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# ***The role of ECAs in promoting national export***

## **Measuring impact in a Strategic Econsystem**

10 December 2013  
**Draft**

**AMAN UNION - Fourth Annual Meeting  
Doha, State of Qatar**

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# ***Agenda***

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## Section 1

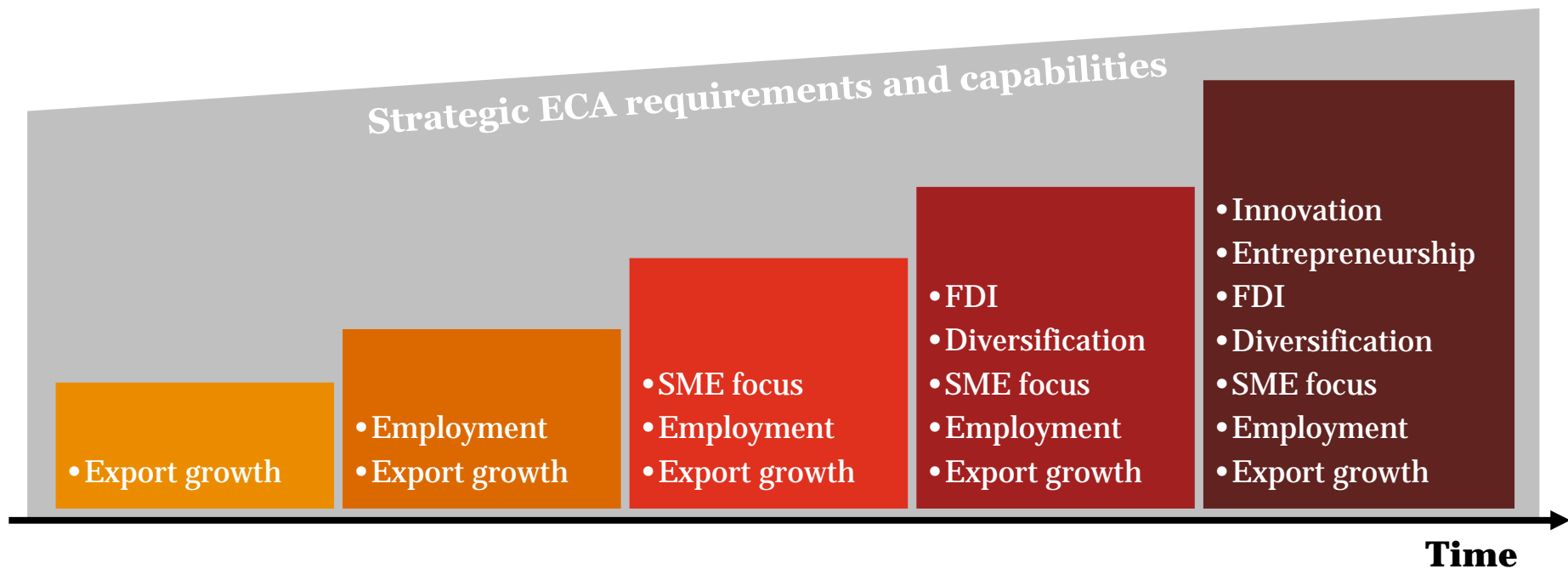
# ***The role of ECAs – promotion of national export and beyond***



