

Evaluation of Enterprise Ireland Internationalisation Financial Supports

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Department of Jobs, Enterprise and Innovation
An Roinn Post, Fiontar agus Nuálaíochta

Strategic Policy Division

4. Enterprise Ireland Internationalisation Financial Supports

Programme logic model

Objectives

- To drive export growth momentum and internationalisation in the client base.¹
- See Table 4.1 - each individual programme has its own aims and objectives (6 programmes in total)



Inputs

- Grants paid
- Indirect costs



Activities

- Companies participating on programmes
 - Market Research for SMEs
 - Market Research Programme
 - Technical Feasibility
 - Business Accelerator
 - Trade Fair Participation
 - Going Global



Outputs

- Number of companies successfully completed programmes



Outcomes and Impacts

- Improved market development skills of SMEs;
- Shifted clients focus to the Euro-Zone, US and Emerging Markets;
- Dissemination of information to enable the company to decide on project viability;
- Successfully meeting the growth requirements of Enterprise Ireland's client companies, which are targeting worldwide markets;
- Existing internationally traded service companies to broaden their international base and scale;
- Increased internationalisation of a diverse set of indigenous companies; and
- Increased turnover, exports, and employment for indigenous companies.
- Increased exports, profit, employment.

¹ From Enterprise Ireland's Corporate Strategy 2008

Evaluation aim

This evaluation focuses on two main components of Enterprise Ireland's internationalisation financial supports: an ex-post of evaluation of Enterprise Ireland's Internationalisation Programmes 2005-2010, and an interim evaluation of the Enterprise Ireland Going Global Fund (2009-present).

The most significant Enterprise Ireland spend on internationalisation support is spent on overseas offices and trade events but these are not covered by this evaluation.

The aim of these evaluations is to assess the appropriateness, efficiency and effectiveness of these supports for enterprise in Ireland following the Forfás Framework for Evaluations. Technopolis consultants were commissioned by Forfás to carry out research and analysis for this evaluation.

Programme background, objectives and target population

The first component (Internationalisation Programmes) consists of five individual programmes, which provide direct financial support. These are Market Research for SMEs; Market Research Programme; Technical Feasibility; Business Accelerator; and Trade Fair Participation.² Each one is evaluated in this study individually and collectively. Some of the programmes have been running since 2005 or longer. Others were terminated in the period since then or were set up during the period of this evaluation. The second component the Going Global Fund was set up more recently.

The time period being evaluated differs between the two components of the study. On the Internationalisation Programmes an ex-post evaluation (2005-2010) was undertaken. On the Going Global Fund an interim evaluation (2009-present) was undertaken.

² See also: Forfas' Request for Tender

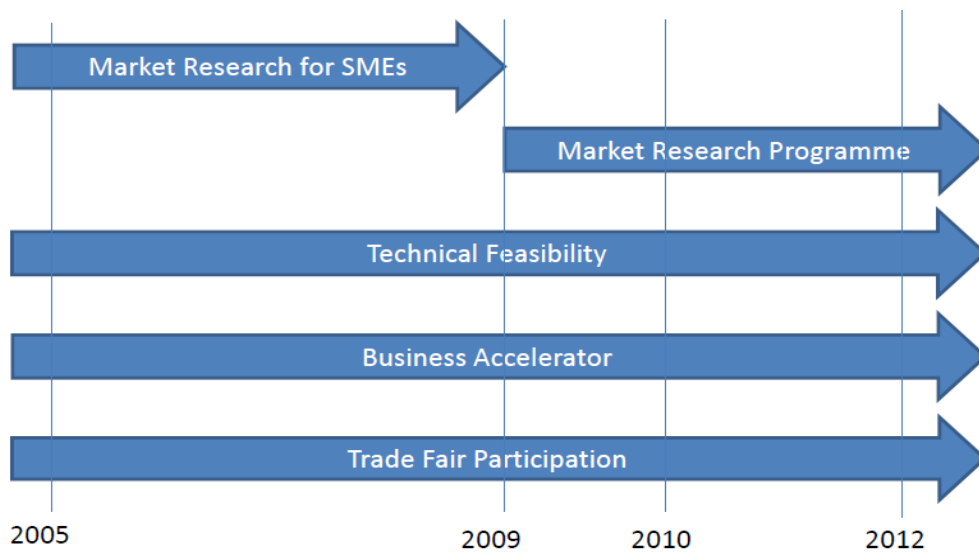
Figure 4.1 The respective programmes subject to this evaluation



Source: Technopolis

Enterprise Ireland has a dynamic portfolio of programmes. Throughout the years new programmes have been set up and other programmes have been cancelled. The figure below shows how the programmes in this evaluation have developed throughout the relevant years.

Figure 4.2: The respective programmes and their introductions/cancellations over time



Source: Technopolis

All six programmes have different objectives, and overlaps are relatively small. The table overleaf presents a short overview of the programmes.

Table 4.1: Overview of the programmes that are evaluated and their objectives

Programme	Objective of the programme
Market Research for SMEs	Launched in 2001 the objective was to improve the market development skills of SMEs by providing support towards internal costs when researching new markets for products/services. At the time it was introduced Trade Fairs and Consultancy were also available to cover external costs.
Market Research Programme	Launched in mid-2010 the objective is to shift clients' focus to the Euro-Zone, US and Emerging Markets reducing the level of dependency of EI clients on the UK market. ³
Technical Feasibility Study	Aims to assist a company to investigate the viability of manufacturing a new product or process or to develop a new internationally traded service. The study should provide the necessary information to enable the company and Enterprise Ireland to come to firm conclusions regarding project viability. This can include studies on product or process development projects, joint venture or licence agreements with home or overseas partners, or expansion projects in manufacturing or international services which involve new or improved products to be manufactured/delivered in Ireland.
Business Accelerator	Aims to meet the growth requirements of client companies that are targeting worldwide markets. The Programme connects individual Irish client companies with an in-market Business Accelerator - an industry expert within a specific sectoral and geographical market.
Trade Fair Participation	Encourages Small and Medium Enterprises (SME) to disseminate information about their products and to obtain market data on their industries by participating in internationally recognised trade fairs and exhibitions.
Going Global Fund	The objective is to get existing internationally traded services companies to broaden their international base and scale; to encourage locally traded services companies to develop an export element in their business; and to stimulate new emerging services areas that present business opportunities and have a significant potential for growth.

Source: Enterprise Ireland

Although Enterprise Ireland's Overseas Offices also have a role in helping companies to internationalise they have not been included in this evaluation. The focus here is on direct

³ In December 2010 the offer was amended to allow UK projects to be considered but on the basis of a lower grant rate. This was after receiving feedback from clients in the Construction, Consumer and Business Process Outsourcing sectors on the importance of the UK markets to these sectors. The measure of success is an increase in the ratio of exports to other parts of the world relative to the UK

financial supports for internationalisation and it is acknowledged that the evaluation is somewhat incomplete in the absence of evaluation of the overseas offices.

Programme rationale

Empirical studies consistently find that firms that internationalise experience an increase in productivity and innovation.^{4 5} This is also relevant after controlling for self-selection and inverse causality.⁶ This seems to be mainly explained by the exposure to more competitive markets, and the exploitation of economies of scale:

- Firms that are active in overseas markets are exposed to new ideas for new products and services or for product investments, which require some R&D. These ideas typically derive from interactions with new competitors and new customers overseas;
- Internationalisation also seems to ease the financial pressure on companies since it provides additional revenues and profit. Moreover, some companies opt to reinvest these additional earnings on R&D activities and innovation. Additionally, companies that operate in overseas markets tend to have a wide range of products. This gives them leeway to choose to focus on the most profitable products and release resources used for the production and trade of less profitable ones;⁷
- Internationalised firms exploit economies of scale more effectively. Exporters are found to make a better use of their existing production capacity and to have longer product lifecycles and a wider range of product lines.⁸ Ultimately, this implies an increase in efficiency.

⁴ Cf. Harris, R. (2008). An Empirical Study of the Respective Contributions of Exporting and Foreign Direct Investment to UK R&D. Report submitted to UKTI November 2008; OMB Research (2007) Internationalisation, Growth and Novel Product Development in Young Innovative Businesses. Research Report submitted to UKTI October 2007; Love, J., Ganotakis, P. (2010) Learning by Exporting: Lessons from High Technology Firms. Paper presented at the Druid Summer Conference 2010 on Opening UP innovation: strategy, organisation and technology Imperial College London June 16- 18, 2010

⁵ Cf. Greenaway, D., Yu, Z. (2004) Firm Level Interaction between Exporting and Productivity: Industry Specific Evidence. GEP Research Paper 2004/1. University of Nottingham Research Paper Series Globalisation, Productivity and Technology; Harris, R., Li, Q.C. (2007) Firm Level Empirical Study of the Contribution of Exporting to UK Productivity Growth. Report submitted to UKTI March 2007; Greenaway, D., Kneller, R. (2007) Industry Differences in the Effect of Export Market Entry: Learning by Exporting? *Review of World Economics*. 143(3): 416- 432; Girma, S., Greenaway, D., Kneller, R. (2004) Does Exporting Increase Productivity? A Microeconomic Analysis of matched Firms. *Review of International Economics* 12(5) 855-866

⁶ In particular, Harris (2008) finds evidence of a cyclical relationship between exporting and innovation. First, firms that export have to develop new products or services to face the conditions of the new markets, and this has a direct positive impact on companies R&D expenses. However, this increment is temporary, as companies focus on internationalisation once their new products or services are ready for the new market. The cycle starts again when the product/service is obsolete for the new market, and the company need to undertake more R&D activities to make it suitable for the new conditions

⁷ E.g. Mayer, T., Melitz, M. J., Ottaviano, G.I.P. (2010) Market Size, Competition and the Product Mix of Exporters. National Bank of Belgium Working Paper No. 202

⁸ E.g. OMB Research (2010) 2010 UKTI International Business Strategies, Barriers and Awareness Survey. Report submitted to UKTI June 2010

Furthermore, internationalisation has been found to have a positive effect on firms' growth, financial performance, and ultimately on survival.⁹ These effects at company level can, in turn, generate positive macro-economic effects in the form of an increase in employment and innovation. Internationalisation also creates some spillovers, both across the supply chain (vertical spill over) and towards competitors (horizontal pullovers). Knowledge spillovers are the most typical effect.

Market failures

Existing literature also indicates the presence of barriers to internationalisation or potential market failures that may undermine business efforts or willingness to start or maintain a presence in overseas markets. Typical barriers to entry in new markets concentrate around:¹⁰

- Gaining access to networks and contacts in an overseas market;
- Navigating unfamiliar business environments, including differences in language and culture;
- Overcoming procedural barriers such as product standards and other aspects of the legal and regulatory framework;
- Having the capability to understand the competitive environment and to identify and assess potential opportunities and risks;
- Finding the confidence, management time and other resources to investigate and pursue opportunities in overseas markets.

Most of these barriers are associated with lack of access to perfect and complete information, and overcoming them could imply prohibitive costs and intensive use of companies' resources.

