

**COPIE ACTION PLANNING GROUP
FLANDERS BASELINE REPORT**

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Introduction

Flanders is a region of Belgium with its own elected government and considerable autonomy for action independent of the Federal Government of Belgium. It has a population of circa 5 million and a workforce of some 2.6 million.

At the time of the agreement of its Operational Programme it identified the following critical issues to be addressed:

A federal state with three language communities, French, Flemish and German, and three geographical regions, Wallonia, Flanders and Brussels-capital, Belgium suffers from low employment, at 60.5% - this is around 3% below the European average.

When these figures are broken down, Belgian employment is average among the 25-54 age group, but it drops to 30.1% in the 55-64 age bracket. This constitutes a real problem, as official statistics predict that nearly a third of the Belgian population will be over 60 by 2020. Meanwhile, early retirement continues unabated. In 2001, over 12 000 opted out. By 2003-4, this figure had shot up to 17 000. If this continues and if policy is not changed drastically, a cumulative 126 000 early retirees could leave the workforce by 2010.

Unemployment levels vary strongly between Belgium's three regions, from 4.5% in Flanders to 11% in Wallonia and 13.6% in

the Brussels region. While Flanders enjoys higher employment and productivity than the other regions, long-term unemployment blights the whole country, standing at 29% in the 15-24 age group and 73% among the 50-64-year-olds.

Belgium has a two-tier benefit system: people receiving social assistance from the Public Centres for Social Assistance (CPAS) are considered less employable than those on unemployment benefit. Previous ESF programmes and national initiatives have addressed this, but much remains to be done. It is clear that there is untapped potential in Belgium, particularly amongst the elderly, disadvantaged groups and women. Female employment levels have recently increased by 1.2% to 53.8%, but are still 2.5% lower than the European average, and well short of the European objective of 60%.

Whilst these fundamental issues have remained the case clearly the recession has brought with it rising unemployment particularly amongst the young. Industry as a whole has been hit very hard in particular in the automotive and textiles sectors. The public sector directly employs some 15% of the workforce whilst key private sectors are retail, construction and commerce (20%), manufacturing industry (17%), business services (16%) and privately-owned care facilities often clearly financed through public finance (hospitals, homes for the elderly, dentists, etc) (15%).

The Administrative Structure

The Federal Government has responsibility for a range of services, some of which have a bearing on the work of COPIE, the regulation of social benefits and legislation for consumer affairs are two of particular importance. It is, however, at the regional and municipal level that most of the work of COPIE is determined.

The Department of Work and Social Economy has two ministers of equal seniority, the Minister for Work and Education and the Minister for Mobility and Social Economy. It contains three external agencies and one internal agency as well as a central department for handling government business:

- Vlaams Agentschap voor Ondernemersvorming - Syntra Vlaanderen. An external agency responsible for public entrepreneurship training for all age groups. This includes assistance for entrepreneurs and potential entrepreneurs.
- ESF Agentschap Vlaanderen vzw - the European Social Fund Managing Authority.
- Vlaams Subsidie Agentschap voor werk en sociale economie, an internal agency responsible for running programmes for the unemployed.
- Vlaams Dienst voor arbeids bemiddling en beroepsopleiding. An external agency responsible for vocational training.

The Department has a Policy Board made up of the Chairs of each of the Agencies. This Policy Board is used by the Ministers to advise on the formulation of policy for the Ministry as a whole.

The Department for Economy and Science has a similar structure with a number of internal and external agencies addressing issues of entrepreneurship, innovation, sectoral development and transport. European Regional Development funds are managed by this Department within a team created as a result of a recent merger between two internal agencies - Agencies Agentschap Economie and Vlaams Agentschap Ondernemen (VLAO). The Department has a single minister serviced by a policy board from the chairs of each of the agencies.

The Department for Education has no external agencies but four internal agencies and is responsible for education at schools, further and higher educational establishments. It has a single Minister and is serviced by a Policy Board from the Chairs of each of the internal agencies.