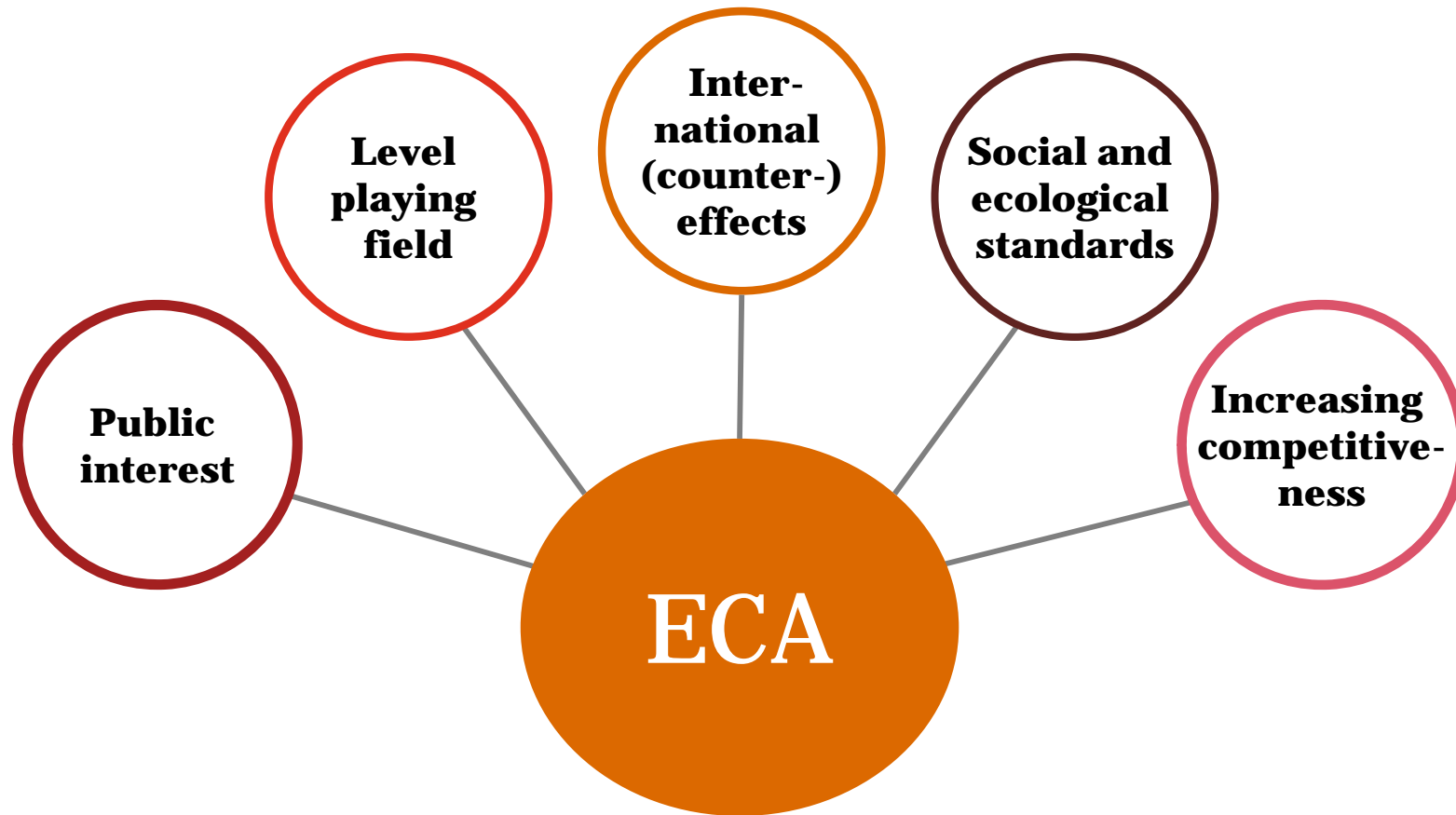
***Internal drivers: national economic strategies impose increasing requirement on ECAs requiring flexible capabilities***

***From pure risk mitigation...***

***...to multi-dimensional goals***



***External drivers: The environment for ECAs operation becomes increasingly complex and diverse on numerous layers***



***Economic context: ECAs operate as part of the national overall economic agenda as important strategy enablers***

**Domestic factors**

- GDP generated by few sectors only
- Shift towards knowledge based economy ensures future prosperity
- Limited size of domestic market requires exploration of international markets

**Regional and global factors**

- Fiercer competition in foreign markets
- Global financial sector imbalances requires national answers
- Fast occurring crisis and chances need flexible solutions for quick reaction



- Suitable Economic Diversification
- Sound Economic Management
- Responsible Exploitation of Oil and Gas



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## Section 2

# *The Strategic Ecosystem*



***The key: it aligns a strategic management approach with the public policy model to a powerful unit applicable on every level of Ecosystems...***

**Strategic Management Model**

**Critical Success Factors (internal capabilities)**

- Lack of promotion coherence
- Gaps in public promotion tools
- Challenge due to federal structure
- Socio-economic targets

**Combination into a clear 'strategic fit'**

**Key Success Factors (external determinants)**

- Competition in global markets
- Access to finance
- Access to overseas markets
- Positioning country at global scale