Another rationale for government intervention that state support provides more efficient ways to tackle market failures that arise through prohibitive costs. These market failures include:

- Under-provision of public goods - Economic theory shows that the private sector tends to provide suboptimal levels of public goods such as information, consequently government action may be required to fill the gaps and reduce the social costs of each individual business undertaking the same activity (e.g. search for information on legal requirements to enter a specific market).
- Coordination failures - Providing an environment for knowledge sharing between businesses could also reduce search costs.
- Network and intermediation failures and barriers to market access - Theory identifies that government is well placed to act as a *trusted intermediary* to help businesses get in contact with a wide range of networks in both the private and the public sector. It is also in a unique position to help businesses to find an appropriate network of overseas contacts, in order to get the right advice and help, given their access to official counterparts overseas.

⁹ Greenaway, D., Guariglia, A., Kneller, R. (2007) Financial Factors and Exporting Decisions. *Journal of International Economics* 73: 377-395

Harris, R., Li, Q.C. (2007) Firm Level Empirical Study of the Contribution of Exporting to UK Productivity Growth. Report submitted to UKTI March 2007

¹⁰ BIS (2010). Internationalisation of Innovative and High Growth SMEs. (BIS Economics Paper No. 5

For Irish enterprises, the consequences of these barriers and market failures are relatively large. Due to the comparatively small domestic market, Irish enterprises need to internationalise at an earlier stage of their lifecycle, even more so than enterprises in many other countries.

Evaluation methodology

For the evaluation of the five Internationalisation Programmes and the mid-term evaluation of the Going Global Fund several data sources have been used. In most cases the sources used for the Internationalisation Support Programmes and the Going Global Fund were identical. A total of six data sources for this evaluation have been used.

Quantitative data sources

The three sources of secondary data are used for both the ex-post evaluation of the Internationalisation Support Programmes, and the interim evaluation of the Going Global Fund:

- **Annual Business Survey of Economic Impact (ABSEI).** The database contains the results of the surveys that Forfás administers annually since 2000 to agency assisted Irish-owned and foreign-owned firms in Ireland. The average annual response rate of ABSEI is around 60 percent of the target population. The database contains longitudinal information, with some gaps, for 6,404 companies. Data collected include sales, employment and exports for the period 2000-2012; and value added and R&D expenses for the period 2000-2011.

ABSEI provides information on the industry, region and type of ownership of the company.¹¹

- **Enterprise Ireland client database.** This database includes the population of grants approved by Enterprise Ireland from 2005 to 2012, which includes 18,655 grants, targeted to 6,270 companies. Available information includes the approval year, amount provided and amount granted, and the details on the type of programme.

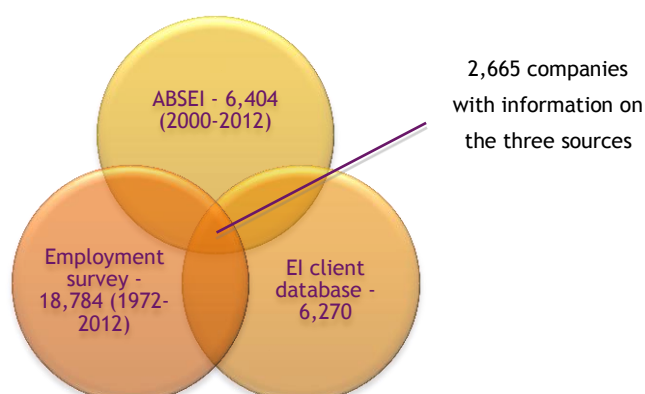
This database indicates that between 2005 and 2010, Enterprise Ireland approved grants under the Internationalisation Support Programmes to a total of 2,124 companies. It also indicates that between 2009 and 2012, Enterprise Ireland approved Grants to the Going Global Fund to 253 companies.

- **Forfás Annual Employment Survey.** This database provides longitudinal information since 1972 on employment levels in manufacturing and services companies under the remit of IDA Ireland, Enterprise Ireland, Shannon Development and Údarás na Gaeltachta. 18,784 company sites are present in the database.

All in all, these three sources of information provide data on 22,833 companies. However, the information is not complete for all of them. Figure 4.3 shows that the overlap among the three sources of secondary data corresponds to 2,665 companies for which information was available on the participation in the Enterprise Ireland business support programmes, employment and ABSEI data.

¹¹ Standard routines for outliers identification and treatment were performed before using ABSEI data in the analysis

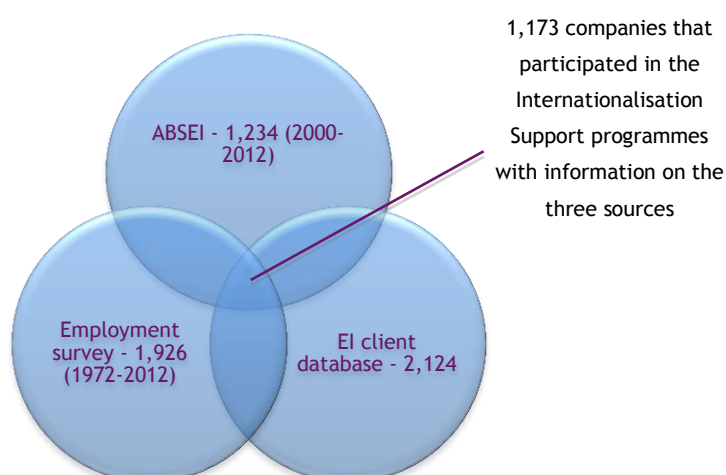
Figure 4.3: Secondary data sources used - overall population (2005-2012)



Source: Enterprise Ireland client database (2005-2012), ABSEI, Employment survey, Technopolis (2013)

Figure 4.4 focusses on the subsample of 2,124 companies that had grants approved for the five Internationalisation Programmes. Information is also available from the Employment survey for 1,926 companies, and from ABSEI for 1,234. The final overlap consists of 1,173 companies that participated in the Internationalisation Support programme and are also present in both ABSEI and the Employment Survey databases.

Figure 4.4: Secondary data sources used - Internationalisation Programmes



Source: Enterprise Ireland client database, ABSEI, Employment survey, Technopolis (2013)

For the Going Global Fund, the overlap among the three secondary data sources used consists of 149 companies that participated in the Going Global Fund programme for which information is available from both ABSEI and the Employment Survey database.

In each case it is then possible to obtain information not only on the involvement on the Internationalisation Support/Going Global programmes but also information on performance indicators such as exports, sales and employment. Furthermore, this information on performance is available even before the programme started, which means it is possible to describe and analyse trends in performance before, during and after the programmes ended.

Online survey

Internationalisation support programmes

An online survey was carried out in order to collect primary data on outputs and outcomes, and further data on impact and attribution. The total population, for the five Internationalisation Programme between 2005 and 2010, was 2,124 companies. The survey was sent on 2 July 2013 to 1,265 selected companies and a total of 287 companies responded to the survey, which amounts to a 22.7 percent response rate.¹² This response rate is consistent with what would usually be obtained for this kind of exercise (between 20 -30 percent). The number of responses obtained permits reliable statistical testing and some econometric analysis for the Internationalisation Support programmes as whole.¹³

Going Global programme

Between 2009 and 2012 Going Global Fund grants were approved for 253 companies, which represent the total population for the study and for this exercise. On 2 July 2013, the first invitation was sent to respond to the survey to 172 selected companies. The survey remained open for three weeks and two reminders were sent to boost response rates.

A total of 52 companies responded to the survey, which amounts to a 30 percent response rate.

¹² A number of companies were excluded from the survey as multiple surveys and evaluations of Enterprise Ireland programmes were underway concurrently. In addition, other factors such as companies no longer trading and email bounce backs further reduced the survey population

¹³ Note that this number of responses does not permit to arrive at strong conclusions regarding how the indicators (collected through the survey) differ across the different individual programmes (i.e. Technical Feasibility, Business Accelerator, etc.). For this reason the results at programme level have to be taken with caution. The number of responses is presented for each programme where appropriate

Questionnaire structure and interviews

The survey questionnaire for the evaluations contained seven main sections:

1. Objectives and outcomes;
2. Satisfaction with the programmes;
3. Interaction with the Enterprise Ireland team;
4. Impact of participation;
5. Future Scenarios;
6. The global economic downturn;
7. Plans for future grant applications.

In addition, 14 interviews were conducted with officials from Enterprise Ireland and from Irish enterprises that were supported through the Internationalisation Programmes or through the Going Global Fund. All interviews were semi-structured. Six were face-to-face interviews, eight were telephone interviews. The interviews have had a supportive role in terms of providing information for this study. For more detail on methodology please see [Technical Annex](#).

Alignment with national policy

Relevant policy objectives at three levels of policy making are analysed. These are the national government level, the Department of Jobs, Enterprise and Innovation level and the Enterprise Ireland level.

NDP 2007-2013

In the 2007-2013 National Development Plan, Irish challenges were clearly defined. The NDP noted that 'Ireland's export (base) has weakened during the last five years, as illustrated by our recent trade performance. While world trade grew by an average of 6 percent per year between 2002 and 2005 in value terms, the value of Ireland's exports grew by an average of just 2 percent per annum over the same period'. Moreover, the NDP stated that 'Ireland has a relatively narrow export base, heavily dependent on companies in the medical devices, life sciences, ICT, food and financial services sectors, making Ireland vulnerable to sector and company-specific developments. Growth trends in manufacturing and services are currently leading to a further narrowing of this base'. The focus of potential policies was clear, according to the NDP: 'Today, more than ever before, Irish economic success depends on the growth of our indigenous companies. It is also increasingly important that Irish exports diversify into more foreign markets so that sales are not over-exposed to the economic fortunes of any particular country or region...it is vital that Irish companies are able to compete on the international stage and take advantage of the upside to globalisation by using high value, knowledge-intensive activities to support sustainable jobs and relatively high wage rates'.

Expenditure review of Enterprise Ireland's overseas office network

Shortly before the beginning of this evaluation period, the then Department of Enterprise, Trade, and Employment (DETE), together with the Department of Foreign Affairs, Enterprise Ireland, Forfás, and the Department of Finance published the review of expenditures of Enterprise Ireland's Overseas Office Network. The Expenditure Review identified eight major obstacles for

Irish companies wishing to export. These were: the low profile of Irish companies; language and cultural differences; lack of local networks; geographical distance; company scale and lack of resources and skills; costs; lack of market knowledge; and trade barriers.

Ahead of the Curve

In July 2004, the Enterprise Strategy Group (ESG) published *Ahead of the Curve: Ireland's Place in the Global Economy*. It found that 'enterprise in Ireland, while having highly developed manufacturing ability, lacks capability in two essential areas: international sales and marketing and the application of technology to develop high value products and services'. Most of the absolute growth was realised by foreign-owned companies: 'export growth in most indigenous sectors has been negligible'.¹⁴ To capitalise on these opportunities, the ESG found that firms should complement their existing production and operational strengths with developing expertise in international markets. This was a clear case for internationalisation policies. The challenges were clear: Ireland's small domestic market means that the indigenous companies had to internationalise before they have adequately tested the market, gained key reference customers, or built management capability across a range of functions. It highlighted that opportunities in internationally-traded services across a range of sectors and activities would play a more significant role in Ireland's economy over the following decade, driven by increased international trade and enabled by advances in technology and Ireland's low corporation tax regime. *Ahead of the Curve* set out the strategic direction for developing enterprise from its current base in Ireland and provides a major policy context for the establishment and operation of Business Development Programmes.

