

# Work Package 07 – Deliverable 08

## Key Recommendation Paper



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## Contents

1. Project description.....	4
2. Introduction.....	5
3. Digitalization of SMEs and CVET.....	6
4. Green Skills / Climate Change & CVET.....	8
5. CVET&SMEs in third Countries.....	10
6. National Plans for Recovery and Resilience (NPRRs).....	11

## 1 Project description

VET systems are characterised and by fragmented nature, in part because of their complexity and, because of the large variety of actors involved. In order to assure a future for VET systems, the European policy initiatives needs to be implemented and to impact at a grass root level. This requires a strong cooperation mechanism between VET providers, micro, small and medium sized enterprises, who are the backbone of Europe's economy and society.

One of the main challenges of SME's is the lack of skilled staff, especially regarding digitalization and technological changes. The main aim of the project is to foster, through a bottom-up process and a shared global vision, specific practical collaborations between VET Systems, in order to make them more attractive, career oriented, innovative, accessible, and flexible. The project also aims to foster mutual learning, peer counselling, capacity building and exchange of best practices between VET SMEs and Training Networks provided through a virtual learning environment that is based on the mix of formal and informal education. The project proposes an innovative model that works through a basic structure, a "Community of VET's Practices". The project aims to design a program that can work as a repository of "higher education" models and procedures. The impact is achieved in particular in terms of enhancement of the ability to participate, development of co-design, collaboration and cooperation skills in virtual and innovative environments, strengthening of professional skills, building a more open, purposeful and effective mutual dialogue with policy makers.

The dissemination and communication of the project will take place through Information and communication campaigns also through innovative web tools, Erasmus+ platforms, networks, and contacts of the participating organization. The target groups can be distinguished between direct (Craft and SMEs VET Providers, Association of SMEs, crafts and freelancers, Policy, and Decision Makers) and indirect (universities, schools, associations and networks of workers).

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## 2 Introduction

New challenges faced by Craft/Micro-Small-to-Medium Sized Enterprises (SMEs) are increasing as well as uncertainty in the existing business environment, especially after the COVID 19 crisis. Some of them are related to global changes that increase competition or to new skills needs and new Market conditions and require adaptability and awareness of the recovery and growth potential of Digital and Ecological transformation.

Moreover, the risk of Internal Market fragmentations, due to not converging and unprecedented market competition conditions for craft and SMEs, will need to be addressed with specific support programs by EU/National/regional policy makers.

There are also societal issues, like climate change, or fewer opportunities for third countries that increase SMEs concerns.

Moreover, entrepreneurial adult education and training, including CVET, does not offer potential young entrepreneurs in Europe the right foundation for an entrepreneurial career. In recent years, most countries in Europe have significantly increased their efforts in the area of entrepreneurship education. However, the reality is that entrepreneurial competences are unevenly incorporated in education and training systems and curricula, while support such as coaching and guidance is not always available to those looking for opportunities in self-employment or entrepreneurial activities during their lives.

The European Entrepreneurship Competence Framework (EntreComp) aims to build consensus among European citizens and organisations around a common understanding of entrepreneurship by defining 15 specific entrepreneurial competences (<https://ec.europa.eu/social/main.jsp?catId=1317&langId=en>).

EntreComp builds upon a broad definition of entrepreneurship that hinges on the creation of cultural, social, or economic value. It thus embraces different types of entrepreneurship, including intrapreneurship, social entrepreneurship, co-operated entrepreneurship, innovative entrepreneurship, green entrepreneurship, and digital entrepreneurship.

Consequently, EntreComp can be used by CVET and SMEs policy makers as a reference for the design of curricula in CVET aiming to establish a bridge between the worlds of education and work as regards entrepreneurship as a competence.

Taking all the above challenges under consideration, National Recovery and Resilience Plans approved in July 2021 by the European Commission should be geared, exploited, and monitored to the emerging sector training and new competences needs of craft and SMEs.

### 3 Digitalization of SMEs & CVET

SMEs face new challenges after COVID-19 pandemic, especially related to the digitalization of the labour market. The main issues that affect SMEs are the digital divide, the lack of technical capability as well as the awareness in marketing, the lack of required skills, the lack of internal financial funds and finally the lack of access to finance or to find public financial support.