***The Strategic Ecosystem***

- Understand key drivers
- Analyse **the interdependent components of the economy**
- Transparent **strategic framework for policy setting**

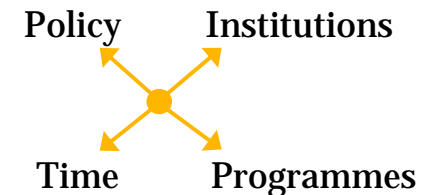
**Public Policy Model**

**Approach to policy setting**

- 1 Agenda setting
- 2 Policy formulation & adoption
- 3 Implementation
- 4 Evaluation

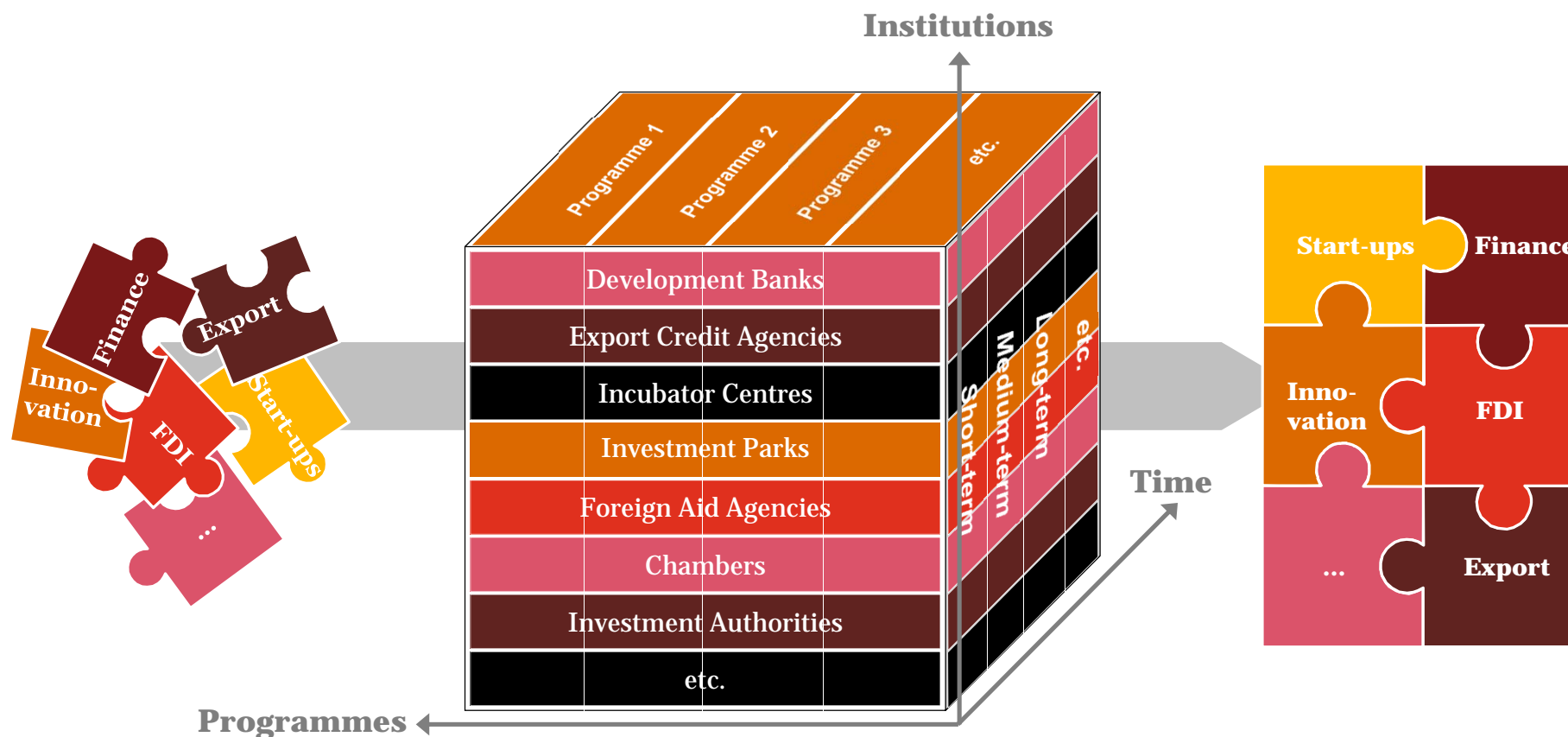
