to impact:

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

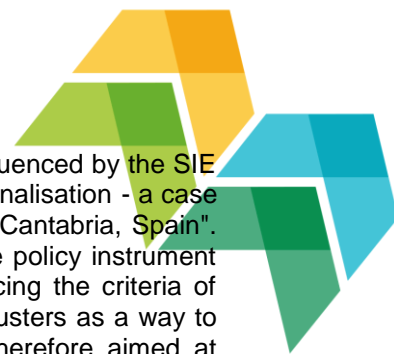
Name of the policy instrument addressed: Molise Region ERDF & ESF Regional Operational Programme (2014IT16M2OP001)

Part III – Details of the actions envisaged

ACTION 1: Export promotion projects for sectoral cluster of SMEs.

1. The background

The INTERREG SIE Project, as a facilitating tool in the improvement of regional policy instrument, with particular reference to the 2014-2020 ROP ERDF of Molise Region, is fully concrete in the 3.3.1 action already launched by the Molise Region ERDF/ESF Managing Authority with a specific call for proposals opened on 20 April 2018 and closed on 20 June 2018. The call was part of measure 3.1.1 of the ERDF 2014/2020 programme (the policy instrument written in the SIE application form) and aimed to finance



new projects on the internationalisation of SMEs in the Molise Region. The call was influenced by the SIE project thanks to the experience learned from the case studies "Clustering for Internationalisation - a case study from Kujawsko-Pomorskie, Poland" and "Export Consortia - a Case study from Cantabria, Spain". The policy instrument change is regarding "Type 2: change in the management of the policy instrument (improved governance)" because we changed the way projects are selected introducing the criteria of cluster in the call. The first case study highlighted the importance of sector-focused clusters as a way to improve the export activities of SMEs. The call launched by Molise Region was therefore aimed at sectoral groups of SMEs bringing at least 3 of them together. The second case study from Spain highlighted the importance of having a dedicated group manager for the export cluster established, so the call also aimed to support the possibility of beneficiaries covering the costs of an export manager.

The call had a total budget of € 1.200.000 (deadline 20.06.2018). The grant has been provided under the "de minimis" regime, pursuant to Regulation (EU) no. 1407/2013. For all beneficiaries the aid intensity is equal to 50% of the total eligible expenditure and:

- for cluster of up to 3 companies the minimum total eligible investment must not be less than 15,000.00 euros (fifteen thousand / 00 euros) until to the maximum amount of 45,000.00 euro forty-five thousand / 00);
- for cluster among 4 and 7 companies, the total minimum eligible investment must not be less than € 35,000.00 (thirty-five thousand / 00 euro) up to a maximum amount of € 135,000.00 (one hundred and thirty-five thousand / 00);
- for cluster of more then 8 companies, the total minimum eligible investment must not be less than € 50,000.00 (fifty thousand / 00 euro) up to a maximum amount of € 150,000.00 (one hundred and fifty thousand / 00).

No incentives are granted for exports directly linked to the quantities exported, the establishment and operation of a distribution network or other current expenditure related to the export activity. The action envisages the codification of selective targeting strategies, also based on analyzes aimed at detecting the possibility of acquiring sustainable long-term competitive advantages, with respect to significant purchase factors and emerging market barriers to entry.

In particular, the call for proposal contributes to finance projects that include the following activities:

- Consulting services provided by external consultants to evaluate and develop the skills of the grouping to face an internationalization process, assess the feasibility, of internationalization actions on certain markets (including sector studies), carry out a path of internationalization, search for potential customers and distributors on foreign markets, and develop corporate websites in foreign languages.
- Temporary Export Manager (TEM) services, ie consulting with external experts to plan and subsequently manage the company's internationalization process.
- Consulting services for export certifications (product or company certifications necessary to export to international markets).
- Registration of brands on international markets
- Participation as exhibitors at international fairs and at national fairs of international importance.
- Organization of promotional events and abroad, (b2b, company visits, forums, tastings, fashion shows, showroom exhibitions, similar events) aimed at finding new markets.

2. Action

The action is dedicated to the monitoring of the 3 projects granted through the ROP measure 3.3.1 in the tourism, agrifood and health sectors. Each project is inspired by a cluster approach and the fundamental objective of the Molise Region is to monitor these projects implementation.

