

Regional Skills Partnership for the Regione Lombardia

Regional Skills Partnership Agreement

Contents

The context: the economic landscape of Lombardy	3
The challenge.....	3
The ambition	4
Commitments and actions of the Partnership	4
Tracking our impact.....	5
Contact and more information.....	5
Background information: the region's policy context and existing skills initiatives	6

The context: the economic landscape of Lombardy

The industrial ecosystems that are of particular importance to the Lombardy region are the **healthcare ecosystem**, which includes both healthcare and the pharmaceutical industry, with about 280 000 employees; the **energy-intensive industry**, which includes metal-mechanical, chemistry, plastics and paper manufacturing enterprises, with more than 235 000 employees; and the **cultural/creative ecosystem**, which groups the new publishing, media, art, events and advertising firms, with about 170 000 employees. However, the largest absolute sectors in terms of size remain the **trade ecosystem** (about 700,000), **construction** (about 600,000), and **tourism** (460,000). Textile/clothing, although highly specialised has become smaller in the past with an increasingly smaller number of enterprises and employees engaged in the sector.

Considering the production sectors based on the traditional classification (NACE in Europe, Ateco in Italy), the most relevant sectors in terms of size are C manufacturing activities, with more than 900,000 employees and 72.3 billion in 2019, and the trade sector (G trade) with 47.2 billion. In third place, in terms of employment, is the business support services sector with nearly 350,000 employees.

In the last 35 years or so, there has been a moderate growth of manufacturing, trade, agriculture, and healthcare, and a large increase in the services sector for business, cultural and entertainment activities, and public utility sectors (water, waste, energy). Over the last decade, aside from the pandemic and in the face of the construction crisis prior to the government incentives, business services, trade, real estate, and agriculture showed a significant recovery. Within the industrial sector, the machinery and industrial automation, agricultural-food and chemicals segments also showed slight but significant increases in terms of employees.

The challenge

The main challenge the Lombardy Region faces is to how to guide industrial and economic development policies so as to foster:

- Technological and business evolution towards integrated production chains that are capable of promoting business aggregation (network contracts), cross-sector cooperation (district policies), and productive self-sufficiency (independence in strategic sectors)
- The evolution of Lombardy's offer of technical and tertiary education towards advanced transversal skills.

As part of the work currently underway to define the Strategic Industrial Plan for the revitalization of Lombardy, three priority intervention areas have been identified:

1. **Competitiveness of production ecosystems:** the Lombardy Region excels in terms of its production structure (GDP per capita, weight of industry) and innovative capacity (patents, high tech employment, business R&D spending). However, there is still significant room for development in relation to the **digital transition**. Skills in computing-digital-technology are essential for the digital transition and therefore relevant technical (ITS) and tertiary education (STEM degrees and industrial doctorates) need to be increasingly supported.
2. **Circularity and sustainability of the economic system:** the Lombardy Region is well placed as regards public and private initiatives for ecological transition and circular economy (environmental certifications of companies, separate collection and reuse of waste) and for "social" sustainability with good performance in terms of "decent jobs" and quality of life

(life expectancy, employment rate, low rates of illegal employment and of young people not in employment, education and training (NEETs)). However, there are still some challenges in terms of **negative environmental externalities** (fine dust and land consumption). There is therefore an urgent need to enhance skills in ecological-energy and production process conversion. These should be aligned with the European Taxonomy of Sustainable Activities, and include roles such as sustainability managers, environmental engineers, and ITS technicians of eco-friendly industrial automation. The supply of energy from abroad also needs to be limited as much as possible, aiming for self-sufficiency through new technologies and the gradual development of renewable energy.

- 3. Internationalisation:** the region has strong attractiveness (foreign investment, incoming greenfield projects, positive migration balance, foreign university students), which is higher not only than the European but also the national figure. However the propensity for outbound internationalization (exports, investment abroad, relocation abroad) shows room for improvement. In particular, the phenomenon of production relocation is now being rethought and reduced due to some negative consequences including loss of employment, low quality of production, and outflow of technologies and skills. Solutions require **improved ad hoc policies aimed at reshoring and backshoring**, that will also help achieve greater production autonomy in strategic sectors. Similarly, the number of transfers abroad (expats), which has grown sharply over the past two decades, involving mainly young people with high levels of professional qualifications, requires policies for "skill retention" both in universities and research as well as in production, industrial and service enterprises.

The ambition

In view of the challenges defined above, the Partnership has the following ambition. It aims to support a new systematic approach between institutions, businesses, trade unions, associations, public and private entities to face current and future skills challenges and to develop conditions and tools that can foster concrete skilling actions with flexibility and sustainability, which in turn promote equitable and resilient growth and bring about economic and social development.

Commitments and actions of the Partnership

To achieve this ambition, the Partnership makes the following commitments, implemented through key actions, listed below.

Commitment 1: Promote skills and professions for sustainable business.

Action 1: Setting up a Regional Observatory of the Sustainable Business Taxonomy and new skills.

One of the most critical future needs will be the alignment of businesses with the requirements of the EU [Sustainable Business Taxonomy](#). The Observatory will bring attention to this issue and focus in particular on the requirements of applying the [Corporate Sustainability Reporting Directive](#) (CSRD) and the [Taxonomy Regulation](#), precisely with reference to the sustainability of supply chains. The Regional Observatory will support in identifying new professionals capable of spreading the culture of sustainability reporting beyond the formal constraints of regulations, which is a prerequisite for a proper transition to a sustainability-oriented production system. The results of the work of the Observatory will allow the Partnership and its members to develop concrete upskilling and reskilling actions to address the skills gaps identified. Commitments will be reviewed within one year of Partnership launch to reflect these new upskilling and reskilling

actions.

