Future of manufacturing
Communication Support –
Internationalisation policy measure
(Belgium)

Born globals and their value chains

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Eurofound reference number: WPFOMEEF18048
Related reports: This policy measure is one of the 27 policy measures reported on in the framework of the project Future of Manufacturing in Europe and produced by Kingston University Enterprises and IKEI Research Consultancy S.A. The 27 policy measures complement the following seven company case studies: Blue Ocean Robotics; COMODULE OÜ; Frog Bikes; Graphenea; Khar & Partners; KristallTurm; Recornect. All case studies and policy measures are available on Future of Manufacturing website.

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This is a publication from The Future of Manufacturing in Europe (FOME) project. FOME is a Pilot Project proposed by the European Parliament and delegated to Eurofound by the European Commission (DG GROW).

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1. Context

1.1. Circumstances in which the measure was introduced, rationale, and relevance

The Communication Support measure is a measure introduced and carried out by the Agence Wallonne à l’Exportation et aux Investissements étrangers, or the Walloon Agency for Export and Foreign Investment (AWEX). AWEX has two main missions: 1) to promote Walloon exports by supporting the Walloon enterprises and 2) to attract foreign investment in Wallonia by acting as a one-stop-shop for potential investors.¹

In the context of this mission, AWEX introduced a series of measures to help enterprises to internationalise. AWEX acts as the chamber of commerce for the Walloon region of Belgium and has the autonomy to introduce policies to help enterprises in the region as it sees fit. AWEX is the administrator for the Communication Support measure.

The Communication Support measure was one of these measures and was introduced in January 2016. The rationale behind the Communication Support measure is to facilitate internationalising companies, in particular SMEs, by supporting their international communication activities. This contributes and brings value to the Walloon economy.

1.2. The process of developing the measure

In 2015, an Order of the Walloon government came into effect on the ’aid for the internationalisation of companies’², and this marked a renewed policy focus on internationalising enterprises and led to the introduction of a series of new policy measures at AWEX to support enterprises across their export activities. The Communication Support measure was based on a similar measure which was called the Carte due Visite Enterprise, CDVE. This measure, however, focused on providing financial support to enterprises for website design and AWEX decided to expand the scope of the measure and to replace it with the Communication Support measure. As such AWEX was the sole developer and is the main implementing body for the Communication Support measure.

1.3. Any changes in policy context over time

There have been very few relevant changes to the policy context in the Walloon region which affected the administration of the Communication Support measure by AWEX.

1.4. Evidence of complementarity and/or overlap between the measure and other policy measures

AWEX has a number of measures in place, including representation offices, trade missions to help scout business opportunities abroad, consultancy, job fairs and prospecting missions abroad for Walloon companies. The Communication Support activities can be used in combination with any of the measures for internationalisation and in practice, it is used in varying combinations depending on the nature of the enterprise and its internationalisation plans.

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¹ AWEX, (no date), Missions and Objectives, available at: http://www.awex-export.be/fr/a-propos/missions-et-objectifs
2. Content

2.1. Objectives of the measure

As indicated above, the aim of the Communication Support measure is to help enterprises in Wallonia who wish to export with their communication activities to promote their export or international activities. While no formal objectives have been established with formal indicators or defined targets, AWEX does keep track of which enterprises use which of its measures in general, including the use of the Communication Support measure.

2.2. General description of the measure

AWEX provides support to enterprises in the Walloon region, specifically to those which wish to export and to promote foreign investment from other countries to the Walloon region. In particular, AWEX supports Walloon enterprises which generate value for the Walloon economy and which engage in starting up international projects. The subsidy is intended for the promotion and communication activities of Walloon enterprises in all foreign countries and is consequently not targeted at specific countries. This particular policy measure centres on providing enterprises with a subsidy for their promotional tools. The funds are intended for three types of promotional tools, namely brochures and print media, a promotional video and advertisements in periodical professional magazines edited and published abroad. Within these types of promotional tools, enterprises can use the subsidy they receive for whatever communication use they wish, according to the communication needs of their enterprise. This can include, but is not limited to, doing a mapping study abroad to see how the enterprise should design their brochures are print media, translation costs, or exploration of the media forms available in other countries to study which might be most useful for the enterprise’s promotional needs.

The maximum subsidy which an enterprise can receive is €10,000 spread over three years. For start-up enterprises the subsidy amounts to €15,000 spread across three years, where a start-up is considered as an enterprise of less than five years old. The intervention has a ceiling of 50% of the costs of the promotional tools.