These three departments and in particular the first two are critical to the success of COPIE's work, and would set the overall policy context for the promotion and support of entrepreneurship in Flanders.

There are five provinces in Flanders, each with its own economic development function. Each province has a Principal Development Organisation (POM) which whilst being part of the Department for the Economy and Science is run in a manner that very much reflects the needs of the province. Each POM would provide advice and guidance to individuals wishing to set up in business and signpost to sources of finance, access to property, etc. Whilst the Flanders Government can set standards for service, the actual quantity of that service and the methodology by which it is delivered is a matter for the POM itself.

Private organizations play a very significant role in the actual delivery of services, usually, through contracts from the Government. Principal among these are UNIZO (a private organization representing and meeting the needs of SMEs) and VOKA (a private organization representing and meeting the needs of larger enterprises). It is also important to note that both these organizations are members of the very influential Social Economic Council which meets with the Government four times a year to discuss any new policies that might affect business. There are only six members of the Council; the others are an organization representing farmers' interests and three trade unions. Thus, both UNIZO and VOKA play a role both in shaping and forming policy and in the delivery of services.

The Role of ESF in promoting Entrepreneurship

The main objective Flanders will be pursuing with EU Structural Funds during the 2007-2013 period is avoiding its projected labour shortfall by increasing and enhancing its workforce. Flanders has developed a five-point strategy which will concentrate efforts on increasing employability and will also draw in those previously excluded from the job market. Meanwhile, it will take a concerted action to ensure that existing workers continue to develop their skills. These steps should ensure that Flanders is able to sustain its access to a high-quality labour force so that economic growth in the region can be maintained.

Priority 1: Activation of talent and the sustainable integration of the labour market

Maintaining a sustainable labour market is key to Flanders' future economic prosperity. The ESF Operational Programme will help achieve this by exploring the talents of those who are already employed and by developing the talents of those who are not yet in the workforce. Three techniques will be brought into play:

Smoothing the path from school to work, by offering work Experience, study guidance, professional training and tackling early school leavers;

Facilitating the transition from unemployment to employment, using pathways to jobs, on-the-job training and recognition of acquired competences;

Easing the transition between jobs. Career guidance, training and skills recognition will all help here.

Priority 2: Promotion of social inclusion

It is vital that Flanders increases its workforce by drawing in those who are currently excluded - immigrants, older people, people with disabilities that prevent them accessing the labour

market easily, and those with limited schooling. The Flemish ESF programme plans to draw on the knowledge that extra training works particularly well in reaching these groups. Three approaches will be adopted:

Helping excluded groups acquire work experience;

Using adapted pathways and job-coaching;

Social economy measures.

Priority 3: Promotion of an entrepreneurial and organisational culture

Flanders' current buoyant economic conditions will help to foster the right kind of entrepreneurial spirit to focus the workforce's efforts on creating a sustainable future. This should permit the healthy development of talent and effective social inclusion. It should also help workers to achieve a satisfactory work/life balance.

Priority 4: Innovation

The fourth priority follows the ESF's thrust to produce an environment in which growth and renewal can flourish. The Flemish labour market can only benefit from an atmosphere of social innovation.

Priority 5: Transnational and inter-regional co-operation

Here, Flanders will look to other Member States and regions for best practice on achieving its first three priorities. The idea is to pool information and experiences and therefore to add value in order to develop, implement, finance, monitor and evaluate projects.

In addition to the five priorities already laid out, Flanders' ESF programme has two horizontal priorities - equal opportunities and diversity. The Operational Programme

will be evaluated continuously to ensure that these two additional considerations are fully represented at every step.

The priority 3 activity is now focused upon maintaining existing firms and helping them adapt to changing circumstances. It does this by bringing on talent within firms, through talent development programmes and encouraging firms to adopt practices already designed and tested through previously-funded ESF activities. It does the latter by identifying key entrepreneurs to act as ambassadors for particular practices and giving these entrepreneurs a platform for the promotion of the good practice so that in effect the entrepreneurs learn from each other.