In details, the following table summarizes the projects that have been financed:

Name of the project	Companies involved	Sector	Project Budget
Network Contract for the Internationalization of the Molise Tourist Companies, called R.I.T.I. NETWORK OF TOURIST	Residenza Sveva di Termoli, www.residenzasveva.com Piana dei Mulini di Colle d'Anchise,	Tourism	€ 156.922,50



COMPANIES FOR INTERNATIONALIZATION	www.lapianadeimulini.it Domus Hotel di Bagnoli del Trigno, www.domushotelbagnoli.it BorgoTufi di Castel del Giudice, www.borgotufi.it Le Sette Querce di Sesto Campano, www.villaggiorurale.com		
The internationalization project proposed by the cluster aims to insert or strengthen the presence of companies in specific foreign markets. Target products are represented by gastronomic excellence of the Molise agri-food sector: coffee, dairy products, bakery products	Camardo, Barone, Barletta	Agrifood	€ 133.570
TOTAL SCREENING with high technologies devices	La Vida MEDICAL, Gruppo NICE, RELAX, Miramed travel	Health	€ 135.000

The projects implementation will be constantly monitored by SIE project staff members and by the local stakeholder group with the objective of increasing the number of companies that are potentially inspired by a cluster perspective.

The initiatives funded so far have involved 12 companies, divided into 3 groups, but the potential business pool is broader, given the local production structure.

3. Players involved

Cluster of SMEs, Molise Region, Sviluppo Italia Molise.

Each player will have a specific role implementing the action. In particular, the Regional Administration is responsible for the financing, implementation and coordination of the initiatives, Sviluppo Italia Molise operates, on the base of specific agreements, as a supporting body for the public interlocutor for action implementation and control, while the companies are the actual beneficiaries of the services with the task of implementing project activities.

4. Timeframe

First call closed on 20th June 2018. Project financed has started the activities on November 2018 and they will last until November 2019. Molise Region will monitor project's implementation until the end of the project's and will also report results achieved after this date but not beyond SIE project ending date.

5. Costs (if relevant)

€ 425.492,5

6. Funding sources (if relevant):

ROP FESR-FSE MOLISE 2014-2020 Measure 3.3.1

ACTION 2: Support services for SMEs internationalization.

1. The background

The case studies identified within INTERREG SIE suggested to ensure adequate information and tools to SMEs that need assistance about internationalization processes.

The services may vary depending on the development stage of the company and the specific needs. The basic idea is to replicate the French model of the PARCOUR DE L'EXPORT presented by the Aquitaine Chamber of Commerce and Industry, characterized by an intense assessment of company performance and internationalizations potentiality. The model provides direct assistance to companies that are developed in different phases:

- An audit to identify potential barriers to international trade
- Training courses to help businesses to deal with needs identified
- Support for market selection
- Help to create export plans and market strategies
- Tailored advice from market specialists

The good practice has therefore been the starting point for the construction of a package of services that include audit, information on markets, training, participation to specific events, missions abroad in the context of internationalization.

2. Action

The fundamental objective of the action is to guarantee a qualified set of information and services on markets and opportunities in favor of companies and actors who want to internationalize their processes. The export path aims to offer services in the various phases of development of a company that intends to tackle with foreign markets. Basic services include preliminary audit, training, information on how to approach foreign markets and the ability to access qualified information on potential markets and sectors. The action is based on a multi-stage approach, which provides for subsequent analysis according to the stage of development and maturity of the company. The use of dedicated indicators (individual awareness indicators, export diagnosis indicator, etc.) and the activation of specific services (information, participation to events), will improve the effectiveness of internationalization processes, thus ensuring an improvement of the policy instrument. The change in the policy instrument will be the financing of new initiatives within the ROP ERDF (Type 1: implementation of new projects).

According to the Agreement signed by the Molise Region with ICE (Italian Trade Agency), it will be possible to activate training courses aimed at micro and SMEs, consortia and business networks with the aim of increasing the technical and management expertise to operate in foreign markets. The activities will be structured in 2 phases:

- Audit and training on strategic marketing and corporate coaching;
- Training about techniques of foreign trade and services.

For example, a specific course consisting of three specialized meetings and a workshop day, will offer an in-depth analysis on fundamental issues of trade with foreign countries, favoring a strategic management of contracts, transport, customs procedures, international payments. The course is scheduled between June and July 2019.