2.3. Available budget

The measure is funded by the government of Wallonia. AWEX receives an annual lump sum from the regional government over which it has full autonomy. The AWEX then distributes the budget amongst various policy measures to help Walloon enterprises to export, including the Communication Support measure. The budget for AWEX was €50 million in 2016, and the Communications Support activities constitute a relatively small portion of this budget. The budget for the measure itself fluctuates per year depending on how much AWEX decided to assign to the measure. In 2016, AWEX received 500 applications for use of the Communication Support measure and paid €1,500,000 to Walloon enterprises to support international promotion and communication activities.

2.4. Target groups of the measure

Any company can apply to use the Communication Support measure, provided that they are a Walloon company and a producer or service provider which adds value to the Walloon region in some way. The ultimate aim for AWEX is to contribute to fighting unemployment in Wallonia and therefore it supports enterprises that bring value and employment to the Walloon region. Traders who for instance buy components from outside the region and outside of Belgium are not eligible to use the Communication Support measure according to the interviewee from AWEX as such companies do not contribute to the Walloon region to the same extent. Companies of any size can apply, though start-ups
receive extra financial support given that they are in a more precarious growth phase and have a stronger need for support.

The programme is targeted at companies that are attempting to expand their service or product provision abroad, while also contributing to the Walloon economy. Subsidiaries of the same company are not eligible for the subsidy if another subsidiary has already applied before. Enterprises are only eligible if the subsidy does not cause them to receive more than €200,000 in total in public funds over the course of a three-year period; if an enterprise receives public funds from other public institutions which exceed this amount, it is no longer eligible to receive support from the Communication Support measure. As has been indicated in section 2.2, start-ups are targeted in particular by making higher funds available to them through the measure.

3. Relevance of the measure to SMEs/born globals and internationalisation

3.1. Relevance in relation to different types and stages of internationalisation

This measure is relevant to all stages of an enterprise’s internationalisation process. If a firm’s communication activities are conducted to enhance their international activities, the company can use this measure. The measure supports export activities, foreign direct investment and international research activities in particular as the measure supports the communication and promotion activities for enterprises abroad. This includes for instance, the mapping of markets in foreign countries and using this information in communication and promotion activities in other countries.

3.2. Support for cooperation between SMEs/born globals and wider international collaboration (if any)

The Communication Support measure does not stimulate cooperation between SMEs and born globals in wider international collaboration by itself; it is a means for enterprises to do so instead as it offers tools to help SMEs and enterprises internationalise.

3.3. Contribution of the measure to tackle SMEs'/born globals' internationalisation support needs

This measure is a relatively straightforward and easily accessible. It helps enterprises throughout the time span of their international activities. Communication is a recurring and inherent part of setting up and conducting international activities and in this way the measure contributes to companies’ support needs. Born globals are helped in particular due to the more favourable support conditions for start-ups that want to engage in international business. The measure is particularly tailored to internationalising SMEs and notably start-ups because conducting sound communication and promotion activities require financial resources. For a larger and more established company such costs constitute a smaller proportion of their overall revenue, while for SMEs and start-ups especially, the costs for sound and thorough promotion make up a comparatively larger proportion of their revenue. Therefore, in providing funding for this area of business activity, the Communication Support measure helps internationalising SMEs and start-ups design and set-up quality communication and promotion activities. The measure has been tailored to start-ups to a certain degree as start-ups and smaller enterprises can receive a higher subsidy via the measure.

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4. The operation of the measure

4.1. Promotion of the measure to internationalising businesses

AWEX promotes its measures on its website. Besides such activities and the word of mouth promotion by users of AWEX and its measures, information seminars and fairs also play a promotional role in a more indirect manner.

4.2. The process of application and assessment of applications

Support can be accessed by sending an application form to AWEX. Upon acceptance of a company’s application, money is transferred in its entirety to the company so that it can commence its communication activities. To actually submit the application, the company receives a login and a password. They have to fill in the online form and send this to AWEX, which then checks the application and indicates to the company whether additional information is needed, and provides its feedback. AWEX sends a formal letter by postal mail for every decision it makes regarding a company’s participation in one of its policy measures. AWEX does not have fixed time limits for handling applications. If the application is accepted, the company submits its invoices when necessary using a separate online system.

The criteria for being eligible for the measure are that the communication activities have not started already. If an enterprise has already engaged in specific international promotion activities, it cannot apply for the Communication Support measure anymore. The company should fulfill the other criteria, such as it being a company which brings value to the Walloon region, and the communication activities for which the enterprise is applying for support must be completed within two years.