**Definition of the policy agenda**

**Dimensions of policy setting**

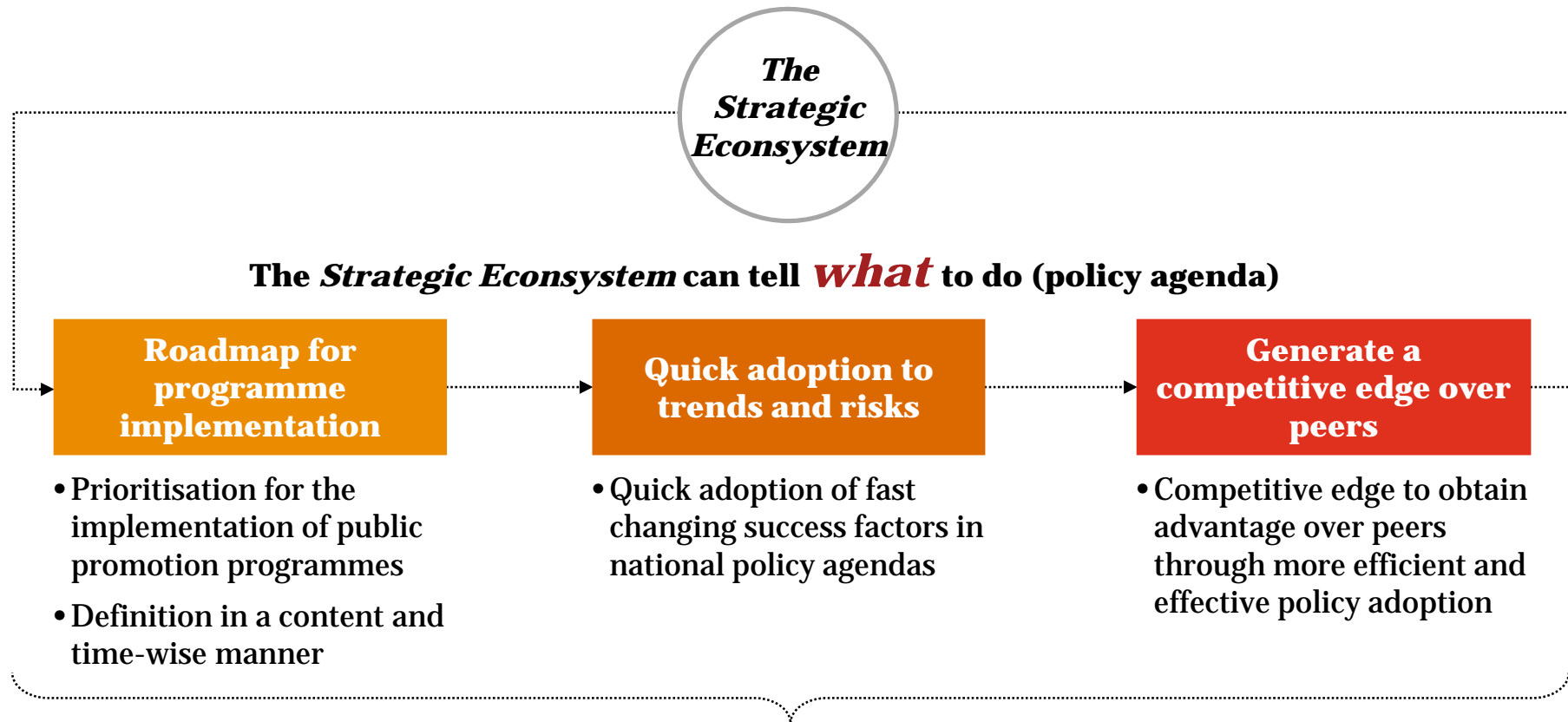




***...and puts the pieces together to form a strategic, interconnected, coherent approach to economic promotion***



***For economic promotion, the Strategic Ecosystem is like an accelerator for target achievement and serves as a vision enabler***