Commitment 2: Identify skills needs of the local economy and align needs with training paths for young people.

Action 2: Delivering local workshops to identify companies' skills needs and develop quality training paths for young people (production vocations, employment supply-demand mismatch, ecosystems at the local level).

The local workshops will aim to assess the skills gaps against the need to strengthen the production vocations of local areas, aligning them with the overall objectives of the regional strategy, consistently with the European strategy. The Local workshops can be configured as "round tables" at which stakeholders from the world of training, business and institutions meet to realize, at a practical and local level, the strategic lines of the Regional Skills Pact.

The results of the local workshops will allow the Partnership and its members to develop concrete upskilling and reskilling actions to address the skills gaps identified. Commitments will be reviewed within one year of Partnership launch to reflect these new upskilling and reskilling actions.

Commitment 3: Facilitate investment in digital skills development

Action 3: Identifying and making use of EU funding opportunities to disseminate and upgrade digital skills for economic development and social inclusion

This include using ERDF and ESF + actions and resources provided under the 2021-2027 Community Programming and where foreseen or compatible, implementing National Resilience and Recovery Plan (PNRR): eg incentives for businesses to develop skills for industrial transition and business sustainability, continuous education, support for technical training.

Tracking our impact

The following qualitative and quantitative indicators will support the partnership to track our impact one year after the adoption of the manifesto:

- number of stakeholders involved in the activities (e.g. no. of enterprises, no. of training providers, no. of Civil Society Organisations, etc.),
- local workshops delivered,
- number and type of training opportunities and/or job-placements created (e.g for digital skills),

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Director General for Economic Development



Background information: the region's policy context and existing skills initiatives

Starting last year, the Lombardy Region's Economic Development Department launched a plan to revive and transform Lombardy's production system with the aim of restoring Lombardy's natural role as the country's economic engine. The Plan has provided the region with a package of measures including economic support and otherwise, aimed at fully responding to the needs of businesses and professionals in Lombardy, expressed as meetings and joint work, and particularly within the context of the work of the Permanent Table for the competitiveness of Lombard business established under Regional Law 11/2014 as a unified forum for connection and consultation for the planning and development of policies aimed at increasing the competitiveness of enterprises and the attractiveness of the area. The Table is attended by the various associations most representative of the Lombard business system from industry, small businesses, commerce, cooperatives, credit, office professions, chambers of commerce, local authorities and trade unions.

The plan includes actions from investment recovery to access to credit, from international relations to skills enhancement, including through strengthening the synergy with the Department of Training and Labour. It aims to fill the skills mismatch by better targeting the preparation of young people for the demands of the business system, and to support the adaptation of workers' skills to the big changes in production processes brought about by the pandemic, reducing the time to (possible) re-employment.

The takeaways that emerged from the Table with stakeholders and the direct meetings with numerous players in the area, be it entrepreneurial and otherwise, have accompanied the Plan's progressive evolution towards increasingly integrated and systemic initiatives, with specific attention to the protection of employment and labour. In this vein, the Department of Economic Development has begun the work of defining the Lombardy Region Skills Pact by identifying the priority and strategic areas of development and updating to ensure equitable and resilient growth and economic and social development, whose initial findings were then compared and integrated with strategies and programming under the responsibility of the Department of Training and Labour.

The document has been shared with the trade unions and presented at the Regional Stakeholder Tables.

The initiatives soon to be launched, also using ERDF and ESF + resources provided under the 2021-2027 Community Programming move in the above directions. In particular, an initiative to support the development of skills for industrial transition and business sustainability consistently with Lombardy Region's S3 is scheduled for approval by the end of the year, with an initial allocation of 7 million euros for the purchase of accompanying services of a training and/or consulting nature, including related new investment projects.

In the continuation of the Programming, with the goal of reaching more than 4,000 enterprises by 2029, the initiative may support:

- the inclusion of qualified people in companies and the building of stable relations between the world of research and innovation, while sponsoring industrial doctorates and apprenticeships for advanced training and research, higher technical education;
- the strengthening of strategic skills within enterprises complementary to the development of investments in research, innovation and digitisation supported by the other specific

objectives, which will be internalised by companies, while gender gaps in the most innovative sectors will be rebalanced;

- the development of entrepreneurial skills for the creation of new enterprises operating in innovation ecosystems and for the transition of traditional enterprises to new business models;
- supply chain projects aimed at upgrading the skills of enterprises with a view to industrial transition.

On the last point, an experimental path for the development and consolidation of production and service chains and industrial, production and economic ecosystems in Lombardy has already been launched and will continue with new measures using European Union resources. A privileged opportunity for the systemisation and strengthening of dialogue between companies, research institutions, training institutions, financial intermediaries, associations and other players in the area, able to foster the exchange of skills and the achievement of shared growth – and competitiveness – goals.

These actions will be closely integrated into a logic of synergy and complementarity to what is already foreseen in the programming of ESF+ resources with the measures, which are soon to be activated by the Department of Training and Labour, for continuous education, training combined with hiring ("Train to Hire" initiative) and the upskilling and reskilling initiatives included in the implementation of the pathways provided by the Lombardy Regional Action Plan (PAR) under the Guaranteed Employability for Workers (GOL) programme.

A strong impetus will equally be given to the Dual Mode Training System as well as to the technical training offered by the ITS Academy, in both cases thanks to the resources made available by the PNRR.

At a local level, specific "Territorial Pacts for Skills and Employment" will also be promoted on the basis of special "Expressions of Interest," fostering the synergistic integration of the various stakeholders active in the institutional, economic-entrepreneurial, educational-training and innovation systems.