In addition, support will be provided to participate at the most important trade fairs with assistance during the pre-fair, during and post-fair phases.

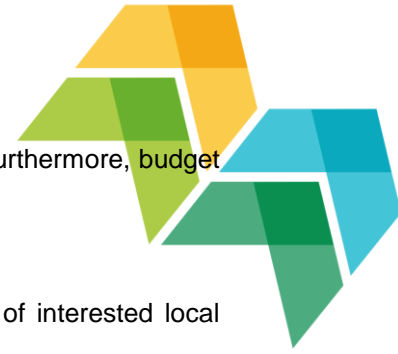
3. Players involved

ICE, Molise Region.

In particular, there is a distinction between the services and roles offered by Molise Region and ICE. Infact, the administrative body ensures services such as animation, awareness and sharing of information in favour of companies. So it has a programming role and typical institutional profile. The role of ICE is more concentrated on the implementation of services, events organization and direct contact with companies which participate to different events and activities.

Considering that the current Molise Region business structure consists of around 30.663 active companies (1st quarter 2019, Movimprese data) and that only a small percentage of these are active in international markets (in fact there are around 400 companies, according to Istat, in various sectors, that register transactions in terms of exports), the action can certainly move in favor of raising awareness

among the largest possible number of entrepreneurs even in non-traditional sectors. Furthermore, budget constraints will allow to define and select the real catchment area.



4. Timeframe

The activities will start in May 2019 with the launch of the first call for the selection of interested local SMEs.

5. Costs

Total action budget € 600.000

6. Funding sources

ROP FESR-FSE MOLISE 2014-2020

ACTION 3: ROP FESR-FSE MOLISE 2014-2020: “One stop shop” approach for SMEs internationalization.

1. The background

The objective is to replicate the successful experiences of some SIE project partners which have introduced significant innovations in the process of rationalization and management of the activities that support the SMEs internationalization. In particular, the Kent International Business case study can be considered a useful reference for the coordination of the services provided in favour of internationalization processes, as it solves some problems related to the coordination of the different actors and the information to be provided to the companies. The model of intervention should fit with Molise basic characteristics and constraints.

2. Action

The main activities envisaged by the action should be focused on providing information according to a *one-stop shop* approach which, taking into account the specific characteristics of the various actors involved, provides qualified services that meet the needs of the territory. Action will include:

- the activation of a dedicated webpage/website
- Awareness raising
- Information provision
- Local events & training
- Market visits / trade shows

In details, a specific section of the Molise Region website will be created for the internationalization of companies. The section will provide all the information that companies need to participate in training, incoming, fairs and to deepen market trends, business opportunities, etc. This action can be classified as an improvement of the governance of the policy instrument (Type 2 category action: change in the management of the policy instrument).

It is essential to reinforce the collaboration processes between the local actors in order to guarantee uniqueness and uniformity in the accompanying process. In fact, as it emerged during the meetings organized in the territory within the SIE project (September 2016, March and September 2017, February and September 2018), companies require unitary and consistent information in order to concentrate the few resources available towards internationalization. In this direction, the sense of institutional collaboration that emerged in recent months is positive and can be formalized through a memorandum of understanding or other collaborative forms promoted by the Molise Region.

In particular for this action, it's important for Molise region to exploit the synergy between the ICE initiatives, conducted at national and international level, with those activated directly implemented by the

Molise Region according to a operative plan that can be shared with the local stakeholders. For examples, potential actors could be the Chamber of Commerce, the University of Molise, professional associations, local development organizations. In this sense it will be possible to provide specific support tools such as *temporary export managers* or information and assistance services provided by organizations included in the regional network that can potentially be activated.

3. Players involved

ICE, Chamber of Commerce, University of Molise, Professional Associations.

Considering that the current Molise business structure consists of around 30.663 active companies (1st quarter 2019, Movimprese data) and that only a small percentage of these are active in international markets (in fact there are around 400 companies, according to ISTAT, in the various sectors that register transactions in terms of exports), the action can certainly move in favor of raising awareness among the largest possible number of entrepreneurs even in non-traditional sectors. Furthermore, budget constraints will allow to define and select the real catchment area.

Each player will have a specific role implementing the action. In particular, Molise Region will be act as web content manager and the other local stakeholders provide contents to be uploaded in the website.

4. Timeframe

The dedicated web section, managed mainly by Molise Region offices, will be activated within December 2019.