In relation to the policies regarding digitalization, it is necessary to build a long-term commitment, because the economic shock caused by the pandemic has to be conceived as an opportunity to upskill employees and entrepreneurs, consider the co-financing of the digital transformation (as an investment, and not a cost), to try more efficient training formulas that adapt to the priorities of the small businesses and finally, upskilling as a leverage to achieve sectoral transformation in a specific sector. Considering that 54% of the currently employed population worldwide needs to update their digital skills and competences by 2022, Next generation EU funds are crucial to innovate SMEs: **the challenge for politics is how to manage the active involvement of SMEs within this process.** After all, digital transformation can:

- Improve general efficiency of SMEs
- Generate engagement and motivation coming from employees
- Gains reputation for the brand
- Create social value within the community

Moreover, the European Digital Competence Framework, (DigComp), offers a tool to improve the digital competence of the human capital (employers, employees, self-employed) in SMEs by describing 21 specific digital competences ([https://joint-research-centre.ec.europa.eu/digcomp\\_en](https://joint-research-centre.ec.europa.eu/digcomp_en)).

For CVET and SMEs policymakers, DigComp can be beneficial to know where SMEs stand concerning digital competence at country and EU level. The EU-wide Digital Economy and Society Index (DESI) offers an indicator for Digital Skills that uses the DigComp [framework](https://digital-strategy.ec.europa.eu/en) (<https://digital-strategy.ec.europa.eu/en>).

Consequently, the European Digital Competence Framework can:

- Help to monitor SMEs digital skills and to support CVET curricula development,
- Be used to plan and design education and training offers.
- Help with self-evaluation, setting learning goals, identifying training opportunities and facilitating job search.

To conclude, even if there are still many gaps, the awareness of the importance of the digital transformation is already present among SMEs, because the pandemic forced them to do so. So, to have an impact, we need to keep a sectoral approach: digitalization can be different depending on the sector who wants to implement it. In any case, there is still a huge problem with the lack of digital skills among SMEs, and we need a different C-VET System: a new model of training of C-VET governance

that will facilitate the collaboration between C-VET providers and SMEs, and the training of their employees. Finally, it is crucial to involve SMEs in their association to have an active role in the use of Next-Generation funds.

## 4 Green Skills / Climate Change & CVET

This Roundtable took place on the first day of the conference (16<sup>th</sup> September 2021) and its main assumptions were to discuss how to make front to the need of action that climate change requires, taking advantage of green skilling and the upcoming resulting changes in the organization and finance of business. Always taking into consideration the differences between small and big firms.

On the other hand, there are certain issues that affect the priorities of SMEs, such as access to green finance, reskilling of their personnel towards green skills, just transition, energy costs and energy efficiency.

Today, there are major key challenges that local economies and small businesses face in the aftermath of Green Deal and pandemic crisis that seem interconnected. Those are related to the questioned adequation of crisis management and solidarity mechanisms in place between member states, in EU and national level. There is a need for national planning to meet the modern challenges posed by accelerated climate change.

The main findings of the Round Table were based on the detailed roadmap regarding the attainment of specific energy and climate objectives by 2030 that the National Energy and Climate Plans (NECP) setup in each EU country.

These policy priorities shifted the skills and knowledge needs of the economy and stakeholders, putting at stake the issue of growth with equality.

On the issue of sustainable development and just transition, it has been acknowledged that there are three main ways in which the transition to a green economy affects needed skills (UNIDO):

- Structural changes lead to increased demand for some tasks and a decrease for others.
- New economic activity will create new occupations and there will be a need for new skills profiles, qualifications, and training frameworks.
- Many existing occupations and industries will experience greening changes to tasks within their jobs, and this will require adjustments to the current training and qualification frameworks for these occupations.

According to research scenarios, overall employment shall be expected to be affected positively due to the development of new energy plans and towards a greener economy, therefore appropriate policies shall be implemented towards the direction of inclusive energy sector growth. The green transition involves both technical, occupationally specific skills and generic, soft skills.

The consensuated policy recommendations of the Round Table in order to build a new European CVET Strategy towards green economy and just transition of SMEs were:

According to the circular economy and energy efficiency there should be a transmission of know-how to SMEs, promotion of the circular economy as a field for the development of clusters of SMEs and adopting new techniques of energy efficiency in buildings.

Concerning sustainable development, giving access to green finance tools for SME and the development of energy costs savings policies from businesses are essential.

In order to confront the climate crisis, we should deal with natural disaster management/ training projects and firms should reduce emissions.