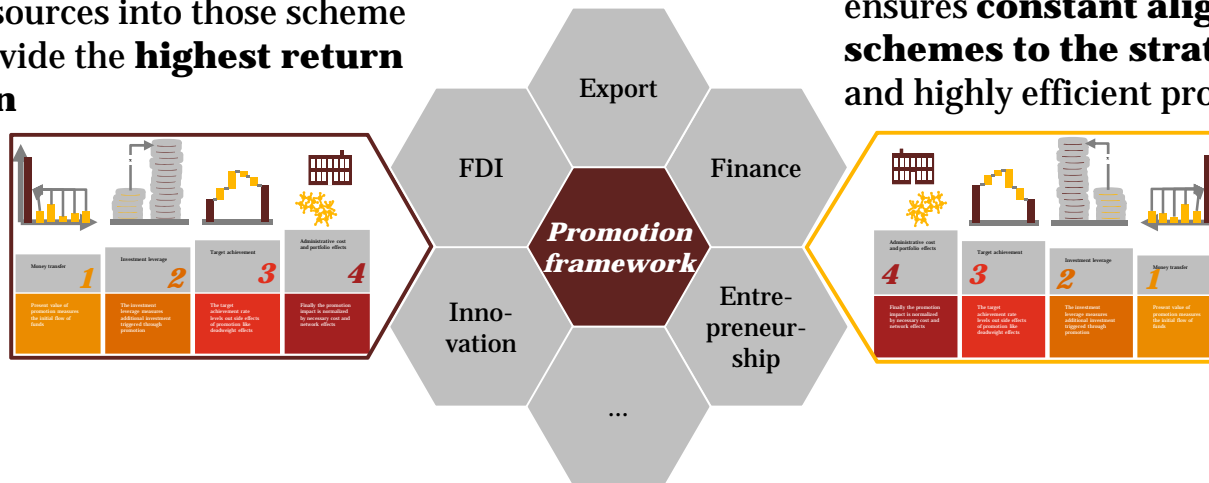


**The Promotion Calculator can tell *how* to operationalize the policy and measures the impact**

# The Promotion Calculator is a multidimensional tool allowing ex ante and ex post applicability

## Ex-ante strategy implementation

- Based on a well-focused economic promotion strategy the Promotion Calculator **gives answers on how to shape promotion programmes**
- It enables economic promotion to be optimal shaped in terms of **strategy achievement and efficiency**
- It steers the resources into those scheme setups that provide the **highest return on promotion**