Catching the Wave

In September 2008, the Services Strategy Group and Forfás published *Catching the Wave: A Services Strategy for Ireland*. The report tackled the importance of the services industry for Ireland. The report identified two objectives relevant for this study:

- 'There is a need to diversify Irish service exports. There is a heavy reliance in services exports in two sectors - software/ICT and financial services. Together these account for 60 percent of our services exports. While these sectors must be fostered and further developed, there are very real opportunities in other areas that are currently underexploited and specific areas of opportunity for Irish companies have been identified.'
- 'There is a need to encourage internationalisation of our services enterprises. A limited number of Irish companies have established operations in other countries, in areas as diverse as sandwich bars and software. This is a major opportunity for Irish companies to expand their operations which to date has only been realised by a relatively small number of firms. Benefits will accrue to both the firm and to the economy as a whole.'

Department of Jobs, Enterprise and Innovation strategies

Various Strategy Statements of the DJEI have identified strategic actions to facilitate Irish exporters in achieving maximum export sales for their products.¹⁵ Of the three relevant Strategy

¹⁴ Enterprise Strategy Group (2004). *Ahead of the Curve: Ireland's Place in the Global Economy*

¹⁵ 2005-2007 Strategy Statement, 2008-2010 Strategy Statement, 2011-2014 Strategy Statement

Statements, the 2011-2014 Strategy Statement was the most explicit about internationalisation of Irish companies. The strategy highlights the main obstacles to exporting: trade barriers; language and cultural differences; lack of local networks and contacts; geographical distance; enterprise scale and lack of resources; and lack of market knowledge.

Enterprise Ireland corporate strategies and plans

Enterprise Ireland's corporate strategies identified the need for Ireland to move toward 'high value knowledge intensive activities that could support high value jobs, and relatively high wage rates'.¹⁶ This implies that Ireland would have to 'embrace a new type of business model where market knowledge and innovation determine success in expert markets'. In addition, five successive Corporate Plans of Enterprise Ireland stress the importance of internationalisation capacity building in the client base. Figure 4.5 presents the hierarchy of objectives, based on the policy statements identified in the previous section.

¹⁶ 2005-2007, 2008-2010

Figure 4.5: Hierarchy of objectives

Hierarchy of objectives				
NDP (national level) 2007-2013	Ahead of the Curve	Catching the Wave	Three respective Statements of Strategy by DJEI	Enterprise Ireland's Corporate Strategy Documents
<p>Directions for policy 'objectives'</p> <p>1. Indigenous companies Today more than ever before, Irish economic success depends on the growth of our indigenous companies, according to the National Development Plan</p> <p>2. Diversification. The National Development Plan stressed the importance of diversification.</p>	<p>Objectives are an increased exports and a diversification of export markets Note: because of Ireland's small domestic market the indigenous companies had to internationalise before they have adequately tested the market, gained a key reference customer, or built management capability across a range of functions.</p>	<p>1. Realising the opportunities to further grow and diversify Irish exports;</p> <p>2. Encouraging internationalisation, where Irish service enterprises establish operation in overseas markets.</p>	<p>2005-2007: to enable trading opportunities in markets across the world to be capitalised by Irish exporters and to create a system for the effective management of Ireland's export licencing system</p> <p>2005-2007: to facilitate Irish exporters in achieving maximum export sales for their products</p> <p>2011-2014: to support enterprise to achieve challenging export targets</p>	<p>2005: Assisting key client groups to complete and grow by working to develop their key capabilities in: international sales and partnering research, innovation & technology, competitiveness and productivity, management capabilities</p> <p>2006: growing Irish companies to a scale capable of competing more aggressively in international markets</p> <p>2007: Reposition overseas resources to match client needs. Further enhance the provision of in-market expertise with the extension of the Business Accelerator programmes beyond the UK and a more targeted international mentor programme</p> <p>2008: Idem</p> <p>2009: Irish companies need to continue to pursue focussed growth strategies to succeed in international markets, with growth in exports as the key target for Enterprise Ireland</p> <p>2010: not mentioned</p>

Challenge

Ireland's export performance (...) has weakened during the last five years, as illustrated by our recent trade performance. While world trade grew by an average of 6% per year between 2002 and 2005 in value terms, the value of Ireland's exports grew by an average of just 2% per annum over the same period.

Ireland has a relatively narrow export base, heavily dependent on companies in the medical devices, life sciences, ICT, food, and financial services sectors, making Ireland vulnerable to sector and company specific developments. Growth trends in manufacturing and services are currently leading to a further narrowing of this base.

Today more than ever before, Irish economic success depends on the growth of our indigenous companies. It is also increasingly important that Irish exports diversify into more foreign markets so that sales are not over-exposed to the economic fortunes of any particular country or region. In the coming years, it is vital that Irish companies are able to compete on the international stage and take advantage of the upside to globalisation by using high-value, knowledge-intensive activities to support sustainable jobs and relatively high wage rates.

The Evaluation Framework developed by Forfás requires the evaluation to specify the quantitative or qualitative targets that have been set for the metrics to be utilised. Specific targets and metrics were not documented before the start of the programme. In this context, it was necessary to identify them at the start of this evaluation together with Enterprise Ireland. The metrics used for the Internationalisation Programmes, and the Going Global Fund are almost identical. As the Going Global Fund is relatively new, it was too early to assess or attribute increases (if any) in exports, jobs or GVA to the programme. Enterprise Ireland has recently established an Evaluation department.

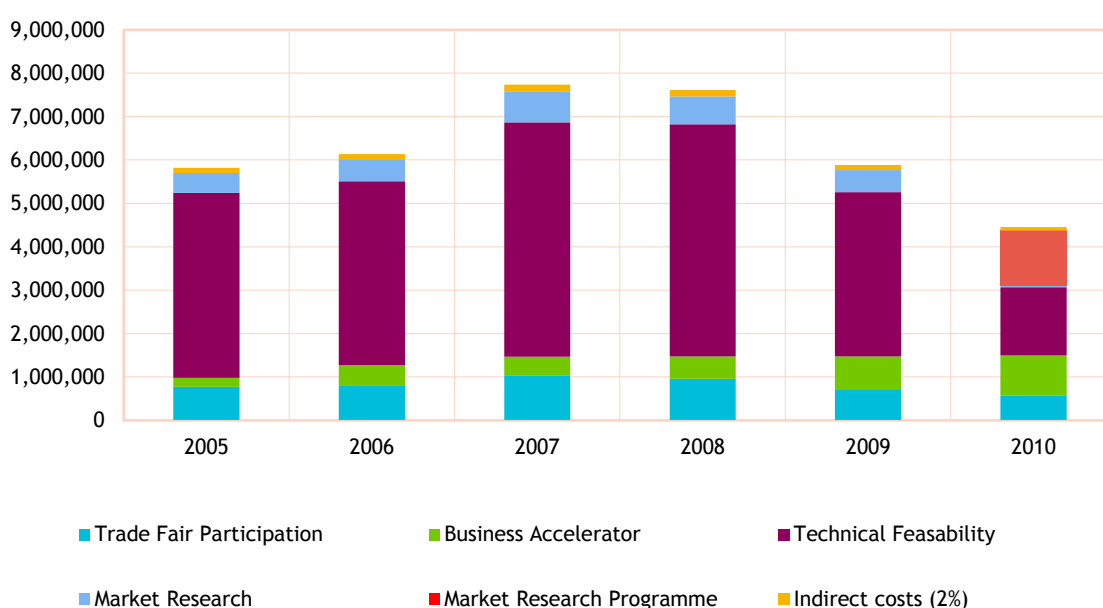
Inputs

This section describes the total costs of the programmes, including both direct and indirect costs. The direct costs are the amounts paid to companies. The most appropriate approach for determining indirect costs was to use an estimate of 2 percent based on Enterprise Ireland’s method for allocating indirect costs to grant programmes.

Enterprise Ireland makes up to a 50 percent financial contribution toward the total cost to the company of the projects. Enterprise Ireland grants are governed by State Aid regulations and company eligibility. All programme funding is reimbursed directly to companies on completion of the particular project.

The direct costs of the five Internationalisation Programmes selected for evaluation differ significantly throughout the years. The direct costs of the Going Global Fund have increased since the start of the programme. However, in 2012 they were practically zero. The total costs (grants paid out and indirect costs) of the five selected Internationalisation Support Programmes (2005-2010) were €37,633,791 which includes indirect costs of €737,917.

Figure 4.6 Direct costs and indirect costs of the five Internationalisation programmes per year (2005-2010)



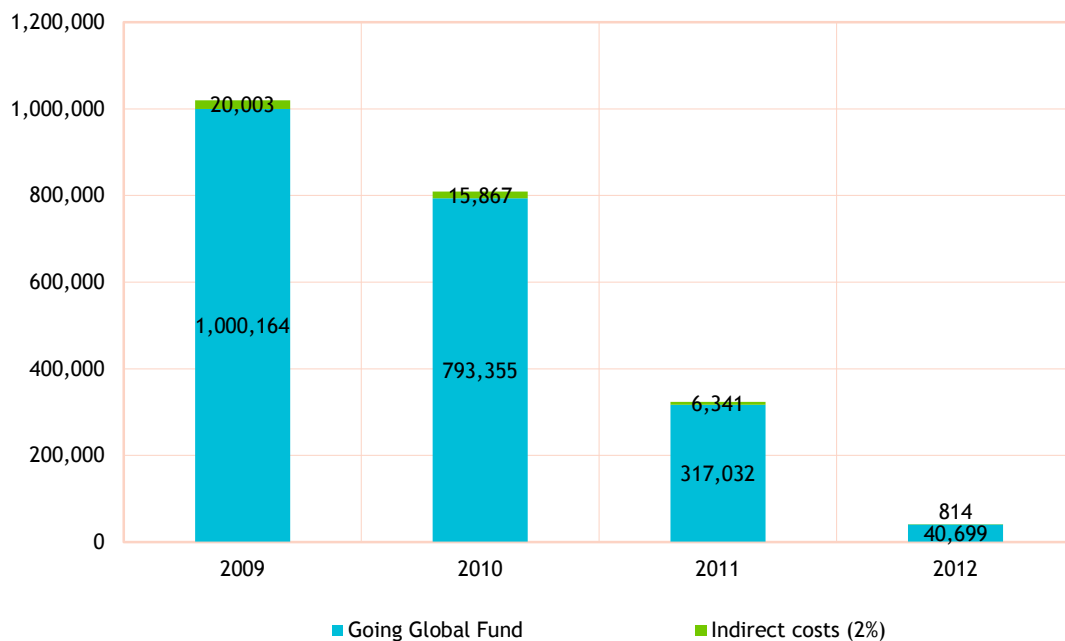
Source: Enterprise Ireland client database

The total costs are considerably less than the amounts approved (€52,900,208). After the beginning of the economic crisis the amounts drawn down dropped rapidly because projects were cancelled. This was especially the case for the Technical Feasibility Programme.