Other priorities also support the development of entrepreneurship. Thus, by way of example, UNIZO have been funded under priority 1 "Activation of talent and Integration of the labour market" to recruit and train individuals from disadvantaged communities to set up their own businesses. Equally, VOKA have been awarded a contract to assist in the creation of local social firms. It is at the point of starting up enterprises that the role of ESF finishes and the role of ERDF commences.

Role of the ERDF in promoting Entrepreneurship

On 7 December 2007, the European Commission approved an Operational Programme for the Flemish Region of Belgium for the period 2007-2013. This Operational Programme comes under the 'Regional competitiveness and employment' objective and has a total budget of around €498 million. The aid provided by the European Union from the European Regional Development Fund (ERDF) amounts to some €201 million, which represents about 8.9% of the EU's total investment in Belgium under the cohesion policy 2007-2013. The Operational Programme for Flanders for the period 2007-2013 focuses on three strategic objectives:

- to promote knowledge transfer among companies, non-profit organisations and public administrations;
- to encourage entrepreneurship and innovation in order to boost job creation and strengthen economic structures so as to maximise economic growth;
- to optimise support for development projects to make towns and cities more attractive in terms of entrepreneurship and innovation

Specific support for entrepreneurship is brought together under priority 2: [approx. 24% of the total investment]

At the moment, the presence of foreign companies in the Flemish market constitutes an alternative to the Flemish deficit in terms of entrepreneurship. However, against the background of globalisation, it is becoming increasingly difficult to attract these foreign companies. In the long term, therefore, it will be

necessary to do more to encourage Flemish entrepreneurship in order to compensate for this loss.

The three operational aims, based on themes relating to the business cycle and supporting the principle of responsible entrepreneurship, are as follows:

- to stimulate entrepreneurship;
- to develop an environment to facilitate the creation, growth and takeover of companies;
- to stimulate entrepreneurship on an international scale

One can see from below that approximately 96M Euros are available to support entrepreneurship via ERDF

Priority Axis	EU Contribution	National Public Contribution	Total Public Contribution
Knowledge economy and Innovation	48 227 098	48 227 098	96 454 196
Entrepreneurship	48 227 098	48 227 098	96 454 196
Improving the basis for economic structuring and spatial planning	48 227 098	55 461 162	103 688 260
Urban development	48 227 097	55 461 162	103 688 259
Technical assistance	8 037 850	8 037 850	16 075 700
Total	200 946 241	215 414 370	416 360 611

Priority 2 has launched calls against each of its three operational aims in 2008 and agreed a range of projects to deliver these aims. As mentioned earlier, this process is managed by a separate organization to the one that manages ESF and is hosted by a separate department (Department for the Economy and Science).

Some of the key projects include:

- An internet-based knowledge platform to assist start-up companies. Hosted by UNIZO with a value of 1M Euros
- an initiative to stimulate industrial spin-offs value 1.8M Euros
- a project to boost the image of entrepreneurs and stimulate cultural change, hosted by UNIZO, value 1M Euros
- a project to promote networking and strategic alliances as a method of new firm creation, hosted by a partnership including VOKA and UNIZO, value 1.5M Euros
- a specialist consultancy support service, hosted by the Department for the Economy and Science, with a call-down list of consultants, value 5.3M Euros
- Access to university expertise to help companies grow, hosted by the University of Hasselt, value 2.5M Euros.

For both ESF and ERDF support the activities in place now will come to an end in 2010 to allow the new government elected in June 2009 to make any amendments it wishes. The Structural Funds and Regional Development Fund priorities have been

written in such a way as to allow considerable flexibility at the project level and should not require any changes to the programme itself.