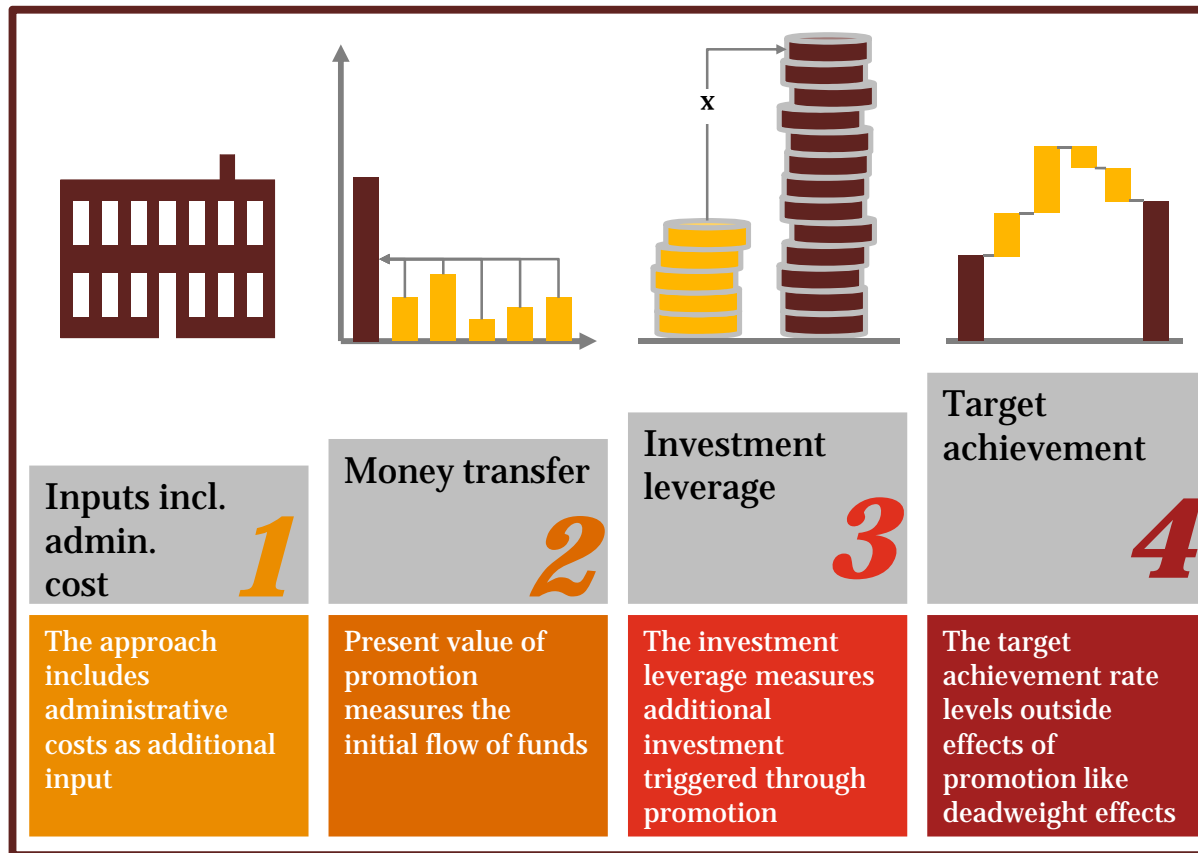


## Ex-post framework refinement

- The Promotion Calculator gives **feedback on the performance** of promotion schemes and frameworks
- It can be used for risk management as well as steering indicator to **be reactive on opportunities and risks**
- The continuous ex-ante monitoring ensures **constant alignment of the schemes to the strategic objectives** and highly efficient programme delivery

# Accountability, sustainability and cost-benefit-aspects require best achievable “Return on Promotion”

## The four key elements of the Promotion Calculator



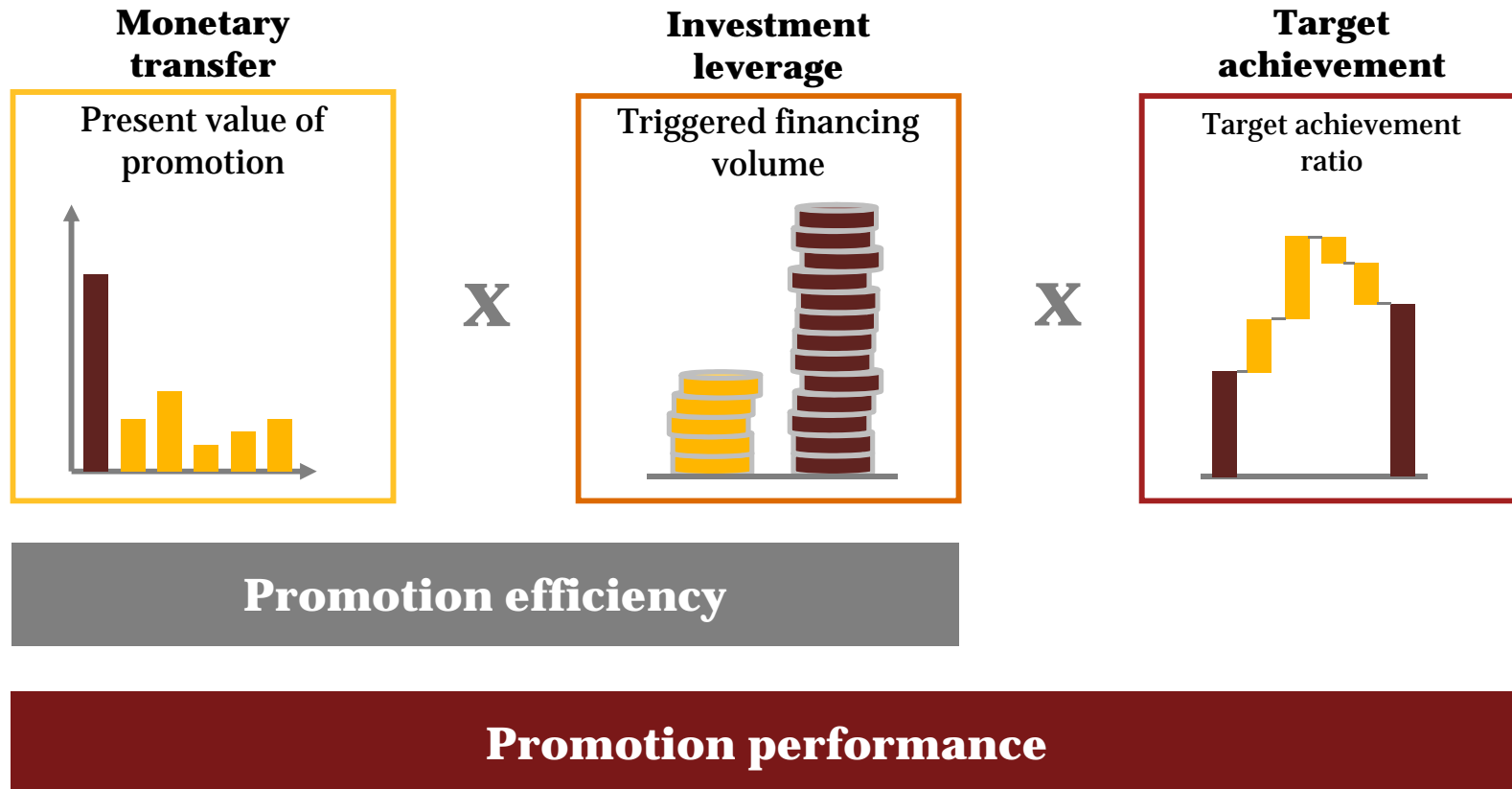
## Return on Promotion (RoP)