4.3. Delivery mechanism of the measure

AWEX is the sole deliverer of services and the administrator for the measure. The agency is closely linked to the government in a special organisational relationship, a para-regionale, meaning that it has close ties with the government and reports to the federal level, but has independence and acts autonomously as an authority at the regional Walloon level. The main task involved in delivering the support is to transfer money to a participating enterprise, and to request the invoices and proofs of payment for a selection of participating enterprises to check that proper use is being made of the measure.

4.4. Administration of the measure

The administration of the Communication Support measure has been simplified compared to its predecessor programme, the CDVE. Previously, enterprises making use of the CDVE support measure had to submit all their invoices and receipts for their communication activities to AWEX to receive funding. This proof of payment system to receive money from AWEX was seen as complicated and time-consuming and was therefore changed. Under the current Communication Support measure, enterprises do not need to submit invoices and proofs of payment. Instead, the companies apply for the use of the measure and if their application is accepted and they receive the money and can spend it on their communication activities. AWEX monitors the use of the measure by periodically examining a sample of 30% of the companies; these enterprises are controlled and asked for their receipts and proof of payments. This is a new monitoring approach adopted in 2016 to establish whether there was any misuse of the measure. This monitoring approach itself will be evaluated at some stage though it is not clear yet when.
5. Monitoring and evaluation

5.1. Monitoring of the implementation and take-up of the measure: method and contents

AWEX has a database of companies to monitor who is making use of which measures and to what effect. AWEX also monitors the use of the Communication Support measure using this database. This was set up to gain insight into the impact of the measures and the progress of the companies making use of them. In this way AWEX hopes to gain insight into its own impact, as well as legitimise its existence.

This involves sending annual surveys to companies who make use of AWEX and their measures, and posing questions about how the enterprises perceived the measures they made use of, how these helped them, and the state of their current activities. The results of these surveys are for internal use by AWEX and not made public.

AWEX has been conducting such surveys for some 10 years but due to survey fatigue and declining responses from companies over the years, they are considering to discontinue this. Enterprises are not obliged to fill in this survey and the number of the responses is declining. Nevertheless, responding companies still rank AWEX quite highly; each year, enterprises score AWEX with a mark of between 7 and 8 out of 10, which suggests a relatively high level of satisfaction with AWEX amongst enterprises. AWEX now wants to try and use more representatives who go and visit selections of companies which are making, or have made use of its measures to gain insights about its impact in a different manner.

5.2. Evaluation of the measure: methods and contents

Concerning the impact of AWEX and the Communication Support measure, monitoring and evaluation of the measure takes place informally. The use of the Communication Support measure by enterprises is tracked, and AWEX examined how it can operate the measure more efficiently. However, there are no formal, public evaluations of the Communication Support measure according to set objectives and indicators to monitor performance in formal terms. AWEX is evaluated as an organisation every few years by external consulting organisations. These evaluations are for internal use and are not made public.

5.3. Any changes to the content or delivery of the measure following monitoring and evaluation

When the CDVE was still in place, the companies making use of the measure received financial support specifically for setting up websites and for web design. AWEX received around 1,000 requests for help a year at that time (before 2016 when the Communication Support measure was set up). AWEX then decided that website support was too narrow and that to help companies in a way which fit AWEX’s objectives of encouraging exports more, the policy measure was adjusted to become the Communications Support measure, which covers a more diverse range of promotional tools. In 2016, AWEX estimated that it received around 500 requests for support.

It is unclear to what degree the CDVE measure was evaluated before it was replaced by the Communication Support measure. However, other changes were made in the provision of communication and promotion support by AWEX to Walloon enterprises. Previously, enterprises making use of CDVE had to submit all their invoices and receipts for their communication activities to AWEX to receive funding. This proof of payment system to receive money from AWEX was seen as a complicated and time-consuming process. Hence, it was changed in the new measure (see section 4.4.).
6. Evidence of outcomes and impact

6.1. Evolution of the measure’s spending

As AWEX has autonomy on distributing their budget across the various support instruments they offer, they adjust their spending for their programmes according to demand and priorities. Accordingly, no specific trends can be observed over time.

6.2. The quantitative and qualitative outcomes of the measure

No formal evaluation is publicly available. AWEX monitors the use of its measures, and has had an impact assessment conducted of the organisation specifically (see section 6.4), but this is not an evaluation per se, nor is it publicly available. However, during 2016, around 500 applications were accepted for use of the Communication Support measure.