As part of the baseline study the managing agency identified the current priority of particular types of support. It should be noted that some areas have a low priority not because they were thought irrelevant but rather because considerable work has already been carried out and that other areas now require more attention (this would be the case for education, or assistance in recruiting your first employee, for instance). A score of 1 indicated a high priority within the strategy and 10 for not covered in the strategy

Use of media campaigns to change attitudes	3
Promotion of role models	6
Road shows and Face to face events	4
Careers advice	8
Primary and secondary education	7
University and college education	7
Opportunities to test trade	8
Training in the start up process	2
Recruiting your first employee	6
Mentoring in the start up process	2
Access to finance	4
Access to business information	4
Property advice	4
Access to public procurement opportunities	?
Specialist advice for different industrial sectors	3
Specific support for cooperatives or social enterprises	2
Specific services for High growth businesses	8
Export/joint venture opportunities	4
Selling or purchasing an existing business	8

Franchising
Other (please state)

6

The impact of the recession will of course need to be factored in, the labour market is no longer tight and the scenarios imagined in 2007 with very few people actively looking for work are no longer the case. It is likely that young unemployed in particular will need greater assistance than had originally been envisaged. A mid-term evaluation of the programme as a whole is to be undertaken in Flanders. This will build upon the standard monitoring and reporting requirements for project level activity but will also provide the opportunity to re-prioritise if necessary in light of new government agendas and evidence coming through the evaluation.

Joining the support up

In January, 2009 Flanders produced a vision for 2020 with 20 strategic goals covering employment, prosperity, competition and better government (PACT 2020). These goals were more than the result of an internal government initiative but were established as a result of a wide-scale consultation between all of the social partners, government and civil society. Some 50+ organizations signed up to the vision and in that sense there is a great deal of optimism that the goals should transcend political changes and provide a framework for the new government to set operational objectives to achieve the vision i.e. to develop a full Action Plan.

Entrepreneurship featured prominently in the Plan as the fifth of 20 strategic goals and its content marries the twin aspirations of prosperity and social inclusion - Flanders should have a strong entrepreneurship culture, the image of entrepreneurship in Flanders will improve so that it stands in the top five regions. Young starters would be engaged, the entrepreneurial potential of women, migrants and those aged 50+ would be brought out in such a way that entrepreneurs from these groups would reflect the proportions of the population that they come from. Existing enterprises should be supported to grow in larger numbers than they do now.

This vision clearly fits very well with COPIE's own goals. Translating this vision will require joining up between government departments and between delivery organizations.

The Department for Economy and Science and the Department for Work and the Social Economy currently share good practices

through a mutual learning programme, including issues connected to the administration of ESF and ERDF. This exchange of learning has not, to date, expanded to covering joint policy development in areas of mutual interest such as entrepreneurship promotion.

At an operational level key business service providers such as UNIZO and VOKA work with both government departments and indeed provide services to their members independently of government as a result of the subscriptions that members of both organizations pay. Thus individual clients may receive an initial service from UNIZO that helps them get started-up (funded by the Department of Work and Social Economy) and then go on to receive further on-line support from UNIZO (funded by the Department for Economy and Science) in a perfectly uninterrupted manner without really needing to know which department has originally funded it. The same could apply to services by VOKA.

Conclusion

It is fairly clear that Flanders shares a common vision with COPIE, wedding together both increased prosperity and social inclusion. It is also fairly clear that the way forward for creating a joined-up Action Plan for Entrepreneurship would need to involve the following key players:

- the ESF Managing Authority in the Department for Work and Social Economy
- the ERDF Managing Authority in the Department for the Economy and Science
- Syntra, the external agency for training for start-ups and existing entrepreneurs
- UNIZO
- VOKA.

Following the baseline visit to Flanders, they have been invited to participate in the next stage of COPIE 2 and would form the basis of the stakeholder group.

Flanders hopes to identify a confirmed regional expert very shortly who would assist in the administration of this group, as well as a central contract person within the ESF Managing Authority.