Throughout the evaluation period, the Technical Feasibility Programme was by far the largest of the five in terms of direct costs (€24,582,770). The other programmes were considerably smaller : Trade Fair Participation Programme (€4,844,371), the Business Accelerator Programme (€3,327,935), Market Research (€2,878,885), and the relatively young Market Research Programme (€1,261,914).

The figure below presents the direct costs and the indirect costs of the Going Global Fund between 2009 and 2012. Total direct costs of the programme were €2,151,250 in the period between 2009 and 2012. This is considerably less than the amounts approved (€3.8 million). Almost half of the costs (46 percent) were spent in the first year that the fund was operational. After 2010 the direct costs (i.e. the amounts paid) decreased dramatically. Indirect costs are estimated at €42,025.

Figure 4.7: Direct and indirect costs of the Going Global Fund per year (2009-2012)



Source: Enterprise Ireland client database

This decrease could be caused by a number of factors. The recession is a very significant factor that also has hit other programmes offered by Enterprise Ireland. The evaluation period covers a time of significant economic instability and therefore many anticipated investments would not have been realised. Apart from the recession, other factors include: partial payments due to the fact that the projects were not as expensive as expected; delays in meeting Enterprise Ireland’s quality requirements; changing strategies and priorities; time lags; and company difficulties in co-

funding the grants.¹⁷ These factors have been discussed with Enterprise Ireland. It is difficult to quantify their individual impacts on the decrease. It should however be noted that grants can only be drawn down after the company has implemented the project (i.e. they are reimbursed). This is an important feature of grants as their payment is dependent on the company demonstrating they have completed the project. The approval date is relevant as it should initiate behavioural change.

Outputs and activities

A total of 3,156 Internationalisation grants were approved to 2,124 companies during 2005-2010 with a total value of €53 million. The vast majority of companies (73.6 percent) had only one Internationalisation Support grant approved. On average, each grant approved had a value of €16,762 (see Table 4.2). However, as previously noted, not all grants approved were then drawn down by client companies. According to these data, almost €37 million was actually paid to companies, with an average of €11,691 per grant.

Table 4.2: Supports provided by the International Support Programme

Approval year	Number of client companies	Number of grants approved	Total amount approved (in €)	Average amount approved per grant (in €)	Total amount paid for grants approved in this year (in €)	Average amount paid per grant approved in this year (in €)
	[a]	[b]	[c]	[c/b]	[d]	[d/b]
2005	372	427	7,876,140	18,445	5,701,979	13,354
2006	419	515	8,872,539	17,228	6,014,296	11,678
2007	503	607	10,772,620	17,747	7,581,331	12,490
2008	509	589	11,057,342	18,773	7,461,503	12,668
2009	529	613	7,994,136	13,041	5,767,287	9,408
2010	357	405	6,327,431	15,623	4,369,585	10,789
Total (2005-2010)	2,124 (unique companies)	3,156	52,900,208	16,762	36,895,981	11,691

Source: Enterprise Ireland client database

¹⁷ Grants are usually paid 18-24 months after approval

Between 2005 and 2010, more than 80 percent of the grants approved were allocated to facilitate participation in Trade Fairs, and to Technical Feasibility studies.

Table 4.3: Internationalisation grants per type of support (2005-2010)

Type of grant	Total number of grants (number)	Total number of grants (%)	Average value of grants approved (€)	Average value of grants paid (€)
Business Accelerator	353	11.2%	15,907	9,428
Market Research	243	7.7%	16,641	11,847
Market Research Programme	32	1.0%	66,762	39,435
Technical Feasibility	1,583	50.3%	21,696	15,529
Trade Fair Participation	945	30.0%	7,153	5,126
Total	3,156	100.00%	16,762	11,691

Source: Enterprise Ireland client database

Drawdown rates Internationalisation Supports

The drawdown rate, measured as the total amount paid over the total amount approved, was on average equal to 69.7 percent. The remaining 30.3 percent of the total value approved was not drawn down between 2005 and 2010 (approx. €16 million).

Going Global inputs and drawdown

Within the Going Global Fund, most grants were approved in the first years of its launch. Since 2011 the Fund has been used less intensively. In the period 2009-2012, 253 companies had a grant approved under the Going Global Fund. The vast majority of companies (96.05 percent) had only one grant approved, while the remainder had two. Overall, a total of 263 grants were approved during that period, for a total value of €3.8 million. On average, each grant had an approved value of €14,405 (see table 4.4).

Table 4.4: Supports provided by the Going Global Fund

Approval year	Number of client companies	Number of grants approved	Total amount approved (in €)	Average amount approved per grant (in €)	Total amount paid for grants approved in this year (in €)	Average amount paid per grant approved in this year (in €)
	[a]	[b]	[c]	[c/b]	[d]	[d/b]
2009	91	93	1,491,817	16,041	1,000,168	10,754
2010	91	91	1,205,247	13,244	793,358	8,718
2011	52	52	730,489	14,048	317,032	6,096
2012	27	27	361,065	13,373	40,699	1,507
Total (2009-2012)	253 (unique companies)	263	3,788,618	14,405	2,151,257	8,179

Source: Enterprise Ireland client database

Not all grants approved by the Going Global Fund were subsequently drawn down by companies. The drawdown rates of the Going Global Fund, based on the Enterprise Ireland client database retrieved at the end of 2012, was around 65 percent for grants approved in 2009 and 2010. However, it is not possible to estimate drawdown rates for grants approved in 2011 and 2012, because companies still have time to draw down the money.

Profile of grant recipients for Internationalisation Supports

Table 4.5 shows a snapshot of main company characteristics (in the year of approval) between 2005 and 2010. It shows that, on average, Internationalisation Support Programmes had an export intensity of 34 percent, had sales of €5.7 million and 24 employees, on average, in the year of approval. Companies supported by the Internationalisation programmes tend to be smaller scale relative to other Enterprise Ireland clients.

Table 4.5: (Average) company characteristics in the year of approval (2005-2010)

	Companies that were part of Internationalisation Support Programmes	Other Enterprise Ireland client companies
Export intensity	34%	35%
Sales	€5.7m	€16m
Employees	24	42

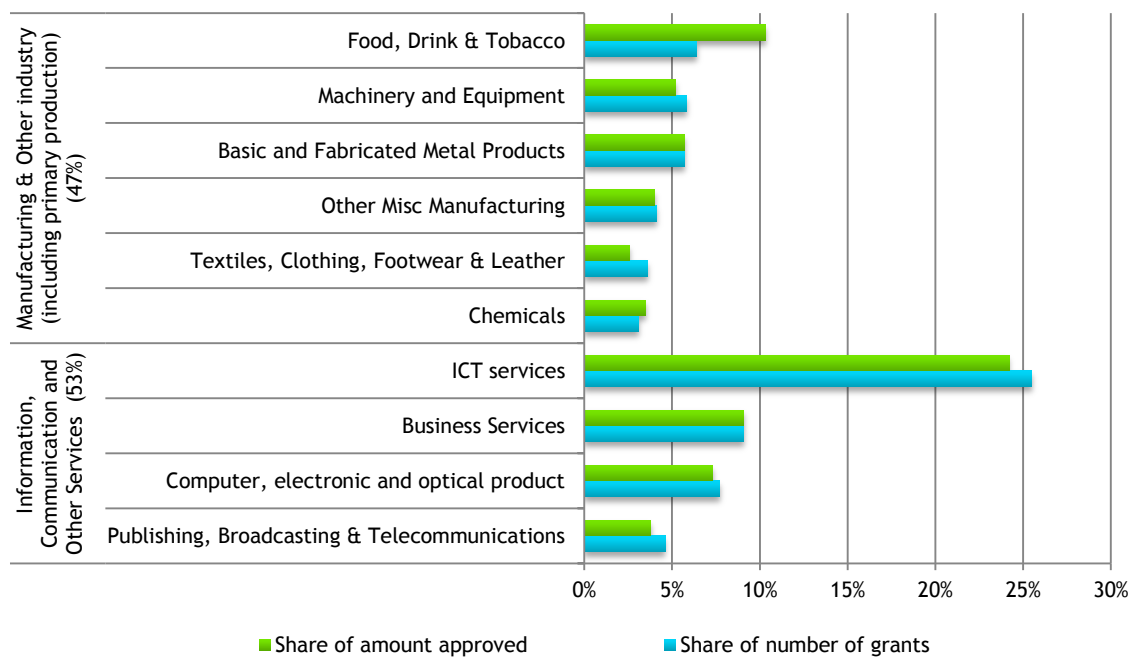
Source: ABSEI database

Sectoral breakdown

Grants of the Internationalisation Support programmes have a different distribution with respect to other Enterprise Ireland grants across manufacturing and services sectors. For Internationalisation Support grants 54 percent of grants approved relate to the manufacturing sector, compared with 62 percent for other grants.

ICT services’ (which includes technology-based companies and ICT consultancy) is the subsector with the highest proportion of Internationalisation grants approved (25 percent of the total) and the highest share of total value of grants approved. The share of amount approved and the share of numbers of grants differ significantly for the food, drink & tobacco sector. This is because the food and drink companies tend to be larger and include some multinational companies.

Figure 4.8: Distribution of Internationalisation grants per main economic activity



Source: Enterprise Ireland client database, ABSEI. Technopolis (2013)

Profile of grant recipients for Going Global

Companies that make use of the Going Global Fund are smaller in terms of sales and are less export intensive than other Enterprise Ireland companies.

Export intensity for companies that were part of the Going Global Fund is substantially lower in comparison with other Enterprise Ireland clients in that period. Companies that were part of the Going Global Fund had, on average, an export intensity of 8 percent *before* their overall participation started and were exporting an average of €0.7 million per year. Then in the year of approval, companies that received grants from the Going Global Fund had an export intensity of 21.7 percent on average. This implies that the Going Global Fund was good at targeting companies with lower exposure to overseas markets, at least in relations to their overall operations (Table 4.6).