- The RoP makes results of promotion **visible, comprehensible, measurable and comparable**
- RoP is a **normalised and dimensionless** value thus allowing comparison between the variety of thinkable economic promotion schemes
- The Promotion calculator is the **connector** between **promotion strategy and implementation**

RoP

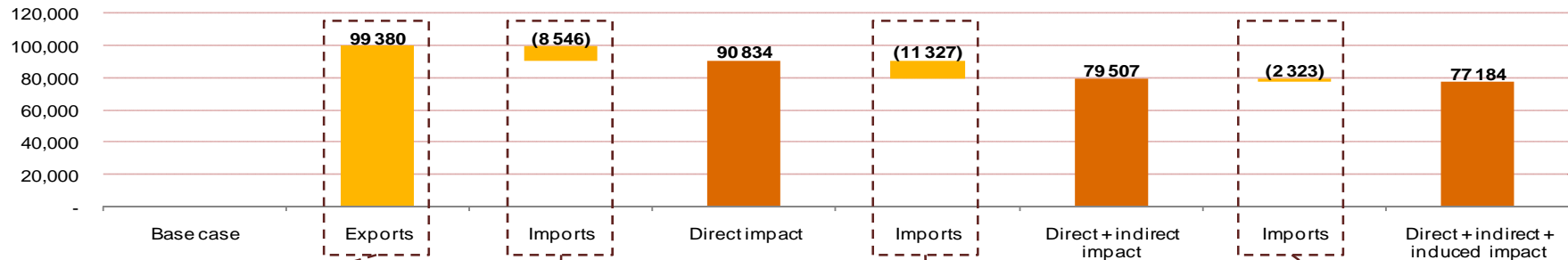
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***In simplified terms a multiplication of the input data with combines efficiency and promotion performance in an optimal manner***



## A quantitative approach to economic promotion highlights fields of impact

Effect of proposed amendments on foreign trade balance, EUR in thousands



Direct additional exports resulting from proposed amendments in promotion schemes

Imports directly relating to the gain in value creation for exports

e.g. imports by the suppliers along the value chain

Effects from additional consumption through employment gains

Gain in direct additional exports in % of total exports  
**0.9%**

Total annual impact to foreign trade balance  
**+ 77.2 mn.**

In total, the amendments have a significant positive impact on both the total exports and the foreign trade balance.