5. Costs

Regional staff costs dedicated to the network coordination.

6. Funding sources

Internal staff costs of Molise Region.

ACTION 4: Molise House services

1. The background

The action is based on the Lower Saxony case study “ Lower Saxony (Niedersachsen) International Offices “, which has activated a set of services abroad through a network of experts that ensures:

- information on the country;
- economic/political contacts on the spot, assistance to find business partners;
- promotion of regional interests abroad.

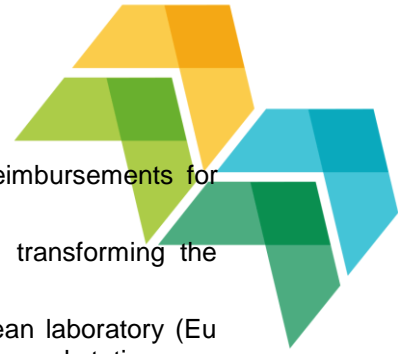
Inspired by that Molise Region intends to make best use of its branch office in Brussels as an antenna for the provision of specific services to companies.

2. Action

Main services included in the action aim to bring the regional reality of Molise closer to the European dynamics of Brussels, intercepting the opportunities of funding offered by the European Union, assisting regional SMEs and Molise stakeholders for projects/initiatives to be developed at European level.

In details, it is possible to use, on the part of the Molise and foreign companies that request it, a series of services such as:

- assistance and support for the organization of meetings at the Brussels office;
- dedicated work tables;
- meetings and thematic insights.



The cost of the services is regulated by a specific price strategy which provides reimbursements for expenses depending on the origin of the company and the nature of the actor.

Molise Region administration is also working on further developments of services, transforming the location according to the following objectives:

- transform a specific area of the site as a real "HUB" space, a sort of European laboratory (Eu Smart Lab), according to a "co-working" approach where, although autonomous workstations are available, the sharing common work spaces will lead to the integration of professionals with different backgrounds, creating a stimulating, innovative and synergistically rich environment;
- remodeling the Brussels office, transforming it from a representative and liaison office to a fully operational headquarters in the form of a European laboratory for the constant involvement of the Molise Region in policies, calls for tender and community projects. A community of professionals able to give visibility and support to the Molise Region system at community level;
- to experiment within the venue collaborative and inclusive working models, placing people, their skills and their relationships at the center of a single value creation process;
- attribute to the headquarters the value of an infrastructure that connects experiences, skills and good practices;
- contribute to increasing the performance levels of the site with regard to the activities for which it is responsible, determining a positive relationship between the costs and benefits of the structure;
- contribute to the creation, for the Molise Region, of a lasting competitive advantage in the interception, at the international level, of greater opportunities not only financial.

With the aforementioned purposes, the administration will make available n. 4 workstations for a specific period (minimum 6 months, maximum 18).

3. Players involved

Regional staff in Bruxelles, ICE, SMEs.

As noted above for the previous actions, the entrepreneurial catchment area can be very large considering all Molise companies, however, basing on the actual number of those operating in export-related sectors (Source: ICE-Istat), is desirable the involvement of 400 potential operators, to which must be added the companies resident abroad and in particular in the Brussels area, where the services are potentially available.

The staff of Molise Region will have the task of sensitizing businesses, operators and actors potentially interested in services. ICE will be able to provide its targeted services for companies and various stakeholders basing on the agreement signed with the Molise Region

4. Timeframe

Specific services of Molise Brussels Office will be ready after regulation approval, within December 2019.

5. Costs

Internal staff costs are covered by Molise Region because the people involved are regional employees. 2 civil servant will be dedicated to the services detailed.

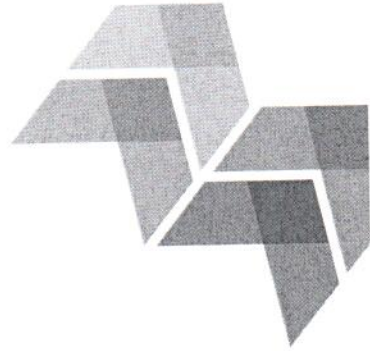
6. Funding sources

Regional resources according to annual budget and rates paid by companies on the base of the regulation.

**Interreg
Europe**



European Union | European Regional Development Fund



Date: _____

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Stamp of the organisation (if available): _____