Table 4.6: (Average) company characteristics (2009-2012)

	Companies that were part of Internationalisation Support Programmes	Other Enterprise Ireland client companies
Export intensity	22%	40%
Sales	€5.6m	€12m
Employees	38	36

Source: ABSEI database

Similar to the Internationalisation Support Programmes, about a half of the supported companies (52 percent) had some export activity between 2000 and the year before their participation in the programme. In turn, 48 percent of the companies supported by the Going Global Fund were new to overseas markets.¹⁸

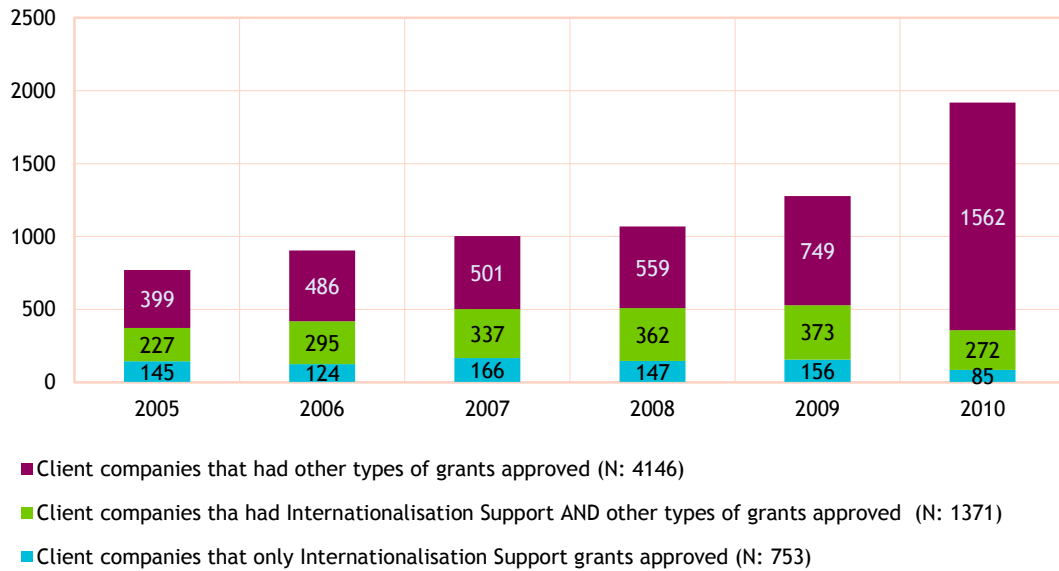
74 percent of the Going Global Fund grants were awarded to companies operating in the service sectors (Information, communication and other services), reflecting the focus of the programme on the services sector.

Synergies

The majority of companies that had a grant approved for the Internationalisation Support Programmes received this support in combination with other types of grants (1,371 out of 2,124, 65 percent). This reflects the holistic approach undertaken by Enterprise Ireland and the efforts made to help companies to overcome their more pressing needs before entering new overseas markets.

¹⁸ This estimate is based on the information available in the ABSEI data. A total of 157 companies had information on exports between 2000 and the years before their overall participation started. Of those, 76 (48.4 percent) were new to overseas markets before their overall participation in the Fund started

Figure 4.9: Number of client companies that had Internationalisation programmes versus other programmes per year (2005-2010)



Source: Enterprise Ireland client database. Note: N refers to the number of unique observations.

Company satisfaction with Internationalisation Supports

According to the survey, two thirds of the respondents were satisfied or very satisfied with the financial support provided by Internationalisation Support programmes. Other aspects that were particularly satisfying are the administration process, the quality and relevance of contacts provided and the quality and relevance of information and advice provided (61 percent of respondents were satisfied or very satisfied with the former two aspects, 60 percent with the latter). Some room for improvement is present for other aspects, such as market intelligence, access to international mentors and participation in trade fairs. In these cases, the share of companies satisfied or very satisfied is around 50 percent.¹⁹

Among the suggestions on how to improve the support of the Internationalisation programmes, recurrent points were:

- To avoid a 'one size fits all' approach, and consider business ideas more individually when providing support (one company said '*It seems to be all about trying to get your business to fit a programme*');
- To reduce the amount of bureaucracy (especially for small grants), and to offer assistance in documentation completion;
- To provide more contacts with experts in target markets (for instance Enterprise Ireland equivalents abroad, or companies with experience);

¹⁹ The option 'Not Applicable' was not provided to survey respondents

- To provide continuous support and on-going assistance even after the programme had ended.

Companies supported by the Internationalisation programmes were also highly satisfied with Enterprise Ireland staff. More specifically, 85 percent and 78 percent were satisfied or highly satisfied with their relationships with the administrative staff and the development and market advisory team, respectively. According to many companies, Enterprise Ireland staff were 'very open', 'enthusiastic', and 'helpful at all times'. However, a small number of companies (18 out of 85 responses) were less positive about their experience, with some suggestions relating to the need to develop further expertise or knowledge in particular market niches, more proactive approaches by Development Advisors and greater emphasis on follow-up and implementation.

When asked to consider the balance between costs and benefits of the participation in the Internationalisation programmes, 62 percent of the companies indicated that benefits outweighed costs, 28 percent said that they balanced out, and only 10 percent (17 companies) indicated that costs were higher than benefits.

Company satisfaction with Going Global

Clients of the Going Global Fund Companies were particularly satisfied with the financial support provided and the quality and relevance of information and advice provided. The survey also examined satisfaction with the different elements of the Going Global Fund of companies that actually received a payment from it. These results have to be taken with caution since they are based on a low number of responses (30 percent of 172 distributed surveys).

Companies were particularly satisfied also with their relationship with Enterprise Ireland. 75.8 percent were satisfied or very satisfied with the relationship with the administrative staff, and 84.9 percent with their relationship with the development and market advisory team. Several respondents added an open comment to underline that they were very pleased by the professionalism and prompt help shown by Enterprise Ireland at all times. One respondent also talked about trust, saying: 'Enterprise Ireland would be a very trusted partner with the team being outstanding in all dealings'. When asked to consider the costs of participation in the Going Global Fund programme, the vast majority of companies (75 percent) indicated that the benefits outweighed the costs. Only 1 company stated the opposite.

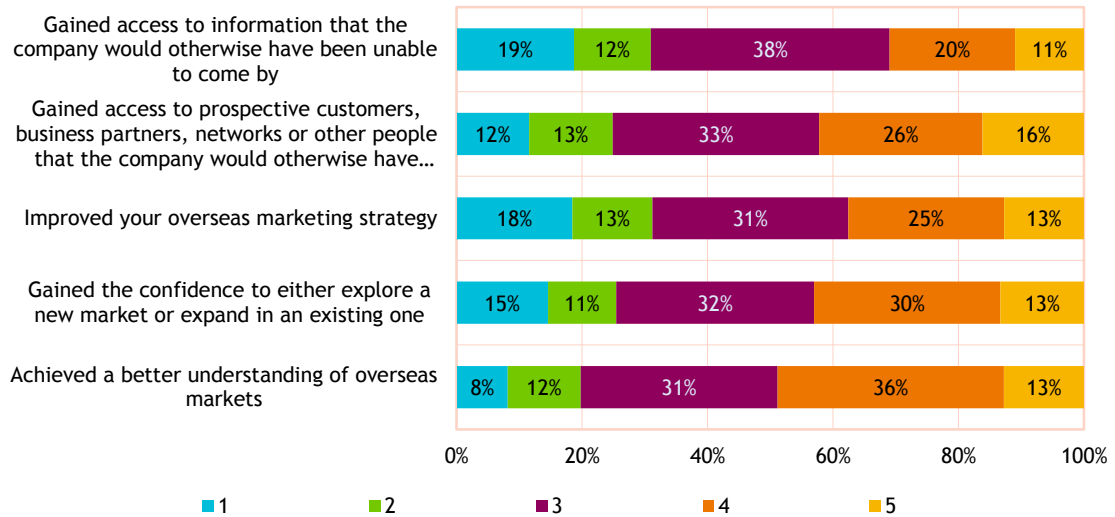
Outcomes

Internationalisation supports outcomes

The Internationalisation Support programmes have been an effective mechanism to help companies to overcome barriers to exporting related to getting a better understanding of overseas markets, access to prospective customers or partners, and gaining confidence to explore new markets. In these cases more than 50 percent of the companies rate between 4 and 5 the level of achievement of these objectives (5 being highly achieved). These are issues whose achievement has been important or extremely important for the vast majority of companies. Respondents to the survey feel that the support has been less effective in terms of providing access to information difficult to find through other sources.

Figure 4.10 Extent to which Internationalisation programmes’ client companies overcame barriers to trade

1 would indicate that the barrier had not been overcome and is not expected to be so in the future, 5 would indicate it was overcome in full.



Source: Companies’ survey. Technopolis (2013). Between 98 and 172 respondents answered these questions.

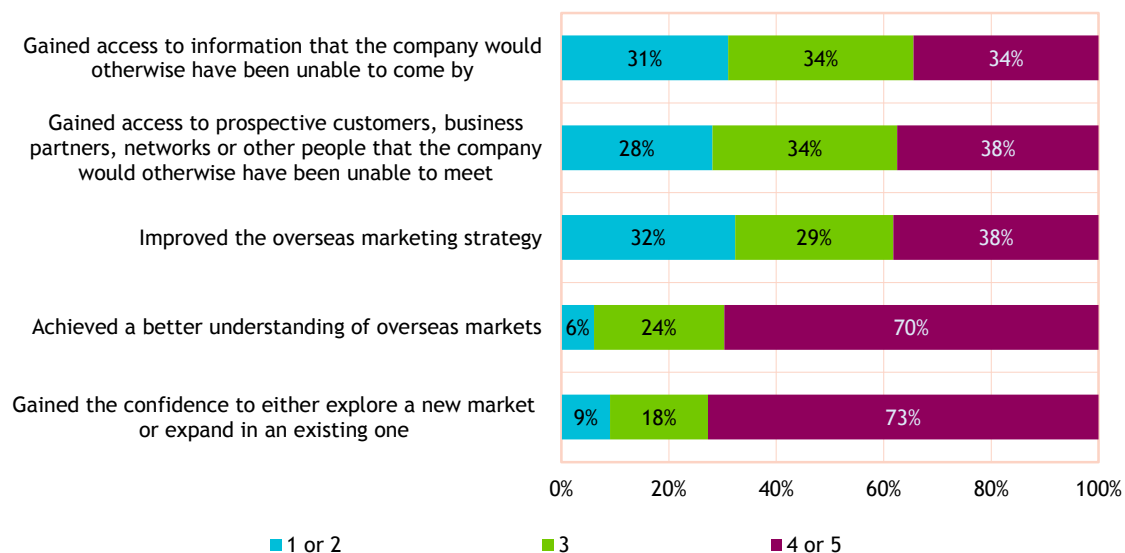
Going Global Fund Outcomes

Figure 4.11 shows the survey answers with respect to the extent to which companies felt they improved their processes and behaviours by participating in the Going Global Fund. The most important achievement regarded products or services. 48 percent of the respondents achieved the initial objective of showcasing products and services and 42 percent developed or improved their products and services to a large extent (4 or 5 out of 5). These achievements are also considered important or very important by 63 percent and 48 percent of the respondents, respectively.

A little more than one third of the companies achieved the objectives of improving their overseas market strategy, developing skills and capacity and improve their reputation overseas to a large extent. This latter achievement was however considered important or very important by a huge share of respondents (72 percent). Lastly, only 22 percent of the companies improved to a large extent their process or management practices, and overall did not feel that this achievement was particularly important (only 33 percent indicated it was important or very important to their businesses).

Figure 4.11 Extent to which the Going Global Fund’s client companies improved their processes and behaviours

1 would indicate that they have not improved them and they do not expected to be so in the future, 5 would indicate they have improved them remarkably.



Source: Companies’ survey. Technopolis (2013). Between 23 and 34 respondents answered these questions.