Moreover, the European sustainability competence framework (GreenComp) is a reference framework for sustainability competences. It could provide a common ground to CVET Institutes and guidance to CVET trainers, advancing a consensual definition of what sustainability as a competence entails ([https://joint-research-centre.ec.europa.eu/greencomp-european-sustainability-competence-framework\\_en](https://joint-research-centre.ec.europa.eu/greencomp-european-sustainability-competence-framework_en)).

More specific, EU GreenComp could:

- respond to the growing need for human capital in SMEs to improve and develop the knowledge, skills, and attitudes to live, work and act in a sustainable manner.
- EU support the development of “green” CVET curricula and courses to help SMEs and CVET policy makers and learners become systemic and critical thinkers and form a knowledge basis on the sustainable development issues.

And to conclude, in order to promote green employment training programs with focus on green reskilling of employees, high skilled and low-skilled adjustment should be developed and implications of energy transition to many different jobs of small and medium enterprise should be studied.

## 5 CVET&SMEs in third Countries

Most third countries could improve their capacity to develop in the field of C-VET with the support and cooperation of EU countries. This could be done in the form of partnerships between EU countries or EU neighbouring countries and Third Countries to develop and reform their VET Systems.

The VET Systems in the majority of third countries are under reform process, because there is a huge gap between the labour markets and the education Systems. Some of these countries (such as Serbia, Turkey, Bosnia and Herzegovina) are potential candidates for the European Union since the modernization of their VET Systems began.

SMEs and VET internationalisation and opening to the Third Countries can be an opportunity for all partners. Firstly, because EU SMEs and Vet Providers will have the access to new markets and secondly, third country SMEs and Vet Providers will have the chance to develop their human resources and improve their capacity to handle VET issues more effectively. The strengthening of synergies among Erasmus+ and Territorial Cooperation Programmes to promote transnational co-operations and networks in the field of CVET is crucial for the global development of SMEs' competitiveness and internalization. Also, the new generation of Territorial Cooperation Programmes during the period 2021-27 should allocate much more funds in the development of human resources in SMEs of third countries as well as in the promotion of several areas, that third countries seek to improve, such as: Financing, Entrepreneurship, R & D and Trade.

In this context, the role of the European Training Foundation (ETF) is crucial for the further development of human capital development in the SMEs of third countries.

More specific, ETF could support third countries states to reform their CVET systems providing opportunities and incentives for their SMEs' employees, employers, and self-employed, aiming at:

- developing their knowledge, skills, competences, and attitudes,
- promoting the competitiveness of SMEs and employment ability of the labour force.
- contributing to prosperous, innovative, and inclusive societies.

## 6 National Plans for Recovery and Resilience (NRRs)

The aim of this last Round Table that took place on the second day of the conference (17th September 2021) was to discuss the execution of the National Recovery and Resilience Plans (NRRPs) given by the different countries of the project partners, given that it represents an opportunity for lasting and for sustainable growth. Specifically, the main theme was the sufficiency and management of the funds and the interaction between participants in order to share troublesome and improvement proposals.

The under implementation NRRPs include various measures to improve the resilience of Member States' education systems ([https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility\\_en](https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en)).

It is very crucial for SMEs and all NRRPs to include targeted measures to support the transformation of CVET with a broad range of measures, such as modernising curricula, expanding training places, launching new CVET courses, developing quality assurance and governance mechanisms, introducing graduate tracking systems, and internationalising CVET.

More specific digital and green competences of the human capital in SMEs should be improved through the implementation of the NRRPs, by adapting the existing relevant CVET courses or developing new ones and producing digital resources and content. These measures will contribute to the:

- Improvement of the quality and excellence in CVET,
- Enhancement in the availability of digital and green skills in the labour market.
- Increase of SMEs competitiveness
- Harmonisation of third countries CVET systems with EU framework.

Another observation is that the profile of a worker needs a modification to make them more versatile and specialized (transversal training and lifelong skilling). Moreover, knowledge of foreign languages and soft skills are fundamental. Anyway, other tools rather than training and retaining should be implemented to increase productivity or reduce unemployment.

The summary of the conclusions that the participants considered is that the sufficiency of the funds will depend on the capacity of each state and how they manage them. Furthermore, NRRPs have lately been so affected by 3 confluent factors that will still be relevant in near future: 2008 crisis, Covid pandemic and structural changes (climatic, technological and demographic). For that reason, there is an urge for countries to adopt a transformer scenario and develop a structural change.