Source: CONFIDENTIAL, PwC analysis

## ***Analysis reveals considerable impacts of ECAs on job creation, SME development and value chain effects***

### **ECA effects**

#### **Germany**

- From 2000 – 2009 up to 141.000 jobs affected by Hermes cover / 2010: Increase to 240.000
- 50% of jobs created in SMEs
- 1.44 jobs are created indirectly at supplier firms /90.000 jobs were created outside Germany

#### **Canada**

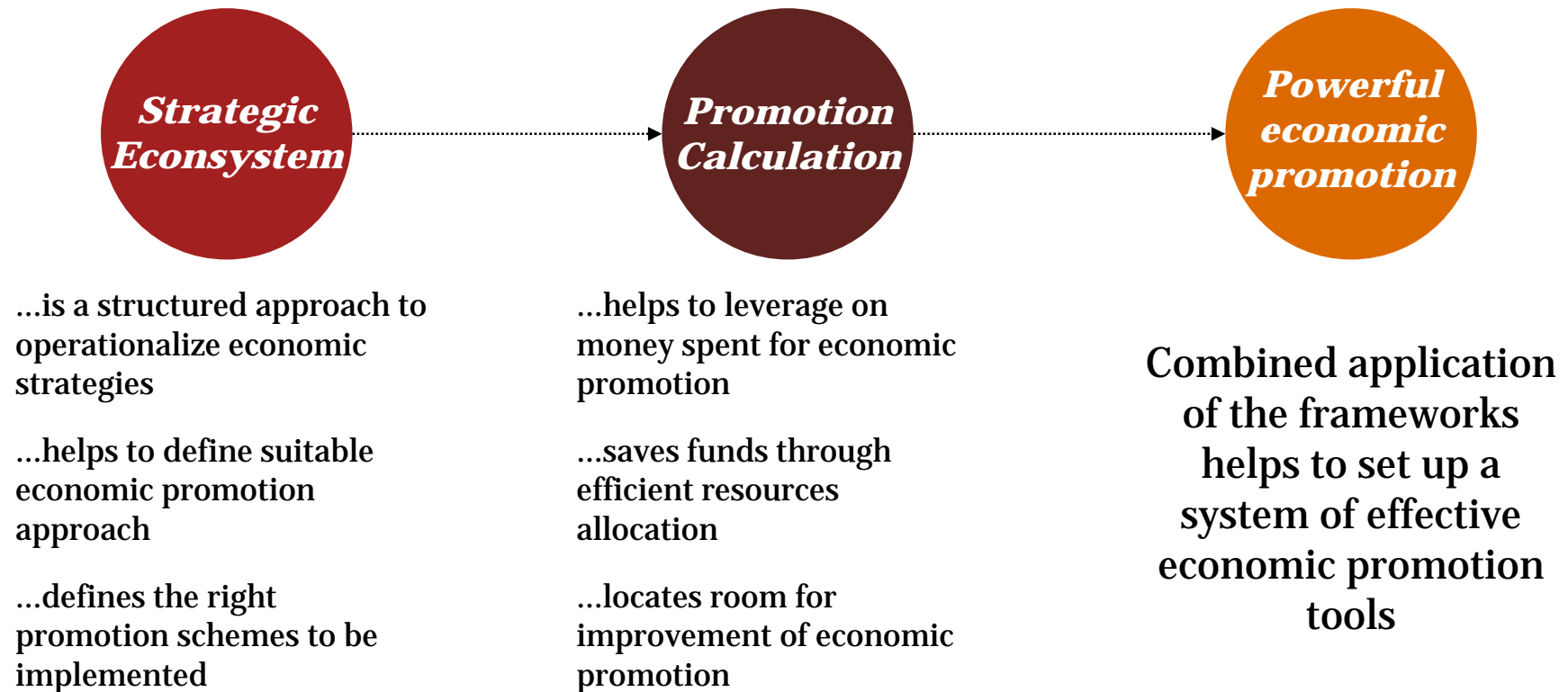
- Increase of affected jobs from 572.523 in 2008 to 642.465 in 2009
- Number of served SMEs rose from 6.204 in 2007 to 6.886 in 2009
- Supported volume in emerging markets rose by almost 50% from 2007 to 2010

### **ECA's role**

- Job creation and preservation
- SME promotion and stabilizing effect in economic crisis
- High importance of an ECA for access of corporates to important and growing international markets
- Effects along the value chain leveraging positive effects beyond the cover holder
- Cover for exports allows companies to retain know-how even during crisis and grow on a solid knowledge-driven basis

Source: ifo study, EDC, PwC analysis

***The Strategic Ecosystem approach combines the best of two worlds to unfold its potential in economic promotion***





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## ***Modern concepts for economic promotion.***



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