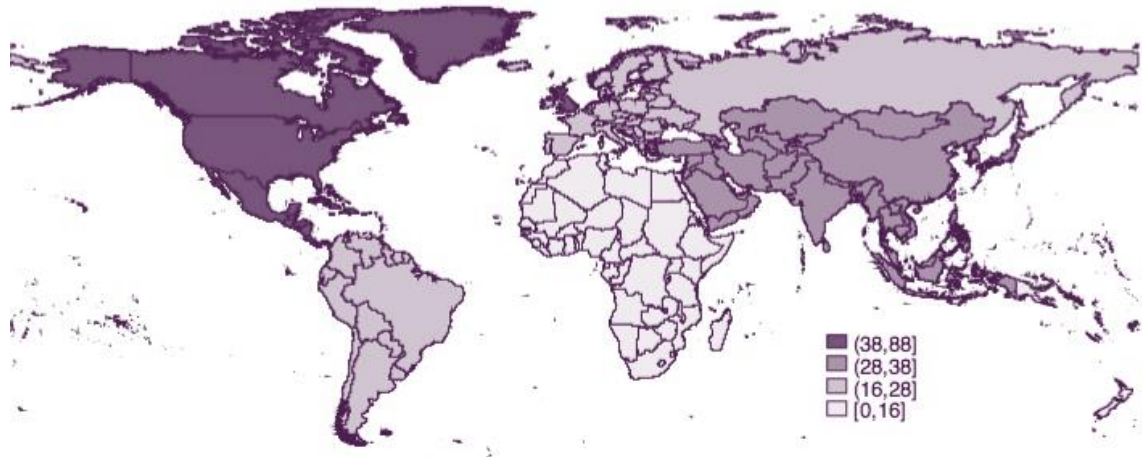
Entering new markets

The outcomes in terms of entering new markets are apparent for both the Internationalisation Support Programmes and for the Going Global Fund.

The support provided by Internationalisation Support programmes has resulted in overseas expansion. More specifically, 64 percent of respondents to the Companies’ survey (2013) state that the company has entered a new market, or is expected to do so in the future, as a result of the support provided by the programmes. Similar to what has been described in the prior sections, the Business Accelerator and Trade Fair programmes show the highest percentage of positive respondents (82 percent and 71 percent, respectively).

The information on the new markets on which these companies have started trading was gathered at macro-regional level (e.g. Asia, Europe) however, some respondents specify particular countries as well. The map shown in figure 4.12 is an attempt to visualise this information. It shows the number of respondents that indicated a region or a particular country. For instance, 52 respondents (37 percent of the total) indicated that they have started exporting to the UK (or plan to do so in the future); while 49 respondents (35 percent of the total) indicated that they have started exporting to the US (or plan to do so in the future).

Figure 4.12: New markets entered (or that respondents expect to enter) as a consequence of the support provided by the Internationalisation programmes



Source: Companies' survey, Technopolis (2013).²⁰

Many companies expanded overseas or will do so in the near future, as a result of the support provided by the Going Global Fund. A substantial majority of respondents (79.4 percent) say that their company has entered a new market, or is expected to do so in the future. A total of 11 companies (35 percent of respondents) said that they have started selling their products and services to customers based in the United Kingdom, or expect to do so in the future, as a result of their participation in the programme. Other common destinations are the Asian region (7 companies) and the USA and Australia (5 companies). Note, however, that the total number of responses is low.

Impacts

To assess the potential improvement on performance indicators of those companies that received support from the Enterprise Ireland for internationalisation a 4-step analysis is followed:

1. **Univariate analysis of change in performance indicators.**
2. **Counterfactual analysis to measure change in performance indicators.**
3. **Other measures of additionality.**
4. **Net direct impact.**

For steps 2, 3 and 4 of the analysis the definition of 'participation' is restricted and excludes those companies that did not draw down a grant approved for the programmes for internationalisation. This is in order to focus the analysis of impact on only those companies that were approved, then implemented the project and drew down the grant.

²⁰ The legend indicates the number of respondents

Univariate analysis

Performance before and after participation was tested to establish if the differences are statistically significant. This approach is usually referred as univariate analysis or difference-in-mean analysis. In the case of exports, this simple statistical analysis points towards an increase in exports from €1m to €1.9m during the participation. This change is statistically significant. The value of exports after the participation in the programme (€2.5 million) is significantly higher than the initial value before programme participation but not significantly different from the value during programme participation.

Export intensity increases, first from 15.1 percent to 34.7 percent, and further, after the programme ended, to 37.5 percent. However, the next section shows that this is also the case with companies in the control group. Moreover, the estimated increase in exports has gone hand in hand with a similar increase in domestic sales. Companies' exposure to international markets increased during the programme and continued to increase afterwards, suggesting a long-term effect of the programme on companies' business. Similar results are also found for R&D expenditure and productivity. These indicators increased significantly during and after the programme ended.

Counterfactual analysis

A counterfactual analysis was conducted in order to reach a conclusion regarding the impact of the Internationalisation Support Programmes on exports, export intensity and employment. For this analysis a sample of Enterprise Ireland client companies is used that did not participate in the Internationalisation Support programmes as control group. Propensity Score Matching (PSM) is used in order to select the control group (see [Technical Annex](#)). For this calculation, information is used (contained in the ABSEI data) on companies' age, value of exports, export intensity and size (number of employees), before the participation in the programmes took place.²¹

From this analysis it is possible to:

1. Isolate the effect of only being involved in the Internationalisation Support Programmes
2. Isolate the effect of only being involved other types of Enterprise Ireland's business support.
3. Calculate the effect of being involved in both.

The counterfactual analysis shows that the average annual effect of the programmes on exports is a 34 percent increase. In other words, support grants were on average 34 percent higher, in any given year after the participation started, in comparison with those that did not participate in the programmes.

Further, the analysis shows that exports of companies receiving only other type of business development grants from Enterprise Ireland are on average 52 percent higher a year after participation started than those of companies that did not participate. However, the Internationalisation grants and other business grants are not substitutes: they are complementary. Thus, if companies participate in both the Internationalisation Support Programmes and other

²¹ Variables such as region and sector were not included in the propensity score matching, however it was found that both samples are well distributed across these two factors. The distribution across the three main regions is almost identical between treatment and control group. Regarding economic sector, the 68 percent of treatment group are manufacturing companies, in comparison with 60 percent in the control group

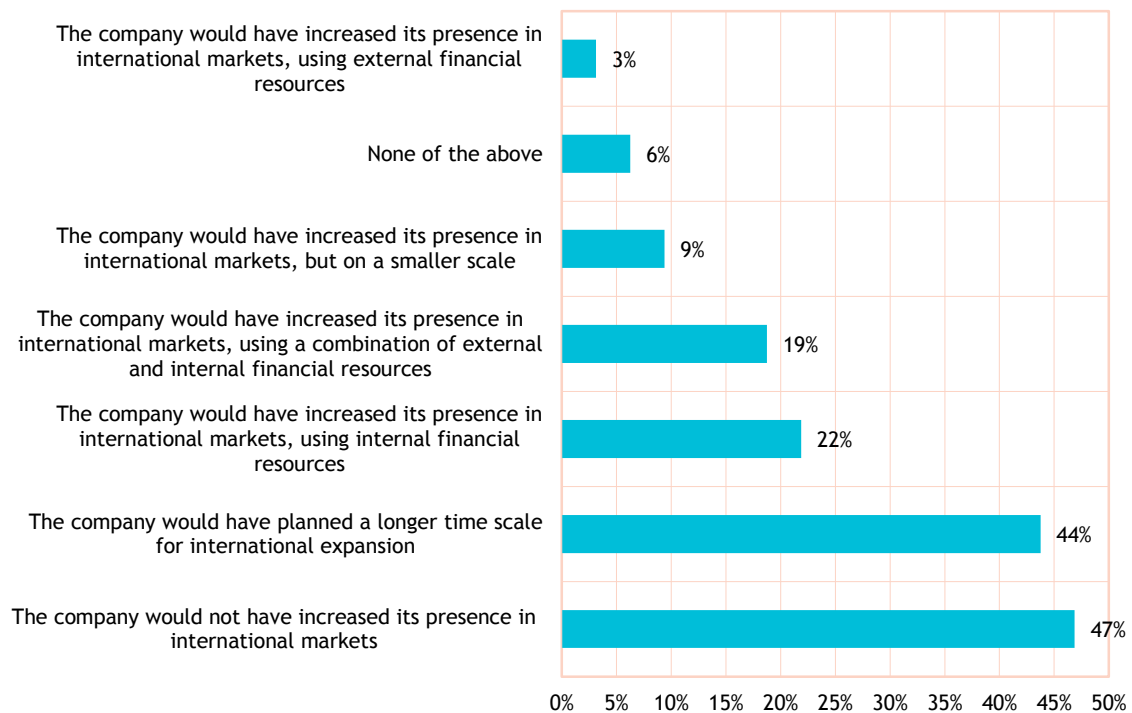
types of support the average effect on exports is to increase them by 59 percent. This is less than the effect of the two sets of supports combined. In fact, the results show that if a company has been involved in two sets of supports combined, then the marginal effect of participating in Internationalisation Support Programmes to exports is 7 percent (=59-52).

In sum, the analysis shows that companies that had a grant from the Internationalisation Support Programmes registered an increase in exports in absolute values. If companies participate in other types of grants as well, then the positive effect is higher, but the individual effect of the Internationalisation Support Programmes decreases.

Other measures of additionality

In the survey, 47 percent of the respondents said that they would not have expanded their presence in overseas markets had the programmes not taken place. This implies that 53 percent of them would have expanded anyway, albeit at a lower scale or at a longer time scale.

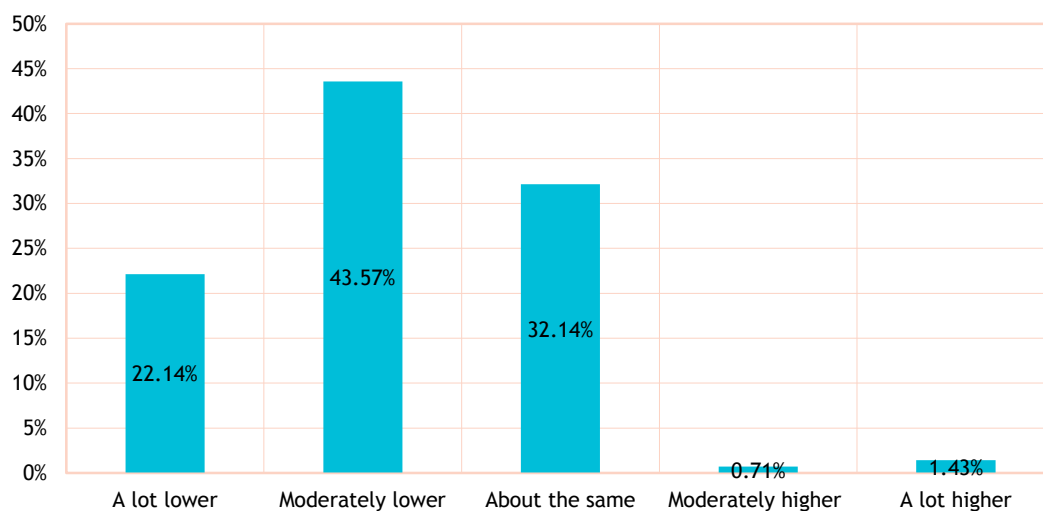
Figure 4.13 Qualitative additionality Going for Global



Source: Companies’ survey, Technopolis (2013). Based on 32 respondents.