6.3. Impact of the measure on its beneficiaries and other actors

The Communication Support measure has helped beneficiaries in their access to foreign markets by supporting them to promote in foreign markets. In an indirect manner the Communication Support measure helps enterprises to reach foreign customers. The measure helps start-ups in particular as these enterprises can receive more funding, suggesting that the impact is larger amongst start-up enterprises than other enterprises.

6.4 Evidence of economic and employment impact

There has been some discussion in Wallonia as to the value of AEX and hence AWEX is concerned with examining and understanding its impact. In this spirit, an impact assessment study was conducted AWEX. This study showed that for every euro AWEX invested, it brought back €7 to the Walloon region. This study focused on AWEX in total rather than a particular policy measure like the Communication Support measure, and is not publicly available.

Unemployment in the Walloon region has also been declining, but establishing the role of AWEX in this is of course difficult.

7. Strengths and weaknesses of the measure

7.1. Strengths of the measure

The strength of this measure is that it is very easy to apply for and to receive the support. The measure also seems quite transferable in that the requirements for running the measure are not high. The administration of the measure is quite straightforward; applicants send an application online, this is assessed by employees from AWEX, and following a positive decision the entire amount of the funding is transferred to the enterprise. As indicated above, as enterprises do not need to submit receipts and proof of payments of their promotional activities, the administration requirements as a whole are not high for this measure.

The human resources required for the measure do not appear to be very high according to the interviewee from AWEX. The budget for this measure tends to fluctuate based on the number of applicants for the measure, but all in all, the measure is not expensive to run according to AWEX. The rationale behind the measure is also straightforward: by subsidising the promotional tools for an enterprise’s international activities the measure facilitates communication and promotion activities abroad.
7.2. Weaknesses of the measure
A potential weakness is that Wallonia has many administrations and organisations which have a role in policy support which can confuse companies. The role of AWEX can therefore seem unclear. Each administration and region has its own budget and provides help to companies, but in Wallonia and Belgium as a whole there are many administrative levels, organisations and geographic regions. There is no one-stop-shop for SME support in Belgium and this is something companies would derive benefit from. Currently it can be difficult for companies, especially SMEs, to know what and to find their way to appropriate policy support. This confusion regarding which organisations are relevant can form an indirect weakness to the Communication Support measure in that enterprises may not be aware of its existence or that they are eligible to use the measure. This confusion can undermine the use of the measure by enterprises.

7.3. Evidence of policy learning over time
As indicated, AWEX changed the CDVE measure to become a broader communication support and introduced the current Communication Support measure. Besides this replacement of the CDVE measure with the Communications Support measure, the new system of monitoring the use of the measure by taking a sample of 30% of participating enterprises was introduced in 2016. This new monitoring approach is still being tested for its effectiveness. Therefore, policy learning is expected to take place also in future. Furthermore, the use of AWEX’s measures are monitored using a survey amongst companies which has apparently led to survey fatigue; this is an issue which AWEX will consider changing and therefore forms another example of policy learning. Therefore AWEX is developing a new approach to track the use and progress of the companies which use the policy measures.

8. Recommendations

8.1. Overall recommendations regarding the measure
AWEX was recommended to simplify the procedure involved in the Communications Support measure. Therefore, as of 2017, the new approach around taking a sample of 30% and testing their proofs of payment is being piloted. The rationale is that this is easier for companies and that they can be trusted to act appropriately. If at the end of the year the evaluation shows this is not effective the approach will be discontinued.

Further digitalisation is another recommendation; the administrations in Belgium, including AWEX, use much postal mail and non-digital methods which could be changed and in doing so, the procedures made quicker and more efficient. For instance, enterprises making use of the Communication Support measure may be requested by AWEX to submit invoices for their communication activities, and this could be carried out in future using more digital documents and evidence.

8.2. Recommendations on the national support system for SME/born global internationalisation
Introducing a national one-stop-shop for SME support would simplify accessing policy measures for SMEs in Belgium; currently there are many organisations across many levels to the point where enterprises do not know which organisations to approach for what type of support.

8.3. Any gaps in the provision of policy support and suggestions
Concerning the gaps in the policies provided by AWEX, there are some complaints from companies about the complicated areas of international business, such as intellectual property protection and patenting abroad, gaining certification to do business abroad in countries such as the USA, where for instance pharmacological and food requirements are very different than in Europe. While AWEX
would like to offer more support in these areas, these are time-intensive and case specific types of support to provide, hence there is not enough budget to engage in such policy support.
References

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All accessed on 22 November 2018.
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