As explained above, survey respondents were also asked to estimate how much higher (or lower) their **export intensity** would have been in 2012/13 without the support provided by the Internationalisation Support Programmes. Approximately 66 percent of respondents state that their exports (as a percentage of sales) in 2012/13 would have been lower or a lot lower without the support. Some 32 percent state that their export intensity would have been about the same. Very few companies think that exports would have been higher without the support.

Figure 4.14 Counterfactual scenario for Internationalisation programmes - Export intensity



Source: Company Survey. Technopolis (2013). Based on 140 respondents.

Net direct impact

To calculate the Direct Net impact of the programme (in terms of exports and total economic activity) a standard methodology is used, which accounts for deadweight (counterfactual), displacement, leakage and substitution. The impact of the programmes (and its total additionality) was calculated only with regards to the ‘additional’ exports that would have not taken place on the absence of the support. If a company joined the programmes in 2005, it is expected to see results in exports performance in 2007 so that additionality (or deadweight) is calculated only based on the information corresponding to the period 2007-2012.

Table 4.7: A comparison between ‘actual’ exports and the counterfactual scenario

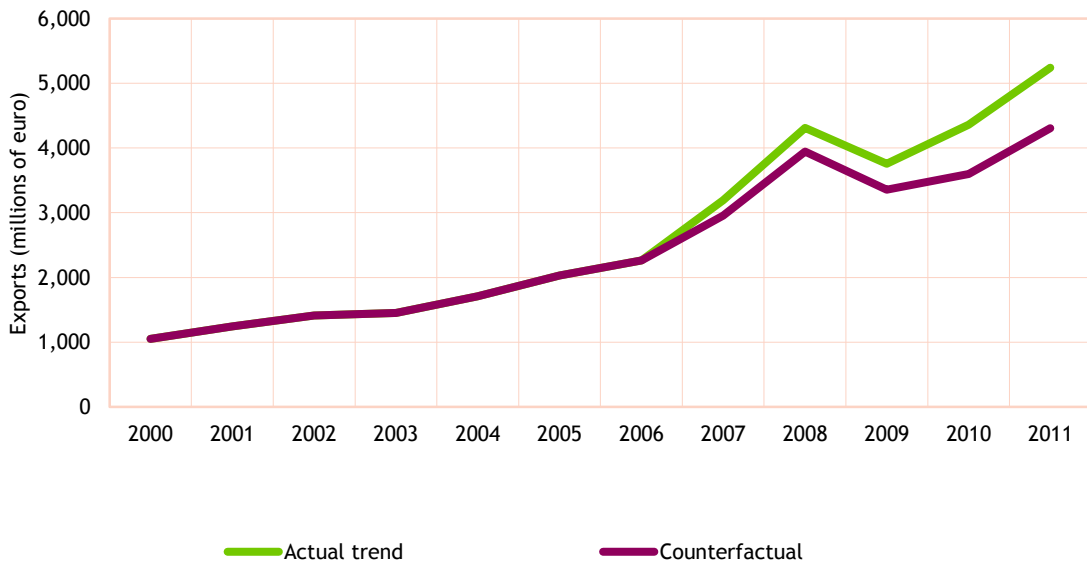
Year	Total exports (companies that took part in the Internationalisation Programmes 2005-2012) (€'000)	Counterfactual scenario (€'000)
2006	2,264	2,264
2007	3,192	2,953
2008	4,313	3,946
2009	3,756	3,357
2010	4,359	3,598
2011	5,241	4,304

Source: Technopolis (2013).

Figure 4.15 shows the grossed-up figures in a graph. The green line shows the actual trend in exports of companies involved in the Internationalisation Support Programmes. The purple line shows the counterfactual scenario ('what would have happened the absence of the support'). The green line starts in 2007 because the assumption is that the potential positive effects of programme are materialised after two years.

The gap between the actual performance and the counterfactual scenario widens as it moves along the years. This is because every year under the period of evaluation (2005-2010) a new cohort of companies enters the Internationalisation Support Programmes and, two years after this, a share of their exports can be attributed to their participation in the programme. In other words, the programmes can only 'claim' the additional exports the in the year which the company joins the programme. By definition, the exports of the company before joining the programmes would have happened anyway.

Figure 4.15: Exports: Counterfactual scenario and actual performance (in € millions)



Source: Technopolis (2013)

The total additional exports attributable to the programmes in the period 2007-2012 equal €2,702 million. During the same period the total exports of companies that participated in the Internationalisation Support Programmes were €20,806 million. This means that the programmes added 13 percent to total exports. Conversely, this also means that the deadweight is 87 percent ('what would have happened anyway').

Again, the reader should be reminded that annual exports of companies that participated in the Internationalisation Support Programmes were between €1,000 and €2,000 million even before the programmes started. Exports increased over the years, but only part of that increment can be attributable to the programme. Moreover, in 2007 the programmes could only have created an effect on exports of companies that joined the programme in the first year (some 372). This implies that the proportion of deadweight is very high in the first years of the programmes since

most of the total value of exports would have happened anyway, and decreases towards the end of it as the programme’s cumulative effects build up over time.

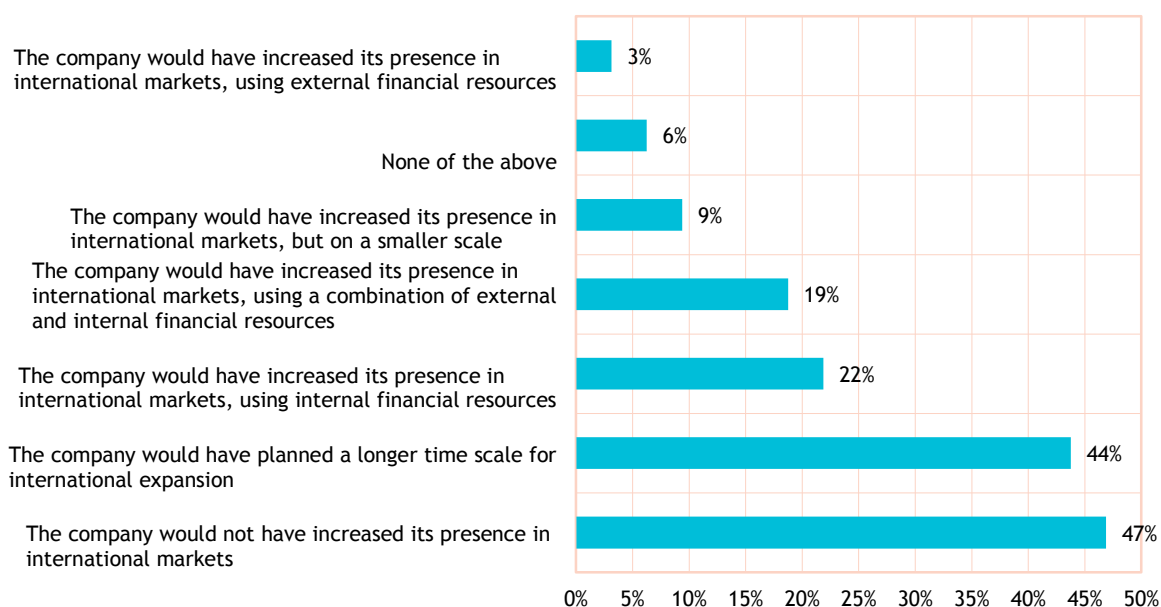
These additional sales have a direct economic impact on the Irish economy. Based on this modelling and after grossing up it is estimated that the Internationalisation Support Programmes had generated an additional net GVA of €660 million to the Irish Economy, between 2007 and 2012 (accounting for displacement - gross GVA €794 million).

In addition to the net additional direct impact, there is also an indirect effect on the economy through the expansion of the economic activity, and induced impact. The standard output and employment multipliers calculated for the Irish economy are used. On this basis, it is estimated that the Total Net (Additional) Economic Impact of the Internationalisation Support Programmes to the Irish Economy is €1,040 million between 2007 and 2012.

Counterfactual analysis of the Going Global Fund

The majority of companies said that sales (79 percent), export intensity (72 percent), the number of employees (70 percent) and the gross value added (67 percent) would have been lower without the support from the Going Global Fund. The evidence on innovation is much less strong. The positive impact on performance indicators is thought to be sustained over time. The majority of companies think that the Going Global Fund will continue a positive influence on all the indicators in the future (2016/2017). Again, the only exception is innovative effort, where less than half of the companies believe that the indicator will be lower in 2016/2017 if they had not received support from the Going Global Fund. Furthermore, 47 percent of respondents state that the company would not have increased its presence in international markets in the absence of the support. On the other hand, 53 percent of the respondents believe that expansion would have happened anyway but at a lower scale or on a longer time scale.

Figure 4.16: Qualitative additionality of the Going Global Fund



Source: Companies’ survey, Technopolis (2013). Based on 32 respondents.

Cost-benefit analysis of the programme

The cost-benefit framework compares the economic benefits attributable to the grant programme by way of additional wages, profits and taxes in Ireland, both direct and indirect, to both direct and indirect costs incorporating grant costs and overhead costs incurred by Enterprise Ireland. Benefits are adjusted to reflect the shadow price of labour and discounted to reflect net present values. Benefits are also adjusted for deadweight and displacement. Costs are adjusted to reflect the shadow cost of public funds.

While the years in which grants were approved vary for different recipient firms over the years 2005-2010, the benefits are captured over the period 2007-2011 thus allowing a two year time lag for impact.

Direct benefits relate to the additional profit earned and payroll spent by the beneficiary firms over the years 2007-2011, as well as the additional taxation (both payroll and corporation tax) associated with them. Indirect benefits are similar variables arising elsewhere in the economy and are measured using output multipliers for the main sectors in which the grant recipients operate.

Two different multipliers are presented here which give a range for cost benefit results. The lower multiplier (1.574) is the average output multiplier for computer and related services activities according to the Central Statistics Office. The higher multiplier number (2.3) was sourced from research commissioned by Enterprise Ireland in 2010 to assess the indirect and induced impacts of Enterprise Ireland companies.

A range of other important parameters and values are utilised in the CBA. These are shown in Table 4.8, and reflect current Department of Public Expenditure and Reform guidance, as well as survey findings and results of econometric analysis.

Table 4.8: Key CBA parameters and values

Internationalisation Support Programmes	
Shadow Price of Labour (Shadow Wage)	80%
Shadow Cost of Public Funds	130%
Discount Rate	5%
Payroll Tax Rate	35%
Profit Tax Rate	12.5%
Displacement	16.95%
Substitution	-
Leakage	-
Level of Grant Deadweight for Economic Impact	96.5%
Level of Grant Deadweight for Exports	87.1%

Table 4.9: Cost benefit analysis

Internationalisation Support Programmes		
	Cost	
Direct costs: total amount of grants paid	€ 36.895 million	
Indirect costs	€ 0.737 million	
Total costs (adjusted for shadow costs of public funds 130%)	€ 48.924	
	Exports	Total Net Additional Economic Impact
Benefits	€ 2,702 million	€ 204 million
Cost Benefit Ratio (multiplier 2.3)		€6.11 to €1
Cost Benefit Ratio (multiplier 1.574)		€4.18 to €1
Exports generated from every €1 of grant paid	€ 55.23	

For every euro invested the programme has been able to generate between €4.18 and €6.11 in terms of total net additional economic impact for the Irish economy.

Furthermore, the programme was found to have generated €2,702 million in additional exports. This implies that for every euro invested the programme has been able to generate €55.23 additional exports.

The overall efficiency of both the Internationalisation Support Programmes and the Going Global Fund - according to the Enterprise Ireland definition - appears to be good. Officially, Enterprise Ireland uses a linear overhead definition of 2 percent of grants paid. The companies that have been interviewed are relatively positive about the administrative burden that comes with the programmes. In almost all cases, the benefits outweighed the costs of participation for the companies.

International comparisons

Technopolis looked at the organisational structures, customer orientation strategies, targeted countries and industries, services provided, and performance of a number of organisations with similar objectives to Enterprise Ireland. These included the UK Trade & Investment (UKTI), Team Finland, New Zealand Trade and Enterprise, and the Danish Trade Council.

- UK Trade & Investment (UKTI) is the UK's international trade and inward investment promotion organisation. UKTI is a joint, non-ministerial agency supervised by the Government Department for Business, Innovation and Skills (BIS) and the Foreign & Commonwealth Office (FCO). UKTI has its own objectives, and also contributes to the objectives of both parent departments. UKTI delivers its remit on their behalf through staff and assets mainly employed by either the FCO or BIS.

- Team Finland promotes Finland's external economic relations and country brand, the internationalisation of Finnish companies as well as foreign investment directed at Finland. More than an organisation, Team Finland is a network, which brings together key actors in both the private and the public sector supporting business internationalisation, with the aim of intensifying cooperation between players in the sector.
- The Trade Council is the governmental export and investment promotion organisation under the Ministry of Foreign Affairs of Denmark. The organisation comprises all governmental activities designed to promote Danish export and foreign investment in Denmark under one roof. The Trade Council is currently represented by the Minister for Trade and European Affairs, one of the three ministers in the Ministry of Foreign Affairs.
- New Zealand Trade and Enterprise (NZTE) is New Zealand's international business development agency.

Additional input was provided directly by the programme managers of UKTI (Mr Richard Perry, UKTI Strategic Trade Group), Team Finland (Mrs Heini Günther, Team Finland regional coordinator for Central Finland), NZTE (Mrs Lucy Howie, Business Advisor of NZTE) and the Danish Trade Council (Mr Rune Lindgård Andersen, Assistant at Ministry of Foreign Affairs of Denmark).

In summary, the review of international practice identified four main themes that could be helpful for Enterprise Ireland to consider.

Customer orientation strategy

Programmes supporting business internationalisation in big countries (like UK) have a programme-oriented type of strategy, which is not well suited to Enterprise Ireland, and some customers have specifically been complaining about this (*'It seems to be all about trying to get your business to fit a programme'*). Enterprise Ireland should maintain its 'holistic' approach, and getting its inspiration from organisations supporting internationalisation in smaller countries, such as Denmark or New Zealand. The Danish Trade Council and New Zealand Trade and Enterprise (NTZE) opt for a more client-oriented style, in which individual approaches are developed, based on the customers' needs.

Following companies in their internationalisation journey

The Trade Council and NZTE nurture the relationship with their existing clients, following them in their internationalisation journey. Enterprise Ireland could learn from this approach, by including links among the programmes supporting internationalisation. For instance, in the eligibility criteria of the different programmes, it may decide to give the priority to existing clients of other Internationalisation Support Programmes. This suggestion is also supported by the evidence that the positive impact of the five Internationalisation Programmes is higher for companies that also received other forms of support by Enterprise Ireland. Moreover, it would address some of the companies complaints emerged in the survey, such as that the need for continuous support and on-going assistance even after the programme had ended.

Relying on partners

Enterprise Ireland relies heavily on industry experts in its new Market Research Programme and in the Business Accelerator programme. However, the role of external industry partners in other

countries seems to be more central, especially for UK Trade and Investment (UKTI) and NZTE. The private-sector specialists bring with them expertise and invaluable knowledge from around the industry. Even though Enterprise Ireland uses these external experts in their programmes, their roles are not as institutionalised as is the case in the UK and in New Zealand.

Monitoring systems

Some of the benchmarking internationalisation support programmes have a very efficient monitoring system in place, which can be very helpful when evaluations of the support are needed. UKTI regularly surveys a sample of its client companies, segmenting per programme. The Danish Trade Council collects feedback through a short survey that is sent via email each time a company receives a service from the Trade Council. In New Zealand, a customer survey is administered annually by a third party on behalf of NZTE, to all of the companies for which the support is more intense and for some of the regular customers.

Conclusions and findings

Appropriateness

An assessment has been made above of the alignment of the Internationalisation Support Programmes with national policies, and a programme logic model for the Internationalisation Support Programmes has been constructed. The hierarchy of objectives clearly shows how the six programmes are situated in national policies concerning internationalisation, especially the *NDP*, *Ahead of the Curve*, and *Catching the Wave*. In particular, the *Catching the Wave* report has been of major importance for the design of the Going Global Fund. The alignment with national policies is evident.

The appropriateness of the programmes is evident. Their alignment with broader Irish policy goals is good. They clearly contribute to broader Irish export policy objectives. The programmes are adjusted regularly in an evidence based way by Enterprise Ireland. This helps them to meet the needs of Irish SMEs.

Effectiveness

It was found that during the evaluation period, over 2,100 companies have had a grant approved under the Internationalisation Support Programmes, involving a total approvals amount of €53 million. Most beneficiary firms only had one Internationalisation grant approved. 'Computer Consultancy' is the economic activity that has had the largest proportion of grants approved. It accounts for about one quarter of all grants. Almost two thirds of companies that had a grant approved for the Internationalisation Support Programmes received this support in combination with other types of grants, mostly grants that correspond to the thematic area of Job Creation and Capacity Building.

The Going Global Fund is, of course, much smaller. Between 2009 and 2012 about 250 companies have had a grant approved under the fund, to a total of €3.8 million. More than 95 percent of the firms only had one grant approved. Most of the grants have been approved for companies that operate in the service sector. This is the sector for which the programme was initially set up. As in the case of the Internationalisation Programmes, the Going Global Fund is often used in combination with the thematic area of Job Creation and Capacity Building.

The Internationalisation Support programmes have been an effective mechanism to help companies to overcome those barriers to trade related to getting a better understanding of overseas markets, access to prospective customers or partners, and gaining confidence to explore new markets. Companies feel that the support has been less effective in terms of providing access to information difficult to find through other sources or overcoming procedural barriers. This was not one of the initial objectives of the programme. Almost 80 percent of the companies that received support from the Going Global Fund entered a new market, or expect to do so in the future as a result of that support. The Going Global Fund has helped companies overcome barriers to internationalisation linked with gaining the confidence to explore new markets and obtaining a better understanding of overseas markets. The programme also greatly helped companies to develop their products and services and to showcase them overseas. Moreover, the Fund contributed to the implicit objective of bridging the gap between Enterprise Ireland and SMEs in the business services sector. The fund has generated a large set of new clients for Enterprise Ireland.

Companies that had grants approved for the Internationalisation Support programmes report an increase in exports of about 34 percent. Even though this seems substantial, further analysis also shows that exports of companies that only had grants approved for other Enterprise Ireland business support programmes are on average 52 percent higher, in any given year after the participation started, in comparison with those that did not participate. But there are strong complementarities across the different types of business support offered by Enterprise Ireland. Companies that make use of the Internationalisation Support programmes and of Enterprise Ireland's business support programme effective, witness an average export growth of 59 percent. In sum, the analysis shows that companies that had a grant from the Internationalisation Support Programmes registered an increase in exports in absolute values. If companies participate in other types of grants as well, then the positive effect is higher, but the individual effect of the Internationalisation Support Programmes decreases.

From an evaluation point of view, this would be a strong argument for a more 'holistic evaluation', that follows the structure of Enterprise Ireland's portfolio of programmes. Looking at each set of programmes in isolation (as has been done so far) only provides partial answers in terms of effects and impacts of the programmes.

Efficiency

This evaluation was to assess the efficiency of the programme through a cost efficiency analysis. The cost benefit analysis shows that for every euro invested the programme has been able to generate between €4.18 and €6.11 in terms of total net additional economic impact for the economy. Furthermore, for every euro invested the programme was found to have generated €55 in additional exports.

In terms of overhead costs Enterprise Ireland uses a linear overhead definition of 2 percent of grants paid. Given Enterprise Ireland's overhead definitions, the programmes are efficient. This also seems to apply to the client's administrative burden. The companies that have been interviewed are relatively positive about the administrative burdens that come with the programmes. In almost all cases, the benefits outweighed the costs of participation.

Recommendations

- The added value of the Internationalisation Support Programmes is substantial. In terms of impacts, companies that had grants approved for the Internationalisation Support programmes show an increase in exports of about 34 percent. If the estimated additional exports that are attributable to the programme between 2007 and 2012 are summed up, then the total additional exports in this period equal €2,702 million. This is an argument for continuing specific internationalisation support measures in the upcoming period.
- There should be further investigation of synergies between the Internationalisation Support Programmes and other types of support at the company level. The evaluation clearly shows that the impacts of the Internationalisation Support Programmes are substantial at the aggregate level. Moreover, the econometrics show that the impact of a combined use of Internationalisation Support Programmes and other Enterprise Ireland programmes is even more effective at increasing exports. A detailed assessment of this mechanism at the company level is beyond the scope of this evaluation. It is suggested that Enterprise Ireland should carefully investigate this mechanism at the company level. Combining certain characteristics of the Internationalisation Support Programmes and other programmes might result in even stronger export growth at both the company level and the aggregate level.
- A simpler but flexible 'programme' able to cover the functions of the various schemes all-in-one should be considered. Enterprise Ireland has a pragmatic approach to the design and implementation of its programmes. The design of the programmes is based on the policy framework described in the 'Alignment with National Policy' section, and on a quantitative assessment of clients' needs. This implies that the organisation can respond relatively rapidly to changing needs in the market. This flexibility is an asset that should be maintained. It should be used to implement flexible tools that explicitly integrate and exploit the roles of the international office, and that make better use of the synergies described above.
- There is a need to define logical frameworks, programme-specific metrics and monitoring systems for the programmes. One of the first findings of the evaluation was that Enterprise Ireland's Internationalisation Support Programmes lacked clear logical frameworks. Goals were not set in quantitative terms; and means were not defined in terms of these goals. Furthermore, metrics to measure outcomes and impacts were never introduced. It is our experience that programmes like the ones evaluated significantly benefit from clear logical frameworks, and the prior identification of goals, means, and metrics. They would have provided Enterprise Ireland an opportunity for real-time monitoring, feedback and adjustments along the way.
- A more holistic evaluation approach should be considered in future evaluations. Besides its flexibility Enterprise Ireland's strategy is explicitly holistic. This implies that Enterprise Ireland's programmes target all elements of business development requirements. The total set of business development programmes have been evaluated in six separate respective evaluations. Even though these evaluations address the holistic approach that Enterprise Ireland uses, they do not evaluate the holistic approach itself. This implies that important aggregate benefits of Enterprise Ireland's approach might not receive the attention they deserve.

